Influence of Innovation Capability on Strategy Execution in Deposit Taking SACCOs in Kenya

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Abstract

Innovation is a dynamic organizational capability closely linked to strategic change. By being innovative, organizations are better placed to achieve strategic success. In this paper, the influence that innovation capability has on strategy execution in deposit-taking Savings and Credit Cooperative Organizations (SACCOs) in Kenya was examined. The study targeted 500 heads of departments in Kenya's 164 fully licensed deposit-taking SACCOs. From a sample of 222 heads of departments, 183 complete responses were received. Structural Equation Modelling was the main analytical framework used to test the null hypotheses that innovation capability has no significant influence on strategy execution. The study found innovation capability to have a significant positive influence on strategy execution. Innovation capability explained 43% (R^2 =.43) of the variance in strategy execution. This study complements the existing body of knowledge on the relationship between innovation capability and strategy execution. Further, the study presents practitioners in strategic management, policy makers, and the leadership in Cooperatives with valuable recommendations on improving strategy execution by fostering innovation capability.

Keywords: Innovation, Strategy Execution, Capability, Cooperatives, SACCOs

Introduction

Execution plays a crucial role in the realization of strategy. It is execution that translates strategy into action. Through execution, managers proactively shape how business is conducted thus steering business success (Hough, Thompson, Strickland III, & Gamble, 2011). To be considered effective, a chosen strategy must be implemented successfully (Thompson & Martin, 2010). However, strategy execution a term describing the hands-on exercise by managers that turns strategy into action and in turn leads to achievement of desired results remains a colossal challenge (Jones & Hill, 2013). Globally, only eight per cent of business leaders are effectively executing strategy (Sull, Homkes & Sull, 2015). Cândido and Santos (2015) further state that discovering how to ensure successful execution is a major nightmare facing managers today. This is despite the advancement of strategic management.

It is imperative for organizations to rethink their ability to execute strategy. Jones and Hill (2013) propose that organizations need to be deliberate about building specific capabilities that drive strategy execution. Many different capabilities exist. Innovation capability has been recognized as among the capabilities that, well-managed companies tend to have (Giniuniene & Jurksiene, 2015; Smallwood & Ulrich, 2004). Innovation is defined as the ability to develop creative, new and useful ideas and successfully converting them to business inventions (Baer, 2012: Dyer, Greogersen, & Christensen, 2009; Pearce & Robinson, 2011). This conversion

happens during implementation. According to Pearce and Robinson (2011), innovation is vital for a firm's strategic success because it results in the commercialization of new ideas. Innovation capability is therefore closely linked to strategy and specifically to strategic change.

Innovation capability a term widely used to describe the ability to create something new drives execution of new ideas. Baer (2012) demonstrates the relationship between creativity and implementation in the USA context; however, he fails to consider innovation in its entirety. In addition, Aosa (2011) postulates that local firms in Kenya lag behind in the practice of strategic management without indicating the reasons behind this. Many organizations in Kenya including leading SACCOs seem not to have paid adequate attention to the innovation capability and its linkage to strategy execution. This is envisaged to be hampering the execution of strategy. Further, SACCOs have been pinpointed as an abandoned area of scholarly research and as a sector facing a myriad of unique management problems making it an important sector of study (McKillop & Wilson, 2010; Develtere, Pollet, &Wanyama, 2008). In addition, the SACCO sector plays a major role in Kenya's social and economic development.

The influence of innovation capability on strategy execution is generally postulated to exist. However, studies on the relationship between the two variables across the globe are limited in their ability to make conclusions in the SACCOs sector. Further, innovation in Kenya's Deposit Taking (DT)-SACCOs has barely been investigated. Moturi and Mbiwa (2015) do not go beyond implementation of information management systems limiting the study's findings. As a result, their study is unable to generate substantive conclusions on innovation capability in DT-SACCOs in Kenya. It is therefore important to evaluate innovation capability and strategy execution in the context of SACCOs in Kenya. This study's main objective is to examine the influence of innovation capability on strategy execution in DT-SACCOs in Kenya.

Literature Review

Strategy Execution

Strategy execution is primarily considered as the process of putting strategy into action in an effort to achieve desired results (Pearce & Robinson, 2011). Similarly, Hough *et al.* (2011) refer to execution as the hands-on exercise by managers that turns strategy into action and in turn leads to the achievement of set objectives. Overall, strategy execution involves designing, delivering, and supporting products; improving the efficiency and effectiveness of operations; and designing a company's organization structure, control systems, and culture (Jones & Hill, 2013). It is strategy execution that edges organizations closer to their vision.

According to Miller (1997) strategy execution puts into consideration the completion of everything intended to be implemented within the expected period, achievement of the targets set, and acceptability of the method of implementation and outcomes. In this study, strategy execution was considered to encompass action planning, resourcing and strategic fit. Action planning involves determining the short and long-term objectives that guide implementation (Pearce & Robinson, 2011). It also includes identifying the activity to be executed in support of specific objectives, the timeline, the person that will take up the responsibility, milestones, as well as review schedule (Hough *et al.,* 2011). Once strategies are identified, resourcing should follow immediately. Resourcing is defined as the ability of an organization to allocate, deploy and manage its resources to ensure that it competes effectively in the marketplace (Wernerfelt, 1984). Thompson, Peteraf, Gamble and Strickland (2016) propose the need to build an organization with resource strengths that ensure that implementation of strategies is effective. Further, successful strategy execution involves aligning the key organizational factors with strategy (Higgins, 2005). Strategic fit considered as an outcome of execution is

defined as a measure of alignment of a firm's subsystems and its congruence with both the internal and external environments (Agnihotri, 2013; Amason, 2011).

Innovation Capability

Innovation remains a term widely used in business circles and one that is ordinarily associated with creativity. Innovation capability is widely described as the ability to create something new (Dyer *et al*., 2009). Pearce and Robinson (2011) also describe innovation as "the initial commercialisation of invention by producing and selling a new product, service or process" (p. 371). However, there is more to the innovation capability than the ability to come up with new ideas, products or services.

Ansoff and McDonnell (1988) describe innovation capability as the entrepreneurial capability which focuses on internal capabilities, searches for new opportunities and rewards for creativity and initiative. Similarly, Chandler, Hagstrom and Solvell (1998) view innovation capability as the ability of an organization to advance itself to bring about competitive advantage. To compete successfully over time, Tushman (1997) proposes the need for organizations to manage innovation streams. Innovation capability encompasses the ability to completely execute new and innovative ideas, products, services, and processes.

In reality, an organization as an entity cannot be innovative. It is the presence of innovation in individuals and teams that helps organizations to generate and execute new and innovative ideas (Hurley & Hult, 1998). Innovation capability within an organization is therefore considered as the summation of how the people in the organization think and act (Dobni, 2008). The role of individuals in contributing to innovation capability is paramount. Srivastava and Sushil (2014) and Baer (2012) advance this argument by stating that individual motivation plays an important role in enhancing innovation capability. There continues to be great attention on innovation capability and its embedment in the culture of organizations. For an organization to be successful in innovation, it must foster an innovative environment across the entire organization starting at the operational level (Dobni, 2008).

Various sub-constructs for the innovation capability have been used in previous studies. Knowles, Hansen and Shook (2008) identify five approaches in measuring firm innovativeness, namely current technology, self-evaluation, intellectual property, research and development funding, and number of new products. The intention to be innovative, the presence of infrastructure to support innovation, the knowledge and orientation of employees, and an environment that supports innovativeness, are also considered as important elements of innovation capability (Dobni, 2008). In addition, Walsh, Lynch, and Harrington (2011) propose creativity, openness to new ideas, intention to innovate, willingness to take risks, and capacity to innovate as elements of the innovation capability. Similarly, Ruvio, Shoham, Vigoda-Gadot, and Schwabsky (2014) identify five dimensions, namely creativity, openness, future orientation, risk-taking, and proactiveness, as sub-constructs of the innovation capability.

Based on the assessment of the items used to measure innovation capability, this study isolated three constructs to measure innovation capability. These are intention to innovate, learning capability and creativity. Organizations need to be intentional about innovation and especially in relation to idea recognition. According to Katz and Gartner (1988), being intentional reflects purposeful effort. Learning capability defined as a firm's propensity to create and utilise new knowledge and in turn modify behaviour is another indicator of innovation capability (Jerez-Go´mez, Ce´spedes-Lorentea & Valle-Cabrera, 2005; Jime´nez-Jimenez, Sanz-Valle & Hernandez-Espallardo, 2008). Further, creativity is an antecedent to innovation defined as the generation of new and useful processes, products and services (Martins & Terblanche, 2003).

Largely, all measurement items used have previously been considered as key elements of the innovation capability. Specifically, items used by Wang and Ahmed (2004), Ruvio, et al., (2014), and Walsh et al. (2011) were expanded and improved for use in this study. Nevertheless, the unique combination of the items under each construct brought originality to the measurement of innovation capability.

Innovation Capability and Strategy Execution

In the past, scholars have recognized innovation as a dynamic organizational capability crucial for strategic success (Giniuniene & Jurksiene, 2015). Innovation capability plays a central role in strategy execution by being a change conduit that moves organizations forward. Since we live in an era of constant change, organizations hoping to survive must continuously innovate as part of their overall strategy. Organizations need not only to execute intended strategy but to continuously be on the lookout for innovative ideas from both the internal and external environment (Mintzberg, Ahlstrand, & Lampel, 2005). These innovative ideas give businesses a competitive advantage. It is for this reason that innovation is considered a major driving force vital for business success in almost every industry (Thompson et al., 2016). The ability to innovate is reckoned as the "secret sauce" of business success because it helps organizations stand out from the rest (Dyer et al., 2009; Jones & Hill, 2013).

In strategic management, innovation capability has been credited with positively influencing organizational success in the long term. In particular, innovation capability is envisaged to enhance an organization's flexibility, willingness to change, and ability to introduce new products, services, and process during its lifetime (Calantone, Cavusgil, & Zhao, 2002; Hult, Hurley, & Knight, 2004). It is during strategy execution that new knowledge and new ideas are successfully converted into new business, products or services (Dyer et al., 2009). Innovation is a renown grand strategy that "seeks to reap the premium margins associated with creation and customer acceptance of a new product or service" across industries (Pearce & Robinson, 2011, p. 194).

This study reckons that innovation capability and strategy execution are closely interlinked as they both lead to change. Strategy execution is a change management process that is aided by innovation capability (Hotho, Lyles, & Easterby-Smith, 2015). Successful execution requires innovation capability to help in recognition of desired actions to exploit new ideas.

It is not clear in literature whether Kenya's DT-SACCOs have built innovation as a capability and the impact that this has had on strategy execution. Thatia and Muturi (2014) examined innovation as one of the determinants of success in strategy implementation, but their findings are limited to challenges in technology. Innovation capability goes beyond adoption of technology. This study, therefore, investigated the influence that innovation capability has on strategy execution among DT-SACCOs by testing the null hypothesis that innovation capability has no significant positive influence on strategy execution.

Methodology

The influence of innovation capability on strategy execution was evaluated by collecting data from heads of departments actively involved in strategy execution in 164 DT-SACCOs. These DT-SACCOs are categorized into three tiers; those having an asset base of more than five billion Kenyan Shillings are considered large, five billion to one billion are medium and less than one billion are small (SASRA, 2015). According to SASRA (2017) in the beginning of 2017, there were 15 large, 56 medium and 93 small licensed DT-SACCOs. The list of these 164 DT-SACCOs and their categorization was obtained from SASRA. The total population of heads of departments was estimated at 500 as presented in Table 1.

Table 1: Population of Heads of Departments in the 164 DT-SACCOs

Category	Asset Base in Ksh Billions	Number of SACCOs	Average Number of Heads of Departments per SACCO	Total Number of Heads of Departments
Large	> 5	15	6	90
Medium	5 – 1	56	4	224
Small	< 1	93	2	186
Total		**164**		**500**

Sample size was computed at a 95% confidence level equivalent of 5% level of significance widely used in business research. Based on a finite population of 500 heads of departments and a 5% level of significance, the sample size was computed according to Yamane (1973) formula $n = N/[1+N(e)^2]$. Where n is the computed sample size, N is population size of 500, and *e* the error term equivalent to the .05 level of significance. This computation gave a sample size of 222 heads of department. The DT-SACCOs asset base categorization was used to stratify the population during sampling. The sample was distributed unequally across the three tiers to give the best representation and increase the statistical efficiency.

A self-administered survey questionnaire was used to collect primary quantitative data. The questionnaire had highly structured questions. Rich but simple statements were used as the measurement items for each variable. Innovation capability had 22 while strategy execution had 19measurement items. A 5-point Likert scale ranging from strongly disagree to strongly agree was used gauge participants' perceptions. The scale designed by Rensis Likert is common for measuring ordinal data in social science research (Bhattacherjee, 2012). The participants were requested to read the statements and indicate their level of agreement with each statement. The questionnaire was pre-tested for validity through the expert opinion.

A pilot study conducted prior to the main study established content validity and reliability. The pilot study sample of 28 heads of departments was selected using purposive sampling. Pre-notification letters were emailed to the Chief Executive Officers (CEOs) accompanied by a letter of authority from the university. The letters described the study and made an appeal for the SACCOs' participation. Telephone calls were made to confirm receipt of the letters. Questionnaires were distributed by both drop and pick and via postal mail. These questionnaires were accompanied by the participants' cover letter explaining the purpose of the study and assuring respondents of confidentiality.

Three of the pilot study participants were requested for feedback on the understandability and relevance of the statements. They all indicated that the statements were easy to understand. The 22 responses received were statistically pretested for reliability using Cronbach's alpha. The Cronbach's alpha value was greater than 0.7 indicating that the instrument was reliable. Bhattacherjee (2012) argues that reliability of the research instruments is a prerequisite for validity. The research procedure was found appropriate for the study and so was the questionnaire. The eight SACCOs that participated in the pilot study were left out of the main study.

After receiving the survey questionnaires from the field, the data was entered into Microsoft Excel, screened for errors and omissions and edited before transferring it to Statistical Package for the Social Sciences (SPSS). Hypothesis testing was through Covariance Based Structural Equation Modelling (CB-SEM). This statistical framework assumes multivariate normality and

linearity. Therefore, the data was pre-tested for outliers, normality, and multicollinearity. All these tests indicated that the data met the SEM assumptions and was therefore suitable for further analysis.

The SEM process involved model specification, identification, estimation, testing and modification. The hypothesized model was specified and identified during literature review. Analysis of Moment Structures (AMOS) a plug-in to SPSS was the statistical software used in model estimation, testing, and modification. Specifically, AMOS version 23 was used. The Kaiser-Meyer-Olkin (KMO) and the Bartlett's Test confirmed suitability for factor analysis for each variable. Exploratory factor analysis was carried out to improve the hypothesized measurement models for each variable. The resulting structural model relating innovation capability and strategy execution was subjected to maximum likelihood confirmatory factor analysis (CFA).

Several indices were used to examine the model fit. The relative normed Chi-square which is the ratio of Chi-square to degrees of freedom ($\chi 2/df$) was one of the indices. Wheaton, Muthén, Alwin, and Summers (1977) propose values below five as acceptable while Carmines and McIver (1981) suggest values below three. The Normed Fit Index (NFI), the Comparative Fit Index (CFI), and the Tucker-Lewis Index (TLI) were also examined. All the three indices range from zero to one with zero indicating no fit and one indicating a perfect fit. Hu and Bentler (1999) propose that values above .95 are indicative of perfect fit while values close to 0.9 demonstrate a good fit. Further, the Root Mean Square Error of Approximation (RMSEA) was used to assess structural model fit. RMSEA assess if the approximation is good or bad and the closer the RMSEA is to zero, the better the model fit (Hox & Bechger, 1998). Pituch and Stevens (2016) point out that RMSEA of below .05 shows close fit while that of .05 to .08 presents adequate fit.

The factor loadings in the structural model explaining the strength of the various correlations were evaluated. In addition, the coefficient of determination (R^2) explaining the variance in strategy execution explained by innovation capability was assessed. Finally, to examine the relationship between innovation capability and strategy execution and test the hypothesis, regression coefficients namely the standardized regression coefficient estimate (Beta weights), Standard Error (S.E.), Critical Ratio (CR) and the significance of path coefficient (p-value) were gauged. Beta weights were used to assess the strength and direction of the relationship. The significance of CR was used in either rejecting or not rejecting the null hypotheses at a .05 level of significance.

Results and Discussion

The study examined the influence of innovation capability on strategy execution in the DT-SACCOs in Kenya. The data collected was used to test the null hypothesis that innovation capability has no significant influence on strategy execution in line with this objective. The 191 questionnaires returned corresponded to 86% response rate. Out of the 191, seven incomplete and one unengaged questionnaire were omitted from the final analysis. There were therefore 183 usable questionnaires (n=183).

Exploratory Factor Analysis

The innovation capability construct had three sub constructs namely; innovation capability intention to innovate (ICI), innovation capability learning (ICL), and innovation capability creativity (ICC). The KMO and Bartlett's Test results confirmed that all the constructs were suitable for factor analysis. Exploratory factor analysis was carried out and eight of the 22 factors that were cross loadings or having loadings below 0.7 were dropped leaving 14 items

for consecutive analysis. The factor framework for the innovation capability variable is summarized in Table 2.

Table 2: Summary of the Factors under Innovation Capability

First Order Constructs	Items Retained	KMO	Bartletts's test	Df	Sig	Principal Component Loading	Variance Explained in %	Items Deleted
ICI	ICI5	0.83	273.743	10	.000	0.736	57.377	ICI2 ICI4 ICI8
	ICI6					0.719		
	ICI1					0.815		
	ICI7					0.747		
	ICI3					0.766		
ICL	ICL5	0.83	461.254	10	.000	0.822	67.635	ICL3 ICL7 ICL8
	ICL4					0.789		
	ICL1					0.813		
	ICL2					0.832		
	ICL6					0.854		
ICC	ICC6	0.49	1089.74	6	.000	0.895	80.224	ICC3 ICC4
	ICC5					0.895		
	ICC1					0.901		
	ICC2					0.892		

As presented in Table 2, the five retained items under ICI explained 57.377% of the variance in the construct. The five items under ICL explained 67.635% of the variance in the construct. The four items under ICC explained 80.224% of the variance in the construct. Overall, the three first order constructs explained 68.114% of the total variance in the innovation capability variable. The outstanding variability is explainable by other factors not part of this factor framework.

The strategy execution construct had three first order constructs namely; strategy execution action planning (SEA), strategy execution resourcing (SER), strategy execution strategic fit (SES). The KMO and Bartlett's Test results confirmed that the strategy execution constructs were suitable for factor analysis. Following exploratory factor analysis, six of the 19 measurement items were dropped because of cross and low loadings leaving 16 items. The strategy execution factor framework is summarized in Table 3.

Table 3: Summary of the Factors under Strategy Execution

First order constructs	Items Retained	KMO	Bartletts's test	Df	Sig	Variance extracted	PCA Component loading	Items deleted
SEA	SEA1	0.89	977.121	21	0	70.241	0.871	SEA7, SEA9
	SEA2						0.844	
	SEA3						0.885	
	SEA4						0.886	
	SEA5						0.842	
	SEA6						0.744	
	SEA8						0.786	
SER	SER1	0.88	456.555	10	0	68.145	0.871	SER2,SER6
	SER3						0.838	
	SER4						0.772	
	SER5						0.796	
	SER7						0.847	
SES	SES1	0.58	905.286	6	0	84.725	0.93	SES5, SES6
	SES2						0.928	
	SES3						0.917	
	SES4						0.906	

As presented in Table 3, the seven retained items under SEA explained70.241% of the variance in the construct. The five under SER explained 68.145% of the variance in the construct. The four under SES explained 84.725% of the variance in the construct. Overall, these three constructs under strategy execution explained 73.670% of the total variance in the variable. The remaining variability is explainable by any other factors not considered in this factor framework.

Measurement Models Analysis

The innovation capability and the strategy execution hypothesized measurement models were each subjected to maximum likelihood CFA on AMOS 23. The model fit indices were evaluated. The innovation capability measurement model had a relative normed Chi-square value above three indicating an inadequate fit between the hypothesized model and the sample data. In addition, the NFI, CFI, and the TLI fit indices were below .900 demonstrating that the sample data did not adequately fit for the hypothesized model. The ICL factor loading on innovation capability was identified as being substantially low at .16. This presented an opportunity for model modification in subsequent analysis. The strategy execution measurement model had a relative normed Chi-square value of less than three and the other fit indices were all above .900 signifying an adequate fit between the hypothesized model and the sample data. There was therefore no need to modify the measurement model.

Structural Model Analysis and Hypothesis Testing

The structural model relating innovation capability and strategy execution was subjected to maximum likelihood CFA. The fit indices were examined and an opportunity to improve the model was identified by studying the modification indices (MI) of the error terms. The

modifications were based on the significance of MI within the innovation capability sub-constructs as well as logic. The modifications that were made to improve the model fit are presented in Table 4.

Table 0: The Modification Indices for Innovation Capability and Strategy Execution Model

Path			M.I.	Par Change	Findings
e19	<-->	e18	33.528	-.065	Correlation between measurement error of the same first order construct
e13	<-->	e14	162.340	.538	Correlation between measurement error of the same first order construct
e11	<-->	e12	113.953	.179	Correlation between measurement error of the same first order construct

The modifications involved linking error terms e19 to e18 in the ICL construct and e13 to e14 and e11 to e12 in the ICC construct. The model fit indices for the modified structural model linking innovation capability and strategy execution were examined and are presented in Table 5.

Table 5: Model Fit Indices for Relationship between Innovation Capability and Strategy Execution

Fit Indices	Values	Adequate Fit	Conclusion
χ^2	958.917		
df	395		
χ^2/df	2.428	<3	Adequate Fit
NFI	0.898	≈.90	Adequate Fit
TLI	0.954	≈.90	Adequate Fit
CFI	0.916	≈.90	Adequate Fit
RMSEA	0.058	<.08	Adequate Fit
PCLOSE	0.19	>.05	Close Fit

The relative normed Chi-square (χ^2/df) value of 2.428 indicated an adequate fit between the hypothesized structural model relating innovation capability and strategy execution and the sample data. In addition, the NFI, CFI, and TLI ranged from 0.899 to 0.954 indicating an adequate fit. The RMSEA [.058 (90% CI: .081, .095) with p > .050] was also within the acceptable range indicating a reasonable error of approximation of the model. All these indices suggested that the data was an adequate fit of the innovation capability and strategy execution hypothesized structural model. The path diagram resulting from the modified structural model is depicted in Figure 1.

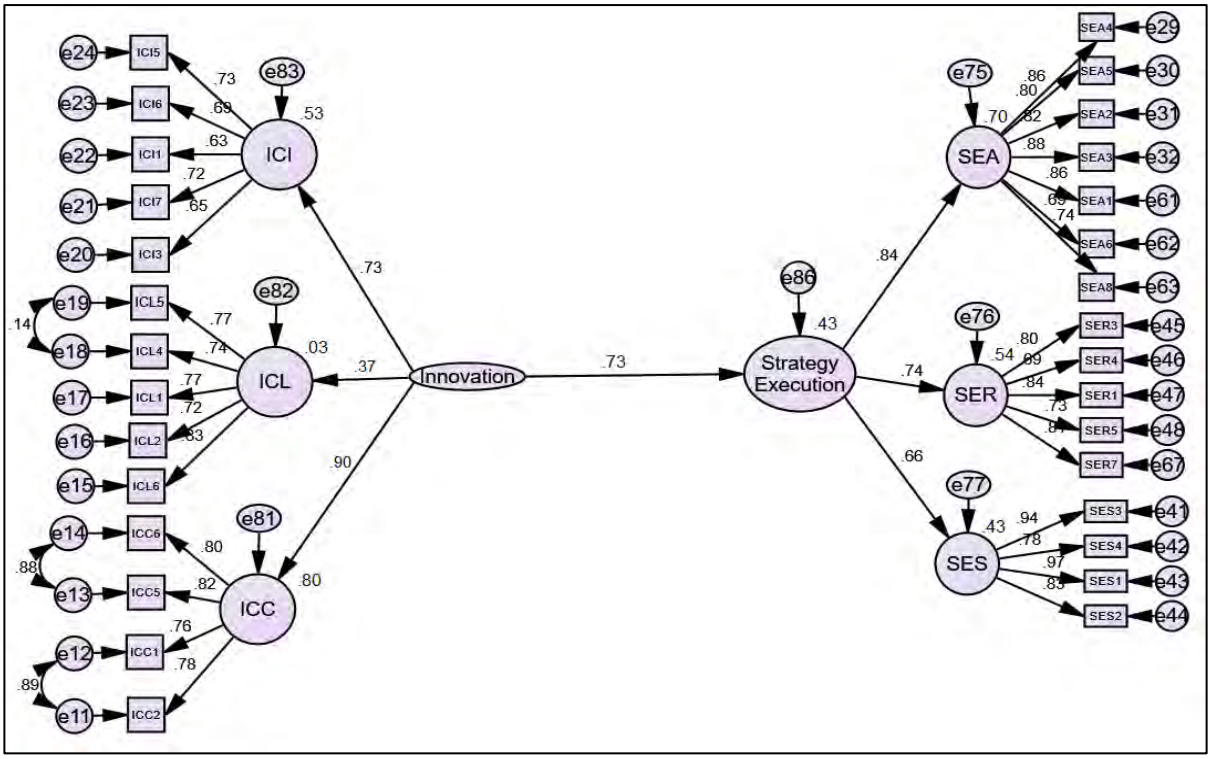

Figure 1: SEM Path Diagram - Relationship between Innovation Capability and Strategy Execution

Figure 1 shows that all the factor loadings except ICL were above 0.5. A decision was reached to retain the ICL construct with a 0.37 factor loading as the path was statistically significant and its deletion could have resulted to a poorer model fit. The R^2 was 0.43 indicating that innovation capability explained 43% of the variance in strategy execution. The path diagram further shows that innovation capability and strategy execution hypothesized path was positive ($\beta = 0.73$). Further, the Beta weight of 0.73 signifies that a change of one standard deviation in the innovation capability will result in a change of .73 standard deviations in strategy execution. Finally, the structural model regression coefficients were assessed. In particular, the p-value of the main path between innovation capability and strategy execution was evaluated. These regression coefficients are summarized in Table 6.

Table 0: Regression Coefficients for Relationship between Innovation Capability and Strategy Execution

Path			Beta (β)	S.E.	C.R.	P
Strategy Execution	<---	Innovation	0.732	0.193	5.523	***
ICI	<---	Innovation	0.73			
ICC	<---	Innovation	0.895	0.342	5.486	***
SEA	<---	Strategy Execution	0.836			
SER	<---	Strategy Execution	0.738	0.129	7.265	***
SES	<---	Strategy Execution	0.658	0.137	7.335	***
ICL	<---	Innovation	0.374	0.158	3.772	***

P < 0.05 *, P < 0.01 **, P < 0.001***

As presented in Table 6, all the paths in the model had p-values of less than .05 and thus were statistically significant at .05 level of significance. In particular the innovation capability and

strategy execution path had a p-value of less than .05. This p-value denoted that the hypothesized path between innovation capability and strategy execution was statistically significant. The null hypothesis that innovation capability has no significant influence on strategy execution was thus rejected at.05 level of significance capability. This study therefore supports the hypothesis that innovation capability has a positive significant influence on strategy execution.

This finding that innovation capability has a significant positive influence on strategy execution was comparable to other study findings. Though previous researchers have approached the operationalization of innovation capability differently, most agree that it positively influences introduction of new products and implementation of new systems. Rosenbusch, Brinckmann, and Bausch (2011) in a meta-analysis of 42 empirical studies accentuate the strong link between innovation and strategy execution and the resulting improvement in organizational performance. Further, Akman and Yilmaz (2008) found that there is a strong and positive relationship between innovation strategy and innovation capability. Similarly, Jime´nez-Jimenez et al. (2008) support the innovation linkage to strategy execution by asserting that the capability leads to improved strategic performance. These findings agree with the findings in this study that innovation capability positively influences strategy execution.

This study also found that the three sub-constructs namely intention to innovate, learning capability and creativity influence innovation capability. This is in agreement with Yang (2012) who accentuates intention to innovate as influencing strategy execution. In this study, learning had the least influence on innovation capability. Previous studies have had conflicting findings. Hult *et al.* (2004) found that learning is an antecedent to innovativeness. Alegre and Chiva (2008) found a link between learning and performance of new product innovation. On the contrary, Ferraresi, Quandt, dos Santos & Frega (2012) refute that learning significantly influences innovativeness. In this study, creativity which resides in the staff had the highest influence on innovation capability. Similarly, Baer (2012) linked highly motivated employees to the likelihood of pushing forward innovative ideas to realization. The findings in this study largely agree with those of other studies on the antecedents of innovation.

From the Kenyan context, there are limited studies to the best of the authors' knowledge that focus on the innovation capability and strategy execution linkage. Kibicho (2015) links innovation to strategy implementation success in the insurance sector. Additionally, Thatia and Muturi (2014) found lack of innovation as being detrimental to ICT implementation at K-Unity a SACCO that was among the 164 in this study's population. This study advances the notion by Thatia and Muturi (2014) that innovation capability influences implementation in DT-SACCOs. However, unlike Thatia and Muturi (2014), this study considers innovation beyond ICT implementation. Overall, this study adds to the body of knowledge on the relationship between innovation capability and strategy execution.

Conclusions and Recommendations

There are several broad conclusions that can be made from this study. First, the study concludes that innovation capability has a significant positive influence on strategy execution. In particular, the study deduces that the intention to innovate, learning and creativity all significantly and positively influence innovation. Second, the study concludes that SACCOs need to cultivate innovation capability to support strategy execution. By cultivating an innovative spirit organizational wide, SACCOs are likely to fast track strategy execution.

The study suggests that strategy execution in SACCOs can be improved by setting clear objectives supported by a plan of action on how and when to achieve them. The study also

suggests that sound management of the available resources need to be at the center of improving strategy execution. In particular, resources should be allocated according to the priority areas identified in the strategic plan and adjustments made based on major changes in the strategic direction. Delays in strategy execution can be curtailed by adequate resourcing. Finally, the study suggests that there is need for alignment with both the internal and the external environment. Internally, desired strategic direction needs to match the policies, the structure and culture. Externally, the strategy needs to be aligned to the social economic conditions as well as the regulatory requirements. With a better understanding of the environment, SACCOs and any other organization seeking to renew itself can get better at strategy execution.

Though this study provides unique insights into the innovation capability and strategy execution linkage, it also provides suggestions for further research. This study was limited to collecting cross-sectional data from heads of departments. It is proposed that future studies extend to other study populations. Further, in addition to self-administered questionnaires, structured interviews could be considered for in-depth insights. Longitudinal studies tracking innovation capability and strategy execution over time are also proposed. Finally, a study that cuts across different sectors is proposed. This is because the sector of study is very unique as it is member-owned, member-managed and democratically controlled and these findings may not be generalized to all other sectors.

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