# INFLUENCE OF INNOVATIVENESS ON PERFORMANCE OF AGRICULTURAL CO-OPERATIVES IN UASIN GISHU COUNTY, KENYA

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#### Abstract

The purpose of the study was to analyze the influence of innovativeness on performance of agricultural co-operatives in Uasin Gishu County. The study was guided by the specific objective of establishing the influence of innovativeness on performance of co-operative societies in Uasin Gishu County. The study was also guided by the theory Innovation. This study adopted a descriptive research design to understand the influence of innovativeness on performance of cooperative societies. The study area was in Uasin Gishu County in Kenya with approximate target population of 414 staff in 63 registered agricultural co-operatives. Stratified sampling technique was used to select a sample of 203 respondents. Primary data was collected by quantitative methods. Pilot testing was carried out to test the validity and reliability of the instruments. Regression analysis was used for the analysis of the quantitative data, where data was then represented in descriptive tables and inferential form. Relationships between different variables were analyzed using a regression model. The study concluded that innovativeness had no influence on performance of co-operatives. . The findings from this study would be useful to policy makers, researchers, development planners and Uasin Gishu County, in the attempt to achieve entrepreneurship development which is crucial to attainment of Vision 2030

Key words; Innovation, innovativeness, co-operative, performance, firm entrepreneurship, sustainable

#### **1.1 Background Information**

Enterprise performance is hinged on the creation of value which forms a unique combination of resources to exploit an opportunity (Kuratko, Morris, Michael, Donald Covin & Jeffrey, 2008). Entrepreneurship as a process entails the combination of entrepreneurial and environmental potential into an undertaking. Entrepreneurial activities result in improved economic activities, building wealth and provision of jobs (Wickham, 2006; Sandberg, 1992). An entrepreneur is not necessarily someone who puts up the initial capital or invents a new product, but the person with the new idea (Mintzberg, 1998). Entrepreneurial orientation refers to infusing the enterprise with innovative behaviors' as a means to achieve such thinking (Schindehutte, Morris, & Kuratko, 2000). Morris and Kuratko (2002) refers to this mix as firm entrepreneurship with a managerial approach

that will encourage innovation and 're-energize employees'. Furthermore, firm entrepreneurship has been referred to as starting innovative management (Ngotze, 2014), firm level entrepreneurship (Covin, 1999) and entrepreneurship management (Stevenson & Jarillo, 1990). Three situations can be viewed as firm entrepreneurship (Covin 1999). An individual or individuals developing new products and services in an established enterprise, an entrepreneurial thinking that infuses the whole enterprise operations, and lastly, an enterprise entering new business for instance diversification. The first example is a situation where employees act in ways described as entrepreneurial. Entrepreneurial decision making is affected by cognitive and environmental variables (Hindle, 2004). He further observes that, this compares well with the earlier suggestions on the relationship between performance and the entrepreneurial potential and environmental constraints.

Kuratko and Hodgets (2009) perceive today's enterprise environment to be characterized by a rapid growth of new and sophisticated competitors and therefore calls for a need to improve efficiency and productivity. Mokaya (2012) terms this as firm entrepreneurship which is a response strategy to realize competitive advantage in the turbulent and hostile enterprise environment. On the other hand, Cole (1959) allude that for enterprises to survive, they need to continually create an emphasis on firm entrepreneurship as a source of discontinuous innovation that alter rules of competition in their favor. Discontinuous innovation could imply entrepreneurial orientation by co-operative firms engaging in the component of newness in running their routine activities.

Anderson (2012) acknowledges that entrepreneurial opportunities in a country could be affected by access to resources, markets, land, basic infrastructure, skills, traits, knowledge, and, culture and these could affect performance of enterprises. Similarly, facilities required by co-operatives include appropriate physical infrastructure, access to technology, market, sources of assistance and a favorable legal and regulatory environment (Gichira, 1991; Wanyama, 2008; International Cooperative Agency, 1995; Kenya, 2016). According to ROK, (1992) enterprise culture could result in the development of negative attitudes towards certain enterprises, hence poor enterprise performance. The co-operative enterprises are confronted with a hostile political, social, economic and institutional environment, which hinders this sector's ability to participate effectively in development (Naituli, 2003; ILO, 2014; ROK, 2016). Entrepreneurial orientation and dynamism in the cooperative sector demands low barriers to entry, effective guarantees for property rights and access to finances in order for the enterprises to perform at optimum (World Bank, 2006; ILO 2012). However, as observed there is a gap between policy formulation and implementation in developing countries (Co-operative Alliance Agency, 1995; ROK, 2017). This could thus effectively hinder the cooperative enterprise performance in Uasin Gishu County in Kenya. Entrepreneurial strategy was once considered mainly a focus on the individual innovator and risk taker, but has now branched into other areas of interest which includes the organizational and environmental interface (Brizek, 2003).

Thus cooperative societies need to establish competitive advantage through continuous innovation, whether related to the creation of new product and services, production and business models (Mokaya, 2012). Equally he suggests that this needs adaptability, speed, aggressiveness, determination, boldness and innovativeness that he refers to all leading to one word entrepreneurial orientation. In the current co-operative framework, members are undecided in their desire to make employees and enterprises more entrepreneurial (Herbert and Brazeal, 1999; Develtere, Pollet, & Wanyama, 2008; 2013). Accordingly, the task is to create an enabling environment that fosters, motivates, attracts and retains entrepreneurial employees. Equally to instill and enhance an

entrepreneurial culture of innovation where employees can pursue entrepreneurial events and to fail without being punished, rather rewarded for them to engage in entrepreneurial activities. Enterprise performance is related to innovativeness in terms of financial performance (Rauch et al., 2004). Global literature shows that successful cooperatives have engaged in entrepreneurial discourse (Kuratko & David, 2008; Tangen, 2003; Bhukuth, Roumane, Terrany, & 2018). In New Zealand and South Africa which also have the best co-operative movements, cooperatives have supported the development of MSMEs, the informal sector businesses, created sustainable employment and improved the social standing of the members and their families (Wanyama, 2008; World Cooperative Monitor, 2014). Besides organizing its members, co-operatives encourage bulk purchasing, giving advice to small entrepreneurs,, offering its members services such as negotiating strategic alliances, mergers and acquisitions, trainings, workshops, linking businesses on opportunity recognition and enterprise development. SACCOs on the other hand offer co-operative audit, and financial services including savings, insurance and housing schemes and offering small business loans (Kruger, Reilly, and Danner, 2000). Accordingly, co-operative members have also worked harder, wasted less, and required less supervision, and members' willingness to tighten their belts (Nteere, 2012; World Cooperative Movement, 2014).

In Kenya, of the over 18,573, registered co-operatives only 545 are agricultural country wide. They are subject to the same market and economic forces that affect all models of enterprise, yet they are unique businesses and can be distinguished from other models of enterprise in three key areas; Ownership, Governance and Beneficiary (ROK, 2017). However their economic contribution is often undervalued if not completely ignored (Wanyama, 2008; Situma, 2010). They struggle with the challenges of maintaining the balance between the association nature, ownership and operational efficiency, this eventually wearing them and leading to closure (Zain, 2010;World Cooperative Monitor, 2014).

# **1.2 The Objective**

The specific objective of the study was to establish the influence of innovativeness on performance of co-operative societies in Kenya.

# **1.3 Research Hypothesis**

Ho<sub>1</sub>: Innovativeness does not have a significant influence on performance of cooperatives societies in Kenya.

# 2.0 Theoretical Framework

# **2.1 Innovation Theory**

Josef Schumpeter (1934) is largely regarded as the first proponent of modern innovation theory. While formulating the theory, he focused on the firm and the role of entrepreneurship in the economic development process. In general, innovation denotes the successful introduction of novelties (Kuratko and David 2008). The word "innovation ''originates from Latin word "inovare", which can be translated as "renewal." To be innovative thereby indicates the ability to create something new. But according to Fagerberg and Scholec, (2005) & Kuratko & David, (2012) it is important to distinguish between inventions and innovation. An invention is the first occurrence of an idea for a new product or process, and innovation being the act of putting it into practice (). They

further emphasize that from an economic perspective, an invention must be advantageous, to be considered an innovation. However, despite extensive study, there is no unified definition of innovation (Stenberg, 2017).

In this study, innovation has been defined as the act of successfully introducing new/novel products, venturing in new markets/ expanding the existing market, engaging in new production processes, and to come up with new combinations (Covin,Jeffrey Wales, and William, 2008). From the aforementioned characteristics of innovation, this study found Innovation theory appropriate. This is because innovativeness has been emphasized as important for firm performance (Schumpeter, 1934; Aldrich and Ruef, 2006). While developing Entrepreneurship theory they viewed entrepreneurs as drivers of economic development, in that they destroy the existing economic structures and create new ones, by introducing new combinations, new products, new production process, new markets, new sources of supply, and developing a new organization or industry (Covin,Jeffrey Wales, and William, 2008).

Therefore following this definition and view, employees who bring innovations into an established co-operative will be considered entrepreneurial (Sharma and Jess, 2005; Kuratko and David, 2012). They further alluded that of essence among researchers studying innovation, is its influence on performance, which can also be traced back on Schumpeter (1934) who, looked at economic development as a process of quantitative change enjoyed by entrepreneurs as risk takers, driven by innovation. Ngotze,(2014) innovativeness and risk taking are closely interlinked and has been linked to organizational performance and thus in the current turbulent environment, firms must be innovative to gain a competitive edge in order to survive and grow (Covin et al., 2008;Fagerberg and Scholec, 2005;Mwai, Ntale, & Ngui, 2018).

Wiklund (2009) other authors have also emphasized the importance of innovation and risk taking for firm performance including, (Soininem, et al, 2013; Crespell and Hansen, 2008; Otieno, 2012, Waithaka, 2016). Despite this glorious background, co-operatives remain surprisingly unfamiliar to innovativeness (Wanyama, 2008). Throughout its long history, co-operatives have often suffered failures and subsequent closures or dormancy (Wanyama 2008; ILO, 2009; World Co-operative Monitor, 2014). The goal of innovation activities is profit as a surplus or residual that arises due to lower costs or higher prices (Kuratko and David, 2008). Ngotze, (2014); Mwai (2018) justified the use of innovativeness as a dimension of an Entrepreneurial Orientation because it reflects an important key element in the pursuit of opportunity which can be crucial to survival and growth of co-operatives in Uasin Gishu County.

The study looked at various measures of innovations which may exist in afirm such as resource allocated to research and development, in addition to measures such as the number of added products or service introductions and how often changes are introduced in this regard (Sardana, 2016). Prior research revealed that most agricultural co-operative societies in Uasin Gishu County, market their products raw without value addition and these affects the size of the market they access, which leads to low sales and eventually closure or dormancy (Wanyama, 2008; Uasin Gishu County Integrated Strategic plan, 2015).

Measures that have been used to operationalize innovativeness as a research variable include; the number of new products/ new services introduced Lumpkin and Dess (1996). ) Most innovations build on existing skills and knowledge and these could be manifested in enhanced competence

which leads to a positive and significant association between innovativeness and increased earnings (Augusto, Lisboa, Yasin, 2014;Osoro, 2012). This study also looks at the level of innovativeness, and consequently risks being assumed by a company which varies greatly depending on the type of innovation being considered and the ability of aggressiveness of the staffs concerned (Namusonge, Muturi, & Olawoye, 2014). Satell (2017) identified four types of innovation; discontinuous innovation, that address a need that has not been addressed before or that change the way customers go about addressing a need. Dynamically continuous innovation entails a dramatic improvement over the existing state of the art solution though does not disrupt the buyer behavior as much as discontinuous innovation does. Continuous, innovation is incremental or step at a time innovation and it entails the enhancing of the performance of an existing product where new features or options are added, and / or new applications are developed e.g. adding a new flavor and imitation which entails copying, adding, or mimicking the innovation of other firms (Aldrich & Ruff, 2006). However, co-operatives in Uasin Gishu County tend to devote most of their resources toward continuous and imitation because on the surface, this would be prudent risk management strategy (Uasin Gishu county Integrated strategic Plan, 2012).

Wikland and Shephard (2011) warn that an organization that innovates only in response to the moves of other firms and pursues an imitation strategy incurs high risk. They also warns that the pace of technological and market place change, which the imitative company's opt to, do miss out on the entire market opportunities by the time it is able to respond to an innovative new product or service. Whereas, when the firm does move, it finds its role to be that of a niche player in the marketplace (Alice and Crant, 2014). Hence, it also becomes harder and harder to catch up as innovative competitors move from incremental advances in a current technology to a major advance using a new technology to a major advance. Meanwhile, new competitors emerge from other industries to attack the firm's most profitable lines of business with innovative marketing, distribution, and customer service approaches (Njeri, 2017). At the same time, co-operatives that engage in breakthrough innovation are often moving into uncharted waters where no one has been before. This entails proactiveness, and consequently, there is high risk and occasionally market failure through improper market analysis, mismatch of technology to customer needs, or inadequate design of marketing programs (Njeri, 2017; Benos, 2018; Kiura 2018). In many instances, the window of opportunity has yet to open, and the firm is too early, and sometimes the requisite infrastructure to support the innovation, including logistical systems and service networks is inadequate (Kreiser, 2010). However Lazonic(2005) noted that despite the glorious characteristics of innovation theory, the conditions for success were far too reliant on economic factors, pays much attention to individual organization and assumes social contexts, and happens consistently with existing cultural patterns. He further notes that the theory assumes the financial aspects involved in innovation. On the same strength, Drucker (2012) talks of innovation being accidental and not always planned. But still the theory remains the most appropriate.

On many occasions, the cooperative may be unable to penetrate the market beyond the so called innovators and early adopters because the value package represented by a new product or service fails to have general market appeal (Uasin Gishu Strategic Integrated Plan, 2012; ROK, 2017). According to Tilahum (2012) & Kiiru, (2013) the middle of the continuum, risks are more moderate and the firm should continually improve the existing products and discovering new markets applications, while also adding new product mix that represent significant advances in the current state of the art. Fundamentally, the moderate or calculated risk posture is the recognition that risks become more manageable not by pursuing less innovation, but by innovating more and by

innovating more intelligently. Although agreeing that such collaboration is becoming increasingly dominant in successful venture Shindler (2017). The study also appreciates that agriculture as a sector is going through digital transformation and over the next few years agriculturists should adapt innovative uses of information and finds this theory relevant. Although food demand is going to increase the agricultural sector is going to have to do with reduced limited water and other inputs and therefore, firms need to have sustaining factors in co-operation with R &D, the support for cooperation innovation by senior leadership, effective organizational structures as well as existing experience of co-operation (ROK, 2016). Therefore for agricultural co-operative societies to survive in the current turbulent environment, then innovativeness is paramount (Wambugu, et al., 2016). The traditional farming and management ways of operations are not sustainable anymore (Uasin Gishu county Integrated Strategic Plan 2012). Uasin Gishu county is the country's bread basket and has only sixty three registered agricultural cooperatives societies, consequently an alarming forty six percent is estimated to live below poverty line ROK, (2017). Out of a total of 11.85 million of labour force, 75 percent is in agriculture. However in Uasin Gishu County, where as much as it is Kenya's granary, the level of poverty is high (Uasin Gishu County Integrated Strategic Plan, 2012). This has prompted the county government through agricultural co-operatives to train and help the impoverished households to become self-sufficient. There has been provision of livestock (heifers), related services and training in basic entrepreneurial skills. This is through cooperatives movement (Uasin Gishu county strategic Integrated plan 2012), hoping that there will be improved living standards and improved social interactions. Innovativeness is key to increase in farm assets which translate to co-operative wealth. In a radical departure from his earlier recognition of an entrepreneur as an outstanding individualist, Schumpeter says explicitly, that the term entrepreneur does not have to be one person (Clemence, 2009)

#### 2.1.2 Innovativeness

Innovation can also take the form of new or improved services, line extensions, modification and enhancements (Rodgers 2003). He alludes that of essence, among researchers studying innovation is its effect on performance driven by innovation (Kreiser & Davis, 2010). Rauch (2009) also, linked innovativeness to organizational performance and argued that firms must be innovative to gain a competitive edge in order to survive and grow. If entrepreneurial firms grants employees freedom and encourage them to exercise creativity in bringing fourth new ideas and services, and following it through completion, enterprises could realize improved performance (Ngoze, et al., 2014).

Osoro (2012) noted that innovation, is an important means of pursuing opportunities and so is an important component of an entrepreneurial orientation. Mukami (2014) also alludes, that the process of creative destruction is initiated by an entrepreneurial behavior which makes innovation an important success factor within an organization. He further alludes that the link between entrepreneurship and innovativeness is supported by the results of Soininem, (2013) and Sumon, et al (2010) who found that innovation is among the key motives to start a business. The Schumpeterian growth theory supposes that technological progress comes from innovations carried out by firms motivated by the pursuit of profit, which is aimed at creating some new process or product that gives its creator a competitive edge (Schumpeter, 1934). In other words, if innovativeness reflects a tendency for an enterprise "to engage in and support new ideas, novelty experimentation, and creative processes. if individuals with self-actualization needs, desire work that is more creative and innovative, then innovativeness might be associated with needs at a higher level of the hierarchy of needs as conceived by (Maslow, 1987). However, lower needs such as physiological and security needs usually need to be satisfied before higher needs such as self-actualization needs are activated. Therefore if earnings were not sufficient in a context such as

within cooperatives to enable the more basic needs to be satisfied, then higher needs such as selfactualization which encompass innovation might not be activated. Which according to Cüceloğlu, (2016) it would mean that, to some extent, self actualization needs such as the desire to manifest creative and innovative behaviors are associated with innovativeness, would largely not be expected to be found in a low income context where participants did not earn enough to meet lower order needs. In the case of cooperatives, if safety and security needs were not being met, perhaps the same effect could be found. Innovativeness as a tested dimension of entrepreneurial orientation is predicted not to manifest strongly in the co-operatives and in terms of the testing of this theory it is predicted that few significant associations will be found with innovativeness in this sector (Lumpkin and Dess 1996). But according to Kazungu Samwel (2017) in a report carried in Daily Nation 2017, recent studies by FAO indicate that Kenya has been ranked among the leading nations in innovative agriculture. The emphasis has been on the uptake of technology (Mueller, 2012; Fatemi & Bildik, 2012). Technology does not exist to replace extension workers, or the old way of doing things, but to provides a valuable, complimentary service that enables the modern farmers to access the information they need, whenever they need it (Wanyama, 2008). Christian (2009) carried out a research on the influence of entrepreneurial orientation on the informal sector in Johannesburg and how the individual constructs of entrepreneurial orientation influenced performance within the sector. In particular results suggested that innovation efforts have a direct effect on economic performance, via contextual factors. A study on co-operative governance and social performance of co-operative societies in Uganda, revealed a significant association between innovativeness and non -finance performance (Kyazze, Nkyote, & Isingoma, 2017). However, by doing everything right, managers create opportunities for new companies to take their markets away, as such, success may seem fleeting and unpredictable with new markets as a way of success (Christensen, 2019; Erich, A., 2013)

# a). New combinations /organizations

Innovativeness as a dimension of an entrepreneurial orientation reflects an important means by which firms pursue new opportunities". This is congruent with the fundamental perspective taken in this study: that the pursuit of opportunity is a conception at the core of entrepreneurship as argued by Stevenson and Jarillo (2011). Ngotze, (2014) by co-operating in a formalized way, cooperative members can achieve what little fish do by swimming together and they seem much bigger than they are hence increasing the economies of scale and scope that leads to increased competitiveness and market (International Labour Organization, 2015; International co-operative Alliance 2014). Wayama, (2008) advises that cooperative must principally carry out a cooperative activity as defined in its constitution. Such activity may include providing shareholders with goods or services, including processing and marketing services and matters ancillary to the activity. Co-operatives may simultaneously seek growth through acquisition of new businesses, divest itself of other businesses and employ a stability strategy for some of its existing businesses (Njoroge, 2016; Carmey 2010). The basic idea underlying the Boston Consulting Group (BCG) growth-share matrix is that a firm should have a balanced portfolio of businesses such that some generate more cash than they use and can support other businesses that need cash to develop and become profitable (Wanyama, 2008; ILO 2010).

### **b). New Products**

The development of new products, changes in design of established products, or use of new materials or components in the manufacture of established products all entail new products innovation (Serra and García, 2013; Kahn, Barczak, Nicholas, Ledwith, & Perks, 2012). This may lead to growth expansion and gaining competitive advantage in the market. Agricultural co-operatives in Uasin Gishu County, there is need to innovate in this area. In this study one measure that has been used to operationalize innovation as a research variable is number of new product or service introduced in the market in the last three years (Ntim, 2016). The survival of many organizations depends on developing and marketing successful new products and managing them throughout the product life cycle (Eiriz, Faria, & Barbosa, 2013)

### c).New Production Process

Serra and García, (2013) alludes that production process innovation, presents a revolutionary change in perspective which amounts to turning an organization to its head or at least on its side. Within the context of co-operatives, this latter conception is utilized to represent a measure of innovativeness in the context of trying of new production plants/variety/species using new type of fertilizer for the benefit of cooperative members (Uasin Gishu County Integrated Strategic Plan 2012; Wanyama, 2008). New production processes signify innovativeness and increased earnings are to be expected. This supports Drucker (1985) cited in McCormick and Maalu (2011) who stated that systematic innovation is an entrepreneurs' tool and the innovation process should be taught and learnt (Osoro, 2012).

### c). New Markets

Erick, Mitchell and Roth, (2013) posit that firms are reluctant to take risks while managers know that innovation is the ticket to successful growth, but they can't seem to get it right. They keep improving their existing products and services to meet their best customers need only to eventually run into the innovators dilemma (Christensen, 2019). By doing everything right, they create opportunities for new companies to take their markets away, and success may seem fleeting and unpredictable (Christensen, 2019; Erich, A., 2013). But for Kuratko (2008) & Idris, (2013) organizations have two basic options when they seek to build new- growth businesses. They can try to take an existing market from an entrenched competitor with sustaining innovations, or they can take on a competitor with disruptive innovations that either create new markets or take root among an incumbent's worst customers with sustaining innovations. Whether incremental refinements or radical breakthroughs, improve the performance of established products and services along the dimensions that mainstream customers in major markets historically are valued (Ngotze, 2014). To others, there are two distinct types of disruptive innovations that create new markets and the first type that creates a new market by targeting non consumers, the second competes in the low end of established market (Drucker, 2012; Fagerberg, et.al., 2010).

# **3.1 Descriptive Results on Innovativeness**

As to what extend do you agree or disagree with the following statement as pertaining to Innovativeness on Performance of Cooperatives in Uasin Gishu, County. As to whether there has been introduction of new products in the last three years, Table 4.1 indicates the results for innovativeness. That 30.5 percent agree that the cooperatives have introduced new products. 10.3 percent strongly agree, while 17.2 percent were neutral to the statement. Equally a large number of 41.9 percent disagreed. Most cooperatives have introduced coolers to keep the milk fresh for days before it can be transported to the processor, hence they can now operate full day. According to Kuratko, (2012) continuous improvement on services may signify innovativeness. 44.8 percent agree that there is a continuous improvement of services in the cooperative, 23.2 percent also strongly agreed to the statement, while 30.5 percent and 1.5 percent were neutral and disagreed respectively. On continuous revision of services, the results indicate that 64.0 percent had had their services revised, 2.5 percent agreed while 10.8 percent and 22.7 percent strongly disagreed respectively. According to innovation theory, introduction of new products could mean innovativeness. Ability for a firm to grow is characterized by its ability to introduce new and novel ways of doing things.

In table 4.1, as to whether the cooperatives have new sources of supply, 42.9 percent strongly agreed that the cooperative has new sources of supply, 48.3 percent agreed, while 18.4 percent and .5 percent were neutral and disagreed respectively. New sources of supply to co-operatives could imply that many farmers were engaging in farming activities and consequently appreciate the importance of co-operatives function of pooling together. The study results indicate that 43.3 percent strongly agree and agreed that the employer gives room to the employees to try new ways of doing things and seek unusual novel solution in their cooperatives. 11.3 percent and 2.0 percent were neutral and disagree respectively. As to whether the cooperatives engaged in new technologies, 28.1 percent strongly agreed, 40.9 percent agreed, while 29.1 percent and 2.0 percent were neutral and disagreed respectively.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	%	%	%	%	%
My co-operative has introduced new products in the last three years.	21.2	20.7	17.2	30.5	10.3
The emphasis has been on continuous improvement in the last three years.	0.0	1.5	30.5	44.8	23.2
Services in my firm have significantly been revised in the last three years.	0.0	2.5	10.8	64.0	22.7
The markets have really expanded in the last three years.	0.0	2.0	18.7	52.2	27.1
There are major/products or services modification in the last three years.	0.0		26.6	29.1	44.3
Innovation is a key value in this firm.	0.0		11.3	23.6	65.0
There has been considerable innovation (ideas) in the last three years.		2.5	10.3	31.5	55.7
The idea is normally developed (commercialization).	0.0	2.0	12.3	42.4	43.3

# Table 3.1 Innovativeness

The corporate often engages in untried $0.0$ technologies.	2.0	29.1	40.9	28.1
My firm has identified new source of supply. 0.0	.5	8.4	48.3	42.9
Our employer gives us room to try new ways of doing things and seek unusual, novel 0.0 solution in our coop.	2.0	11.3	43.3	43.3
There has been new partnership with $0.0$ researchers in the last three years.	3.4	17.2	35.0	44.3
There has been training of employees in $0.0$ research in the last three years.	3.4	10.3	38.4	47.8
My firm is always the first business to introduce new products or services, $0.0$ administrative techniques, operating techniques etc.	4.4	10.3	39.4	45.8
My firm introduces improvement or $0.0$ modification frequently in our business.	3.0	3.9	42.4	50.7

Engaging in untried technologies could as well signify risk taking behavior among cooperatives. The county is slow in undertaking new ventures. According to Lumpkin and Dess, (1996) innovativeness as a research variable includes the number of new products, or service introduction. A study that Kuratko and David (2008) agreed with and indicate that innovation is of four types of discontinues innovation, and dynamically continuous innovation. However, by doing everything right, managers create opportunities for new companies to take their markets away, as such, success may seem fleeting and unpredictable with new markets is a way of success (Christensen, 2019; Co-operative societies in Uasin Gishu could engage in any of the innovative Erich, A., 2013). activities so to assess which type of innovation enhances their performance. A study by Okeyo (2012), established that non-existence of entrepreneurial orientation is one of the factors that lead to failure of several start-ups and SMEs. The County government of Uasin Gishu has issued loans worth sh127 million to over 57 co-operative societies for the past three years (FAO 2017). Speaking during the marking of International Day of Cooperatives at the county headquarters in Eldoret town, Deputy Governor Daniel Chemno reaffirmed the county government's commitment to continue supporting cooperatives.

According to Waithaka, (2016) innovations in one field may induce other innovations in related fields. Innovation is one of the dimensions of entrepreneurial dimension. If it is successful it will lead to the entrepreneur being both proactive and competitively aggressive to be able to successfully market the new products. Consequently, the entrepreneur will have taken an amount of risk to invest in production of new product and would also have been autonomous by being self directed in pursuit of business opportunities.

#### **3.2 Pearson Correlation**

The Pearson correlation was run to determine correlation among study variables. The findings on correlation analysis show that there was no relationship between performance and innovativeness p=0.103. The results agree with previous study by Wanyama, (2008) who alludes that despite the glorious background, co-operatives remain surprisingly unfamiliar to innovativeness and that

cooperation is weak in practice but strong in theory. These factors together mean that throughout its long history, cooperatives have often suffered failures and subsequent closures or dormancy (Wanyama 2008; ILO, 2009).

**Hypothesis one**  $(H_{01})_{i}$  Innovativeness does not have a significant influence on performance of cooperatives. The hypothesis addressed the influence of innovativeness based on objective one. This assisted to answer whether innovativeness has influence on performance of agricultural cooperatives in Uasin Gishu County. The coefficients for each of the variables indicates the amount of change one could expect in performance given a one unit change in the value of that variable, if all other variables in the model are held constant. The regression results indicate that there is no significant relationship between innovativeness, and the performance  $\beta = 0.061$ , t=.581, p=.565) when the other variables are held constant. The relationship is not significant. Under the null hypothesis,  $H_{01}$  then we fail to reject the null and conclude that innovativeness has no influence on performance. The results agree with the key findings by Karimoto (2012), who found out that the cooperative legislation has placed institutional restraint prohibiting trade with non members and mergers beyond prefectural boundaries that created specifications of governance in cooperatives. Cooperatives have to rely on the closed membership to comply with rigid regulations. This result also agree with results by Erick, Mitchell and Roth, (2013) that though managers know that innovation is the ticket to successful growth, they can't seem to get it right and that they keep improving their existing products and services to meet their best customers need, only to eventually run into the innovators dilemma. This result disagrees with studies by Kaufman (2000) who linked innovativeness to organizational performance and urged that firms must innovate to gain a competitive edge in order to survive and grow. Further study results also disagrees with Mukami (2014) that the process of creative destruction is initiated by an entrepreneurial behavior which makes innovation an important success factor within organization.

Similar with study findings by (Otieno, 2012) that the survival of many organizations depends on their developing and marketing successful new products and managing them throughout the product life cycle. However, according to the equation, innovativeness contributes only 6.1% to the performance of the cooperatives when employed. The study also disagreed with a study by Kuratko and David (2012) who allude that the essence among researchers studying innovation, is its influence on performance, and this could be traced back on Schumpeter (1934) who, looked at economic development as a process of quantitative change, driven by innovation. Therefore, as much as innovativeness has been linked to organizational performance and those firms must be innovative to gain a competitive edge in order to survive and grow in the current turbulent environment, this is not the case with agricultural cooperatives. They grow same crops on the same land, use same farming techniques (Wambugu, 2015; ROK, 2016;2017; ILO, 2010). The results of the study indicate no statistical relationship between innovativeness and performance of cooperatives. This could explain why most of them are dormant. Out of the registered co-operative within the county only 32percent are active (Uasin Gishu Strategic Plan, 2012)

The findings from Pearson correlation revealed that there was no correlation between innovativeness and performance (p=0.103). The regression analysis also revealed that there was no significant relationship between innovativeness and the performance of agricultural co-operatives where t= .581, p=.565 when other variables are held constant. Since the models indicated statistically insignificant relationship, therefore no further analysis could be carried out. These findings indicate that the staff of agricultural co-operatives does not engage in innovative activities

for their co-operatives. This could be due to the nature of the co-operative. The Co-operative law emphasizes on the objective clause which says that co-operatives can only carry out their registered mandate. If a co-operative engage in any other activities other than the one registered in, then they could be sued for Ultra Vires. Besides employees get their mandate to act from the members during Annual General Meeting (AGM) which is held once a year. Whereas innovativeness entails doing things differently from the normal routine but in a more economic manner, co-operatives staff may not enjoy the liberty of venturing in new dealings without getting in trouble with the law and members Wanyama, 2008). Managers cannot also sanction such activities without the mandate of members which is done during general meetings. The general meeting where all the members attend is done once a year. This could partly explain the laxity in activity among the co-operatives within the county. Since innovativeness has no statistical significance on performance of agricultural co-operatives within the county under the null hypothesis, Ho<sub>1</sub>, then we fail to reject the null that innovativeness has no statistical influence on performance of co-operatives in Uasin Gishu County.

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