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# Marketing Innovation and Performance of Textile Manufacturing Firms in Nairobi County

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## Abstract

The concept of innovation, albeit a multi-faceted concept, has become a major area of interest for entrepreneurs in the recent past and is the driving force for successful and sustainable performance. This descriptive study explored the relationship between marketing innovative practices and organizational performance of small, medium and large textile manufacturing firms located in Nairobi County, Kenya. Textile manufacturing involves the conversion of fibres to yarn, yarn to fabric, dyeing and printing, and conversion into clothes as well as other auxiliary products. Out of the population of 145 such firms, a simple random sample of 107 was drawn for the study and resulted in a response rate of 69%. Data of interest was collected through a structured questionnaire, between May and August 2019, administered to the respondents who were senior personnel in the firms familiar with innovative activities. Results were analysed qualitatively and quantitatively, regression analysis being used to explore the relationship between marketing innovation as the independent variables and organizational performance as the dependent variable. Regression analysis render that marketing innovation accounted for 79% of the variation in organizational performance, all other factors held constant. Strong price competitions were cited as a major impediment to innovativeness. More effort needs to be directed to marketing innovation in order to tap on this positive impact on organizational performance. This study recommends that the innovative firms should always maintain the quality of the products and ensure that innovations are carried out to completion, without abandoning or suspending mid-stream. It is recommended that firms provide support and recognition to innovative employees.

**Keywords:** *Innovation, Marketing innovation, Textile, Performance*

## **INTRODUCTION**

The Kenyan economy or any other economy for that matter is composed of enterprises and businesses that make up the various industries. The economy thrives if these industries are able to adapt to the changing times and supply the needs of the consumers or the market. Manufacturers should keep themselves abreast with the market trends and demands while constantly endeavouring to produce more without sacrificing on quality. This calls for the enterprises to be either innovators or takers of innovations from scientific solutions. Competition from substitute products has also made industries come up with much better solutions than their competitors. Smaller enterprises are directly involved with the community and are better suited to understand the community needs, as compared to larger enterprises. However, larger enterprises have the resources to access and implement innovations as need may arise.

Innovation is the heart of economic development and the capacity to innovate or take up innovations is an important strategic option for every firm and industry. The Organization for Economic Cooperation and Development (OECD) defines innovation as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations (OECD, 2008). This is different from invention which is purely the creation of a new product or introduction of a new process for its first time. Innovation and creativity are two interrelated concepts. Both are the process, outcomes, and products of attempts to develop and introduce new and improved ways of doing things. The creativity stage of this process refers to idea generation, and innovation refers to the subsequent stage of implementing ideas toward better procedures, practices, or products (Anderson, Potocnik, & Zhou, 2014). However, it has been argued that creativity is concerned with absolute novelty idea, whereas innovation also involves ideas that are relatively novel ideas that have been adopted and adapted from other organizations but that are new to the adopting organization (Anderson, De Dreu, & Nijstad, 2004).

Kenya is a developing country that is ranked 80<sup>th</sup> in the world (and 3<sup>rd</sup> in Sub-Sahara Africa) innovation ideas 2017 ranking; with a score of 30.95 on a scale of 0 to 1000 (Index, G. I., 2017). Innovations vary in types and degrees. On the basis of the object of change, there are product, process, market and organizational innovations (Varis & Littunen, 2010). More generally, new products and processes and significant technological changes of products and processes are classified as technological innovations (OECD, 2008). Strategic innovations aim at a re-conceptualisation of business models with the aim of creating sustainable market spaces and achieving leaps in customer value (Gebauer, Worch, & Truffer, 2012). Although many studies have found a positive relationship between innovation and performance, some have found no relationship or even negative relationship.

A product innovation is readily familiar within the organization and its stakeholders. In fact it requires continuous research and development in order for it to be successfully introduced and be successful in the market, according to Oslo Manual (Manual, O.,

2005), A process innovation is a technological innovation strategic option that is adopted in order to improve organizational efficiency. Process innovation can increase the customers' valuation of the organization and its products by increasing the product quality and reducing delivery turn-around times (Karlsson & Tavassoli, 2015). Managerial innovation can be thought of the implementation of new managerial and working practices and concepts that produce changes in the organisation's strategy.

Marketing innovation's effort is to achieve competitive position for the organization. It refers to changes in the context in which products introduced to the market by focusing on the consumers' needs, by way of opening up and accessing new markets, the repositioning of organizational product within the market, aiming to increase sales (Ganzer, Chais, & Olea, 2017). The strategic business model suggests that for success one should focus on the three main elements: the company, the customers, and the competitors. Marketing innovation focuses primarily on the three C's. It is possible for companies to be self-motivated and actively pursue marketing innovations that focus on the four P's of marketing (Product, Place, Price, and Promotion) (Shergill & Nargundkar, 2005).

There has been an increasing interest in the studying how innovation contributes to organizational performance. Van Auken, Madrid-Guijarro and Garcia-Perez-de-Lema (2008) notes that firms invest in new technology once they recognize an opportunity to earn increased profits from the innovation. Innovations make possible for firms to achieve improved performance by offering a wider variety of high quality and uniquely and differentiated products. According to Karlsson and Tavassoli (2015), organizational performance is a multi-dimensional concept and the relationship between innovation types and organizational performance is complicated. The most commonly used performance measures of performance are single-dimension measures, such as productivity, employment, sales, exports and profits as well as financial measures such as the returns on assets. While using these measures, most studies report a positive relationship between innovation and firm performance, but different results would be expected for different performance measures.

The textile industry mainly covers the production yarn, fabrics, clothing and apparels, made from natural or synthetic fibres. The fibres are the raw materials for the industry. Textile manufacturing is one of the oldest human activities, with the oldest known textiles dating back to about 5000 B.C. However, major changes were experienced in the industry during the 20th century. There were major technological innovations in machinery, synthetic fibres with desirable properties and uses were introduced, and globalization of businesses took centre stage. The growth has been steady and in 2013, the largest exporters of textiles were China, India, Italy, Germany, Bangladesh and Pakistan, with annual exports worth 274, 40, 36, 35, 28 and 27 billion US dollars respectively (Times of India, 2014). In 2016, the leading apparel exporting nations were China, Bangladesh, Vietnam, India Hong Kong, Turkey and Indonesia (The Daily star, 2017).

The textile industry in Kenya is relatively diverse and can be divided broadly into yarn and thread production, fabric manufacture, auxiliary products sector and apparel manufacture. These sub-sectors combined represents seven percent of the entire Kenya association of Manufacturers (KAM) membership (KAM, 2018). Yarn and thread production involves the spinning of fibres into yarns for end uses such as knitting and weaving and threads. Those in the fabric manufacture are involved in weaving and finishing textile, the manufacture of made-up textile goods except wearing apparel, knitting mills, manufacture of carpets and rugs. The Apparels sector manufactures wearing apparels by cutting and sewing fabrics. Examples of auxiliary textile products are buttons, zippers, webbings, braids, medical textiles and sanitary pads. The local industry has suffered major setbacks and decline due to the liberalization and opening up of the economy. However, in line with the governments focus on enhancing the manufacturing, the sector, it has a huge potential to play in accelerating the progress of the country into middle-income status while serving as a source of gainful employment for its growing population.

### **Theoretical Framework**

Resource-based view looks at the strategic resources latent within an organization. These resources, when adequately deployed, will eventually generate the desired competitive advantage to the firm. The organization requires resources in order to generate products and therefore resources and products are two sides of the same coin viewed from the firm's perspective. The product portfolio of the firm can be used to infer its resource base and also resources profile predicts the product range (Wernerfelt, 1984). Resources are both tangible and intangible and could be a source of either strength or weakness for the organization.

Resource-based view tends to explain the differences between firms and their varied ability to achieve and sustain competitive advantage. The theory originates from the view by Penrose in 1959 that looked at the firm as a bundle of resources (Kostopoulos, Spanos, & Prastacos, 2002). Edith Penrose noted that competitiveness of firms vary considerably within a given industry due to specific resources within that cannot be imitated by competitors (Baumane-Vitolina & Cals, 2014).

Internal resources are arguably the principal drivers of profitability and competitive advantage. This is attributed to the fact that new products, technological advancement and customer preferences have experienced rapid transitions and beg the need to respond rapidly to these changes. There has been an overlap or even convergence of industry boundaries due to increased use of information technology. These rapid changes require firms to look inwardly for strategic opportunities, while at the same time keeping a close eye on competitors' leverage (Kostopoulos, Spanos, & Prastacos, 2002). The organizational resources of interest to the resource-based view are those that ensure long-term competitive strength generated by firm's innovative activities. The selected resources are those that have the ability to produce innovations, observe commercial opportunities and produce new knowledge (Baumane-Vitolina & Cals, 2014).

According to Kostopoulos, Spanos and Prastacos (2002) the resource-based view of the firm offers new insights into the introduction and management of innovations. The presence of organizational resources and capabilities affects the outcome of internally generated firm-level innovation processes. The resources credited for being enablers of innovations are financial, technical and the intangible human resource knowledge. The increasing emphasis on human resource knowledge has been attributed to the emergence of the knowledge based view, which is basically an extension of the resource-based view.

Dynamic competences are highly regarded due to their ability to be integrated into and used for the conception of special competences. These special competences are credited for ensuring the organizational ability to produce both technological (product and process) and non-technological (managerial and marketing) innovations. The dynamic competences include innovation oriented culture, ability to implement innovations and entrepreneurial orientations such as risk appetite, noting that innovations are associated with risks (Baumane-Vitolina & Cals, 2014).

Camison and Villar-Lopez (2014) contend that the resource-based view of the firm enables unambiguous scrutiny of innovation and its relationship with organizational performance. By a thorough analysis of the firm's internal resources, it is possible to display the heterogeneousness of the strategies and performances of firms in the same industry. Firms with particular resources and capabilities will gain competitive advantage and achieve superior performance. Sustainable competitive advantage in turn enables the organization to organize itself and revamp its unique resources and capabilities to further promote innovativeness. The firm's distinct resources have to be usefully deployed in order to become productive and therefore translated to capabilities.

In summary, it is notable that every organization chooses its innovation strategy depending on its repository of existing capabilities and knowledge mix. A firm's innovation capability is highly associated with its innovation strategy. Both the capability and strategy depend on the existing resources and competences, generated by the organization continuously from both internal and external sources (Hervas-Oliver, Sempere-Ripoll, & Boronat-Moll, 2014). For a firm to innovate, it requires resources and as such the Resource-based view is considered the anchor theory for this study.

Development of the diffusion of innovations theory is attributed to Everett Rogers. The theory attempts to explain the nature and patterns through which new ideas and technologies spread over the recipients (Rogers, 2003). Rogers argues that the diffusion process is influenced by the nature of innovation itself, the communication channels through which the innovation spreads, time and the existing social system. Mustonen-Ollila and Lyytinen (2003) argue that there exists a myriad of factors that influence the innovation adoption process. Among the identified contingent and behavioural factors are: the need for recognition, availability of technological infrastructure, past experience of the adopting firm, and ease of use of the innovation. Adoption of innovations is simply the decision to use, and this decision is made by organization leaders/managers, who have control over the use of resources and the right to influence or coerce behaviour change

among the organization workforce. Behaviour change is an immediate output of non-technological innovations.

The nature of an innovation determines the extent to which the idea is readily adopted. Sanson-Fisher (2004) explains why some innovations are adopted rapidly than others, despite their confirmed potential for productivity. Several factors pertaining to the nature of innovations are considered. The cost effectiveness and potential benefit to the organization are taken into account. Compatibility with existing infrastructure and experiences of the adopting organization are also considered. Other factors are the complexity (the degree of difficulty in understanding and using the innovation), triability (the scale to which the innovation may be tried and modified), and observability (the degree to which the outcome of the adoption is visible to stakeholders).

Garcia and Calantone (2001) visualize innovation as an iterative process beginning with perception, development, production, and terminating at marketing, all aimed at commercial success of the innovation. The innovation reaches the end users through adoption and diffusion exchanges. The iterative process means that there is re-introduction of a better improved version of the innovation. This repetitive pattern results in a variety of different radical innovations at the early stages, and incremental innovations at advanced stages of the diffusion and adoption process.

According to Liu, Sidhu, Beacom and Valente (2017), innovations and technological advancements diffuse into communities from external sources through mass media, and then spread through social networks and interpersonal communications. However, the decision to adopt by the early adopters does not rely on social networks. Early majority and late majority receive information through their social networks, and will naturally seek additional information to validate their decisions through the mass media. Organizations decision to adopt innovations depends on their capability to implement, this being the most important determinant for performance. The diffusion of innovations theory confirms this view (Calantone, cavusgil & Zhao, 2002).

As Santacreu (2015) puts it, importation of goods and organizational growth within a country are intertwined and interconnected through innovation and its diffusion. Accumulation of domestic technologies through research and development and innovation are responsible for growth in productivity. The innovations resulting from new technologies are used to produce intermediate goods in the parent country. Domestic producers will immediately adopt the innovation and use the intermediate goods to produce the final products. Importers of the intermediate goods will need to first invest in the required resources over a period of time, hence the innovation is diffused to the importer through trade. The speed of diffusion depends on the ability of the adopter to gather together the requisite resources.

Innovation transfers have become the main sources of productivity in the adopting organization. The diffusion of innovation theory is helpful in determining the adoption

and implementation of the specific type of innovation based on organizational capabilities.

### **Empirical Literature Review**

Cascio (2011) argue that the activities of marketing innovation improve firm performance at an increasing rate in the beginning, then later at a decreasing rate. This is because the rational organization implements activities with greatest marginal return upfront then the complex activities later. This results in his hypothesized curvilinear relationship between marketing innovation and organizational performance. This curvilinear relationship was however not supported by the online survey data on North American industries, which confirmed a positive, but linear, relationship between marketing innovation and firm performance. The research revealed that marketing innovation works in harmony with radical product innovation introductions.

An empirical study was conducted by Gunday, Ulusoy, Kilic and Alpkan (2011) on manufacturing firms in Turkey to explore the effect of innovation types, including marketing innovation, on firm performance. They hypothesized that marketing innovation is positively related to innovative performance and that higher innovative performance leads to improved organizational performance. Organizational performance is measured in terms of market, production and financial parameters. The study was based on the major manufacturing sectors in Turkey namely: textile, chemical, metal products, machinery, domestic appliances and automotive industries. The findings render that innovative performance is directly and positively affected by among others marketing innovations and that marketing innovations have both direct and indirect (through product innovation) effects on innovative performance. Also, innovative performance was found to positively impact on financial performance, albeit indirectly through improved market performance. On the effects of innovations on quantitative performance measures, the finding is that innovative firms have higher sales and exports (Gunday *et al.*, 2011). A similar study in Turkey (Karabulut, 2015) confirms the finding that marketing innovation has a positive impact on financial performance, customer performance and internal business performance.

The industry in which the firm operates in may moderate the relationship between marketing innovation and performance. A study by Atalay, Anatarta and Sarvan (2013) on automotive supplier industry, one of the most innovative industries in Turkey, examined the relationship between innovation types and firm performance. After hypothesizing that marketing innovation positively impacts firm performance, data collection was in the form of a questionnaire administered on top level managers, evaluating their performance over a three year period from 2009 to 2011. The findings obtained from hierarchical regression analysis rejected the hypothesis and concluded that there is no significant effect of marketing innovation and firm performance in the industry. This may be attributed to the weak corporate marketing departments and that marketing innovation strategies are less recognized in the industry (Atalay, Anatarta & Sarvan, 2013). A different research also found that the prominence of the marketing

activities within an organization is an important factor influencing marketing innovation's contribution to firm performance (Drechsler, Natter, & Leeflang, 2013).

In India, the labour intensive textile industry contributes 14% of the total industrial production. Pohit et al. (2016) suggest that the poor performance experienced in the sector is due to lack of an innovative culture. Their study was conducted on MSMEs in the Northern India, Surat textile belt. The results indicated that a significant number (73%) of the companies do carry out marketing innovation activities such as new techniques to promote their products as well as new distribution channels of their output. Indeed, as expected, all the firms that undertake new product innovations also carry out marketing innovation since this is essential for the newly developed products. It is interesting to note that the main drivers of innovation were found to be the need for quality improvements, customer requirements and competitive pressure from other firms. In summing up, they established that marketing innovation leads to significant increase in profits (Pohit *et al.*, 2016).

Performance is the decisive measure of the ultimate organizational outcome and is influenced by numerous marketplace and organizational conditions (Walker, Chen & Arvind, 2015). Empirical studies on the effects of innovation on performance have mostly utilized the common single-dimension measures of productivity, employment, sales, exports and profits. Financial measures such as returns on assets have also been used quite often (Bessler & Bittelmeyer, 2008).

Different studies may yield different results on these measures given that there is usually a time lag before the effects of innovation are felt in a given industry. The effects may also be temporal since sooner or later competitors will tend to copy these innovations and therefore erode the anticipated competitive advantage (Karlsson & Tavassoli, 2015). Mushtaq, Peng and Lin (2011) classify the measures of performance into two: economic measures such as profitability, labour productivity and sales growth; and non-economic measures including customer satisfaction, employee retention, suppliers/distributors confidence and environmental protection.

The introduction of the Balanced Scorecard by Kaplan and Norton has changed the approach to measuring organizational performance, by linking the overall organizational strategy to performance. The firm performance is categorized based on four perspectives namely: financial perspective, customer, internal business processes, and learning and growth perspectives (Karabulut, 2015). Phillips and Louvieries (2005) provides a breakdown of the objectives as follows. Financial perspectives provide for a system of checks and balances in the organizational resource mobilization. Customer perspectives are indicators of the most important customer opinions such as costs, response time and customer retention. Internal business process captures non-financial quality measures inherent in the realization of the product. Learning and growth focuses on current capabilities, and more importantly the future capabilities of the organizations human resource assets.

Productivity is perhaps one of the most commonly used measures of performance at the firm level. It is generally measured as the rate of output arising from a given unit of input.

Firms that exhibit higher productivity tend to be more competitive and experience greater prospects of growth. There is a strong correlation between employee wages and relative productivity between firms operating in the same industry sector. In addition, the level of productivity is a function of customers' evaluation of the organizational products (Karlsson & Tavassoli, 2015).

Production and operations functions in any organization are the foundations of sustainable competitive advantage. There exists a significant relationship between production and market performances. Improvements in production processes are manifested in terms of speed, flexibility, and cost efficiency in the regular firm operations. All these lead to improved market and financial standing of the organization (Mushtaq, Peng & Lin, 2011).

Gunday *et al.* (2011) provided for uniquely diverse dimensions i.e. innovative, production, market and financial performances as measures of organizational performance. Innovative measures capture indicators such as number of new products within the current range of product portfolio and number of new innovations protected by intellectual property rights. Production performance indicators include volumes, speed of production, and cost of production as well as conformance to the set quality standards. Market performance includes total sales, market share and customer satisfaction indices. Financial performance is measured by indicators such as return on assets (profit/total assets), return on sales (profit/total sales) and cash flow excluding investments.

## **METHODOLOGY**

The target population for this study consist of all 145 textile manufacturing firms operating in Nairobi, Kenya. These are firms offering their products for sale in the market, as obtained from Kenya Bureau of Standards database of registered firms on June 2018 (KEBS, 2018), with a sample of 107 randomly selected. Primary data was collected directly from the selected participants using a structured questionnaire. A scripted introduction on marketing innovation was provided to guide the respondent in providing focused and informed responses.

Main constructs of the survey were evaluated by use of a Likert scale, providing a five point continuum of possible responses. The respondents were senior managers in the firm, who have adequate knowledge and information about the firm's operations and are most likely involved in innovation strategies in the firm. Once completed, the filled questionnaires were collected at the agreed times. Data analysis is done by use of both descriptive statistics regression analysis.

## **SUMMARY OF MAJOR FINDINGS**

According to the sampling design, a total of 107 questionnaires were distributed to the randomly selected firms from a population of 145, out of which 74 completed questionnaires were received back. This translates to a response rate of 69.2%. This rate is sufficient to allow analysis, as confirmed by Kothari (2011) who posits that a response rate of a least 60% can reliably answer the research question. Two questionnaires were incomplete, lending the analysis to be based on 72 responses.

General information gathered from the respondents include age of the company and the average number of employees in the prior year (2018). Majority of the firms, 43%, are between 21 to 30 years since inception, while 24% are over 30 years old. Clearly, 67% of the firms have been in existence for over 20 years, indicating a great resiliency despite the economic difficulties. The last 10 years has also seen an inception of new firms, constituting 18% of the sample. The bulk of the sector is the medium enterprises constituting 54% while the small enterprises constitute 17%. Medium enterprises firms with between 51 and 100 employees while small enterprises have employ up to 50 persons, in addition to other measurement parameters (UNDP, 2015)

Thirteen statements were presented to the respondents to indicate the level to which they agreed with, regarding to marketing innovation and performance. The degree of agreement was on a Likert scale of 1-5

Most companies (75%) endeavour to develop and maintains lasting relationships with customers. In addition, 50% of the sampled firms agree and strongly agreed to effecting significant aesthetic changes (excluding product functionality) to their existing products. The least scored statement with is the use of franchises and licenced distribution agents. The results show that 67% of the sampled firms disagree and strongly disagree to the use of this channel of product distribution. First impressions are always critical and product presentations play an important part in wooing prospective buyers. This, in most cases, will be the first encounter of a product to a prospective customer. Approximately 74% of the companies (agree and strongly agree) implemented new concepts for product presentation. Although none of the sampled companies strongly agrees to running effective loyalty schemes for distributors, salespersons or customers, 50% of the respondents agreed to the statement. A total of 25% of the companies exclusively retail their products while 16% agree to carrying out aggressive branding campaigns.

A balanced scorecard model instead of the traditional financial-only measures was preferred to measure organizational performance. This model covers four organizational performance perspectives of customer, financial, internal processes as well as learning and growth. Apart from the financials, customer perspective activities drive the organization to get and maintain the customers while internal processes guide the organization to improve its all-around performance. The ultimate results from the other perspectives are related to training and development of human resources (Ivanov & Avasilcai, 2014). Six statements were presented to the respondents in order to obtain their ratings of how their marketing innovation has influenced the organizational performance,

on a Likert scale of 1 (strongly disagree) to 5 (strongly agree). The findings are summarized in table 1.

**Table 1: Summary of responses on organizational performance**

Statement	% of responses					Mean	Std. Deviation
	1	2	3	4	5		
Increased sales turnover	11.1	8.3	12.5	62.5	5.6	3.43	1.098
Increased market share	12.5	9.7	12.5	54.2	11.1	3.42	1.196
Decreased production costs	20.8	41.7	29.2	2.8	5.6	2.31	1.016
Increased profit margins	9.7	30.6	18.1	33.3	8.3	3.00	1.175
Improved product quality	16.7	4.2	5.6	45.8	27.8	3.64	1.377
Improved employee satisfaction	20.8	2.8	19.4	48.6	8.3	3.21	1.288

Improved product quality rated highest with a mean score of 3.64, 73.6% of the respondents agree and strongly agree to it. Increased sales turnover and improved market share also ranked high with 68.1% and 65.3% respectively of the respondents agreeing to the statements. This is in line with Gunday, et.al. (2011), who found that innovation is associated to an increase in sales and market shares, since it contributes considerably to the satisfaction of existing customers and gaining of new customers. The findings show that 62.5% of the respondents disagree and strongly disagree that innovation leads to decreased production costs. This is in agreement with Pedersen, Gwozdz and Hvass (2018) who found that innovation may come with amplified costs such as higher R&D costs, botched product developments and employees turnover. Many firms in turn may opt to adopt a follower strategy. The responses on increased profit margins were split in the middle with 40.3% disagreeing and 41.6% agreeing.

Reliability statistics give a Cronbach’s alpha of 0.844 on the six items, depicting good reliability of the constructs (Brasil, Abreu, Silva Filho, & Leocádio, 2016) to measure organizational performance.

Linear regression model describing the relationship between marketing innovation and performance is summarized in table 2, with an R<sup>2</sup> of 0.793.

**Table 2: Regression model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 <sup>a</sup>	.793	.790	.41086

a. Predictors: (Constant), Marketing innovation

Marketing innovation account account for 79% of the variation in organizational performance, all other factors held constant. Coefficients for the model are as in table 3. They are all significant each with  $p$ -value<.001.

**Table 3: Regression model coefficients**

Model	Coefficients <sup>a</sup>							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1								
	(Constant)	.766	.154	.891	4.965	.000	.458	1.074
	Marketing innovation	.828	.050	.891	16.391	.000	.727	.928

a. Dependent Variable: Organizational performance

The regression coefficients show the magnitude and the direction of relationship between the independent and dependent variables. Therefore, the regression model generated for this study is shown in equation as follows:

$$OP = 0.766 + 0.828 * MI$$

where,

*OP* is Organization Performance

*MI* is Marketing Innovation

The regression model implies that taking all other factors constant at zero, organizational performance of the textile firms in will be 0.766. Holding all other factors constant, a unit

increase in marketing innovation will lead to 0.828 units increase in performance. Marketing innovation's contribution to organizational performance is reasonably high. This result resonates well with the findings from a study on garment enterprises in Jericho (Ndalira, Ngugi, & Chepkulei, 2013) which deduced that marketing innovation contributed more to enterprise growth at 0.71 per unit, and 0.52 for technological (product and process) innovation.

Qualitative analysis focused on the perceived impediments to innovation, other benefits of innovation and general comments on innovation in the industry. Although the general feeling is that innovation is the key to unlocking new market opportunities, majority of the respondents attribute their low levels of innovations to strong price competitions, especially by imports from Asian countries. High cost of access to new markets was also sighted by many as an impediment to the vibrancy of the sector. The respondents noted that legal and regulatory requirements are quite challenging, especially when importing any fraction of raw materials. The importer has to deal with multiple agencies both at national and county government levels, leading to huge increase in costs. Acquiring new machines and spare parts were also noted as contributors to high costs of production in Kenya.

Innovation often leads to improved customer satisfaction and enhances good employer-employee relationship at the firm level as attested by many respondents. Many respondents do not have any doubts on the quality of their products, in fact, they confirm that their quality has been increasing over time, yet illegal imports and counterfeits have led to a near collapse of the sector. The government needs to come up with workable strategies to curb these vices.

### **Conclusion**

The study affirmed that there is a significant positive relationship between marketing innovation and performance in the textile manufacturing industry. Marketing innovations activities are less emphasized by the firms, yet they contribute significantly to improved organizational performance. Marketing innovation activities are less costly to undertake and the technical competence is readily available within the firms. Marketing innovation plays a crucial complementary role in promoting firm's products, arising from product process and managerial innovations. The firms resoundingly confirmed that they develop and maintain lasting relationships with customers. Similarly, the firms implemented new concepts for product presentation and price discounting systems were effectively applied. Franchises and licenced distribution agents are not commonly used in the sector and few companies exclusively retails their products. The study therefore concludes that there is a positive and significant impact of marketing innovation on performance of textile manufacturing firms.

### **Recommendations**

The study recommends manufacturing firms to effectively employ social media marketing, being cost-effective and leads to increased brand awareness. Public relation experts may be engaged to help improve and maintain the firm's reputation and image. The firms are encouraged to introduce and maintain effective loyalty points schemes for our distributors, salespersons and customers. These schemes lead to increased revenue, stakeholder loyalty and attraction of new customers. The loyalty scheme is also an efficient way of gathering valuable data from stakeholders, especially through their profiles and patterns. Price discounting systems should be applied, where necessary, to encourage loyalty and attract new customers. The study established that marketing innovation significantly affect organizational performance positively. The firms need to apply more effort on marketing innovations in order to realize this positive result on organizational performance. Noting that the study covered firms within Nairobi County, research that focuses on a wider scope to include firms in the entire country be conducted. Studies on sectors other than textiles be undertaken to provide a broader scope of comparison and sufficient data for other secondary analysis.

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