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ABSTRACT

Globalization and rapid technological developments have contributed to uncertainty and unpredictability in all sectors which have emphasized the importance of the ability of an organization to adapt to unexpected changes, something that is considered to be critical to achieving and maintaining a steady performance. The study established effect of innovativeness agility on performance of savings and credit co-operatives in Kenya. The study used explanatory cross-sectional design. The study employed stratified random sampling technique in coming up with a sample size of 204 respondents from a total of 433 of representatives of management staff working in savings and credit co-operatives in Kenya. The study concluded that there is a strong correlation coefficient between Performance of Saccos and innovativeness agility. The study recommended that that policy and practice for performance should be carefully evaluated and the results of that evaluation fed back into improved approaches.

Key Terms: Agility strategy, Competition, Innovativeness, Organizational performance, Quality Management, sstrategic Agility

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INTRODUCTION

Organizations with adaptability as one of their main characteristics can survive and prosper in today's environment. Reed and Blunsdon (2010) highlighted that organizational flexibility is an organization's capacity to adjust its internal processes in response to changes in the environment. Similarly, Volberda (2010) indicated that a flexible organization emphasizes on its ability to adapt and respond to change.

Firms encounter pressures for change in many forms, driven both by external and internal factors, such as new competition, new technologies and production processes, emerging markets, changing risk profiles, new customer needs, and new business opportunities. Organizational responses to such changes can also occur in a variety of forms, such as building new infrastructure capabilities, leveraging new technologies and platforms, reducing exposure in high-risk markets, developing new products or services, or even pulling out of a high-risk market or exiting lines of business that are deemed unprofitable or otherwise unattractive (Bharadwaj & Sambamurthy, 2010).

Agility strategy is the ability to learn how to make fast turns and being able to transform and renew the organization without losing momentum (Weill & Vitale, 2012). Strategic agility can bring about organizations that can produce the right products and services at the right place at the right time at the right price and for the right customers. Manufacturing firms and indeed all organizations that are strategically agile can contribute immensely to the achievement of the millennium development goals by contributing to economic growth (Lee, 2012).

Agility strategy is the ability to continuously and adequately adjust and adapt in appropriate time the strategic direction in core business in relation to changing circumstances. This may include creating

new products and services or creating new business models and innovative ways to create value for the company (Swafford *et al.*, 2010). The performance of a company depends on its activities and activities of its competitors, customers, suppliers, partners and governments. These activities could wholly be referred to as the business environment. The current business environment characterized by intense technological innovation, powerful customers with diverse requirements and short product life cycle in a global economy have significantly shortened market visibility and increased uncertainty (Swafford *et al.*, 2010).

According to Armstrong (2010), performance is often defined simply in output terms- the achievement of quantified objectives. In this study financial performance was measured in terms of profitability. Financial performance is a subjective measure of how well an organization uses its resources and assets to generate revenues. Financial performance includes the "measurement, of the results of an organization's policies and operations in monetary terms. The results are reflected in the organization's returns, assets, value added. Otley (2009) asserts that accounting measures have been the mainstay of qualitative approaches to organizational performance measurement.

Organizational performance is conceptualized and operationalized as consisting of financial performance, marketing performance and organizational effectiveness. Financial performance refers to the profitability of a firm and can be measured with indicators such as profitability (ROI, ROE, and ROA). Marketing performance refers to both the growth and positioning of the firm and can be assessed using indicators such as market share, new product introduction, product quality. Organizational effectiveness refers to indicators such as productivity (cost savings, efficiency) and quality (customer service and percentage of defects) (Elmuti, 2012).

A cooperative society is an autonomous association of persons united voluntarily to meet their common economic cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The key idea behind a co-operative society is to pool the scarce resources, eliminate the middlemen and to achieve a common goal or interest (Ministry of Cooperative Development and Marketing, 2007). Cooperative Societies are good vehicles for assisting the people improves their socio-economic situation. They derive their strength and validity from member solidarity cooperation and concern for each other. The Co-operatives are anchored on a well-established Cooperative philosophy based on seven principles formulated by the International Cooperative Alliance which include: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among co-operatives and finally concerned for the community (Hans, 2012). SACCOs receive savings from members in form of periodic deposits, usually monthly, and from this created pool, they serve the credit needs of members through personal loans. Gachara (2010) observed that most SACCOs are found in urban areas and particularly common among the employed.

From the 1970s, Saccos recorded a tremendous growth especially in the 2011's when commercial banks closed their operations in rural areas leaving small depositors without banking services. Also, banks increased their minimum deposits for opening and operating bank accounts. These gaps in the Sacco sector led to the introduction and rapid growth of Front Office Services Activities (FOSAs). SACCOs have established over 400 FOSAs in both urban and rural areas providing basic credit services to over four million Kenyans- a number that compares positively with the number of accounts in the commercial banking system. The vibrant and dynamic cooperative movement in Kenya and the strongest in Africa- is a

key player in the economy, controlling about 43% of Kenya's domestic product (GDP) and employing over 300,000 people, besides providing opportunities for self-employment to many more. Savings and credit cooperative societies (Saccos), the fastest growing sub-sector in the movement, have mobilized savings of over Kshs230 billion and provides affordable credit of over Kshs184 billion to members. To safeguard the gains achieved this far, the Government established the Sacco Societies Regulatory Authority (SASRA) through the Sacco Societies Act 2008, which introduced prudential regulations covering all deposit-taking Saccos to enhance transparency and accountability in the fast-growing sub-sector (SASRA, 2013).

The Ministry of Industrialization and Enterprise Development has various departments within which one of them is the Co-operative Department. Under Co-operatives there is Finance and Banking, Ethics and Governance, Projects and Development, Legal section, Marketing and Research, Education and Training, Human Resource Management. According to statistics from the Ministry of Industrialization and Enterprise Development, Co-operative Department we have over 15,000 registered Co-operative Societies in Kenya. Out of the above about 10,000 are active while the rest are dormant or semi-active. According to the County Co-operative Commissioner Report 2011/2012, in Nairobi County we had 1099 active Savings and Credit Co-operative Societies. However, there were 300 dormant Saccos within the County of Nairobi. The active Saccos had a membership of 720,000, who had deposited Ksh. 110,500,300,000 in their respective Saccos (SASRA, 2013). The loans given totaled Ksh. 62,270,420,000 by the end of 2011/2012 financial year. The interest earned from loans was Kshs 10,200,000,000 while the turnover was Ksh. 16,193,504,110. The Saccos had an asset value of Ksh. 100,500,000,000 in total. In total there were 37 Saccos operating Front Office Service Activities within Nairobi. These societies had a

membership of 205,000 who accumulated Ksh. 7,492,418,851 as deposits. Loans granted within the period were Ksh. 5,969,729,756 while they got a turnover of Ksh. 2,900,450,000. In the field of Marketing and Research the Department aims at creating an enabling environment where products and services adequately reach the members who happen to be the end users or consumers (SASRA, 2013).

The Movement is independent and autonomous. However, the government, through the ministry of Co-operative Development and marketing has continued to play a key facilitative role in the activities of the Movement. The Ministry has been working on enabling the co-operative sector to be vibrant, effective and globally competitive by forging close linkages between the Co-operative Movement and Government Line Ministries. As a result, Co-operatives are now playing an important role in the achievement of Kenya vision 2030 and the Millennium Development Goals (Ministry of Co-operative Development and Marketing, 2008).

Sacco comprises over 50% of all cooperatives in Kenya and as financial institutions; they play a critical role of financial intermediation in Kenya's financial landscape focusing mostly on personal development (SACCOs Review, 2012). The Ministry of Cooperative and marketing estimates that about 80% of the Kenyan population derives their income either directly or indirectly through SACCO initiatives. It is estimated that a significant 24.6million people (63%) participate either directly or indirectly in SACCO enterprises. The government has made a significant initiative to support co-operative movements through legislation so as to achieve the millennium development goals and vision 2030 objectives of increasing financial inclusion.

Noteworthy, the Kenyan SACCOs are ranked first in Africa and seventh worldwide, commanding 67% and 62 % of the total assets and deposits/savings

respectively in the African continent. They have mobilized Kshs. 490 billion in savings, which represents 33% of national savings (WOCCU, 2013). This means SACCOs play a key role in creating vibrancy and competitiveness in the financial sector. Further, compared to the cooperative sector national growth rate of 8.6% (KNBS, 2012a, b; MoCDM, 2012; SACCOs grew by 15% in 2013 (Tirimba, 2013). Compared also to 55,952 credit unions spread in 101 countries, SACCOs in Kenya have the highest growth rate worldwide (WOCCU, 2013). In the year 2013, Kenya was awarded the WOCCU outstanding membership growth award, having achieved a 25% membership growth.

However, despite various researchers in Kenya on organization agility and performance, no study has focused on SACCOs. Rajab (2011) did a study to establish the effects of information technology on supply chain agility in General Motors East Africa. Kasyoka (2011) did a study to investigate the use of strategic positioning to achieve sustainable competitive advantage at Safaricom Limited. Further, Gatobu (2012) undertook a study to establish the role of customer relationship management in building competitive advantage among the mobile phone operators in Kenya. This notwithstanding, despite massive inquiry into the areas of competitive advantage and organizational agility no study local or international has been done to investigate effect of agility strategies on performance of SACCOs in Kenya. Nkuru (2015) who evaluated factors affecting growth of SACCOs within the Agricultural sector in Kenya, a case of Meru farmers SACCOs was not able to determine the effect of technology on the performance of SACCOs which is one of the variables in this study. Owino (2012) researched on the impact of regulation on financial performance of Savings and Credit Co-operatives societies in Kenya and found that through regulation, there was generally a positive impact in that SACCO savings and profits had increased. From the previous studies no research has

been done to study the effect of agility strategies on performance of Saccos in Kenya. It is thus against this backdrop that this study sought to assess the effect of innovativeness agility on performance of Saccos in Kenya.

Research Hypotheses

H₁: There is no relationship between innovativeness agility and performance of Saccos in Kenya.

RELATED LITERATURE

Theoretical Framework

Schumpeterian Theory of Innovation

Schumpeter’s (1934) theory of innovative profits emphasized the role of entrepreneurship (his term was entrepreneurial profits) and the seeking out of opportunities for novel value-generating activities which would expand (and transform) the circular flow of income, but it did so with reference to a distinction between invention or discovery on the one hand and innovation, commercialization and entrepreneurship on the other. After his early work on entrepreneurship, Schumpeter became only too aware of the rise of in-house corporate research and development (R&D) in large firms in the twentieth century, to the extent that the literature now distinguishes his ‘Mark I’ model of innovation from his ‘Mark II’ model in which innovation was envisaged as a more routinised process within large firms (Phillips, 1971).

In this theory, Schumpeter emphasizes on novelty-creating economic activity which generates new sources of value-adding productive endeavour, and which disturbs the circular flow of income. In this realm growth must be understood as an inherently disruptive rather than as a smooth process, which the later Schumpeter (1943) termed 'creative destruction' (although this term is also often misunderstood, as the disruption referred to relates to the circular flow and established market structures, but the creative process itself is likely to be cumulative and

incremental (Cantwell & Fai, 2011). Profits derive from creating new fields of productive activity, given that there is an inertia in the wages of the firms responsible, such that their wage costs only rise with a lag.

Innovation, that is, propels the capitalist economy with “gales of creative destruction. Schumpeter (1934) vividly characterized innovation as “industrial mutation,” which “incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. Schumpeterian competition drives innovation, but it also begets imitators, “swarms” of which copy their rival’s innovation, attracting investment, and leading to a boom. When the original innovator’s profit advantage is eliminated, investment moves elsewhere, and the sector may even shrink, until the next disruptive innovation, which restarts the cycle.

In relation to this study, all Saccos seek to maximize profit and to be ahead of their competitors. To do this, these firms try to disrupt the status quo and therefore shed old structure and adapt new ones through innovative methods. These innovations are informed by changes in business environment, increased competition as well as copying of older strategies by the rivals (swarms).

Conceptual Framework

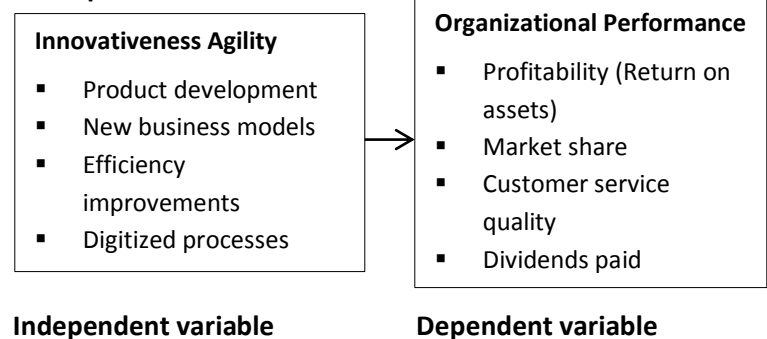


Figure 1: Conceptual Framework

Source: Authors (2019)

Innovativeness and Performance

Business today has become challenging due to dynamics in business environment pushing business to be creative and innovative. There are a number of reasons that can make a firm experience declining profits including economic recessions, production inefficiencies and innovative break-through by competitors. In many cases, strategic managers believe that such a firm can survive and eventually recover if a concerted effort is made over a period of a few years to fortify its distinctive competencies through various strategies among them brand rejuvenation strategy (Pearce & Robinson, 2007). Rejuvenation of dormant brand can be a highly profitable strategy under the right circumstances. The brand, among all other strategic variables related to products, provides the strongest differentiation tool and often represents the consumer's determining element of consumer choice (Docters, 2003).

Innovativeness represents a way of organization alignment with business environment to ensure that it remains relevant. This therefore is looked at by Hamel and Valikangas (2003) as adaptive agility. Adaptive agility refers to the ability to launch competitive actions whose focus is on keeping pace with innovative industry practices or being resilient to changes in business environments. Adaptive agility includes resilience to the emerging threats in a firm's business environment, whereby a firm is able to take actions to defend its competitive positions (Hamel & Valikangas 2003). Firms that continually launch creative and innovative actions in the form of pricing, product development, promotion changes, or new business models outperform those that launch few competitive moves (Smith *et al*, 2011). According to Helfat and Peteraf (2003) adoption of IT ensures that organizations achieve the operational goals of speed, quality, cost, and effectiveness in managing interactions with customers, suppliers, and other important stakeholders.

Cook (2008) indicated that innovation is an element of competitive advantage for organizations. The strive by organizations to be competitive, has lead organization to agility to remain relevant. Therefore, organization keeps introducing new products in the market *aligned* with market needs. The most profitable new products will be those that meet the customer needs more effectively than the competitor's products, and are therefore preferred by more customers (Mc Adam & McClelland, 2012). Innovation benefit companies beyond direct sales growth or efficiency improvements. A company that establishes an effective innovation process is also likely to realize social benefits that arise from team working and employee motivation (Cook, 2008). Majaro (2003) looks at innovation as a process where ideas are generated and transformed for implementation to business products and services. Innovation is seen as the front end of the innovation process. Innovation typically occurs through four stages, viz. idea generation, screening, feasibility and implementation. However, Andreopoulos (2014) notes that there are five factors of an organization that affect organizational innovativeness; organizational climate, leadership style, organizational culture, resources and skills, and systems.

Shapiro (2012) asserts that agile business emphasizes on interdependence through collaboration, innovation and integration; this therefore underscores the importance of innovation in a dynamic business environment. innovation are important factors in organizations and organizational leaders because much of today's competitive marketplace demands ever-increasing value to customers, which translates to lowest total cost, highest total quality, fastest total cycle time, and highest total overall customer satisfaction (Atkins, Dykes, Hagerty & Hoyer, 2012). Smith and Munn, (2010) predict that future success globally will be achieved only by driving down costs as well as

improving operating efficiencies. Smith and Munn are content that innovation is what it will take to do so. Shapiro (2012) agrees that today's business world thrives on innovation in a climate of uncertainty, volatility, and continuous change. As more organizations vie for significance in the global marketplace, innovation has become the most important factors in establishing and maintaining a competitive advantage (Meisinger, 2007).

Other reasons underlying the heightened attention to organizational agility is the growing sophistication of information technologies. As information technologies provide superior information management capabilities, analytical decision support, and enhanced communication, firms are able to utilize information technologies in creating new business models and competitive advantage (Weill & Vitale, 2012). Sambamurthy *et al.* (2003) argue that information technology (IT) management capabilities provide a platform for firms to develop the appropriate digitized processes and knowledge systems that enhance their innovativeness and agility. Piccoli and Ives (2010) further propose that IT management capabilities are an important part of basis through which firms can launch and sustain competitive success through IT- dependent initiatives.

Sambamurthy *et al.* (2003) notes that IT applications, such as Internet computing, customer relationship management, enterprise resource planning, and supply chain management, allow firms to rapidly detect changes, flexibly alter their market strategies, and thus respond more quickly to customers' changing requirements thereby attaining competitive advantage. Information technologies should be viewed as digital options generators, because they have the potential to help firms develop high levels of operational capabilities for organizations. Many of the contemporary business processes are either innovated or reengineered through the functional capabilities of existing or emerging information

technologies. However, the ability of firms to harness the power and functionality of information technologies depends on their ability to make appropriate decisions about the acquisition, implementation, and use of the appropriate technologies.

Bharadwaj (2012) notes that for firms to be competitive, their IT management capability should be such that the firms acquire, utilize, and manage information technologies in support of its business processes and activities adequately. Keen (2003) argues that with the same IT resources in an industry, the way that these IT resources are managed determine the competitive advantages or disadvantages of firms.

Earl (2012) noted that rapid adoption of IT has been necessitated by the need for increased efficiency of activities, reduction in transaction time and/or reduces costs that results. This has led to development of programs that will assist business achieve efficiency; this explains how ERP came to being. In advancing the capabilities that IT offers the customer service function, Quinn *et al.* (2011) argue that, with new technologies, executives can manage the strategic elements to achieve competitive advantage with minimum transaction costs thus reducing customers exit/turnover. Meuter *et al.* (2012) argue that customer's interactions with innovative technologically intellect staff in any industry/sector affect their evaluations and behaviors. Information technology can play an important role in leveraging productivity and efficiency in both public and private organizations. Advancement in technology, has built a platform on which ERP is built on to aid diverse business processes.

Business practices are now taking new forms and shapes owing to the increase technological advancement and change in consumers' tastes and

preferences as well as heightened competition. This has led to rapid advances in IT to link the activities of many enterprises into large networks, enabling widely dispersed organisations to cooperate via computer networks including the internet. These clusters or “digital enterprise communities” (Brown & Lockett, 2014) not only change the way that firms interact; the basis on which business is conducted is also dramatically changed. Regular risk monitoring provides management and the board with assurance that established control is functioning properly. Communication is an indispensable element of business processes which has greatly been improved since the adoption of ERP. Oke *et al.* (2007) identified that IT helps firms in sharing of knowledge and development of skills in addressing their problems; therefore, the adoption of IT comes in handy to enhance the very communication that business practices are based on. Therefore, the need to improve business processes has led to many firms to adopt IT systems in order to remain relevant and competitive in the environment they operate from.

METHODOLOGY

This study followed an explanatory cross-sectional design. Explanatory study establishes causal relationships between variables. Thus, it attempts to clarify how and why there is a relationship between two or more aspects of a situation or phenomenon. The target population of this study was 433 management staff working in Sacco societies licensed by SASRA in Kenya. The study focused more on the top and middle level management staffs who were directly dealing with the day to day management of the Saccos societies since they were the ones conversant with the subject matter of the study. The study employed stratified random sampling technique in coming up with a sample size of 204 respondents from a total of 433 of representatives of management staff working in savings and credit co-

operatives in Kenya. The study used the following regression model as follows:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where:

Y = SACCO Performance

β_0 = Constant Term

β_1 = Beta coefficients

X_1 = Innovativeness Agility

ϵ = Error term

A One-Way ANOVA was used to test the fitness of the model. The basic principle of ANOVA is to test for differences among the means of the populations by examining the amount of variation within each of these samples, relative to the amount of variation between the samples (Kothari, 2012).

RESEARCH FINDINGS

The researcher sought to establish the effect of innovativeness agility on performance of savings and credit co-operatives in Kenya. The respondents were asked to indicate the innovations in their company for the last five years and indicated that they had had institutional innovations, process and product innovations and mobile payment innovations in the last five years. Hamel and Valikangas (2003) argues that adaptive agility refers to the ability to launch competitive actions whose focus is on keeping pace with innovative industry practices or being resilient to changes in business environments. Adaptive agility includes resilience to the emerging threats in a firm’s business environment, whereby a firm is able to take actions to defend its competitive positions.

Extent of Effect of Aspects of Innovativeness Agility

In this case, the respondents were asked to indicate the extent to which various aspects of innovativeness agility affect the performance of savings and credit co-operatives. The findings obtained were presented in Table 1.

Table 1: Extent of Effect of Aspects of Innovativeness Agility

	No extent	Low Extent	Moderate Extent	Great Extent	Very Great Extent	Mean	Std Dev.	CV	Rank
Product development	0%	0%	22.1%	45.6%	32.4%	4.103	0.733	0.179	3
New business models	0%	26.5%	41.2%	4.4%	27.9%	3.338	1.150	0.344	5
Efficiency improvements	0%	0%	17.6%	57.4%	25%	4.074	0.651	0.160	1
Digitized processes	0%	0%	16.2%	45.6%	38.2%	4.221	0.706	0.167	2
Enterprise resource planning	0%	5.9%	10.3%	50%	33.8%	4.118	0.817	0.198	4
Composite Mean						3.971			

The mean score of 4.221 as per the likert scale shows effect of great extent. Therefore, it was revealed that digitised processes greatly affect performance of savings and credit co-operatives in Kenya. This concurs with Oke *et al.* (2007) who identified that IT helps firms in sharing of knowledge and development of skills in addressing their problems; therefore, the adoption of IT comes in handy to enhance the very communication that business practices are based on.

Again, a mean score of 4.118 also implied an effect of great extent hence showing that enterprise resource planning greatly affects performance of savings and credit co-operatives in Kenya. This conforms to Sambamurthy *et al* (2003) who notes that IT applications, such as Internet computing, customer relationship management, enterprise resource planning, and supply chain management, allow firms to rapidly detect changes, flexibly alter their market strategies, and thus respond more quickly to customers’ changing requirements thereby attaining competitive advantage.

Further the study findings showed that a mean of 4.103 represents a great effect. This showed that product development greatly affects performance of savings and credit co-operatives in Kenya. This corresponds to Smith *et al* (2011) who argue that firms that continually launch creative and innovative actions in the form of pricing, product development, promotion changes, or new business models

outperform those that launch few competitive moves.

On the respondents’ opinion on what ways do innovativeness improved the performance of their SACCO, they indicated that it lowers the transaction cost of transferring funds from lower yielding money balances to higher yielding alternatives, that mobile payment innovations have made it easy for Kenyans in Diaspora to remit savings and transact business via their accounts while abroad and that they have attracted more youths in turn inspiring them to save more. Further on other innovative strategies that SACCOs need to adopt to improve on their performance were indicated to be customer services, credit facilities and provision of convenience goods and services. The findings concur with Smith *et al.* (2011) who argue that firms that continually launch creative and innovative actions in the form of pricing, product development, promotion changes, or new business models outperform those that launch few competitive moves.

The study results using a likert scale of 1-5 also showed that a mean of 4.074 represents an effect of great extent. This therefore revealed that efficiency improvements affect performance of savings and credit co-operatives in Kenya to a great extent. This was in line with Cook (2008) who claims that innovation benefit companies beyond direct sales growth or efficiency improvement whereby a

company that establishes an effective innovation process is also likely to realize social benefits that arise from team working and employee motivation.

Finally, the study outcomes expressed that a mean of 3.38 represents a moderate effect. Therefore, the study revealed that new business models moderately affects the performance of savings and credit co-operatives in Kenya. This was similar to Weill and Vitale (2012) who argue that as information technologies provide superior information management capabilities; analytical decision support,

and enhanced communication, firms are able to utilize information technologies in creating new business models and competitive advantage.

Correlation Analysis

A correlation is a number between -1 and +1 that measures the degree of association between two variables. A positive value for the correlation implies a positive association while a negative value for the correlation implies a negative or inverse association. The Correlation coefficients were presented in Table 2.

Table 2: Relationship between Innovativeness Agility and Performance of Saccos

		Performance of Saccos	Innovativeness Agility
Performance of Saccos	Pearson Correlation	1	
	Sig. (2-tailed)	.	
	N	136	
Innovativeness Agility	Pearson Correlation	.856	1
	Sig. (2-tailed)	.000	.
	N	136	136

The results of correlation test analysis between the dependent variable (Performance of Saccos) and the independent variable (Innovativeness Agility) were presented in Table 2. The study found a strong correlation coefficient between Performance of Saccos and innovativeness agility as shown by correlation factor of 0.856, this strong relationship was statistically significant since significant value was

0.000 which was less than 0.05. This reveals that any positive change in innovativeness agility would enhance Performance of Saccos.

Performance of Saccos

The respondents were further requested to indicate the trend of various aspects of performance in their Sacco for the last five years. Their responses were as shown in Table 3.

Table 3: Trend of Various Aspects of Performance in Sacco

	Greatly decreased	Decreased	Constant	Improved	Greatly improved	Mean	Std. Dev.	CV	Rank
Profitability (Return on assets)	0	5.9	17.6	61.8	14.7	3.853	0.736	0.191	6
Shareholders returns	0	0	19.1	51.5	29.4	4.103	0.692	0.169	3
Market share	0	7.4	19.1	54.4	19.1	3.853	0.812	0.211	7
Customer service quality	0	0	14.7	52.9	32.4	4.177	0.665	0.159	2
Net assets	0	2.9	17.6	50	29.4	4.059	0.768	0.189	5
Members' savings	0	0	8.8	63.2	27.9	4.191	0.578	0.138	1
Loans disbursed	0	47.1	20.6	32.4	0	2.853	0.882	0.309	8
Dividends paid	0	2.9	13.2	55.9	27.9	4.088	0.725	0.177	4

As per the Likert scale a mean between 3.5 and 4.4 implied an improvement. The therefore members' savings as shown by a mean score of 4.191 was found to have improved for the last five years. This concurs with Mumanyi (2014) who found that commercial banks in Kenya had relaxed their lending policy, thus attracting SACCO members to taking loans with them. This had resulted to SACCOs losing members' savings

As per the Likert scale a mean between 3.5 and 4.4 implied an improvement. The study further found that customer service quality as expressed by a mean score of 4.177 had also improved. This is in line with Otley (2009) who asserts that accounting measures have been the mainstay of qualitative approaches to organizational performance measurement.

As per the Likert scale a mean between 3.5 and 4.4 implied an improvement. Therefore, shareholders return with a mean of 4.103 was found to have improved over the last five years. This corresponds to Kiaritha (2015) who adopted that performance will be measured through use of indicators which include: profitability (return on assets), shareholders returns, market share, customer service quality and customer satisfaction, Net assets, Members' savings, Loans disbursed and Dividends paid.

Further as per the Likert scale a mean between 3.5 and 4.4 implied an improvement. This therefore showed that dividends paid as expressed by a mean of 4.088 were revealed to had improved over the last five years.

Again, as per the Likert scale a mean between 3.5 and 4.4 implied an improvement. This therefore shows that net assets as shown by a mean of 4.059 were revealed to have improved. This is in line with Otley (2009) who asserts that accounting measures have

been the mainstay of qualitative approaches to organizational performance measurement.

Further as per the Likert scale a mean between 3.5 and 4.4 implied an improvement. Thus, market share with a mean of 3.853 was found to have improved. This was similar to Akimova (2012) whose study findings showed that managers who placed extra emphasis on marketing activities such as product, promotion and positioning strategies scored significantly higher on competitive advantage measures than those who emphasized on production or selling activities.

Again, the study established that a mean between 3.5 and 4.4 implied an improvement which meant that profitability (Return on assets) as shown by a mean of 3.853 was found to have improved. This corresponds to Armstrong (2010) who argues that performance is often will be measured in terms of profitability.

Finally mean between 2.5 and 3.4 implied a constant. Therefore, the study found that loans disbursed as shown by a mean of 2.853 were constant over the last five years. This was in agreement with Pearce and Robinson (2007) who claim that strategic managers believe that such a firm can survive and eventually recover if a concerted effort is made over a period of a few years to fortify its distinctive competencies through various strategies among them brand rejuvenation strategy.

Hypothesis testing

Hypothesis focused on establishing the effect of innovativeness agility on performance of savings and credit co-operatives in Kenya. To test the hypothesis, regression between performance of savings and credit co-operatives in Kenya index as index of dependent variable and innovativeness agility as a composite of independent variable.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	.856 ^a	.733	.731	1.43682

From the results, the adjusted R square for the regression of performance of Saccos on innovativeness agility was 0.731 which mean that

innovativeness agility could only explain 73.1% of variation in performance of Saccos. The remaining 26.9% was explained by other agility strategies affecting performance of Saccos.

Table 5: Analysis of Variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig
1 Regression	757.922	1	655.965	232.173	.000 ^b
Residual	378.594	134	2.825		
Total	1034.559	135			

From the ANOVA results the study showed that the F-calculated was 232.173 and the p-value was 0.000 implying that the for this relationship was significant at 95% significance level since F-calculated was

greater than F-critical (3.89). This showed that the model could significantly predict the outcome of the relationship between innovativeness agility and performance of Saccos.

Table 6: Regression Coefficients

	Un standardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	14.189	.917		15.470	.000
Innovativeness Agility	.877	.046	.856	19.161	.000

b. Dependent: variable: Performance of Saccos

The regression equation obtained from this output was: -

Performance = -14.189 + 0.877

Innovativeness Agility.....**Equation (1)**

From the findings the coefficient for innovativeness agility was 0.877 which was significant since p=0.000 was less than 0.05, meaning that when a unit change in innovativeness agility changes led to 0.877 units change in performance of Saccos. Further the study found that if innovativeness agility was held constant at zero, then performance of Saccos would be 14.189. This showed that the null hypothesis one, which claimed that there was no relationship between innovativeness agility and performance of Saccos in Kenya, is not accepted. This implied that there exists

a significant positive relationship between innovativeness agility and Performance of Saccos. The findings concur with Smith *et al.* (2011) who argue that firms that continually launch creative and innovative actions in the form of pricing, product development, promotion changes, or new business models outperform those that launch few competitive moves.

CONCLUSIONS

The study concluded that there is a strong correlation coefficient between Performance of Saccos and innovativeness agility. The study deduced that digitised processes greatly affect performance of savings and credit co-operatives in Kenya and that enterprise resource planning greatly affect performance of savings and credit co-operatives in

Kenya. The study findings showed that that product development greatly affects performance of savings and credit co-operatives in Kenya. The study revealed that efficiency improvements affect performance of savings and credit co-operatives in Kenya to a great extent.

RECOMMENDATIONS

Based on the research findings, the study recommended that Saccos need to adopt the use of ICT in their daily business operations, as ICT adoption is believed to enhance organisational internal efficiency through reduction of operational cost and thus enhancing management. Companies should ensure that their IT strategy for agility is well protected from their competitors to enhance information security. To this end, the study

recommended that these organizations should make IT policies that align information security with the organization's objectives and make it everyone's responsibility to achieve information security. Organisations need to have a strategic human resource plan in place, this would help to highlight talent shortages, speeding up the process of identifying sources of new talent that could, upon hire, make significant business impact.

Areas of Further Research

Future studies should be conducted on effect of agility strategies on organizational performance of other financial institutions like banks. Also, the same study should be undertaken on other sectors like health, hospitality and agriculture and a comparison of the study findings undertaken.

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