Journal of Entrepreneurship & Project Management

Influence of Organization Innovation on the Performance of Small and Medium Women-Owned Enterprises in Kenya

Caroline Kaua Kiende, Prof. Elegwa Mukulu & Prof. Romanus Odhiambo

ISSN: 2616-8464

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

Influence of Organization Innovation on the Performance of Small and Medium Women-Owned Enterprises in Kenya

[*1] Caroline Kaua Kiende, [2]Prof. Elegwa Mukulu & [3] Prof. Romanus Odhiambo

[*1]PhD Candidate, Jomo Kenyatta University of Agriculture and Technology

[2]Principal, College of Human Resource Development, Jomo Kenyatta University of Agriculture and Technology

[3] Vice Chancellor, Meru University, Meru, Kenya

***E-mail of corresponding author**: ckiende@yahoo.co.uk**

***How to cite this article*: Kiende, C. K., Mukulu, E. & Odhiambo, R. (2019). Influence of Organization Innovation on the Performance of Small and Medium Women-Owned Enterprises in Kenya, *Journal of Entrepreneurship & Project Management,* 3(1), 33-49.**

Abstract

Entrepreneurs have realized the need for enhanced performance through continuous innovation in today's competitive business environments. To enhance performance, an enterprise has the capability of achieving a competitive advantage by possessing resources and capabilities that are valuable, unique and difficult to imitate by others However, in Kenya statistics show that SMEs are not innovative leading to dismal performance. Women-owned SMEs have important contributions to make to innovation and development of the Kenyan economy. Women-owned SMEs have important contributions to make to innovation and development of the Kenyan economy. Whereas previous research has been on types of innovation there is a dearth of empirical studies focusing on women-owned SMEs and more women in manufacturing. Therefore, the objective of this study was to assess the influence of organization innovation on performance of small and medium women-owned enterprise in Kenya. The study was guided by an epistemological research philosophy adopting a positivist research paradigm. The research design was cross-sectional survey design using both quantitative and qualitative approaches. The target population for this study was 5,362 registered women owned enterprises registered with the County Government of Nairobi by December 2017 and the sample size was 358 respondents. The study results revealed that organizational innovations had a positive and significant influence on performance of women owned enterprises in Kenya. The study concluded that organizational innovations that enhance organization efficiency and effectiveness in its internal operations give small and medium size enterprises and competitive edge over other sector plays.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

The study recommended that the study recommended that small business owners must optimizes their operations in terms of adoption of innovations that create a competitive edge in the performance of the organization.
Keywords: *Organization innovation, Performance of Women-Owned Small and Medium Enterprise*

1.0. Introduction

1.1 Background to the Study

There is consensus among policy makers, economists, and business experts that small and medium enterprises (SMEs) are drivers of economic performance of nations. A healthy SME sector contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills (Gavrea, Ilies, & Stegerean, 2011).

Innovation and entrepreneurship are needed to transform these inputs in profitable way. Drucker in 1985 as quoted by Balkiene and Jagminas (2010) states that innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It can be presented as a discipline, can be learned or practiced.

Women entrepreneurship is essential for any country's growth and development. Some scholars even argue that women entrepreneurs' contribution tends to be higher than that resulting from entrepreneurial activity of men (Minniti & Naude, 2010). Minniti and Naude further stated that the general attention to women and entrepreneurship in developing countries has increased to a great extent and the focus on this 'untapped source' of growth seems to be indispensable for development practitioners and policy makers.

On the same, Foster (2016), noted that many women entrepreneurs are located in low value markets where there are few barriers to entry, consequently this leads to saturated markets and little room for growth. He also observed that, without innovation through new products development and access to higher value markets, the potential for success for SMEs is relatively low. Ndesaulwa and Kikula (2016) support the notion that women SMEs that engage in innovation activities are better performers.

Casadesus and Zhu (2013) citing Schumpeter distinguishes between five types of innovations: new products, new methods of production, new sources of supply, exploitation of new markets, and new ways to organize business. Trott (2008) also states that there are different types of innovation related to new products or services, new production processes, new marketing techniques, and new organizational or managerial structures.

In today's volatile business environment, small and medium-sized enterprises (SMEs) in Kenya experience high number of problems affecting their performance, profitability, success and survival. Katua (2014) established that small business owners in Kenya and other countries have the same characteristics, face the same obstacles but differ in their understanding of how small businesses assist in economic growth. To combat these emerging challenges, SMEs must continuously innovate to reduce their cycle time and introduce cheaper products more quickly; with higher quality and that better satisfy customer and market needs (Chesbrough, 2010). Synchronizing continuous improvement and day-to-day management is of

increased importance for success. SMEs that fail to embrace continuous innovation and development initiatives to enhance their performance and competitiveness jeopardize their sustainability.

Innovation is linked to the growth and performance of Small and Medium enterprises globally due the firm competitiveness that results from innovation. Anderson and Eshima as cited in Price, Stoica and Boncella (2013) stated that undertaking research on innovation in SMEs is vital since there is possibility of specific set of processes and resources involved that may help explain innovation as a critical factor in predicting SME performance. In Kenya, a study done by Kenya Association of Manufacturers (KAM) (2017) indicates that the presence of innovations, inventions and modifications are signs of growth and performance in SMEs.

The Kenyan enterprise system has not fully integrated innovation to enhance competitiveness (Ministry of Science and Technology as cited in Mwangi, 2014). As a result, women-owned enterprises in key sectors such as manufacturing have not been able to become competitive. The contribution of manufacturing has stagnated at 11 percent over the past 15 years. In addition, most women-owned enterprises in manufacturing sector have not been able to develop technological competencies to acquire and apply knowledge from foreign firms. Little is documented on women-owned SMEs organization innovation and its related impact on growth of SMEs in Kenya (Mwangi, 2014).

1.2 Statement of the Problem

Enterprises including women-owned enterprises of all sizes have realized the need for enhanced performance through continuous innovation in today's competitive business environments (Brem & Voigt, 2009). Al-Ansari, Pervan and Xu (2013) assert that to enhance performance, women-owned enterprises have the capability of achieving a competitive advantage by possessing resources and capabilities that are valuable, unique and difficult to imitate by others (Hsu & Ziedonic, 2013); however, the sustainability of a competitive performance depends on their innovative capacities (Yanadori & Cui, 2013). Women-owned small and medium enterprises are important engines for innovation and technological advancement in any given economy (Al-Ansari, Pervan and Xu, (2013).

However, in Kenya statistics show that women-owned small and medium enterprises are not innovative leading to dismal performance. Kiraka, Kobia and Katwaro (2013) found out that incidences of decline or stagnation were significant at between 15 to 30 percent across the several measures of performance with innovations in terms of organization innovation being less common among women owned enterprises. The MSME Basic Report (2016) survey results showed that organization innovation was manifest in SMEs engaged in manufacturing sector at only 21.6%. The survey results also show that organization innovation was largely not common features among Kenyan women-owned SMEs. Women-owned SMEs have important contributions to make to organization innovation and development of the Kenyan economy. Whereas previous research has been on types of innovation (Walobwa, Ngugi & Chepkulei, 2013; Mwangi & Namusonge, 2014) there is a dearth of empirical studies focusing on organization innovation among women-owned SMEs. This means that the generalizability and transferability of previous findings from such studies across boundaries needs further

investigation. Therefore, this study sought to assess the influence of organization innovation on the performance of small and medium women owned-enterprises in Nairobi County.

1.3 Objective of the Study

To assess the influence of organization innovation on performance of small and medium women -owned enterprise in Kenya.

1.4 Research Hypotheses

H_{a3}: There is a significant positive influence of organization innovation and performance of small and medium women-owned enterprise in Kenya.

2.0 Literature Review

2.1 Theoretical Framework

2.2.1. Expectancy Theory

Vroom (1964) came up with the Expectancy theory (or expectancy theory of motivation). Vroom's expectancy theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and to minimize pain. Vroom realized that an entrepreneur's performance is based on individual factors such as personality, skills, knowledge, experience and abilities. He stated that effort, performance and motivation are linked in a person's motivation. He uses the variables Expectancy, Instrumentality and Valence to account for this. In his theory of expectancy, Vroom (1964) proposed that a person's behaviour is motivated by the expectation that her behaviour will lead to certain outcomes, together with the values she places on those outcomes. He situated his theory on the notion that behaviour is a function of interaction of personality and the environment.

Vroom's theory built on the concepts of valence, instrumentality and expectancy. Applying this to women entrepreneurs as managers or owners of women-owned enterprise, it is expected that the strategic level at which individual women entrepreneurs will engage in entrepreneurial innovative behaviour is dependent on how well they desire performance (valence), their perceived probability that their efforts will lead to achievement of their goal (their enterprise performance) and that their innovativeness will have a positive effect on their enterprise (Rauch & Frese, 2000). Nevertheless, a study by Cliff (1998) showed that women entrepreneurs value personal considerations as more important than economic considerations for business performance decisions. It can, therefore be argued that the different approaches to venture creation and involvement among women entrepreneurs will depend on their strategic preparedness and may lead to their enterprise expectancies through innovation that eventually will enhance performance (Orser & Hogarth-Scott, 2003).

The theory is important in explaining organization innovation is women-owned SMEs since through the theory of expectancy the women entrepreneurs' desire to innovate in order to enhance the performance of their enterprises will depend on the interaction of individual women entrepreneur and the environment the enterprise is located. The women-owned enterprises will be innovative if the environment supports the organization effort to embrace innovation. The readiness of the women entrepreneurs to support the enterprises' performance will depend on the willingness to embrace innovation in their enterprises. This theory will thus anchor organization

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

innovation by demonstrating how interactions with the environment shape innovation decisions. The theory will also support development of data collection tools and measurement of the model.

2.2 Empirical Review

2.2.1. Organizational Innovation

Organizational innovation is the competitive advantage that can be obtained from the qualified human resources which enable the organizations to compete and perform on the basis of quality and innovation. The organizational innovation is believed to be the capability of generating value, products, services, ideas (Du Plessis, 2007). It is the beneficial and original procedures for achieving a change and development in the organization's outcomes and it is represented by the capability to create methods and techniques and ideas for work that help in improving work field's circumstances, employees' motivation, increasing employees' capabilities and talents to achieve the best productivity goals and performance (Rajneesh & Kaur, 2014).

Organizational innovation is the introduction of new practices of doing business, workplace organizing methods, decision making system and new ways of managing external relations (Littunen, 2010). It involves the implementation of new ways of organizing business practices, external relations and work place. Firms bring organizational innovation to bring efficiency in the business. The new organizational method must be at least new to the organization and new method can be developed by the firm itself or with the help of third party (Akinwale, Adepoju & Olomu, 2017). Various scholars have studied on the influence of organization innovation on performance of firms.

Hassan *et al* (2013) researched on *'The Effects of Innovation Types on Firm Performance: An Empirical Study on Pakistan's Manufacturing Sector',* drawing a sample 150 companies listed in KSE. Their findings of study support the title that higher performance can be achieved better from increased innovativeness in manufacturing firms. To create an environment which is friendly to innovation and learning organizational innovation is very essential and it leads to firm performance. This study was in Pakistan, a country with a different SMEs setup from Kenya.

Makanyeza and Dzvuke (2015) studied on the influence of innovation on the performance of small and medium enterprises in Zimbabwe. Based on a survey of 200 SMEs, the study investigated innovation's influence on the performance of small and medium enterprises (SMEs) in Harare, Zimbabwe. The study found that SMEs were somewhat innovative. The performance of SMEs was found to somewhat increase over the period SMEs were innovating. Organization innovation was found to positively predict the performance of SMEs. Organizational innovation positively predicted the performance of SMEs. Though the study was on predicting the influence of innovation on performance of SMEs, the study did not distinguish between the genders implications of the findings. Again, the study is in Zimbabwe, a country with differing macro and micro enterprise aspects from Kenya.

Ndesaulwa and Kikula (2016) studied on the impact of innovation on performance of small and medium enterprises (SMEs) in Tanzania. This explanatory study used a desktop methodology to investigate the world wide existing empirical studies results on the relationship between innovation on small and medium enterprises (SMEs) performance. The results from review

further found that no consistent results on whether organization innovation altogether influence firms' performance. The nature of the empirical results reported in this study though bearing some resemblance to the Kenyan situation fails to clarify of the existence of gender disparities on innovation and performance of SMEs. This is the gap this study seeks to abridge.

Wahab and Jabar (2016) studied on organizational innovation strategy towards small medium enterprise performance in Malaysia. This study was undertaken to evaluate the implementation of organizational innovativeness among the Malaysian SME's. The findings of this study indicate that different types of innovation have different impact towards organizational performance. Therefore willingness to embrace changes and having the right attitude at using knowledge and creativity to manipulate available information to develop the organizational strategies can assist SMEs in Malaysia to sustain and survive in the dynamic and challenging economy. The study was based in Malaysia a developed country compared to Kenya.

Njenga (2015) study was on organizational innovation and operational performance of small and medium enterprises in Nairobi City County. The findings from the study established that organization innovation was rarely practiced in SMEs. Factors such as employee training programs, competitive pressures and market segments served were identified to have a large influence on adoption of organization innovation. The study also established that adoption of organization innovation resulted in improved operational performance in the practicing firms. It was recommended that SMEs in Nairobi County should continually practice innovations this would lead to better performance. The current study aims at comparative analysis of the findings of this study for the sake of generalizability.

Salim and Sulaiman (2011) empirical study attempted to investigate the effect of organizational innovation on company performance in Malaysia. Based on the literature review, the study hypothesized that organizational innovation is positively related to company performance, which is measured in terms of both market and financial metrics. Data was collected via electronic survey from 115 small and medium enterprises operating in the ICT industry in Malaysia. Findings from the study support both the hypothesis that organizational innovation has a significant influence on firm performance. The study is also based in Malaysia, a country with differing SMEs context from Kenya.

2.3 Conceptual Framework

A conceptual framework is a presentation where a researcher conceptualizes or represents the relationships between variables in the study and shows the relationship graphically or diagrammatically (Orodho, 2008). The study sought to examine the influence of organization innovation on the performance of women-owned small and medium enterprises in Kenya.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

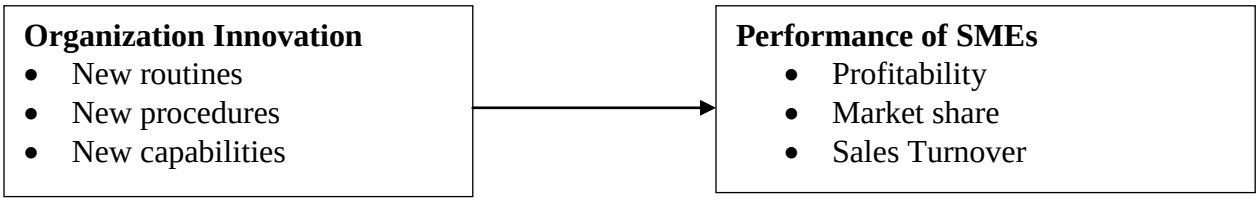

Figure 1: Conceptual Framework

3.0 Research Methodology

The study adopted a positivist research philosophy. The study adopted cross-sectional survey design using both quantitative and qualitative approaches. This design was appropriate for this study which extensively tested the analysis of the relationships between organization innovation and performance of small and medium women-owned enterprises. The target population for this study was the 5,362 registered women owned enterprises registered with the County Government of Nairobi by December 2017. Sampling was conducted through stratified random sampling technique and proportionate stratified sampling to gain a sample size of 358 respondents. Questionnaires were used in data collection. Descriptive and inferential statistics were used in the analysis of quantitative data generated. Pearson product moment correlation was applied to determine the relationship between independent and dependent variables. Linear regression analysis was used to explain the extent independent variables explained variations in dependent variable. The study conducted diagnostic tests that included standard F-test, T-test, Analysis of Variance (ANOVA) test, factor analysis, Multicollinearity analysis, Heteroscedasticity test and normality test. The general linear regression model for this study was:

$Y= \beta_0 + \boldsymbol{\beta}_1 X_1 + \varepsilon$

Where; Y= performance of SMEs

β_0=constant

Bi is the coefficient for X_i (i=1, 2, 3) $_i$

X_1= Organization innovation

ε = error term

4.0 Results and Discussion

4.1 Correlation Analysis

4.1.1. Bi-variate Linear Relationship between Study Variables

Before running regression analysis, the researcher tested correlational matrix to establish whether association existed between organization innovation and performance of women-owned SMEs. To establish correlation, Pearson Product, Moment Correlational Coefficient (r) was used as shown in Table 1.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

Table 1: Linear relationships of variables

Variables		Performance	Organization Innovation
Performance	Pearson Correlation	1	.394**
	Sig. (2-tailed)		.000
	N	287	288
Organization Innovation	Pearson Correlation	.645**	1
	Sig. (2-tailed)	.000	
	N	287	288

The findings also revealed that organizational innovation had a strong association with performance of women SMEs in Kenya as shown by r=0.645. The correlation was significant as shown by p=0.000 which was less than 0.05. The findings also concur with Makanyeza and Dzvuke (2015) who found that organizational innovation and product innovation positively predicted the performance of SMEs while marketing innovation and process innovation did not. On the other hand, the study findings disagreed with Ndesaulwa, and Kikula (2016) who found that no consistent results on whether the innovations altogether influence firms' performance.

4.2 Diagnostic Tests

4.2.1. Multicollinearity

Multicollinearity is said to exist between two independent variables when a strong relationship exists between them. Garson (2012) asserts that the rule of thumb is that VIF >4.0 multicollinearity is a problem and other scholars use more lenient cut off of VIF >5.0 when multicollinearity is a problem. However, O'Brien (2007) suggests that this rule of thumb should be assessed in contextual basis taking into account factors that influence the variance of regression coefficient. Accordingly, this study adopted a VIF value of 5 as the threshold.

The findings revealed that organization innovation had a VIF of 2.121. These results indicate that the VIF values of the variables were within the threshold of 5. This indicates that there was no significant threat of multicollinearity.

Table 2: Test of Multicollinearity

	Collinearity Statistics	
	Tolerance	**VIF**
Organizational Innovation	0.472	2.121
a Dependent Variable: SME Performance		

4.1. Factor Analysis

The importance of conducting a factor analysis was to summarize the information contained in a number of original variables into a smaller number of factors without losing much information. The implication of this is that the newly created variables should represent the fundamental constructs, which underlie the original variables factor (Bartholomew, Knott, & Moustaki, 2011). Loadings are an indication of how much a factor explains a variable in factor analysis.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

4.1.1. Factor Loading of Organization Innovation

The results show that factor loadings of organization innovation were ranging from 0.562 to 0.714 which indicates satisfactory factorability for all items of the variables. This means that the variables fitted well with other variables in their factors (Pallant, 2010). The factor analysis found out that none of the variables was removed because all of them had a coefficient of greater than 0.4 exceeded the criterion of 0.4 (Rahim & Magna, 2005). Factor loading for organization innovation is shown in Table 3.

Table 3: Factor Loadings of Organizational Innovations

Organizational Innovation	Loading
My enterprise always endeavors for competitive advantage that can be obtained from the qualified human resources.	0.649
My enterprise usually competes and performs on the basis of quality and innovation.	0.646
My enterprise organizational innovation has the capability of generating value, products, services, ideas.	0.671
My enterprise endeavor at improving work for employees' motivation to achieve the best productivity goals and performance	0.640
My enterprise endeavor at improving work for employees' capabilities to achieve the best productivity goals and performance	0.670
My enterprise endeavor at improving work for employees' talents to achieve the best productivity goals and performance	0.682
Through organizational innovation my enterprise has introduced new practices of doing business.	0.622
Through organizational innovation my enterprise has introduced new workplace organizing methods.	0.667
Through organizational innovation my enterprise has introduced new decision making system.	0.666
Through organizational innovation my enterprise has introduced new ways of managing external relations.	0.562
My enterprise endeavor at improving employees' capabilities to achieve the best performance.	0.630
My enterprise invests in enhancing the capabilities of the employees.	0.712
My enterprise strives to gain competitive advantage through enhancing the employee's capabilities to innovate.	0.714

4.1.2. Test of Normality

It is the best practice in statistical analysis to determine if a data is well-modeled by a normal distribution and compute for randomness in the variable. Gupta (2013) argued that the variables are supposed to be roughly normally distributed especially if the results are to be generalized beyond the sample. The study used Kolmogorov-Simonov and Shapiro test of normality test as shown in Table 4. Under the Shapiro test the null hypothesis H_0: data is normally distributed while the Ha: Data is not normally distributed. Since the p-values for the variables were greater

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

than 0.05, the null hypotheses for the variables is not rejected hence confirming that data was normally distributed and therefore fit for linear regression analysis.

Table 4: Test of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	**Df**	**Sig.**	**Statistic**	**Df**	**Sig.**
Organizational Innovation	0.16	283	0.142	0.856	283	0.172
SME Performance	0.282	283	0.230	0.756	283	0.071

4.1.3. Linearity Test

Linearity refers to the relationship between variables where the value of the dependent variable is a straight-line function of the independent variable. The study conducted the test of linearity to determine whether the relationship between innovation and performance of women-owned SMEs in Kenya was linear or not. Table 5 provides the findings.

Table 5: Linearity Test

			Sum of	**df**	**Mean**	**F**	**Sig.**
Innovation	Between	(Combined)	50.598	10	4.6	18.52	0.000
		Linearity	48.455	1	48.455	195.1	0.000
		from Linearity					
	Within Groups		25.083	273	0.248		
		Total	75.681	283			

4.1.4. Homoscedastic Test

Heteroscedasticity is a state where the error terms among different values of explanatory variables do not have a constant variance. Breusch-Pagan test as used by Rosopa, Schaffer and Schroeder (2013) to test for homogeneity in a linear regression mode states that null hypothesis was that the error term was homoscedastic and the alternative hypothesis was that the error term was heteroscedastic. If the null hypothesis was rejected, then it implied that there was presence of heteroscedasticity. The result of the test is shown in Table 6, which indicates that the test statistic is 0.9464 (p-value = 0.3985) with the degree of freedom. Since the test-statistic is small with the p-value greater than 0.05, the null hypothesis was accepted and it was concluded that there was homoscedasticity in the data (that is, the data is not heterogeneous in variance), which satisfies the assumption of regression.

Table 6: Test of Homoscedasticity

Test – Statistic	**Degree of Freedom**	**P-Value**
0.9464	4	0.3985

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

4.2. Influence of organizational innovation and performance of small and medium women-owned enterprise in Kenya

In order to determine the relationships proposed in the research model, linear regression analysis was used. Linear regression analysis is applicable in modeling the relationship between a scale of variable Y or more variables denoted as X.

4.2.1. Hypothesis One: There is a significant positive influence of organizational innovation and performance of small and medium women-owned enterprise in Kenya.

4.2.1.2. Model Summary

The results in Table 7 revealed that R = 0.366 and R=squared = 0.347. R value implied that there is a strong relationship between organization innovation and performance of women owned SMEs in Kenya. R^2 on the other hand, indicates that explanatory power of the independent variable on dependent variables was 34.7%. This means that 34.7% of the variation in performance of women owned SMEs in Kenya is explained by organizational innovation while the remaining 65.3% of the variation in performance of women owned SMEs is unexplained by the variables in the model.

Table 7: Model Summary for Multivariate Regression Analysis

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.366	0.347	0.321	0.41374

a. Predictors: (Constant), Organizational Innovation

4.2.1.3. ANOVA Results for Multivariate Regression Analysis

The findings in Table 8 of ANOVA revealed F-statistics of 99.472 with a p-value of 0.000 which was less than significance level of 0.05. The study hence concluded that the model used to link the independent variables to dependent variable had a good fitness. In this case the alternative hypothesis that the model had good fitness was accepted and concluded that organization innovations significantly predicated performance of women owned SMEs in Kenya.

Table : ANOVA Results for Multivariate Regression Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	68.110	1	17.027	99.472	0.000
	Residual	47.930	280	.171		
	Total	116.040	284			

a. Dependent Variable: SME Performance
b. Predictors: (Constant), Organizational Innovation

4.2.1.4. Beta Coefficient Results

The findings indicated existence of a positive significant relationship between organization innovation and performance of women-owned SMEs (β=0.362 and p-value=0.000). It can then be concluded that a unit increase in organization innovation enhance performance of women-owned SMEs by 36.2%.

Table 9: Beta Coefficient Results for Multivariate Regression Analysis

Stratford Peer Reviewed Journals and Book Publishing
Journal of Entrepreneurship & Project Management
Volume 3||Issue 1||Page 33- 49||February||2019|
Email: info@stratfordjournals.org ISSN: 2616-8464

	B	Std. Error	T	Sig.
(Constant)	0.848	0.328	2.586	0.002
Organizational Innovation	0.362	0.055	6.552	0.000

a Dependent Variable: SME Performance

a) Discussions of Findings of the Influence of Organizational Innovation and Performance of Women-Owned SMEs

The objective of the study was to determine the influence of organization innovation on performance of small and medium women-owned enterprise in Kenya. The findings of descriptive analysis implied that small and medium women -owned enterprise in Kenya have adopted some organizational innovation to enhance the performance of their enterprises. The respondents also revealed that organization innovation impacted positively on the performance of their enterprises.

The correlation analysis findings also revealed that organizational innovation had a strong association with performance of women SMEs in Kenya. The finding of multivariate regression analysis also confirmed that organizational innovations significantly and positively affected performance of women SMEs in Kenya. The study therefore failed to reject the alternative hypothesis Ha3: there is a significant positive influence of organizational innovation on performance of small and medium women-owned enterprises in Kenya and concluded that that organizational innovation positively and significantly influenced performance of small and medium women-owned enterprises in Kenya.

4.3. Hypotheses Testing

Hypotheses were tested using simple linear regression analysis as represented.

H_{a1}: There is a significant positive influence of organizational innovation and performance of small and medium women-owned enterprise in Kenya.

The research hypothesis was **H_{a1}:** there is a significant positive influence of organizational innovation and performance of small and medium women-owned enterprises in Kenya. It was tested using multivariate regression at significance level of 0.05. The coefficient for organizational innovation was β=0.362 which was significantly different from 0 with a *p*-value=0.000 which was less than 0.05. The study therefore accepted the alternative hypothesis **H_{a1}:** there is a significant positive influence of organizational innovation on performance of small and medium women-owned enterprises in Kenya.

The findings therefore implied that organizational innovation positively and significantly influenced performance of small and medium women-owned enterprises in Kenya. The findings also concurs with Makanyeza and Dzvuke (2015) who found that organizational innovation and product innovation positively predicted the performance of SMEs while marketing innovation and process innovation did not. On the other hand, the study findings disagreed with Ndesaulwa, and Kikula (2016) who found that no consistent results on whether the innovations altogether influence firms' performance.

5.0 Conclusions

Based on the findings, the study concluded organizational innovation was found to have a positive and significant effect on performance of women owned SMEs in Kenya. The study concluded that organizational innovations that enhance organization efficiency and effectiveness in its internal operations give small and medium size enterprises and competitive edge over other sector plays. Small firms with better organizational innovation will always perform better than their competitors in terms of efficiency on firm's operations.

6.0 Recommendations

The study recommended that small business owners must optimizes their operations in terms of adoption of innovations that create a competitive edge in the performance of the organization. Adopting effective marketing innovations may create efficient which will make women enterprises more versatile and flexible in serving their customers' needs and preferences. This will ensure that small business owned by women entrepreneurs survive competition from large and well established enterprises.

7.0 References

Akinwale, Y.O., Adepoju, A.O., & Olomu, M.O. (2017). The impact of technological innovation on SME's profitability in Nigeria. *International Journal of Research, Innovation and Commercialization, 1* (1), 74-79.

Al-Ansari, Y., Pervan, S.M. & Xu, J. (2013). Innovation and business performance of SMEs: the case of Dubai", Education, Business and Society: *Contemporary Middle Eastern Issues, 6 (3*/4), 162-180

Balkiene, K., & Jagminas, J. (2010). Allusion to public policy: innovative entrepreneurship. *Viesoji Politika Ir Administravimas*, 34(2), 32-36

Bartholomew, D. J., Knott, M., & Moustaki, I. (2011). *Latent variable models and factor analysis: A unified approach*. Chichester, West Sussex: Wiley.

Casadesus-Masanell, R., & Zhu, F. (2013). Business model innovation and competitive imitation: The case of sponsor-based business models. *Strategic Management Journal*, 34(4), 464–482.

Chesbrough, H. (2010). Business Model Innovation: Opportunities and Barriers. *Long Range Planning*, 43(2–3), 354–363.

Cliff, J. E. (1998). Does one size fit all? Exploring the relationship between attitudes towards growth, gender, and business size. *Journal of Business Venturing*, 13 (6), 523-542.

Du Plessis, M. (2012). Understanding a firm's openness decisions in innovation. *Journal of Business Research*, 65(3), 438-445.

Foster, D.D. (2016). *Women Entrepreneurs: Keys to Successful Business Development and Sustainability beyond Five Years*. Unpublished doctoral dissertation. Walden University-USA. Retrieved on December 18, 2018.

Foster, T. (2016). *Why business models are important in entrepreneurship research: What we have learned and where do we go from here?* Bergen, Norway: Norwegian School of Economics.

Garson., D. (2012). *Hierarchical Linear Modeling: Guide and Application*. London, Sage.

Gavrea, C., Ilies, L., & Stegerean, R. (2011). Determinants of organizational performance: The case of Romania. *Management & Marketing*, 6(2), 285.

Gupta, A. (2013). Firm Growth and its Determinants. *Journal of Innovation and Entrepreneurship, 2* (1), 1-5.

Hassan,M., Shaukat, S., Nawaz,M.S., & Naz,S. (2013).Effects of Innovation Types on Firm Performance: An Empirical Study on Pakistan's Manufacturing Sector. *Pakistan Journal of Commerce and Social Sciences*,7(2)243-262.

Hsu, D.H., & Ziedonic, R.H. (2013). Resources as dual sources of advantage: implications for valuing entrepreneurial-firm patents, *Strategic Management Journal, 34* (7), 761-781.

Katua, N. (2014). The role of SMEs in employment creation and economic growth in selected countries. *International Journal of Education and Research*, 12(2), 461-472

Kiraka, R. N., Kobia,M.,& Katwalo, M.(2013). *Micro, Small and Medium Enterprise Growth and Innovation in Kenya: A Case Study on the Women Enterprise Fund.* Nairobi, Trust Africa.

Littunen, Q. (2006). Profitability of small and medium-sized enterprises in high-tech industries: The case for biotechnology industry. *Strategic Management Journal, 2 (4)*, 6-8.

Makayenza, C., & DZvuke, G. (2015). The influence of innovation on the performance of small and medium enterprises in Zimbambwe. *Journal of African Business* 16(1).1-2

Minniti, M., & Naudé, W.A. (2010). What Do We Know about the Patterns and Determinant of Female Entrepreneurship across Countries? *European Journal of Development Research, 1* (2), 1-17.

MSME Basic report, (2016). *Micro, Small and Medium Establishment (MSME) Survey*. Nairobi, National Bureau of Statistics.

Mwangi, S.M. (2014). Influence of innovation on small and medium enterprise (SME) growth-a case of garment manufacturing industries in Nakuru County. *International Journal for Innovation Education and Research, 2*, (6), 101-107

Mwangi, S.M., & Namusonge, R.J. (2014). Influence of Innovation on Small and Medium Enterprise (SME) Growth- A Case of Garment Manufacturing Industries in Nakuru County. *International Journal for Innovation Education and Research, 2* (6), 2-4.

Naudé, W. (2013). Entrepreneurship and economic development: Theory, evidence and policy. *Evidence and Policy. IZA Discussion Paper*, (7507). Retrieved on October 15, 2016 from http://papers.ssrn.com.

Ndesaulwa, A. P., & Kikula, J. (2016). The Impact of Innovation on Performance of Small and Medium Enterprises (SMEs) in Tanzania: A Review of Empirical Evidence. *Journal of Business and Management Sciences 4* (1), 1-6.

Njenga, A. M. (2015). *Organizational Innovation and operational performance of small and medium enterprises in Nairobi City County*. Unpublished doctoral dissertation, School of Business, University of Nairobi, Kenya. Retrieved on December 13,2018.

O'Brien, R.M. (2007), "A Caution Regarding Rules of Thumb for Variance Inflation Factors," Quality & *Quantity*, 41(5), 673-690.

Orodho, J.A. (2008). T*echniques of writing research proposals & reports in education and social sciences*. Nairobi: Kanezja HP Entreprises.

Orser, B., & Hogarth-Scott, S. (2003). Opting for growth: Gender dimensions of choosing enterprise development. *Canadian Journal of Administrative Sciences*, *19* (3), 284-300.

Pallant, J. (2010). *SPSS Survival Manual. A step by step guide to data analysis using SPSS (4th ed.)*. Melbourne: Open University Press.

Price, D.P., Stoica, M., & and Boncella, R.J. (2013). The relationship between innovation, knowledge, and performance in family and non-family firms: an analysis of SMEs. *Journal of Innovation and Entrepreneurship 2* (3), 2:14

Rajneesh, A. & Kaur, K. (2014), Knowledge Management and Firm Performance: A Descriptive Study, *International Journal of Advance Research in Computer Science and Management Studies, 2* (4), 197-204.

Rauch, A., & Frese, M. (2000). Psychological approaches to entrepreneurial success: A general model and an overview of findings. In C. L. Cooper, & I. T. Robertson, (Eds.), *International review of industrial and organizational psychology.* 2(13), 101-142.

Rosopa, P. J., Schaffer, M. M., & Schroeder, A. N. (2013). Managing heteroscedasticity in general linear models. *Psychological Methods*, 18(3), 335-351.

Salim, I. M., & Sulaiman, M. B. (2011). Impact of organizational innovation on firm performance: Evidence from Malaysian-based ICT companies. *Business and Management* Review, *1* (5), 33-34.

Shisia, A., Sang, W., Matoke, J., & Omwario, B.M. (2014). Strategic Innovation and Performance of Public Universities in Kenya. *European Journal of Business and Management, 6* (23), 2-4

Trott, P. (2008). *Innovation Management and New Product Development* (4th ed.): New York : Financial Times/ Prentice Hall.

Vroom, V. H. (1964). *Work and motivation.* New York: Wiley.

Wahab, N. A. A., & Jabar, J. Organizational Innovation Strategy Towards Small Medium Enterprise Performance in Malaysia. *International Journal of Arts Humanities and Social Sciences, 2* (7), 32-34.

Walobwa, N. D., Ngugi, J. K., & Chepkulei, B. (2013). Effect of the type of innovation on the growth of small and medium enterprises in Kenya: a case of garment enterprises in Jericho, Nairobi. *European Journal of Management Sciences and Economics*, 1(2), 49-57.