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EFFECT OF DYNAMIC CAPABILITIES ON PERFORMANCE OF SACCOS IN MANDERA COUNTY, KENYA

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ABSTRACT

Dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. By developing inspired capabilities that go beyond ordinary strategic capabilities, firms will be in a strong position to achieve a long-lasting competitive advantage. SACCOs play a critical role of savings mobilization for investments as envisioned in the Kenya's development blueprint, vision 2030. SACCOs have been facing financial challenges leading to closure while others have been put under receivership. The general objective of this study was to determine the effect of dynamic capabilities on performance of SACCOs in Mandera County, Kenya. The specific objectives was to examine the effect of markets technological sensing and effect of innovation and strategic renewal on performance of SACCOs in Mandera County, Kenya. The study was guided by dynamic capabilities theory and diffusion of innovation theory. This study adopted a descriptive research design. The study targeted 39 SACCOs distributed in all constituencies in Mandera. The target included 117 senior management staff of the SACCOs from which 117 senior management staff were subjected to the questionnaires through census. The study used content validity to confirm that the questionnaire would enable the researcher to achieve study objectives. A pilot study was conducted with 10% of the respondents hence 12 management staff in four SACCOs. Reliability was tested using Cronchba Alpha coefficient with a threshold of 0.7. Data was analyzed using descriptive and inferential statistics and presented in Tables. All ethical considerations were strictly adhered to. Findings show that; markets technological sensing has a strong positive significant correlation with performance of SACCOs in Mandera County (r = 0.542, p value =0.000), and innovation and strategic renewal has a strong positive significant correlation with performance of SACCOs in Mandera County (r = 0.842, p value =0.000). The study therefore recommends that; the management should invest in gathering and analyzing market intelligence, and make efforts to ensure that the staff who introduce successful ideas are rewarded..

KEY WORDS: *Markets technological sensing, Innovation and strategic renewal , Performance of SACCOs*

INTRODUCTION

Background of the Study

In todays' increasing volatile, uncertain, complex, and ambiguous world, it is imperative for organizations to have the ability to quickly and accurately adapt to changes in the marketplace or technology changes (Suddaby, Coraiola, Harvey, & Foster, 2020). Dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. By developing dynamic capabilities that go beyond ordinary strategic capabilities, firms will be in a strong position to achieve a long-lasting competitive advantage (Bogers, Chesbrough, Heaton & Teece, 2019). Jorge and Luiz (2020) defined dynamic capability as the potential to systematically solve problems enabled by its propensity to sense opportunities and threats to make timely decisions. The authors found that dynamic capabilities, creativity, and innovation competencies have a positive effect on business performance in Portugal.

Wu et al, (2021) asserted that dynamic capabilities in China is regarded as a kind of high-level capability, which is superior to common managerial abilities, it can guide and control their behavior to upgrade their capability to confront environmental uncertainty. It can also be treated as a dynamic process to sense, seize and reconfigure opportunities as well as develop unique resources. Business managers who effectively utilize dynamic capabilities are more sensitive to market opportunities, quicker to integrate external knowledge and to provide technical solutions to organizational problems. Aro (2020) identified three dynamic capabilities in Brazil which included sensing, seizing and transforming. Sensing relates to capabilities of mapping and updating trends in the market, analysis and definition of trends

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and strategies and mapping of internal resources. Seizing is the ability to establish what to do openly, to map potential partners and to establish partners. Transforming is related to changing the operations of an organization mainly from traditional to digitalized operations.

In Nigeria, dynamic capabilities assessments had been adopted by some players in the banking sector. The dimensions of organisational dynamic capability (sensing capability and integrating capability) have a significant and positive relationship with competitive advantage and organisational reputation (Okeke, Odey, & Akaegbobi, 2021). Organizations that enhances their dynamic capability are most likely to operate efficiently and gain competitive edge over competitors in the industry. Additionally, dynamic capabilities are enabling banks to remain alert on threats and opportunities presented by technologies (Eletu & Nwuche, 2021). Mashingaidze, Phiri, and Nyatsamb (2022) illustrate that sensing, integrating and reconfiguration capabilities play a significant role in the growth of small medium enterprises in Malawi. Dynamic capabilities permit firms to prepare for their future and also allow firms to monitor their external environments to assess the longevity of their existing business model. Wadajo and Kero (2023) showed that knowledge based dynamic capability enhance the competitive advantage of an organizations in Ethiopia. The dynamic capability dimensions are crucial for enhancing organization's competitive advantage. These dynamic capability dimensions include absorptive, innovative, and adaptive capabilities.

Kitenga (2020) found that dynamic capabilities help manufacturing firms in Kenya to sense and react to market changes and also facilitate firms to foretell and anticipate customer explicit and latent needs. The firms are also able to develop new products or employ existing products with new features and attributes to satisfy both the needs of current customers and new customers and thus ensure the stability and sustainability. Leah *et al*, (2021) found that manufacturing firms in Nairobi have a stronger commitment to deploying dynamic capabilities (sensing, seizing and reconfiguration). Adoption of dynamic capabilities have enabled the firms to be more successful in terms of profitability and market share. Odwaro, Abongo, and Mise (2022) found that in order to respond to the changing environment and attain competitive advantage, commercial banks in Kenya constantly launch new and substitute products to be in line with the changing market demands. The use of technology was highly adopted to enable banks respond to the changing market demands and upgrade their core capabilities. These dynamic capabilities that were put into consideration had a positive and significant effect on the performance of commercial banks.

Statement of the Problem

SACCOs play a critical role of savings mobilization for investments as envisioned in the Kenya's development blueprint, vision 2030. Home and business ownership in many rural and urban areas in Kenya are funded by SACCOs. However SACCOs have been facing financial challenges leading to closure while others have been put under receivership. According to CBK (2020), between 2009 - 2019, the Kenyan Deposit protection Fund Board placed three SACCOs under receivership within 10 years. In addition, six SACCOs including the once giant Metropolitan National had their licenses revoked by SASRA for failing to meet minimum capital requirements. This shows a worrying trend since it is an indication that for the eleven years, one financial organization was collapsing. According to SASRA (2020), the SACCOs financial performance has been decreasing. There has been a decrease in institutions numbers from 174 institutions in 2017 to 172 institutions in 2019 (SASRA, 2020).

The first SACCO in Mandera County was licensed in 2019 and since then other SACCOs have been licensed to operate in the county. The SACCOs have however been recording losses. According to CBK(2021), none of the SACCOs had attained their expected financial targets by December 31st 2021. Many Savings and Credit Cooperative Societies (Saccos) in the country witnessed a high default rate in 2023 owing to harsh economic conditions. The rate of bad loans went up since a section of members with loans were unable to service them leaving Saccos with low cash flow. The rate of the non-performing loans among registered SACCOs increased from 5.23% in 2016 to 6.14% in 2017, 6.30% in 2018, 6.45% in 2019 and 6.80% in 2020 (SASRA, 2021).

There exists various studies on dynamic capabilities; Mwajambia and Kising'u (2022) on effect of dynamic managerial capabilities on performance of travel agencies and tour operators in Kenya showed that dynamic managerial capabilities had direct positive effect on firm performance. Musa (2022) on the effect of effect of dynamic capabilities on financial performance of the oil marketing firms in Kenya established that sensing capabilities, seizing capability, organizational learning capability and reconfiguration capabilities had significant effect on financial performance. Mugambi (2021) on the consequences of dynamic capabilities on the performance of commercial banks in Nairobi City County, Kenya established that innovations capability, technical knowledge capability, quality service capability and learning culture capability had significant effects on the performance of a commercial bank. Rono (2021) on relationship between dynamic capabilities and competitive advantage of manufacturing firms in Nairobi, Kenya revealed that sensing capabilities; seizing capabilities; reconfiguration capabilities and dynamic capabilities had a positive and significant effect on competitive advantage. None of the studies focused on performance of SACCOs. This study hence sought to fill the research gaps by examining the effect of dynamic capabilities on performance of SACCOs in Mandera County.

Specific Objectives

The study addressed the following specific objectives:

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i. To determine the effect of markets technological sensing on performance of SACCOs in Mandera County, Kenya.
ii. To establish the effect of innovation and strategic renewal on performance of SACCOs in Mandera County, Kenya.

Theoretical Framework

Dynamic Capabilities Theory

The theory was first formulated by David Teece, Gary Pisano and Amy Shuen (1997). Dynamic capabilities theory examines how firms integrate, build, and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment. The theory assumes that firms with greater dynamic capabilities will outperform firms with smaller dynamic capabilities. The aim of the theory is to understand how firms use dynamic capabilities to create and sustain a competitive advantage over other firms by responding to and creating environmental changes. Capabilities are a collection of high-level, learned, patterned, repetitious behaviors that an organization can perform better relative to its competition (Nelson & Winter, 2012).

Dynamic capacities act as a buffer between the capital of businesses and the changing business climate by having an organization improves the resource base and thus preserves its competitive advantage, which could otherwise be compromised, in its longevity. Dynamic Capacities Perspective (DCP) relates to a company's ability to gain new ways of competitive advantage by expertise retention, organizational resources and the adjustment to a changing business environment. This ability is complex because the organization must constantly create, adjust and to the rate of technological as business environment changes (Teece, Pisano & Shuen, 1997).

Diffusion of Innovations Theory

Diffusion of innovation theory was developed by Rogers (1995). The theory originated in communication to explain how, overtime, an idea or product gains momentum and diffuses or spreads through a specific population or social system. Diffusion of innovation theory attempts to explain and describe the mechanisms of how new inventions in this case learning management systems is adopted and becomes successful (Clark 2012). Mannan (2013) stated that not all innovations are adopted even if they are good, it may take a long time for an innovation to be adopted. Rogers (1995) identified five critical attributes that greatly influence the rate of adoption. These include: relative advantage, compatibility, trialability and observability. According to Rogers, the rate of adoption of new innovations will depend on how the organization perceives its relative advantage, compatibility, trialability, observability and complexity. The diffusion of innovations theory is extensively used by marketers to promote the adoption of their products. In such cases, marketers generally find an early set of people passionate about the product.

Conceptual Framework

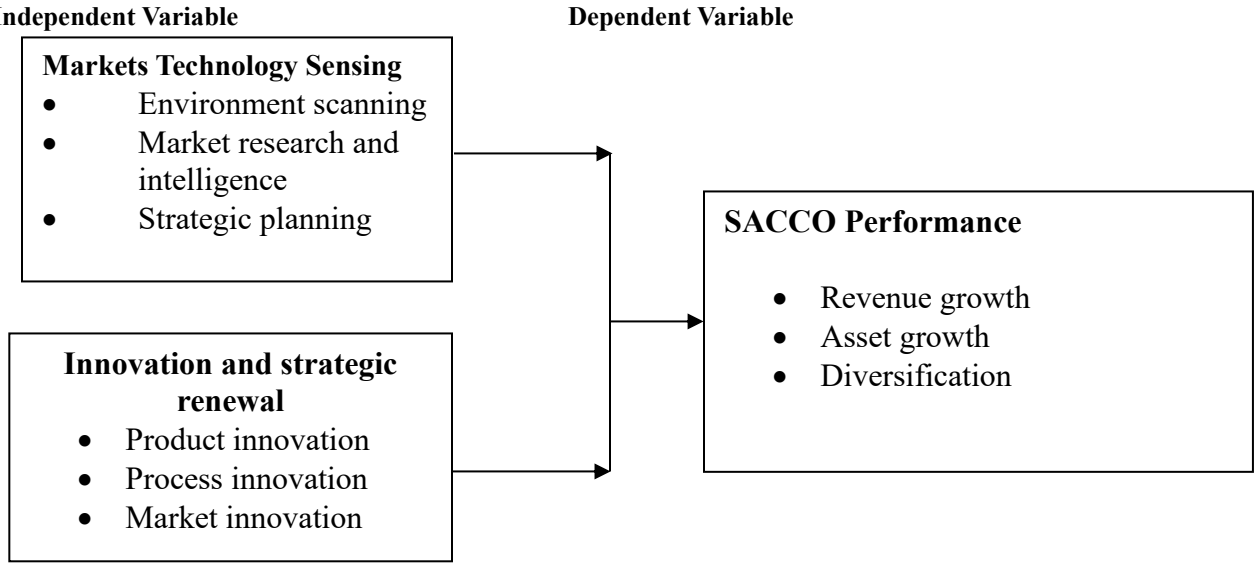


Figure 1: Conceptual Framework (2024)

Review of Conceptual and Empirical Literature

Markets Technological Sensing

Salih and Alnaji (2019) defined sensing capabilities describes an organization's scanning ability and knowledge development about its context, the internal assessment of its capacities and its alignment of functions and behaviour in a manner that advances it towards its goals and objectives. It involves interpreting and analyzing this information to understand the urgency, causes, and

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impact, thereby enabling the anticipation and detection of opportunities and threats in the business environment. Azikiwe (2021) concluded that superior firm performance begins with identification of opportunities in the market environment through sensing capabilities. Thus, firms that are better at 'sensing' in the market are able to know and understand changing consumer needs and preferences.

Victor and Isoboye (2021) investigated the relationship between strategic sensitivity and corporate responsiveness in the fast-moving consumer goods sector in Nigeria. The study employed a cross-sectional survey method. The sample size was 45 managers. The findings revealed that strategic sensitivity had a positive relationship with corporate responsiveness among these companies. Specifically, both strategic insight and strategic foresight were found to be significantly and positively correlated with the companies' responsiveness. Amarteifio and Agbeblewu (2020) examined effect of entrepreneurial orientation on performance of tourist accommodation establishment in Ghana. The study adopted explanatory survey design. Simple random sampling was used to sample 113 respondents. Questionnaires were used for data collection. The study revealed that managers were highly proactive but exhibited low levels of the other entrepreneurial orientation dimensions, specifically competitive aggressiveness and risk taking. The managers exploited new opportunities, which involved local marketing to increase their local clientele. They also sought to understand their clients better and improve the services to suit customers' needs.

Kimenye and Githira (2023) sought to examine the effect of strategic sensitivity on performance of commercial state-owned enterprises in Kenya. The study applied descriptive research design and sourced primary data using questionnaires. Results showed that there was a statistically positive significant effect of strategic sensitivity on performance of commercial state owned enterprises in Kenya. Okwemba (2018) sought to bring out how market sensing capabilities affected performance with emphasis on telecommunication entities in Kenya. The adopted design was survey design and 210 participants were selected through stratified random sampling. Established from the findings was the fact that market sensing capabilities and performance are significantly connected with each other.

Innovation and Strategic Renewal

Innovative capability refers to a company's ability to generate and implement new ideas, products, and processes. A company with a strong innovative capability is often able to stay ahead of the curve and offer unique solutions to meet customer needs (Sultana et al., 2022b). Innovation capability is the ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of a firm and its stakeholders. The technology development capability of the firm leads to technical change that allows for a successful innovation process. Once a new product has been thought out, the firm needs to produce it on a commercial scale (Akhtar, 2023). Organizations endowed with robust innovative capabilities are strategically positioned to introduce and market new products and services, which contributes to revenue growth and establishes a strong market presence. This can include conducting market research, gathering customer feedback, and continuously monitoring changes in consumer preferences(Ode & Ayavoo, 2020).

Leo (2021) studied the role on innovation capabilities in agribusiness in Brazil. Findings showed that agribusiness firms have an essential role in the innovation process. For upstream firms, transaction and management capabilities are the most important to achieve innovative performance, as these firms are further from the end consumers. For downstream firms, closer to the end consumers, transaction and development capabilities support innovative performance. Jabbar (2022) sought to determine the role of information technology on competitive advantage of insurance companies in Iraq. The study adopted a qualitative research design. The sample was 50 respondents. The findings revealed a significant relationship between information technology and competitive advantage of insurance companies.

Yelmi, Yahaya, and Muhammed (2021) assessed the impact of marketing innovation on the performance of SMEs in Nigeria. The study employed a cross-sectional survey design. The target population was 782 registered SMEs. The sample was 120 respondents derived using Fisher's formulae. Open-ended questionnaires were used to collect data. The study results revealed that marketing innovation had a positive and significant influence on performance of SMEs in Nigeria. Marketing strategy is necessary in any business organization and for it to compete in a global market it must ensure that resources are available and well utilized. The main goals of marketing innovation for business are to fill market needs, grow market share, and increase shareholder value.

Eltahir (2020) examined the impact of information technology on the cooperative insurance industry on a Sudan insurance company. The study adopted quantitative and qualitative method on all employees of Shiekan Insurance Company based in Sudan. The findings established that a positive relationship exists between the applications of information technology on the performance of insurance company. Mutegi (2018) examined the role of innovation strategy in insurance penetration in Kenya. This study employed a descriptive research design on 34 respondents. The study findings established that market innovation, technological innovations and process innovation contributes to insurance penetration.

RESEARCH METHODOLOGY

This study adopted a descriptive research design. This study focused on the 39 SACCOs distributed in four constituencies in Mandera County. The target was 117 top management staff drawn from every SACCO. Since the population of the study was relatively small and easily accessed, the study used Census. The study used questionnaires for data collection. The study used

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content validity which was achieved through designing the questionnaire based on the sub-variables in the conceptual framework . Reliability was tested using Cronchba Alpha coefficient. Data was analyzed using SPSS Version 28 to generate descriptive and inferential statistics. The descriptive statistics included the use of measurement of central tendency which include included percentages, mean, and standard deviation. The inferential statistics included correlations and regressions.

RESEARCH FINDINGS AND DISCUSSIONS

Table 1: Markets Technological Sensing

Key: SD=Strongly disagree, D=Disagree, N=Neutral A=Agree, SA= Strongly agree, M=Mean, Std.*=Standard Deviation*

Statements	SD %	D %	N %	A %	SA %	M	Std.
There are processes or mechanisms to evaluate and prioritize potential opportunities	4.1	19.4	6.1	9.2	61.2	4.04	1.354
The SACCO has tools or scanning the external environment and identify emerging trends and market shifts	7.1	8.2	5.1	71.4	8.2	3.72	1.314
The SACCO allocates resources to facilitate flexibility and responsiveness to changing market conditions	55.1	26.5	4.1	13.3	1.0	2.09	1.355
There are staff responsible for identifying and monitoring threats	57.1	22.4	7.1	13.3	0	1.90	1.358
The SACCO ensures that the identified opportunities align with its overall strategic goals and objectives	6.1	2.0	4.1	35.7	52.0	4.26	1.068
The SACCO provides resources and tools for employees to explore new ideas and think creatively	42.9	23.5	4.1	14.3	15.3	2.36	1.521
Our SACCO quickly understands new opportunities to serve our clients better	3.1	2.0	6.1	9.2	79.6	4.60	0.928
Average						**3.28**	**1.271**

N=98

Results show that there are processes or mechanisms to evaluate and prioritize potential opportunities as strongly agreed by 61.2 % and supported by the mean (M = 4.04, std = 1.354). This implies that the SACCOs have processes and mechanisms to assess opportunities. The Most significant opportunities are highly prioritized. The SACCO has tools for scanning the external environment and identify emerging trends and market shifts as agreed by 71.4% and supported by the mean (M = 3.72, std = 1.314). This is an indication that SACCOs scan the operating environment which helps to identify the emerging trends in the market and market shifts. This helps to identify the customer needs and develop services and products that meet the needs of the customers which may lead to customer satisfaction, customer loyalty and improved performance. The SACCO does not allocate resources to facilitate flexibility and responsiveness to changing market conditions as disagreed by 55.1% and supported by the mean (M = 2.09 std = 1.355). Findings imply that there are not adequate resources to facilitate quick response to market conditions which may imply that the SACCOs are slow in adopting to changes in the environment. The staff are not responsible for identifying and monitoring threats as disagreed by 57.1% and supported by the mean (M = 1.90, std = 1.358). The findings imply that there are poor risk management practices in the SACCOs which may lead to loss of assets and others costs involved in managing risks.

The SACCO ensures that the identified opportunities align with its overall strategic goals and objectives as strongly agreed by 52% and supported by the mean (M = 4.26, std = 1.068). This implies that the SACCOs cautiously identifies opportunities to ensure that only those opportunities that are aligned to the strategic plans are implemented. The SACCO rarely provide resources and tools for employees to explore new ideas and think creatively as strongly disagreed by 42.9% and supported by the mean (M = 2.36, std = 1.521). This is an indicates that there are limited resources to support employee creativity in the SACCOs. The SACCO quickly understands new opportunities to serve clients better as strongly agreed by 79.6% and supported by the mean (M = 4.60, std = 0.928). The average mean of 3.28 and

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standard deviation and mean of 1.271 shows that majority of the respondents agreed with statements on markets technological sensing. Findings are in agreement with Amarteifio and Agbeblewu (2020) that sensing capability is displayed through exploitation of new opportunities which involve local marketing to increase local clientele.

Table 2: Innovation and Strategic Renewal

Key: SD=Strongly disagree, D=Disagree, N=Neutral A=Agree, SA= Strongly agree, M=Mean, Std.*=Standard Deviation*

Statements	SD %	D %	N %	A %	SA %	M	Std.
Employees are encouraged to propose and implement innovative ideas that contribute to the organization's strategic goals.	4.1	12.2	1.0	8.2	74.5	4.37	1.222
The organization has a dedicated department or team responsible for managing and promoting innovation.	16.3	6.1	2.0	11.2	64.3	4.01	1.550
Strategic innovation is considered a priority in the organization's overall strategic planning process.	18.4	4.1	2.0	13.3	62.2	3.97	1.576
The organization regularly reviews and updates its innovation strategy to align with evolving market trends.	50.0	25.5	1.0	5.1	18.4	1.84	1.538
There are mechanisms in place to identify and evaluate emerging technologies that could enhance the organization's competitiveness.	5.1	8.2	1.0	12.2	73.5	4.41	1.174
The organization collaborates with external partners, and research institutions, to leverage external expertise and foster innovation.	3.1	5.1	1.0	8.2	82.7	4.62	0.969
Improving service quality through process innovation is one of the key objectives of the organization.	16.3	1.0	4.0	13.3	65.3	4.12	1.480
The use of online tools and social media has helped the SACCO grow and attract new clients.	6.1	9.2	1.0	6.1	77.6	4.32	1.250
Average						**4.20**	**1.345**

N=98

The findings show that organization has a dedicated department or team responsible for managing and promoting innovation as strongly agreed by 74.5 % and supported by the mean (M = 4.37, std = 1.222). This implies that the SACCOs have a team that is responsible for innovation which ensures that the SACCO is conversant with emerging technology. Strategic innovation is considered a priority in the organization's overall strategic planning process as strongly agreed by 64.3 % and supported by the mean (M = 4.01, std = 1.550). This shows that the strategic innovations are prioritized in the SACCO which may imply that there are resources that are set aside for strategic innovations. The SACCO regularly reviews and updates its innovation strategy to align with evolving market trends as strongly agreed by 6.2 % and supported by the mean (M = 3.97, std = 1.576). This implies that the innovation strategy is frequently monitored and updated if need be. There are mechanisms in place to identify and evaluate emerging technologies that could enhance the organization's competitiveness as strongly agreed by 73.5 % and supported by the mean (M = 3.84, std = 1.538). This indicates that the SACCOs are able to identify and evaluate emerging technologies which enhances competitiveness. The organization collaborates with external partners, and research institutions, to leverage external expertise and foster innovation as strongly agreed by 82.7 % and supported by the mean (M = 4.41, std = 1.174). This implies that there is strategic alliances in the SACCOs which enables them to acquire knowledge on innovation to achieve efficiency.

Improving service quality through process innovation is one of the key objectives of the organization as strongly agreed by 82.7% and supported by the mean (M = 4.62, std = 0.969). This is an indication that innovations have enabled the SACCOs to continuously improve service delivery. The use of online tools

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and social media has helped the company grow and attract new clients as strongly agreed by 65.3 % and supported by the mean (M = 4.12, std = 1.480). This implies that the SACCOs use online tools and social media that has helped them to attract and retain customers. The average mean of 4.20 and standard deviation and mean of 1.345 shows that majority of the respondents agreed with statements on innovation and strategic renewal. Findings are in support of Yelmi, Yahaya, and Muhammed (2021) that marketing innovation for business are to fill market needs, grow market share, and increase shareholder value.

Table 3: Correlation Results

Variables		SACCO performance	Markets technological sensing	Innovation and strategic renewal
SACCO performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	98		
Markets technological sensing	Pearson Correlation	.542**	1	
	Sig. (2-tailed)	.000		
	N	98	98	
Innovation and strategic renewal	Pearson Correlation	.842**	.429	1
	Sig. (2-tailed)	.000	.000	
	N	98	98	98

Correlation is significant at the 0.05 level (2-tailed).

Markets technological sensing has a strong positive significant correlation with performance of SACCOs in Mandera County (r = 0.542, p value =0.000). This implies that an increase in markets technological sensing could lead to an increase in performance of SACCOs. Results are in agreement with Kimenye and Githira (2023) that there was a statistically positive significant effect of strategic sensitivity on performance of commercial state owned enterprises in Kenya.

Innovation and strategic renewal has a strong positive significant correlation with performance of SACCOs in Mandera County (r = 0.842, p value =0.000). This implies that an increase in innovation and strategic renewal could lead to an increase in performance of SACCOs. Findings concur with Eltahir (2020) that there is a positive relationship exists between the applications of information technology on the performance of insurance company.

Conclusions

Markets technological sensing has a strong positive significant correlation with performance of SACCOs in Mandera County. The sensing capabilities have enabled the SACCOs to gain knowledge on the technology trends by the financial sector in Kenya. Sensing enables the identification of capabilities required to integrate various channels that can enable growth of SACCOs. Market opportunities are identified through market research and that relevant data on customer needs is gathered during market research. By continuously monitoring the external environment, staying connected with market dynamics, and adjusting strategies and processes accordingly, SACCOs can obtain a sustainable competitive advantage.

Innovation and strategic renewal has a strong positive significant correlation with performance of SACCOs in Mandera County. Through innovating the systems and introducing new methods of service delivery, the SACCOs are able to achieve competitive advantage. The re-engineering processes are undertaken. The SACCOs also re-invent their service delivery techniques. Product innovation enhance performance of the SACCOs. Through new products and new services, the SACCOs are able to meet the customer needs thus enhancing their competitive advantage. Product research and development is a vital ingredient enhancing better SACCOs performance.

Recommendations

The SACCOs should allocate more resources to developing its strategic capabilities in insight and foresight to enhance its strategic sensitivity and improve its sustainable competitive advantage. SACCOs should invest in gathering and analyzing market intelligence. This includes staying updated on industries trends, competitor actions, and customer preferences. Market insights can inform strategic decisions and help SACCOs proactively adapt to changing circumstances. By preparing for various scenarios, SACCOs can develop proactive strategies that position them for success, even in uncertain times.

The management of SACCOs should embrace information technology innovations when coming up with new ideas and solutions of products to improve performance. The management

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should make efforts to ensure that the staff who introduce successful ideas are rewarded. This will motivate them to become more innovative and also encourage other staff to be creative and develop ideas that will result to development of new products.

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