ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (750-757), Month: April - June 2019, Available at: www.researchpublish.com

INFLUENCE OF INNOVATION STRATEGIES ON PERFORMANCE OF FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE

Yolanda Mutenyo Webi[1], Paul Kariuki[2]

[1] College of Human Resource Development, School of Business, Department of Business Administration, Jomo Kenyatta University of Agriculture and Technology, Kenya

[2] College of Human Resource Development, School of Business, Department of Business Administration, Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract: **This study's general objective was to establish the effect of innovation strategies on performance of firms listed at the Nairobi securities exchange in Kenya. This study used descriptive study design. The study's population was 66 NSE listed firms. The study respondents were 198 from the 66 firms who included strategy directors, marketing directors and operations directors. Secondary and primary data was used. Primary data was collected using questionnaire and audited financial statements were the source of secondary data. The drop-and-pick method was applied in questionnaire administration since all the firms had headquarters in Nairobi. Pilot testing was conducted to evaluate the validity and reliability of the methodology and questionnaire. Descriptive analysis was used where statistics such as frequencies, percentages, means and standard deviations were derived. This enabled the study to establish the distribution and prevalence of innovation strategies in the firms listed in the NSE. The study used multiple regression analysis to establish the effect of organization innovation, product innovation, marketing innovation and process innovation on performance of NSE listed firms. The findings established that product innovation ($\beta = 0.74$; $p < 0.05$), marketing innovation ($\beta = 0.073$; $p < 0.05$), process innovation ($\beta = 0.116$; $p < 0.05$) and organization innovation ($\beta = 0.144$; $p < 0.05$) had significant positive effect on financial performance of the firms listed in the NSE. The study has the following implications. First, in the drive towards enhancing sales and market share, organizations should ensure that they continually update their products or develop new ones to deal with competition and excite customers. On marketing innovation, investigating customer needs and establishing an innovative way of meeting those needs is paramount. Process innovation strategy of the organization should follow a clear set of values for action. Lastly, for organization innovation firms should consider investing in their employees to ensure maximum output and skill-set growth.**

Keywords: **Product Innovation, Marketing Innovation, Process Innovation, Organization Innovation, Innovation, Performance, Nairobi Securities Exchange.**

1. INTRODUCTION

Each institution, whether a government agency, a not-for-profit organization or a business, non-profit, must innovate to remain relevant (Ukpabio, Oyebisi & Siyanbola, 2017). An innovation can be a new or improved program or plan, administrative system, structure, service or product, production process or technology designed or adopted by the organization. The importance of innovation is recognized widely as a competitive aspect in diverse sectors such as consumer goods and services, financial services, technology and manufacturing. Innovation is also vital in the not-for-profit sector as firms in this sector must deal with reduced funding, competition for donor finance and growing client needs. Government organizations, whether civilian or military are facing with the need to change or die (Montgomery&

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (750-757), Month: April - June 2019, Available at: www.researchpublish.com

Perry, 2015).According to Gunday et al. (2011), decisions regarding innovation are the most important organizational strategic decisions. This is because innovation in today's market is critical to enable a firm to strengthen their competitiveness, increase its market share and go into new markets.

Razavi and Attarnezhad (2013) indicates that there have been various studies seeking to analyze the outcomes and outputs of innovation. Şişmanoglu and Akçali (2016) note that innovation can enhance the firm's prosperity, chance of survival, competitive power, trust and legitimacy. Moreover, innovation can lead to increased organizational performance, quality improvement, enhanced efficiency, improvement in productivity and customer satisfaction (Ajimati, 2012). However, to achieve the required outcomes, Tohidi and Jabbari (2012) suggest that the organization must create an innovative culture, have a climate conducive for innovation and engage in innovation in a consistent way.

The solid emphasis on innovation is inspired by the growing rivalry, equally in the global and domestic markets (Tavassoli & Karlsson, 2015).In Finland, Ajimati (2012) observes that product innovation is the custom in information and communications technology (ICT) companies. The innovation is fueled by the changes and advancements made in the technology field globally. The innovation in these ICT companies in Finland has enabled them to attain effective market positioning, provide enhanced benefits and value to consumers, gain market share and improve on their profitability.

Munywoki (2016) notes that innovation has remained a key factor in improving financial performance and competitiveness in the Kenyan commercial banking sector. Kenyan commercial banks have continually engaged in product, technological, process and organization innovation, which have enhanced their financial performance to a great extent. Mung'ei (2017) contends that the notable innovations by commercial banks in Kenya are internet banking, mobile banking and agency banking. However, Mung'ei (2017) suggests that these innovations have not improved the financial performance of the commercial banks while Muia (2017) has a contrary opinion. This indicates that commercial banks have adopted various types of innovation strategies with mixed outcomes.

The NSE was founded in 1954 (NSE, 2019a). From its inception in 1954 to date, NSE has undergone various changes including registration as a limited liability company in 1991, increase in the number of stockbrokers over the years and split of the market into three segments; segment for the fixed income securities, segment for alternate investment and segment for main investment in 2001. Other key NSE milestones include automation of trading in 2004, introduction of live trading in 2006 and introduction of remote trading in 2007, introduction of NSE All-Share Index in 2008 and change of name to Nairobi Securities Exchange from Nairobi Stock Exchange in 2011. In 2013, NSE introduced the Growth Enterprises Market Segment (GEMS) for SMEs. In 2014, NSE demutualized and was listed (NSE, 2019b).

2. STATEMENT OF THE PROBLEM

In the 2015, financial year, 18 firms listed in the NSE gave out profit warnings. This was an upsurge from eight in 2013 and 11 in 2014 (Mwiti, 2016). The NSE listed companies that issued profit warnings in 2016 were five, 12 in 2017 and eight in 2018(NSE, 2019). This indicates that in the past five years, NSE listed firms have undergone serious performance issues. To enhance their performance, NSE listed firms need to engage in innovation. Despite the role played by innovation in enabling organizations to have a competitive edge, there is still some misunderstanding concerning the effect of innovation on financial performance. First, there are mixed results regarding the influence of the different types of innovation in an organization on financial performance (Şişmanoglu & Akçali, 2016). Secondly, there is inadequate understanding regarding the aspects of innovation that drive financial performance (Mung'ei, 2017). This is because, though two organizations can be equally innovative, the outcomes of that innovation on their financial performance may differ (Muiruri & Ngari, 2014).

Globalization, regulatory changes, the fast-changing competitive environment, changes in economic dynamics and changing customer needs require the organization to continually innovate for it to remain relevant (Demircioglu, 2016). Innovation requires huge investments in employee training, R&D and acquisition of new technology (Şişmanoglu & Akçali, 2016). Managers need a clear understanding of the aspects and types of innovation that play a vital role in influencing the financial performance and competitiveness of the company. This will enable the firms to make evidence-based decisions regarding where and in what types of innovations to invest in (Oira & Kibati, 2016).

Various studies have been conducted on innovation and its effect on financial performance. They however leave key conceptual gaps. Demircioglu (2016), Mihić et al. (2015) and Razavi and Attarnezhad (2013) assessed the role played by

organizational innovation on financial performance but did not include market, product and process innovation in the study. Tohidi and Jabbari (2012) and Ajimati (2012) assessed the influence of product innovation on financial performance and established a positive influence. However, this study did not consider other forms of innovation such as market, process and organizational. Further, various studies on the influence of innovation on financial performance have mixed findings. For instance, Munywoki (2016) established that innovation positively influenced financial performance in Kenyan commercial banking sector. These findings were later contradicted by Mung'ei (2017) who established that innovations by commercial banks had no influence on their financial performance.

Most studies in Kenya focus on the influence of innovation on financial performance of companies in the financial services sector (for example Mung'ei, 2017; Munywoki, 2016; Oira & Kibati, 2016; Muiruri & Ngari, 2014).This leaves the influence of innovation on financial performance of companies in other sectors mostly unexplored. This study pursued to fill the current knowledge gaps by defining the Influence of innovation on performance of firms listed at the Nairobi securities exchange in Kenya.

3. LITERATURE REVIEW

The Schumpeter theory of innovation was proposed by Schumpeter (1939). The basis of the theory is that innovations by an organization can enable the organization to create opportunities for enhanced profitability by taking advantage of opportunities. Schumpeter described advancement as an evolving process of changes that are driven by innovation to make organizations more efficient and entrepreneurial (Tohidi & Jabbari, 2012). According to Schumpeter theory of innovation, there are five types of innovation. These include opening of a new market, application of new production methods, launch of a new service or product, acquisition of new sources of raw material and development of a new industry structure (Oira & Kibati, 2016).

Schumpeter advocated for product, market, process, method and organizational innovation to provide the necessary changes in the organization for improved efficiency and competitiveness. Schumpeter noted that to be and remain competitive, an organization must adopt one or more forms of innovation (Mugane & Ondigo, 2016). Innovation enables the organization to discard old practices, products and methods and to adopt new ones that meet the customer needs better (Demircioglu, 2016). This hence enables the organization to continue satisfying the changing needs of customers and thereby improving its financial performance.

This theory was applied in this study to explain how process innovations enable the company to create new techniques, procedures and methods that enable it to satisfy the changing customer needs. Without process innovation, an organization will not be capable of satisfying customers for long since their needs are bound to change. The organization must therefore innovate which was referred by Schumpeter as creative destruction. A process that produces products that are satisfying customers today will not be capable of satisfying customers in the future when their needs change. Without process innovation, demand for the firm's products will reduce with time as new and better products emerge in the market (Bigliardi, 2014). This will lead to poor performance. However, as the organization innovates in relation with the changes in their customer needs, they are guaranteed of a market for their products and hence their performance will improve.

Product innovation is introducing a service or output in the organization, which is new, or have some improvements compared to the existing products (Eggert et al., 2014). These new products can be produced to satisfy the changing needs of the existing customers or to serve new markets. Product innovation combines the physical resources of the organization with creative and other intangible resources to provide significant improvements to existing products or provide entirely new products. It involves having unique organizational strategies to produce novel outputs from the existing organizational resources (Ajimati, 2012). Production innovation in this study was measured by introduction of new products, continuous improvement on existing products and R&D spillovers.

Nekesa and Olweny (2018) established that product innovation positively affected financial performance of deposit taking SACCOs. These findings supported the results by Ukpabio, Oyebisi and Siyanbola (2017). The study by Ukpabio et al. (2017) assessed the influence of innovation on profitability of Nigerian manufacturing SMEs. The study concentrated on a sample of 305 manufacturing SMEs in the wood, plastic, footwear, apparel, leather and textile segments. Primary data was collected using questionnaire. Correlation and hierarchical regression analysis was used on the data. Findings showed that product innovation positively and significantly affected financial performance.

In Indonesia, Nuryakin (2018) studied the influence of product innovation on competitive advantage. This study was conducted on SMEs in the Batik sector. The location of the study was Central Java province of Indonesia. The study applied purposive sampling to select 200 batik SMEs. Questionnaire was used to collect data and analysis was through multiple regression analysis and chi square tests. The study findings confirmed that product innovation had a substantial positive effect on the competitive advantage of the Batik SMEs.

In a study on commercial banks in Kenya, Mugane and Ondigo (2016) interrogated the effect of innovations on financial performance. The study concentrated on product innovation among other types of innovation. The study was conducted using an explanatory research design with a population of 43 commercial banks. Questionnaire collected data, which was analyzed through multiple linear regression. The study results showed that product innovation negatively affected financial performance.

In a study in Turkey, Karabulut (2015) inquired about the effect of the different innovation types on performance of manufacturing firms. The study population was 197 manufacturing companies in Istanbul. A survey enabled collection of primary data. Performance of the manufacturing firms was measured using the balanced scorecard. Analysis of the collected quantitative data was through multiple regression analysis and factor analysis. The study findings established that product innovation positive affected financial performance.

Eggert, Thiesbrummel and Deutscher (2014) assessed the effects of product innovations on profitability of German industrial firms. A panel data analysis methodology was applied to analyze data from 558 large manufacturing firms in Germany. Five-year secondary panel data was collected from the firms. The study findings confirmed a positive influence of product innovation on profitability. Firms that engaged in more product innovations were found to be more profitable than their peers.

On a study on product innovation and its effect on sustained superior performance and competitive advantage, Reguia (2014) established that product innovation enables the firm to maintain and improve sales. The study was a meta-analysis involving various empirical studies conducted in European markets involving firms in the technology, food, beverages and plastic manufacturing sectors. The study established that product innovation entailed improving existing products by modifying them to better fit customer needs and coming up with new products to satisfy new markets, existing markets or changing customer needs. Further, the study established that companies engaged in R&D programs to develop new products, widening their product mix and improving features on existing products to make them more effective in meeting customer requirements. Njogu's (2014) study findings supported the findings by Reguia (2014) that product innovation by manufacturing SMEs in Nairobi County, Kenya had significantly and positively affected financial performance of the manufacturing SMEs.

4. RESEARCH METHODOLOGY

This study used descriptive study design. The study's population was 66 NSE listed firms. The study respondents were 198 from the 66 firms who included strategy directors, marketing directors and operations directors. Secondary and primary data was used. Primary data was collected using questionnaire and audited financial statements were the source of secondary data. The drop-and-pick method was applied in questionnaire administration since all the firms had headquarters in Nairobi. Pilot testing was conducted to evaluate the validity and reliability of the methodology and questionnaire. Descriptive analysis was used where statistics such as frequencies, percentages, means and standard deviations were derived. This enabled the study to establish the distribution and prevalence of innovation strategies in the firms listed in the NSE.

5. FINDINGS

The study had an objective of establishing the effect of innovation strategies on financial performance. This section provides the descriptive statistics of product innovation in the surveyed firms. The results provided are from the descriptive analysis (means and standard deviations) of the Likert scale items on product innovation. The respondents had been provided with statements that related to product innovation in their organizations and were required to rate their responses as 5 = Strongly Agree; 4 = Agree; 3 = Neither agree nor disagree; 2 = Disagree and 1 = Strongly disagree. Findings are presented in Table 1.

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 7, Issue 2, pp: (750-757), Month: April - June 2019, Available at: www.researchpublish.com

Table 1: Product Innovation Strategies in NSE listed Firms

Statement	N	Min	Max	Mean	Std. Dev
The organization regularly introduces new products to the market	91	3	5	4.22	.800
In the past five years, the organization has expanded into new markets	91	2	5	4.13	1.087
The organization continually improves on existing products	91	3	5	4.51	.584
The firm makes adequate investments for research and development	91	3	5	4.36	.568
Employees in the organization are continually trained to be entrepreneurial	91	3	5	4.13	.763
The organization has built a culture of innovation and continuous improvements of products	91	4	5	4.75	.437
The organizational leadership supports innovation culture	91	4	5	4.79	.409

The findings in Table 1 indicate that respondents agreed or strongly agreed to all the statements provided. This is evident because all the means scores were above 4 (agree). Specifically, findings indicated that the respondents strongly agreed to the statement that the organizational leadership supports innovation culture (mean = 4.79; std. deviation = 0.409). Moreover, the results show that respondents strongly agreed that the organizations had built a culture of innovation and continuous improvements of products (mean = 4.75; std. deviation = 0.437). Additionally, findings revealed that respondents strongly agreed that the organizations continually improve on existing products (mean = 4.51; std. deviation = 0.584).

Regarding R&D investments in the NSE listed firms, respondents agreed that the firms make adequate investments for research and development (mean = 4.36; std. deviation = 0.568). Similarly, respondents agreed that the organizations regularly introduce new products to the market (mean = 4.22; std. deviation = 0.800), the organizations had expanded into new markets in the past years (mean = 4.13; std. deviation = 1.087) and agreed that employees in the organizations are continually trained to be entrepreneurial (mean = 4.13; std. deviation = 0.763).

The findings established that product innovation had a positive and significant effect on financial performance of the firms listed in the NSE. Further, the findings show that product innovation was the most significant type of innovation among the four types of innovation considered in the study. The product innovation strategies that were common in the NSE listed firms are leadership that supports innovation culture, a culture of innovation and continuous improvements of products and engaging in a continuous improvement culture.

Regarding R&D investments in the NSE listed firms; respondents agreed that the firms make adequate investments for research and development. Similarly, respondents agreed that the organizations regularly introduce new products to the market; the organizations had expanded into new markets in the past years and agreed that employees in the organizations are continually trained to be entrepreneurial.

6. CONCLUSION AND RECOMMENDATION

The study concludes that product innovation positively and significantly affects financial performance of the firms listed in the NSE. Among the four strategies that were included in the study, product innovation had the greatest significance in affecting the financial performance of firms that are listed in the NSE. This suggests that product innovation strategies is one of the most vital strategies that a firm can adopt in its drive to enhance its financial performance.

Product innovation strategy is critical for firm performance. Firms should hence engage in continuous product quality improvement and bringing disruptive product improvements to the market. In the drive towards enhancing sales and market share, organizations should ensure that they continually update their products or develop new ones to deal with competition and excite customers.

REFERENCES

[1] Abatari, F. N., & Kar, S. M. M. (2016). The Impact of Market Orientation and Innovation on the Financial Performance of Small Manufacturing Firms in Gilan Province. *International Journal of Humanities and Cultural Studies, 4*, 1759 – 1778.

[2] Ajimati, M. O. (2012). *The Significance of Integrating Product Innovation in Increasing Business Competition.* Research Project, Savonia University of Applied Sciences, Kuopio.

[3] Aprizal, M., Ranteta'dung, R. K., Tobeoto, K. & Yohanis, A. (2016). The Effect of Market Orientation and Competitive Advantage on Business Performance Through Consumers' Behavior of Computer Sales in Makasassar City, Indonesia. *Journal of Service Marketing, 23*(2), 113-131.

[4] Bain, J. S. (1968). *Industrial Organization* (2nd ed.) New York: John Wiley & Sons.

[5] Bell, J. (2015). *Doing Your Research Project* (8th ed.). Maidenhead: Open University Press.

[6] Bigliardi, B. (2014). The effect of innovation on financial performance: A research study involving SMEs. *Innovation: Management, Policy & Practice. Management, Policy & Practice, 15*(2), 245-255.

[7] Biryomumeisho, J., Nkote, I., & Ocaya, B. (2017). Financial Innovation and Financial Performance in Financial Institutions in Uganda. *Scholars Journal of Economics, Business and Management, 4*(2), 94-104.

[8] Bockova, N. & Zizlavsky, O. (2016). The Innovation and Financial Performance of a Company: A Study from Czech Manufacturing Industry. *Transformations in Business & Economics, 15*(3), 156-175.

[9] Collis, J. & Hussey, R. (2013). *Business research: A practical guide for undergraduate and postgraduate students.* London: Macmillan International Higher Education.

[10] Cozzarin, B. P. (2015) Impact of organizational innovation on product and process innovation. *Economics of Innovation and New Technology, 26*(5), 405 – 417.

[11] Demircioglu, M. A. (2016). *Organizational Innovation.* Bloomington: School of Public and Environmental Affairs, Indiana University-Bloomington.

[12] Easterby-Smith, M., Thorpe, R., Jackson, P. & Lowe, A. (2018). *Management Research* (8th ed.). London: Sage.

[13] Eggert, A., Thiesbrummel, C. & Deutscher, C. (2014). Differential effects of product and service innovations on the financial performance of industrial firms. *Journal of Business Marking Management, 7*(3), 380–405.

[14] Fisher, C. (2017). *Researching and writing a dissertation for business students* (6th ed.). Harlow: Financial Times Prentice Hall.

[15] Gerba, Y. T. & Viswanadham, P. (2016). Performance measurement of small-scale enterprises: Review of theoretical and empirical literature. *International Journal of Applied Research, 2*(3), 531-535.

[16] Hunt, S. D. & Madhavaram, S. (2006). Teaching marketing strategy: using resource-advantage theory as an integrative theoretical foundation. *Journal of Marketing Education, 28*(2), 93-105.

[17] Hunt, S. D. & Morgan, R. (1996). The resource-advantage theory of competition: Dynamics, path dependencies, and evolutionary dimensions. *Journal of Marketing, 60*(4), 107-14.

[18] Hunt, S. D. (2013). A general theory of business marketing: R-A theory, Alderson, the ISBM framework, and the IMP theoretical structure. *Industrial Marketing Management, 42*(3), 283-93.

[19] Karabulut, A. T. (2015). Effects of Innovation Types on Performance of Manufacturing Firms in Turkey. *Procedia - Social and Behavioral Sciences, 195*, 1355 – 1364.

[20] Kastalli, I. V. & Looy, B. V. (2013). Servitization: Disentangling the impact of service business model innovation on manufacturing firm performance. *Journal of Operations Management, 31*(4), 169-80.

[21] Makur, P. M. (2014). *The effects of financial innovation on the financial performance of commercial banks in South Sudan.* Master of Business Administration Research Project, University of Nairobi.

[22] Mihić, A. O., Umihanić, B., & Fazlović, S. (2015). The role of organizational innovation in Achieving and maintaining Company's business excellence. *Management, 20*(1), 79-100.

[23] Mugane, C. & Ondigo, H. (2016). The Effect of Financial Innovations on the Financial Performance of Commercial Banks in Kenya. *International Journal of Finance and Accounting, 1*(1), 16-29.

[24] Muia, S. (2017). *The effect of financial innovations on financial performance of commercial banks in Kenya.* Master of Business Administration Research Project, University of Nairobi.

[25] Muiruri, J. K. & Ngari, J. M. (2014). Effects of Financial Innovations on the Financial Performance of Commercial Banks in Kenya.*International Journal of Humanities and Social Science, 4*(7), 51 – 57.

[26] Mung'ei, M. M. (2017). *Effect of innovation on the financial performance of commercial banks in Kenya.* Master of Business Administration Research Project, University of Nairobi.

[27] Munywoki, J. K. (2016). *Effects of innovation on financial performance of commercial banks in Kenya.*Master of Business Administration Research Project, University of Nairobi.

[28] Mwiti, L. (2016). Worst year as 18 Nairobi Securities Exchange listed companies issue profit warnings. *The Standard*, 30th January.

[29] Nandwa, W. (2016). *Effects of innovation strategies on financial performance: a survey of insurance firms in Eldoret.* Master of Business Administration Research Project, Kisii University, Kisii.

[30] Ndemezo, E. & Kayitana, C. (2017). Innovation and Firms' Performance in the Rwandese Manufacturing Industry. A firm Level Empirical Analysis. *Journal of Business Management and Social Sciences Research, 6*(2), 51-56.

[31] Nekesa, S. M. & Olweny, T. (2018). Effect of financial innovation on financial performance: A case study of deposit-taking savings and credit cooperative societies in Kajiado County. *International Journal of Social Sciences and Information Technology, 4*(5), 370 – 389.

[32] Njogu, T. W. (2014). *The effect of innovation on the financial performance of small and medium enterprises in Nairobi County, Kenya.* Master of Business Administration Research Project, University of Nairobi.

[33] NSE. (2019a). *About NSE.* Retrieved from:https://www.nse.co.ke/nse/about-nse.html.

[34] NSE. (2019b). *History of NSE.* Retrieved from:https://www.nse.co.ke/nse/history-of-nse.html.

[35] NSE. (2019c). *Listed companies.* Retrieved from: https://www.nse.co.ke/listed-companies/list.html?limitstart=0.

[36] Nuryakin, U. M. Y. (2018). Competitive advantage and product innovation: Key success of Batik SMEs marketing performance in Indonesia. *Academy of Strategic Management Journal, 17*(2), 1 – 17.

[37] Oira, J. K., & Kibati, P. (2016). Influence of Innovation on The Performance of Commercial Banks in Nakuru Central Business District. *Journal of Business and Management, 18*(10), 102-113.

[38] Oirere, A. N. (2015). *Effect of innovation on financial performance of small and medium manufacturing enterprises in Nairobi County.* Master of Business Administration Research Project, University of Nairobi.

[39] Psomas, D K. E. (2015). The impact of innovation capability on the performance of manufacturing companies: The Greek case. *Journal of Manufacturing Technology Management,* 26(1). Retrieved from: http://dx.doi.org/10.1108/JMTM-12-2012-0117.

[40] Putri, A. K., Suryana, Y., Tuhpawana, C., & Hasan, M., (2016). The effect of market orientation and competitive strategy on marketing performance: A survey on furniture product industry in West Java, Indonesia. *International Journal of Economics, Commerce and Management, 4*(7), 274 – 288.

[41] Razavi, S. H. & Attarnezhad, O. (2013). Management of Organizational Innovation. *International Journal of Business and Social Science, 4*(1), 226 – 232.

[42] Reguia, C. (2014). Product innovation and the competitive advantage. *European Scientific Journal, 1*, 140 – 157.

[43] Rogers, E. M. (1962). *Diffusion of innovations.* New York: Free Press of Glencoe.

[44] Saunders, M., Lewis, P. and Thornhill, A. (2015). *Research Methods for Business Students* (7th Ed). London: Pearson.

[45] Schumpeter, J. A. (1939). *Business Cycles: A Theoretical, Historical and Statistical Analysis of the Capitalist Process.* New York: McGraw-Hill.

[46] Sharp, J. A., Peters, J. and Howard, K. (2017). *The Management of a Student Research Project* (7th ed.). Aldershot: Gower.

[47] Simiyu, M. N., & Olweny, T. (2018). Effect of financial innovation on financial performance: A case study of deposit-taking savings and credit cooperative societies in Kajiado County. *International Journal of Social Sciences and Information Technology, 4*(5), 370 – 389.

[48] Şişmanoglu, E. & Akçali, B. Y. (2016). The effect of innovation on financial performance of some information and technology companies in Turkey. *Ekonometri ve İstatistik Sayı, 24*, 82-93.

[49] Steiber, A. (2017). *Organizational Innovations: A conceptualization of how they are created, diffused, and sustained.* Doctor of Technology Thesis, Chalmers University of Technology, Gothenburg.

[50] Talaja, A., Miočević, D., & Alfirević, N. (2017). Market orientation, competitive advantage and business performance: Exploring the indirect effects. *Journal of Strategic Marketing, 24*(5), 377–397.

[51] Tohidi, H. & Jabbari, M. M. (2012). Product Innovation Performance in Organization. *Procedia Technology, 1*, 521 – 523.

[52] Ukpabio, M. G., Oyebisi, T. O., & Siyanbola, O. W. (2017). Effects of Innovation on Performance of Manufacturing SMEs in Nigeria: An empirical study.*Journal of International Development, 19*, 12 – 24.

[53] Ungerman, O., Dedkova, J. & Gurinova, K. (2018). The impact of marketing innovation on the competitiveness of enterprises in the context of industry 4.0. *Journal of Competitiveness, 10*(2), 132 – 148.

[54] Vicente-Lorente, J. D., & Zúñiga-Vicente, J. A. (2012). Effects of process and product-oriented innovations on employee downsizing. *International Journal of Manpower, 33*(4), 383-403.

[55] Zikmund, W. G., Babin, B. J., Carr, J. C. & Griffin, M. (2013). *Business research methods.* Boston: Cengage Learning.