

**INNOVATION STRATEGIES ON SERVICE DELIVERY AT  
SUNCULTURE LIMITED, NAIROBI - KENYA**

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## DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other institution.

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

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## **DEDICATION**

This research project is dedicated to everyone who supported in the various stages of the research work.

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## **ABBREVIATIONS AND ACRONYMS**

<b>TAM</b>	Technology Acceptance Model
<b>RBV</b>	Resource Based View
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information Communication and Technology



## **ABSTRACT**

Changes in the business environment are characterized by high levels of competition, changing customer's behaviour, high firm operational costs and inadequate resources and are some of the challenges that face most firms. Firms have to change with the customers to retain the business relationship. Taking up innovation is basically one of the critical measures to stay relevant and survive. SunCulture has embarked on a number of innovation strategies in the recent past which have made the firm come up with an organization structure that makes it competitive. The specific objective of the study was to establish the innovation strategies adopted by SunCulture Kenya Limited and their effects on service delivery at SunCulture Kenya Limited. This study was based on two theories, Technology acceptance theory and Resource based view theory. The research adopted a case study approach and an interview guide was used for collection of data. Content analysis was used to analyze data which was qualitative in nature. The study established that innovation strategies; product, process and organizational innovation strategies affected the firms' service delivery. SunCulture has worked both hard and smartly to reengineer its products spearheaded by customer feedback and key learnings from previously rolled products. The study established that SunCulture undertook process innovations like embracing technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the remote regions in Kenya. SunCulture offers a hybrid of marketing innovation that has enabled the organization to reach farmers way beyond the Kenyan market. The study established that the strategies adopted by the firm were effective and the adopted competitive strategies by the firm were suitable and thus enhanced the firm's service delivery. The study also notes that SunCulture Limited has a team that listens to and handles customers' issues via an automated system that's able to ensure quality service to customers. The study recommends that the management of SunCulture Limited should continue undertaking various innovative strategies since the strategies complement each other in the quest to enhance service delivery.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In the past two decades, innovation strategies across sectors have evolved into weapons of competition and have come to define a company's competitiveness. According to Subramanian and Nilakanta (2015), in today's competitive business environment, the ability to innovate has become a critical factor in evaluating the viability of a company and it is also very rare to find an organization that has not regularly or continuously implanted or has a potential to adopt technological innovations. Reguia (2014) argues that innovative companies have a greater worldwide market share, faster growth rates, increased profitability and a higher value.

The study was guided by Technological Acceptance Model (TAM) and Resource Based Theory. TAM explains the factors that impinge on the adoption of technology by its intended utilizers, such as apparent utility and ease of utility. Based on the Resource-Based theory developed by Wernerfelt (1984), the origin of an organization's advantage stems more from the internal resources which the organization possesses, than their external environmental positioning. The success of the innovation practices adopted by the organization is dependent on their unique resources.

After the government intervened to advocate and promote the use of renewable energy among its residents, the renewable energy industry saw various modifications. Many businesses and organizations were compelled to look for other energy sources, which ultimately led them to renewables. Since there is a large and ready market for renewable energy equipment, an

increasing number of companies have been granted permits to produce and supply this equipment (Kiplagat, Wang & Li 2011). SunCulture has aided a large number of people in gaining greater access to solar energy and empowering their lives and companies with a renewable energy source that is clean, dependable, inexpensive, and better for the environment. SunCulture has been constantly innovating which allows it to face off competition in a bid to enhance service delivery.

### **1.1.1 Innovation strategies**

Innovation is termed as effective development, application and utilization of fresh or structurally enhanced services, products, organisational forms, technology or process (Hartley, 2006). Innovation as a process is not considered a singular action but rather is a sum of various interrelated sub procedures thus, innovation does not end with new concept or idea, new market development or new device invention but all these processes combined in an integrated manner. Muradi, (2011) asserted that innovation can also be considered as thinking beyond the obvious as it entails discovering new concepts, things, developments, improvements, and ideas to attain strategic advantages.

Innovation strategies were defined by Hansen and Birkinshaw (2007) as the deliberate and active organization, implementation, and management of activities that lead to innovation. Hansen and Birkinshaw The way a company allocates its resources for a certain period of time and acquires skills that influence the performance of innovation may also be defined as innovation strategy. This includes organization behaviours and economic perspective which is concerned with internal operations. It is also acknowledged that organizations form associations with other organizations and trade, cooperate as well as compete with one another. Thus, the operations of individuals within an organization are also known to affect the innovation process. Rushe and

Waples, (2008) indicated that innovative companies do not have control of their share prices but of their innovation strategies, sales and profits.

Innovation Strategies mostly adopted originate from various typologies that include service, marketing or commercial, production, management, organizational, process and production innovations. Possibly the best innovation strategies contribute to the establishment of organizational culture and the environment which have a favorable effect on innovation characteristics (Aarons, 2004). Innovation Strategies therefore improve the interdisciplinary team's expertise, boost customer satisfaction since customer feedback is considered in the innovation process, guarantee that allotment and use of resources is suitable and promote the continuity of the innovative process (Aykut, 2011).

### **1.1.2 Service Delivery**

According to Kazmi (2012), service delivery includes elements of a company that describe the way various processes interact between clients and service providers, where the customer gains or loses value as a consequence of the interaction. You can't store services since they are intangible. They also don't lead to ownership. Exchange of information and expertise as well as any other assets are included (Jackson, 2009). Services are delivered in a variety of ways, including where, when, and how they are offered to customers (Pujari 2004). A good service delivery technique improves the supply of items to customers and raises their value. Service delivery, according to Schindler and Cooper (2013), is a collection of operations carried out inside a corporate context in order to provide a service. Ven, and Poole (2015) alleges that service delivery reflects a firm's coordinated activities and actions aimed at delivering effective services and products.

There is a section of indicators that top management teams in organizations can utilize in tracking the progress of a firm's service delivery efforts that are pegged on the need to increase the overall performance of the organization. Good governance and accountability may be used as an indicator in measuring the success of service delivery in an organization. Customer satisfaction remains crucial in determining an organization's success in the delivery of its services in the market (Verhoef & Lemonk, 2015).

When customers have higher expectations for the quality of a service once it is delivered, they are more likely to be satisfied. Kiragu (2015) speaks of ex-ante and ex-post expectations whereby; ex-ante expectations are anticipations about a service before encounter and ex-post perception is the reality after experiencing the service. Ex-ante expectations are created after an initial encounter with a service or is acquired through promises in advertisement, advocacy, word of mouth or references. Ex-post perception is the reality about the service and occurs after using the service at least more than once. Quality service delivery occurs through keeping promises and maintaining consistency in service delivery. Consistency in quality service delivery leads to positioning of the service in customer's mind and loyalty to the brand (Kinoti et al., 2013).

### **1.1.3 The Renewable Energy Sector In Kenya**

Kenya utilizes a variety of policy instruments to promote the growth of renewable energy and increase its domestic energy supply. There are a number of measures at our disposal, including zero-percent import levies, feed-in tariffs, and VAT exemption. A feed-in tariff is a government policy instrument for boosting investment in renewable energy sources on the grid. For renewable energy equipment and accessories, Kenya imposed a 0% import tariff as part of the government's Scaling-Up Renewable Energy Program in 2011. A similar initiative abolished the value-added tax (VAT) on renewable energy components, equipment, and accessories. When it

comes to meeting the nation's expanding energy needs, the government has selected renewable sources like solar, wind, and geothermal energy as a safe and sustainable option (Kiplagat, Wang & Li 2011).

According to Kenya's National Energy Policy, clean, sustainable, economical, dependable and secure energy services may be provided while also conserving the environment at the lowest possible cost (Government Sessional Paper on Renewable Energy, 2011). Several firms have ventured into the renewable energy sector in Kenya aimed at taking advantage of the Government's policy on increasing the production and usage of renewable energy. As at 2019, there were about 10 companies in the production of renewable energy (Energy Regulatory Authority Report 2019). From solar panels to solar water heaters, to solar street lighting and lighting security systems, they have a wide selection of items.

#### **1.1.4 SunCulture Kenya Limited**

The AgroSolar Irrigation Kit is sold by SunCulture, a Nairobi, Kenya-based firm, and is powered only by a solar-powered drip irrigation system. There is everything a farmer needs in the kit to produce more while spending less in a sustainable and energy-efficient manner, with solar water pumps and high-efficiency drip irrigation technology integrated into the system. It is the mission of SunCulture to find solutions to the most pressing problems faced by smallholder farmers on a daily basis. A single system may offer consumers with water and irrigation as well as lighting and mobile charging, all while using off-grid, solar-powered technology. (Pueyo2018). The most popular devices from SunCulture combine solar water pumps with high-efficiency drip irrigation. Customer service and support are included in all of SunCulture's product packages so consumers don't need to worry about anything once they get started. A single click of a button on

SunCulture's control panel increases crop yields by 300 percent while using 80 percent less water (Karekezi, Kithyoma & Initiative 2003).

Smallholder farmers in Sub-Saharan Africa can now afford solar-powered irrigation because to SunCulture's "Pay-As-You-Grow" business model, which combines end-user financing, value-added services, contemporary climatic technology, and easy access. Irrigation systems with solar-powered water pumps, according to Dalberg (2019), may boost farmers' produce by 2 to 4 times and their revenue by 2 to 6 times. SunCulture is passionate about tailoring the right financing structures through innovation and frequently partners with likeminded companies, investors notwithstanding.

## **1.2 Research Problem**

Other researchers have noted that strategy, innovation as well as the firm's performance are linked to the magnitude that the selected strategy is crucial in developing competence. Past empirical research findings show that the leaders or followers' innovation are linked to the extent and type of strategy implemented. According to Stošić, companies that pick the leader approach utilize product innovation, while those who choose the follower strategy employ process innovation (2013). Managers' day-to-day actions, as well as the specific links between management learning and decision-making, produce the process of yearning or unlearning to innovate. The strategic change and innovation process filters both external and internal information using monopolizing notions and reasoning frames that provide meaning and sense creating structure (Pettigrew et al., 1989).

SunCulture's mission is to help smallholder farmers overcome the problems they face on a daily basis. Customers will have dependable access to water, irrigation, lighting, and mobile charging via the utilization of off-grid solar technology (Abdullah & Jeanty2011). Kenya's renewable energy market has become very competitive due to the influx of new businesses and individuals. SunCulture has embarked on several innovation strategies in the recent past which have made the firm come up with an organization structure that makes it competitive. SunCulture as an administrative unit is constantly under pressure to improve on service delivery. Pueyo (2018). SunCulture has, as part of its many strategies, adopted an innovation strategy aimed at enhancing its ability to enhance service delivery effectively and efficiently with a vast number of its customers being the rural folks in the remote areas of Kenya.

Several studies have been done on the innovation strategies, locally and internationally. In Iran, Fathali (2016) examined competitive strategies and their effect on firm innovation among Iranian automobile companies. Data collection was through questionnaires administered to 286 executives of automobile firms where correlation techniques were used for analysis. The findings showed that the Porters' competitive strategies positively and significantly affected corporate innovation. In Malaysia, Samad and Aziz (2016) explored how innovation affected the competitive advantage of Malaysian foods processing SMEs. The study sampled 220 firms using random sampling methods and questionnaires for collection of data. Using the regression technique, the study established that competitive advantage was positively enhanced by innovation. Goksoy and Ozalp (2013) investigated how commercial banks in India might achieve a competitive edge via innovative techniques. Described cross-sectional surveys were the primary focus of the investigation. They came to the conclusion that innovation is the only way to maintain a competitive edge in today's market.



Locally, In Nairobi County, Kenya, Laban and Deya (2019) examined how strategic innovations impact ICT enterprises' organizational performance. A standardized questionnaire was used to gather information from research participants. The findings of the multiple regression showed that the success of ICT enterprises was highly impacted by market, product, and organizational innovation. Kariuki (2017) investigated Kenyan commercial banks' innovation strategies and competitive advantages. A descriptive survey was adopted and questionnaires used for data collection from managers of the 44 Kenyan commercial banks. It was found that market innovations positively affected the bank's competitive advantage. Kiveu (2013) studying the challenges of implementation of innovation strategies at the New KCC found out that non inclusive change management, financing limitations, limitations in leadership, breakdown in machinery at the plants and cash flow limitations due to huge borrowings were the main challenges.

A review of previous studies shows that there is a need to focus on strategic innovations and performance. Previous research, for example, have mostly concentrated on other segments like telecommunications as well as banking, needing further research in areas like energy and petroleum. SunCulture has adopted strategic innovations and therefore need to investigate whether this has translated to enhanced service delivery. Based on the identified gaps, this study seeks to assess, what is the link between innovation strategies and service delivery at SunCulture Kenya Limited?

### **1.3 Research Objective**

The general objective of the study was to determine the effect of innovation strategies on service delivery at SunCulture Kenya Limited.

#### **1.4 Value of the Study**

The research contributes to the body of knowledge about the Technology Acceptance Model and Resource-Based Look into ideas about this. The study further added to the empirical evidence on innovation strategies, service delivery and the renewable energy sector and presented an avenue for additional studies on the concept of innovation.

Second, the study findings shall be of significance to the management of renewable companies in Kenya, as they will use the study conclusions and recommendations to enhance their innovative strategies and service delivery. The management of SunCulture Kenya Limited also gets additional information on how innovation strategies influence renewable firms service delivery.

Finally, the study findings shall be of importance to policymaking institutions in Kenya to develop strategic policies, which encourage innovation by renewable companies in Kenya. Various policy makers in the industry including Electricity Regulatory Board (ERB) and relevant government bodies overseeing the operations of the renewable energy sector may use the study recommendations to develop strategies on innovative practices.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

A review of the ideas that led the research in part 2.2 and the numerous innovation tactics discussed in section 2.3 is included in this chapter. Finally, the section provides a summary of the studies evaluated as well as the identified research needs, as well as empirical studies on service delivery and innovation initiatives.

#### 2.2 Theoretical Foundation

These ideas guided the research: the technological acceptance model (TAM) and the resource-based perspective theory.

##### 2.2.1 Technology Acceptance Model (TAM)

The model considers two things: how valuable the technology seems and how simple it is to use. The value that technology adoption provides is measured by how beneficial a product or service is to its end users. The ease of use is the little effort required by a person to enjoy new technology (Apulu, 2012). The TAM has been revised throughout time to include new aspects including perceived risk, experience, social impact, and cognitive processes (Park, 2009).

According to the critics, the model is flawed because it fails to account for the overlapping impacts of the many settings and domains in which new technology works (Hall & Khan, 2003). There is no way to know whether or not the reasons given in the centre boxes are linked. In the tradition of innovation research, this is beneficial since it gives a sequential mechanism for considering strategic options, although sociologists may find such explanations unnecessarily

simple without discussing the system. For the model, historical data on technological non-adoption was compared to current theory.

In the study of ICT adoption, various researchers employed the TAM. For example, the TAM was utilized by Xiong, Qureshi, and Najjar (2013) to look at how elements including the anticipated value of an ICT as well as attitudes and effort put forth in using it affects adoption in China. According to the study, perceived simplicity of use and perceived usefulness are important characteristics that influence ICT adoption in Chinese SMEs. The TAM was used to calculate the yearly profit per person. TAM theory was utilized by Alam and Noor (2009) to examine the adoption of ICTs in Malaysia's service sector, in contrast. A recent research found that as ICT's value increased, so did the likelihood of people adopting it.

### **2.2.2 Resource Based View**

It was Birge who first proposed this idea back in 1984. Essentially, this hypothesis is predicated on the premise that firms analyze their competitive advantage through processes of evaluating their strategic advantages. According to the RBVs, each firm has unique, tangible and intangible resources and firm abilities to utilize those assets. This is an attributing factor to the differences between them. Resources owned by each firm form a basis of competitive advantage for each firm when developed well (Alvarez & Busenitz, 2001). Resources owned by a firm play a crucial part in the strategic practice and organizational performance.

Barney (1996) proposes that organizations succeed by improving resources that offer rare sources of competitive edge. Resources based on their rareness, value and uniqueness give a competitive edge that is embedded in the firm structure. Every firm has certain and likely powers and gaps; it's crucial to learn what they are and separate them. Learned et al. (1969) suggests that

the secret to a company's victory or its long-term growth lies in its potential to develop talent that is truly unique. According to RBV, organizations with better organization design are viewed as being successful. This is because they have distinctly lower costs, provide superior product and performance (Das & Teng2000).

Informing this research and understanding how the combination of resources through time allows for the creation of certain skills leads to performance and competitive advantage is made easier using the resource-based perspective theory. Resources of a firm facilitate adequate implementation of the various innovation strategies by firms leading to better service delivery.

### **2.3 Innovation Strategies**

Innovations as a strategy are seen as new products/services, processes and ideas being developed, implemented, and accepted. Innovation strategy thus informs the choice on how a company may utilize existing resources to achieve its innovation goal, therefore generating value and a competitive edge. (Dodgson, 2008 and Salter) This study examined product, process, market and organizational innovations in relation to competitive advantage.

Product innovation is the way a company creates and develops the newest products or services that can achieve organizational success (Valencia, Valle, Jimenez, 2010). Product innovation according to Schilling (2010) is related to organization success as it enables organization to acquire dominant position in a competitive market. Product innovation entails two specific activities which ensure a different product is introduced in the market. The first activity is the re-modifying existing product through updating to improve its term of quality.

The second activity is the development of a new product from scratch which is considered challenging. This kind of product innovation forces organizations to innovate new products due to changing needs and demands of the marketplace (Reguia, 2014). According to research, competitive advantage and product innovation have a significant and favorable association (Beaudreau, 2016). This postulates that companies that can utilize product innovation and come up with new products have high chances of gaining competitive advantage unlike those firms which are not proactive with innovative products.

New product or service development relies on innovative process improvements such as introducing new technology, automating operations, and changing working unit procedures (Molina et al., 2015). Innovation in the way processes are organized and carried out that results in new goods or services is known as process innovation. Process innovation encompasses customer services, strategic planning, employee assessment and project management (Hamel, 2006). Bharadwaj, Fahy and Varadarajan (2015) indicated that process innovation increases the capability of using advanced technology during the production process which allows organizations to reduce their overhead and cost of production.

Herrera (2015) discovered that process innovation is linked to commercial banks' competitiveness. According to Liao, Fei, & Liu (2008) it is hypothesized that process innovation determines success and failure of an organization. Ussahawanitchakit (2018) asserted that process innovation has the capability to enhance competitive advantage. Organizations which emphasize on process innovation and the greater capability to implement process innovation are in position to realize better business environment response and they are in the best position to

build more capabilities that are needed to achieve competitive advantage (Jimenez & Vall, 2011).

Innovation in the market is described as a continual process which enhances the existing marketing capacity of organizational goods and services via the learning method (Mahmod, Ibrahim & Rodina, 2010). Thus, market innovation can be described as creating and applying new ideas, delivering value to customers, communicating as well as customer relation management. Market innovation is a process which initiates significant and ongoing market changes in order to increase consumer awareness of goods and services (Trott, 2017) The innovation within the market favours one player who is capable of keeping up with market structure changes hence acquiring competitive advantage (Palmer, Wright, and Powers, 2015).

According to Palmer, Wright, and Powers (2015) there is a substantial link between market innovations and competitive organizations. The same results were obtained by Mahmod et al. (2010) whereby market innovations were found to provide organization capacity to expand its strategic customer base thus creating a sustainable competitiveness. Market innovation is a fundamental tool for achieving sustainable competitive advantage in an organization (Ren et al. (2010). Market innovation is crucial since it enables firms to grab market opportunities and at the same time helps a firm in meeting customer needs.

Organizational innovation is concerned with organization structure, administrative process, information system and reward. Basically, it encompasses all work activities that are within an organization and they are directly related to human resource management (Tan & Nasurdin, 2011). Efficient and efficient administration efforts, improved employee interactions, better workplace and satisfaction via improvement in the working environment and competitive pay

accomplish administrative innovation. Employees are a critical factor in determining whether a company succeeds or fails. Management innovations may involve knowledge coding techniques in order to create best practice databases.

## **2.4 Empirical Review Literature**

Samad and Aziz (2016) explored how innovation affected the competitive advantage of Malaysian foods processing SMEs. The study sampled 220 firms using random sampling methods and questionnaires for collection of data. Using the regression technique, the study established that competitive advantage was positively enhanced by innovation. The context for this study was SMEs and employed a regression model as opposed to content analysis.

Auma (2014) assessed the effect of innovation in enhancing competitive advantage of Kenyan horticultural processors and exporters. Data was obtained via questionnaires from administrators of 49 firms and the multiple linear regression adapted for data analysis. The regression results showed that marketing as well as production innovations significantly affected the sampled firms' competitive advantage. The focus of the study was horticultural processing and export companies and quantitative tools were used for analysis.

Fathali (2016) examined competitive strategies and their effect on firm innovation among Iranian automobile companies. Data collection was through questionnaires administered to 286 executives of automobile firms where correlation techniques were used for analysis. The findings showed that the Porters' competitive strategies positively and significantly affected corporate innovation. The study showed that process, product and organizational innovation significantly influenced the target, differentiation and low-cost strategies. However, the study used



quantitative tools for analysis and context as SMEs making impossible to generalize the finding to renewable firms.

Kariuki (2017) investigated Kenyan commercial banks' innovation strategies and competitive advantages. A descriptive survey was adopted and questionnaires used for data collection from managers of the 44 Kenyan commercial banks. Through the regression model, it was documented that both product and process innovations significantly affected the sampled banks competitive advantage. It was also found that market innovations positively affected the bank's competitive advantage. This study however focused on commercial banks and used questionnaires for collection of data.

Dore (2018) assessed innovation strategies and their effects on competitive advantage of healthcare products manufacturing companies. A descriptive survey was adopted and data collected from 22 manufacturing firms Nairobi using questionnaires. The study using the regression model established that 88.0% of the variation in competitive advantage was accounted for by process, product, technology and market innovations. The study concluded that innovation strategies significantly influence competitive advantage. The study however focused on manufacturing firms and collection of data was through questionnaires and not an interview guide.

Kuncoro and Suriani (2018) examined how product innovation affected rabbit meat merchants' competitive advantage. Questionnaires were used for collection of data from 110 merchants where the Structural Equation Modelling with Partial Least Square was used for analysis. The findings documented that product innovation positively and significantly affected firms' competitiveness. Additionally, product innovation had a significant and direct influence on

market driving while market driving significantly and positively influenced sustainable competitiveness. The study's context was rabbit meat merchants and not renewable firm and analysis was carried out using quantitative tools thus contextual and methodological gaps.

The impact of strategic innovations on the organizational performance of ICT enterprises in Nairobi County was examined by Laban and Deya (2019). A standardized questionnaire was used to gather information from research participants. The findings of the multiple regression showed that the success of ICT enterprises was highly impacted by market, product, and organizational innovation. However, since the research was conducted in ICT organizations, which are known for their concentration on technical innovation, it is impossible to extrapolate the findings to the renewable energy industry.

Nuryakin (2018) examined how marketplace orientation affected marketing performance as well as product innovation. Data was collected from 200 SME managers using questionnaires and the regression model for data analysis. The finding revealed that marketing capabilities insignificantly affected marketing performance but significantly affected firms' competitiveness. The study also documented that competitive advantage was significantly influenced by both product innovation and marketing orientation. The context of the study by Nuryakin (2018) was SMEs and used quantitative methods of data analysis as opposed to this study whose focus is the renewable sector and uses qualitative methods.

## **2.5 Research Gap**

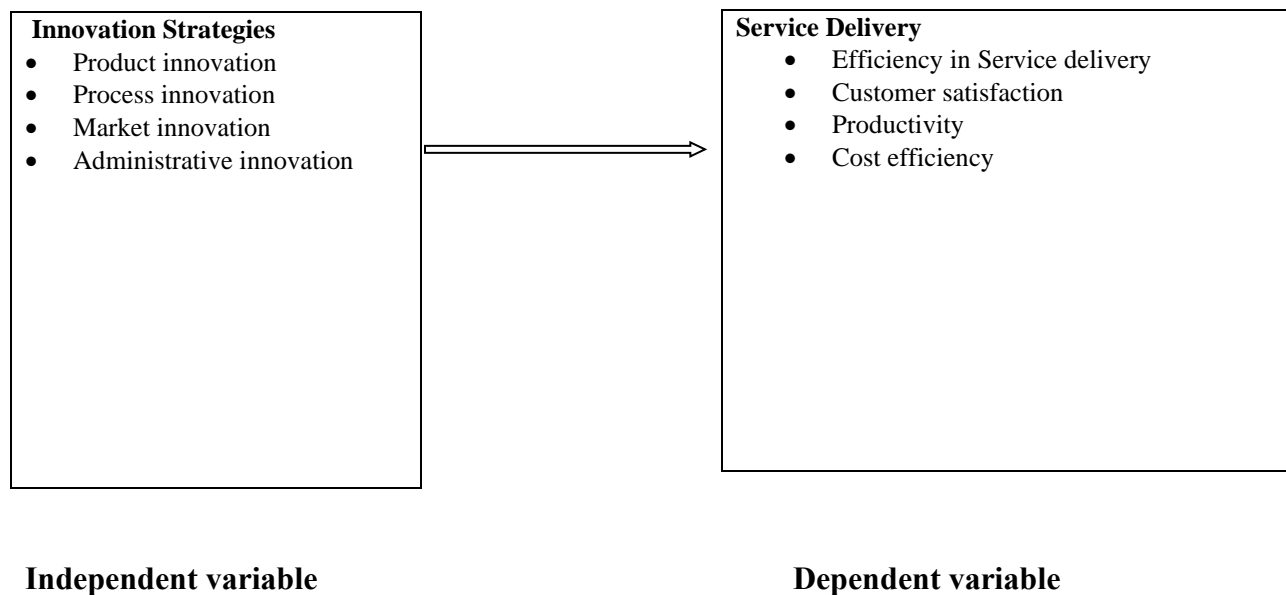
Nandwa(2016) examined the impact of Innovation Strategies on Financial Performance: A Survey of Insurance Companies in Eldoret, Tanzania.. To find out how mobile telecommunications companies in Kenya fared, Kariuki (2014) examined the impact of strategic

innovation. Maina (2016) looked at the impact of innovation initiatives on the performance of Kenyan insurance firms. Didier and Olsson (2019) examined how Internet service providers might innovate to gain a competitive edge. Technological Innovation approach was examined by Mbithi et al., (2016) in the Kenyan Sugar Industry to see how it affected the company's performance. Researchers Eriksen and Kelly (2016) investigate Musoma district's savings and credit societies to see how they're doing in marketing innovation. SunCulture Limited, Nairobi, Kenya, has done relatively little study on the impact of innovation methods on service delivery as a result of these studies, leaving a void in the literature.

## 2.6 Conceptual Framework

Conceptual framework is the representation of a particular study or survey topic that drives the particular investigation being reported based on the problem statement (McGaghie,2001).

**Figure 2.1: Conceptual Framework**



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

An overview of the investigation's research technique is provided in this section. It includes the planning of the study, the collection of data, and the analysis of that data. It also discusses data collection techniques and information inspection methods in detail in this chapter.

#### **3.2 Research Design**

A research plan includes all of the methods and strategies for acquiring and analyzing data, from general assumptions to in-depth techniques of data collection and analysis (Sekaran & Bougie, 2011). It refers to the way data is structured to achieve research objectives through empirical evidence (Cooper and Schindler, 2006). It is a plan to answer the research question.

This research used a case study approach, which entails an in-depth examination of a single unit, SunCulture. Case study research design offers much treasured and focused insights to an occurrence that may otherwise be imprecisely recognized or understood. The case study design was considered due to its ability to give an in-depth account of the association between study variables.

#### **3.3 Data Collection**

All the information in this research came from interview guides that acquired primary data. The interview guide was administered to 10 senior management staff from the various departments at SunCulture Kenya Limited, comprising the general manager, business development manager, marketing manager, finance officer, distribution manager, projects manager, administration

manager, IT manager, marketing & communication manager and the human resources manager. The senior management staff will be considered since they are well placed in providing the necessary data as they are key in the organization's management.

### **3.4 Data Analysis**

Analyzing the collected data used content analysis to make accurate predictions by interpreting and classifying textual information that could be replicated. By analytically evaluating texts such as documents and verbal communication, qualitative data will be changed into quantitative data (Kothari, 2004).

Content analysis was at the intersection of the qualitative and quantitative customs. It was utilized for thorough investigation of numerous significant, however difficult-to-study areas of concern. Content analysis was valuable to this study as it is important in recovery as well as examination of the degrees of organizational behaviors, stakeholder perceptions, and societal trends (Yin, 2011).

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND DISCUSSION**

#### **4.1 Introduction**

This chapter's goal is to convey the results of the study's data analysis and findings. It is the task of data analysis to reduce large amounts of information to what is needed for the study's initial purpose (Cooper & Schindler, 2003). The data was analyzed to meet the study's goal of determining the impact of innovation methods on service delivery at SunCulture Kenya Limited, Nairobi. This study targeted ten members of the top leadership team working for SunCulture Kenya Limited. The interviewees in this study were the general manager, business development manager, sales manager, finance manager, supply chain and logistics manager, projects manager, after sales and customer service manager, IT manager and the human resources manager.

#### **4.2 Analysis of Responses**

To meet the study's goals, researchers focused on 10 members of SunCulture Kenya Limited's executive leadership team. The study established that six of the leadership team were male and four were female. The respondents indicated the positions they held in the organization. To meet the study's goals, researchers focused on 10 members of SunCulture Kena's executive leadership team. According to the findings, each responder has worked for the company for over two years in a variety of positions and capacities. Low turnover suggested that they understood Sunculture Kenya Limited's innovation methods and had the expertise and knowledge on the study subject matter to aid in the accomplishment of the research aim.

### **4.3 Innovation Strategies**

The study's goal was to identify SunCulture Kenya Limited's most effective innovation initiatives. SunCulture has been able to develop and commercialize life changing technologies that have solved farming challenges for small farming households by introducing affordable solar irrigation systems through its “PAYG” model that involves paying for the systems in installments. This has positively impacted on the small-scale farmers’ economy, and it has created an avenue for increased income for the farmers. Farmers can improve their livelihood through use of solar powered systems which are quite affordable as compared to fuel pumps.

#### **4.3.1 Product Innovation strategies**

The respondents indicated that the major innovative practice at Sunculture Kenya Limited was product innovations on a wide range of solar pumping kits which are generically known as the climatesmart™ direct, climatesmart™ battery + tv, rainmaker2c kubwa and rainmaker2 with climatesmart battery. The respondents indicated that the company constantly improves the available SunCulture products to meet the ever-changing consumer tastes and preferences while paying attention to their affordability as well. They indicated that product innovation entails creation of new products and use of new equipment when compared to competitors. SunCulture has worked both hard and smartly to reengineer their products spearheaded by customer feedback, key learnings from previously rolled products and intelligently keeping an eye on competitors’ lost opportunities to cut an edge above them for example using rainmaker1 aftersales learning to bring forth IOT and smart climate units to attack the ever changing but semi virgin energy market.

One participant indicated that product innovation strategies is the most preferred as it ties back to the need to give differentiated, effective and solution-oriented products to farmers. SunCulture

has invested heavily on research and development to help understand the changing consumer trends, existing opportunities in the market, internal and external customers feedback on new product offerings and always coming up with more superior products in relation to existing competitors' products. SunCulture is a company that is driven more by curiosity and innovation as it strategically positions itself as a market leader. This cutting-edge innovation has seen most people accepting this new technology and switching to solar powered pumps. It's solar irrigation kit is easy to use, relying on the vast, free power of the sun which makes it a favorite as compared to electricity or diesel powered systems.

#### **4.3.2 Process Innovation Strategies**

The respondents indicated that to meet and maintain the demand for an excellent customer experience, SunCulture decided to embrace technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the remote regions in Kenya. This has given the much-needed visibility on activity execution within all SunCulture business units hence feeding back on the mishaps for proper mitigation and reengineering to accommodate changing customer trends. Respondents indicated that “this is done by making the process simple and business friendly. SunCulture focuses on the turnaround time and last mile delivery within 24 hrs from order request to delivery”.

The study established that the firm's employees always try to get more insights on the existing problems within the existing processes, specify and identify the real problems using the relevant availed data and then create a solution on the same. In addition, respondents informed that process innovations focused on improving the technology, procedures and processes used in the development of various SunCulture projects undertaken by the organization. There's a dedicated



team who leverage existing systems to administer surveys and gather customer centric feedback on existing processes among many other aspects to give the customer the best experience.

#### **4.3.3 Marketing Innovation Strategies**

The respondents indicated that the organization undertook various marketing innovation strategies. SunCulture offers a hybrid of marketing innovation that has enabled the organization to reach farmers way beyond the Kenyan market. With more value-add activities within the product and service offering, SunCulture is the only organization in the energy sector which is offering free installation and regular physical after sales support to its farmers for them to maximize on their yields and profits ultimately. The company is also among the top 3 organizations in Kenya with great online presence as it uses the digital marketing front more compared to the existing traditional methods embraced by most solar companies.

The respondents pointed out that the company tends to carry out marketing innovation through pulling resources, R&D, working with partners and providing superior products to the market and focusing on strengthening communities constantly. The firm checks keenly on the opportunities against risks presented by the idea before the actual execution. The respondents indicated that the organization had different target groups depending on the customer choices and preferences.

#### **4.3.4 Organizational Innovation Strategies**

This is carried out with clear responsibilities on its layers of business with new methods and putting systems in place and promoting new ideas. The firm will focus on introducing new products and strategies based on the market trends. The firm has given its workers a sense of freedom to express their wins, fears and losses freely in order to understand and develop an accommodating leadership style that helps everyone to thrive with constant training to help

mitigate failures. According to the respondents, the major task under organizational innovation entails continuous review of the organization structure so as to incorporate any changes in the business environment that cuts across multiple stakeholders including customers.

#### **4.3.5 Business model innovation Strategies**

With most solar companies focusing on home lighting solutions, SunCulture has identified an opportunity within the small-scale farmers in order to spearhead a business model focused on irrigation and backed with PayG payment model to enable the small-scale farmers to earn as they own the product. This has made it possible for SunCulture to also incorporate solving home lighting challenges with the current climate smart solution that irrigates and lights the small-scale farmers' household.

#### **4.4 General Findings**

The study assessed whether the firm had reviewed its innovative practices in the last five years and how the firm could compare the firm's competitiveness before and after the review of the practices. SunCulture has a dynamic team that is always looking for more innovative ideas, strategies that can help it become better and doesn't have stipulated frequencies to review the strategies but adapts based on the market representation and need. The respondents pointed out that reviews are done in line with market dynamics and competitiveness. Service delivery has greatly improved compared to yesteryears with more systems in place, solid processes and a dedicated team focussed on improved service delivery.

Additionally, the study sought the respondents' views on costs of innovation and whether the costs affected the firm's competitiveness. The respondents indicated that the first-time initial cost of adopting the innovation was high but has subsequently dropped. Innovation is costly from prototype pilots done to ascertain if the product will perform. One respondent pointed out

that “I would rate at which we innovate as good and mostly geared towards making our customer’s experience better’.

The interview guide carried out an assessment on the innovation strategies, which the firm preferred, and the reason behind preferring the strategy. According to the respondents, the company does not have a favorite approach, but it uses a mix of product, process, organisational, and marketing innovation methods to improve service delivery and competitiveness. According to the respondents, adoption of one type of innovation would automatically lead to adoption of a different practice hence the innovative practices were contingent and complemented each other.

The study's goal was to see whether innovative initiatives had any impact on service delivery. Innovation strategies have enabled SunCulture to automate most of the business processes and this has helped the organization to understand all its current resources, utilization rates and areas to assign more resources which has really helped the organization to deliver its services effortlessly. “With proper communication, properly defined process for all the relevant task types and fostering a strong culture, we have been able to meet the customers experience expectation and are still working tirelessly to ensure our innovation does not become redundant with time as more often than not, your customers will know if you and your employees aren’t on the same page”- feedback from one of the managers interviewed.

The study sought to establish responsiveness of innovation strategies at SunCulture Kenya. The firm is not fixed nor content with the current innovations in place and tries to foster an environment that enables internal customers to continue sharing exciting new innovations. SunCulture intelligently studies the current trends from competitors that helps its dynamic team to respond faster based on the need to change and offer the best customer experience. SunCulture

Limited has been able to improve rural economies through the solutions that it provides to customers to scale their farming efforts which has been greatly embraced by communities at large.

The study sought to establish the influence of innovation strategies on service delivery at SunCulture Kenya Limited. Innovation strategies have really helped SunCulture to enhance service delivery. For example, the firm piloted issuing its' field technicians with vehicles to fasten the installation process and efficiently use existing resources to meet the growing customer base demands. The firm decided to focus on PPS, an internal company jargon that helps balance and measure customers satisfaction. PPS means investing in the right People, continuously improving on internal Processes and always using the right tools and Systems to ensure customers come first. SunCulture services are rendered based on daily tracked customer trends and automated feedback channels via what is known as the customer portal. The study went ahead to seek how SunCulture handles customer complaints. Reactive approach is by various channels that have been available to customers for them to easily contact the organization. They include, toll free numbers, email addresses, official company website, social sites chat bots for example Facebook, Twitter, Instagram to increase the avenues through which SunCulture customers engage with the organization. The firm has been able to roll out several service centers that act as point of sales (POS) and service stations that fast track complaints resolution and within stipulated turnaround times based on the nature of the task types. The respondents pointed out the firm has field technicians that are also distributed in Kenya to help with free product installations, routine maintenance and field aftersales. Lastly, as a proactive measure, the firm has monthly 2- way internal surveys which allow customers to escalate any

pending issues that still need full resolution. These surveys are conducted using USSD to accommodate customers without smartphones. The respondents pointed out the firm has a team that listens and handles customers' issues by raising tickets for onward action to the relevant departments and closing the tickets once the customer has been assisted. Additionally, SunCulture works with independent external consultants who periodically share NPS data post conducting customer surveys that touch on a variety of the processes and innovations offered allowing room for improvement.

#### **4.5 Discussion of the Findings**

The results obtained from the research study do agree with empirical knowledge. The respondents indicated that the company focuses on changing the available SunCulture products to meet the changing consumer tastes and preferences and fit the budget for various clients. The findings in support of Schilling (2010) is related to organization success as it enables organizations to acquire dominant position in a competitive market. Product innovation entails two specific activities which ensure a different product is introduced in the market in addition to improvements of existing products.

SunCulture decided to embrace technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the “mashinani” regions in Kenya. The findings agree with Bharadwaj, Fahy and Varadarajan (2015) indicating that process innovation increases the capability of using advanced technology during the production process which allows organizations to reduce their overhead and cost of production. The respondents pointed out that the company tends to carry out marketing innovation through pulling resources, R&D, working with partners and providing superior products to the market. The findings agree with Palmer, Wright, and Powers (2015) market innovation is crucial since it

enables firms to grab market opportunities and at the same time helps a firm in meeting customer needs.

The firm has given its workers a sense of freedom to express their wins, fears and losses freely in order to understand and develop an accommodating leadership style that helps everyone to thrive with constant training to help mitigate failures and accommodate wins as a team. The findings agree with Palmer, (2018) efficient administration efforts, improved employee interactions, better workplace and satisfaction via improvement in the working environment and competitive pay accomplish administrative and organizational innovation. SunCulture has identified an opportunity within the small-scale farmers in order to spearhead a business model focused on irrigation and backed with PayG payment model to enable the small-scale farmers.

Product innovation, according to Kuncoro and Suriani (2018), has a favorable and substantial impact on a firm's service delivery. It was shown that companies that continuously assess and implement new strategies improve service performance. The market gets the message when a company adopts such a strategy since it shows it has separated itself from the competition. This means that adoption of innovation leads to enhanced service delivery at SunCulture Limited. A study by Dore (2018) innovation strategies significantly influences competitive advantage. Samad and Aziz (2016) also established that competitive advantage was positively enhanced by innovation.

The study established that SunCulture Limited had adopted various innovation practices with the most adopted being product innovation, followed by process innovation, marketing innovation strategies and finally organizational innovation strategies. This finding indicates that the firm did not have specific innovation practices and used various innovative strategies to advance its

service delivery. According to the respondents, the firm's initiatives were successful since they had been thoroughly debated and their ramifications evaluated prior to implementation.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the results, draws research inferences from them, and makes suggestions based on them. Further study is suggested in this chapter due to the existing research constraints.

#### **5.2 Summary of the Findings**

The study's goal was to find out how innovation methods at SunCulture Kenya Limited affected service delivery. It was found out that all innovation strategies; product, process and organizational innovation strategies have an effect on the firms' service delivery. SunCulture enhances service delivery as it's always open to embracing ideas and activities that might spearhead customer's satisfaction.

The results revealed that the main innovative practices at SunCulture were product innovations albeit with a combination of other relevant innovation strategies like process and organizational innovations. SunCulture has worked both hard and smartly to reengineer its products spearheaded by customer feedback and key learnings from previously rolled products. The study also found that SunCulture undertook process innovations like embracing technology to embed various business ideas, service delivery and piloting the last mile delivery.

The study also found that the firm undertook various marketing innovations. SunCulture offers a hybrid of marketing innovation that has enabled the organization to reach farmers way beyond the Kenyan market with more value-add activities within the product and service offering.



Lastly, the study also found that the firm undertook various organizational innovations having a work culture and organization structure that encourages innovation and ideas to thrive.

Study finds company's tactics are successful, and competitive methods employed by business have boosted service delivery. The study pointed out the firm has a team that listens and handles customers' issues through an automated ticketing system for action by relevant teams aimed at improved customer satisfaction. It was also pointed out that the firm has field technicians that are distributed all over Kenya who offer free product installations, routine maintenance and field aftersales.

### **5.3 Conclusions**

According to the findings, SunCulture Limited has implemented a variety of innovative methods, with product innovation being the most often used, followed by process innovation, marketing innovation strategies, and organizational innovation strategies. The study thus concluded that SunCulture is at the forefront of leveraging all these innovation strategies which are all connected and play a crucial role in enhancing customer service delivery. The innovations employed by SunCulture specifically product and innovation processes have been embraced by its target customers due to their efficiency and value add. SunCulture's solar powered irrigation kits accompanied by free installation, after sales services and an affordable repayment model in instalments have given the company a competitive edge. Its internal systems allow for an interconnected universe which is seamless and allows the customer to acquire top notch services. SunCulture does not just sell a product but a service to the end consumer.

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

According to the findings, management at SunCulture Limited should keep pursuing diverse creative ideas since they compliment one another and help improve service delivery. SunCulture

Limited's management should also spend more resources in innovation, according to the report, since the expenses aren't harmful to the company's competitiveness because they're often included into final products.

For service delivery, SunCulture Limited should have rules in place that support and strengthen platforms for new product development. As a result, funds must be allocated to novel product development methods that will increase new product creation and quality, as well as to research and development and training for these types of activities.

The study recommends the industry maps out specifically what aspects of innovation strategies are relevant to their industry and invests heavily into those aspects so as to be and remain competitive.

### **5.5 Implications of the study**

SunCulture's innovation tactics were examined in this research to see how they affected the company's service delivery. The study's results are important to SunCulture's management since they may utilize the conclusions and suggestions to improve their innovation strategies and continual improved service delivery.

Policymakers, trainers, consultants, and institutions will be able to use this data to develop innovative strategies, tools, and activities to boost renewable energy enterprises in Kenya. As a result of the conclusions of this research, other companies may adopt or create strategies on creative practices that are in accordance with our findings.

Finally, the findings of the study further add on the empirical evidence on innovation strategies, competitiveness and the renewable energy sector and present an avenue for additional studies on the concept of innovation.

## **5.6 Limitations of the Study**

The researcher encountered a number of difficulties when performing the study, including the fact that the company generally does not want to provide information because of the confidentiality of clients. Others would be reluctant to provide the information because of its value to them. This resulted in a longer time frame for collecting data.

The researcher took more time than expected to conduct the study as she interviewed the top management of the firm. The sample included a small number of the firm's management. The study limitations was that the research was based on a case study of SunCulture Limited. Some of the respondents were hesitant, to ensure the disclosure is not detrimental to the company. Mainly, the respondents gave general information to avoid exposing the company to competitors.

## **5.7 Suggestions for Further Studies**

The context of this study was the renewable energy sector in Kenya and the study focused only on a single firm and did not incorporate other firms within the industry in which SunCulture belongs to. The study therefore recommends a similar study, which will incorporate other renewable energy firms to establish the innovation strategies that they have adapted and how they affect the organizations' service delivery.

In summary, combining the study suggests that a mixture of approaches used to undertake this research as a case study method may not have exhausted the problem or produced robust findings hence the need to use in-depth interviews together with surveys might assist solve the issues.

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## **APPENDICES**

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

April 2021

Masters Student- MBA

University of Nairobi

#### **RE: REQUEST FOR RESEARCH DATA**

I am a student at the University of Nairobi where I am undertaking a degree in Master of Business Administration. I am required to submit as part of my course work assessment, research on **“INFLUENCE OF INNOVATION STRATEGIES ON SERVICE DELIVERY AT SUNCULTURE KENYA LIMITED, NAIROBI”**. Because of this, your company has been selected to provide the data needed for this research. There will be no reference to you by name in the report, and the information you provide will only be used for academic research. Study findings will be made available to you if and when you request them.

Thank you in advance for your assistance and co-operation!.

Thank you in advance.

**LUCY PRISCA JONG'A**

**Masters Student – Researcher**

**University of Nairobi**

## **Appendix II: Interview Guide**

### **Section A: Background Data**

1. Management level?
2. Number of years worked with the organization?
3. What is your current position in the firm?

### **Section B: Innovation Strategies**

4. Briefly explain the major innovation strategies adopted in SunCulture Kenya Limited and how effective the adopted strategies are?
5. Among process, marketing, organizational and product innovation strategies, which is the preferred strategy in your organization and why?
6. How does SunCulture Kenya Limited carry out process innovation and which key areas does the firm focus on concerning process innovation?
7. How does SunCulture Kenya Limited carry out marketing innovation and which key areas does the firm focus on concerning marketing innovation?
8. How does SunCulture Kenya Limited carry out organizational innovation and which key areas does the firm focus on concerning organizational innovation?
9. How does SunCulture Kenya Limited carry out product innovation and which key areas does the firm focus on concerning product innovation?

10. How many times has SunCulture Kenya Limited reviewed its strategy innovation in the last five years and how would you compare the firm's service delivery before and after?

11. How would you rate the costs of innovation in your firm and do the costs affect the firm's service delivery?

### **Section C: Service Delivery**

12. How does adoption of innovation strategies influence service delivery?

13. How would you rate the responsiveness of innovation strategies at SunCulture Kenya Limited in enhancing service delivery?

14. To what extent do innovation strategies enhance service delivery at SunCulture Kenya Limited?

15. How does SunCulture Kenya Limited ensure better services are offered to customers?

16. How does the firm handle customer complaints?

**Appendix III: Summary of Research Gap Table**

<b>S/No.</b>	<b>Paper Title Author(s) &amp; Year</b>	<b>Specific Objectives</b>	<b>Findings</b>	<b>Research Gaps Identified by the author(s) for future research</b>
1	Effects of Innovation Strategies on Financial performance: A Survey of Insurance Firms in Eldoret Nandwa (2016)	i. The study specifically wanted to determine how product innovation strategy affects firm's sales performance, establish how process innovation strategy affects sales performance of firms, assessment of how promotion innovation strategy affects the firm's sales performance and the effect of an organization's pricing innovation strategy to the firm's financial performance.	The results revealed a statistically significant link between product performance (p0.05).  There is no significant link between process innovations and the organization's inventive output (p>0.05).  The study also discovered a statistically significant association (p0.05) between Promotion innovative measures	The study focused on insurance companies in Eldoret Town, therefore, it is difficult to generalize the findings of renewable energy. used quantitative methods of data analysis as opposed to this study whose focus is renewable sector and uses qualitative methods

			and market performance measurements, as well as a statistically significant relationship (p0.05) between Pricing creative measures and financial performance measures.	
2	This study sought to find out the effect of strategic innovation on the performance of mobile telecommunication firms in Kenya Kariuki (2014)	i. To determine the effect that strategic innovation has on mobile telecommunication organization“s” performance.	The findings of the research revealed that strategic innovation positively affected organizational performance. Adoption of superior strategies relating to products, services, marketing processes and human resources led to superior organizational performance.	This study used different variables in products, services, marketing processes and human resources. Besides, it was done in a different sector and as such, a research gap exists in the renewable firm.
3	Effect of Innovation Strategies on the Performance of	To establish the effect that innovative strategies that have been	Found that there is a strong positive correlation between the	Used quantitative methods of data analysis as opposed to

	Insurance Firms in Kenya. Maina (2016)	adopted by Kenyan insurance firms have on their output.	general firm's output and the firm innovation strategies	this study whose focus is the renewable sector and uses qualitative methods.
4	Innovation strategies on competitive advantage among Internet Service Provider Companies. Didier and Olsson (2019)	Effect of innovation strategies on competitive advantage among Internet Service Provider Companies.	Internet Service Provider Companies and the importance of an inclusive approach in service innovation greatly enriched the current study by enabling the articulation of the main advantage of technological innovation.	The study was carried out in the first world nation of Germany while the current study seeks the state of affairs in a developing economy
5	Effect of technological Innovation strategy on performance in Sugar Industry in Kenya, Mbithi et al., (2016),	To establish the effect of technological Innovation strategy on performance in the Sugar Industry in Kenya.	Indicated that there was a relationship between technological Innovation strategy and firm performance. Technological innovation	The study's context was Sugar Industry in Kenya and not the renewable sector and analysis was carried out using quantitative tools thus

			comprises activities that contribute to the research, development and design of new products, services or techniques, or to improving existing products, and generates new technological knowledge	contextual and methodological gaps.
6	Marketing innovation strategies and the performance of savings and credit societies in Musoma district. Eriksen and Kelly (2016)	To establish the effect of marketing innovation strategies and the performance of savings and credit societies in Musoma district.	The study used a descriptive research design to evaluate the effects of the marketing innovation strategies on the performance of SACCOs. The target population constituted the chief executive officer, the marketing manager and the loans manager/officer. A census population of 84 respondents	The study however focused on credit societies and collection of data was through questionnaires and not an interview guide.

			<p>was considered for this study.</p> <p>The findings of the study revealed a causal relationship between marketing innovation strategies and the performance of SACCOs.</p>	
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