EFFECT OF INNOVATION ON COMPETITIVE ADVANTAGE IN FAST MOVING CONSUMER GOODS, A CASE OF PZ CUSSONS EAST AFRICA LTD

BY

MUTHONI, BENSON MWANGI

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2017
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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2017
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________ Date: _______________________
Muthoni, Benson Mwangi (646128)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: _______________________
Dr. Joyce Ndegwa

Signed: ___________________________ Date: _______________________
Dean, Chandaria School of Business

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ABSTRACT

The general objective of this study was to establish the effect of innovation on the competitive advantage in the FMCG industry. This study was guided by three specific objectives: to establish the effect of product innovation on competitive advantage of PZ Cussons; to determine the effect of process Innovation on competitive advantage of PZ Cussons and to establish the effect of market innovation on competitive advantage of PZ Cussons.

This study adopted descriptive research design, the population involved in the study were employees at PZ Cussons East Africa Ltd. The target population of the study included the of employees at PZ Cussons East Africa Ltd headquarters, stratified random sampling was used to get 100 respondents for the study. Questionnaire were used as the instrument for data collection and data analysis included both descriptive and inferential statistics. Data was presented in tables, graphs and charts.

The study findings on the effect of product innovation on competitive advantage revealed that in order to attain competitive advantage organizations introduced new product in the market, improved the existing product in the market, promoted innovation culture among employees while also afforded them resources to promote innovation, redesigns their product from time to time, product were developed to be unique in the market and also the organization placed product innovation as one of its key objectives. The findings however, could not establish whether newly introduced products and improved products were well received in the market.

The findings on the effect of process innovation on competitive advantage revealed that in order for the organization to attain competitive advantage, it placed process innovation was one of its main objectives and ensured that it is innovative with respect to organizational processes; employees were also encouraged in coming up with new ways of performing tasks and also the organization reviewed its processes from time to time. However, the results could not establish whether organizations adopted new ways of doing things from time to time. Again it was found out that organizations did not employ the use of newest technology in the production process to remain competitive. The findings could also not establish whether the organization was innovative in terms of its production process and if the production process was effective and efficient in helping the organization to remain competitive.
The findings on the effects of market innovation on competitive advantage revealed that in order to gain a competitive advantage, the organization engaged in innovative marketing activities and had changed its marketing techniques over the past year. However, it was found that organizational marketing activities were not adventurous, proactive, innovative, and value creating and that organization had not invested in market research and neither had the organization set aside resources for the process of market innovation. It was however not established whether the management supported the activities in market innovation meant to enhance its competitiveness.

The findings on the competitive advantage of the organization showed that organization’s innovation activities had enable it perform well in the market; gain a considerable market share; expand its customer base from time to time and compete favorably with competitors and even outperform them. The findings however showed that the organization was more often not the trend setter in marketing activities and that product innovation did not raise the demand for company products. Finally, the study revealed that there exists strong positive relationship between competitive advantage and product innovation, process innovation and market innovation.

The study concludes that the competitive advantage of organizations in the FMCG is greatly influenced by the three types of innovation in this study that comprise of market innovation, product innovation and process innovation. Therefore, innovation activities in the organization makes it possible to for the organization to compete favorably with competitors, and similarly the organization innovation activities enables it to outperform its competitors on the market.

The study recommends that organization should be innovative in order to perform well in the market, acquire a considerable market share, and expand its customer base, outperform its competitors and compete favorably. The study further, recommends for the organization to pursue product innovation, process innovation and market innovation in equal measure so as to enable it attain considerable competitive advantage over its competitor in the market.
ACKNOWLEDGEMENT

This work would not have been possible without the support of various partners. I am especially indebted to Dr. Joyce Ndegwa who continuously guided and supported me from the beginning to the end.

I also place my sense of gratitude to all those with whom I had the pleasure to work and study with during this and other engagements during the period.
DEDICATION

This project is sincerely dedicated to my late mother Eva Muthoni for enrolling me in a system of education.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The business environment surrounding fast moving consumer goods industry, commonly referred to by the acronym F.M.C.G (fast moving consumer goods), has grown to be more competitive. Companies in the fast moving consumer goods have been pushed into competition to stay relevant in the market. Innovation is one of the strategy that helps a company remain competitive, according to Bartes, (2013) the modern business environment prospers on innovation. Organizations have found it essential to innovate and sustain an innovative organization culture (Urbancová, 2013).

Innovation is the process denoting either new product, new processes or new services or business practices, it entails the introduction of a fresh or meaningfully enhanced product, process, structural method or marketing method by the enterprise (Quinn, McKitterick, McAdam, & Brennan, 2013). Innovation is recognized as a significant factor for companies to create value and sustain competitive advantage in the modern challenging and vibrant environment (Ranjit, 2004). Montes, Moreno, & Fernandez, (2004) acknowledged that organizations embracing innovation, in reaction to environmental alterations and create new possibilities that will assist in attaining greater performance will achieve more prosperity.

Innovation is complex and involves all spheres of technological, economic, and social activity, from research and development to investment, production, and application (Haustein, Maier, & Uhlmann, 1981). Globalization and liberal markets across the globe have led to an increased wide spread need of innovation desires. This has consequently accelerated the innovation processes with an aim at generally reducing costs and churning more output at the minimum cost in many FMCG organizations. Increased knowledge in innovation, technology integrations, short innovation life cycles are key innovation drivers. Quinn, et al., (2013) observed that a company is capable of attaining competitive advantage through managing in the present effectively while building innovation for the future concurrently. It is quite important for companies to include innovation as a part of building their competitive advantage.
Innovation is widely acknowledged as the production of enhanced or fresh products, new approach in production methods, and the unearthing of fresh markets and organization of structures. According to Medrano, & Olarte-Pascual, (2016) innovation can change any part of the value chain. Innovation in business entails various changes in different aspects of the business, this study is focused on the innovation aspect in business product and service, business process innovation, and marketing innovation.

In the present vibrant FMCG environments, organizations have to refurbish, develop and even transform their products for them to survive in business (Minguela-Rata, Fernández-Menéndez, & Fossas-Olalla, 2014). Product innovation is the innovation that is concentrated in the product, it can be the introduction of new product into the market, the design modification of conventional products or the application of new ingredients in production of conventional products (Zhan, 2016). Michael, (2014) defined product innovations as the recombination of organization knowledge to create a new product or services in the sector. According to Kanagal, (2015) product innovation is necessary for a business to deal with competitive pressures, changing tastes and preferences, short product life cycles, technological advancement, wavering demand patterns, and particular needs of consumers. Leiponen & Helfat, (2010) describe product innovation as having either of the two objectives of developing an entirely fresh product for the market or the enhancement of a prevailing product.

In regards to competitive advantage, product innovation is significant element alongside other innovation of marketing and process innovation. Competitive advantage created by product innovation lacks sustainability since it will depend on market acceptance. Sustainability of the competitive advantage created by product innovation can however be sustained by market innovation that can create a sustainable market share, as observed by Mohr & Sarin, (2009) product innovations is a cross functional activity and it includes other factors such as marketing in order to be successful. Organizations that indulge in product innovation have the possibilities of generating 68 percent higher sales than organizations that are not innovative, this is according to a research by on Chinese firms that sought to study the role of partnership on product innovation and sales (Michael, 2014). Michael, (2014) further concluded that product innovating enterprise witness value in regards to sales earnings.
Process innovation is a dimension of innovation, described as the introduction of a new technique for accomplishing a task that makes a company stay competitive and fulfill customer need, according to Michael, (2014) it is the change that lead to new techniques of delivering existing products to the market. Rochina-Barrachina, Mañez, &Sanchis-Llopis, (2010) observed that process innovation leads to an increase in organization productivity. Process innovation is intended for achieving internal production goals, such as reducing cost of production and product enhancement. While product innovation has received much focus from researchers, it is observed that process innovation even though it creates and sustains an organizations’ competitive advantage it has received little attention from researches (Hervas-Oliverq, Sempere-Ripoll, &Boronat-Moll, 2012).

Marketing innovation is another dimension of innovation that is thought as, the efforts and resources concentrated to new sales methods in business, they are regarded to be very significant when it gets to enhancing businesses’ competitiveness (Medrano, &Olarte-Pascual, 2016). Marketing innovation has been driven by intense competition in the market that has led to companies trying to cut a niche in the market for their product and services. The Organization for Economic Co-operation and Development (OECD) defined marketing innovation as the adoption of a new techniques in product and service sells, this will include substantial changes in the aspects of product design or packaging, product placement, product promotion or pricing (Organization for Economic Co-operation and Development (OECD), 2005). Similarly, Utkun&Atilgan, (2010) looked at marketing innovation in terms of the fresh marketing techniques that involves substantial changes in valuing of the product, promotion of the product, placement or packaging of the product.

Market innovation involves marketing activities that sought knowledge on customers’ need, this knowledge is then used for aligning product and services to the customer needs in order to create customer satisfaction and retention (Medrano &Olarte-Pascual, 2016). Marketing innovation, is an appropriate technique for organizations to create competitive advantage that is sustainable (Ren et al., 2010). This sentiment were echoed by Epetimehin, (2011) who also thought that marketing innovation is critical for an organization’s success as it goes a long way in appealing to customers and securing competitive advantage. Organizations that concentrate on incremental innovation such as marketing innovation are lucrative and are
able to earn a considerable competitive advantage and even compete favorably with larger organizations than them in the market (Medrano & Olarte-Pascual, 2016).

A company obtains a competitive advantage when it gains a set of aspects or implements tasks that enables it to outperform its competitors, it gives a company an advantage over its competitors in the market by providing clients more value that could be through lower rates or through offering added benefits and service that justify similar, or possibly higher, rates (Wang, 2014). Finding and developing a competitive advantage can lead to better profit margins and a sustainable long-term business (Ehmke, 2010). Traditionally, competitive advantage was understood as a matter of position, where a company held a competitive space and constructed and secured market share. Steady environments allowed competitive advantage to be successful, mainly for big and dominating companies in established industries (Duncan, Gintei, & Swayne, 1998). Successfully building a business is frequently reliant on a solid competitive advantage that progressively builds a core of dependable clients that can be grown with time.

It’s quite a challenge to sustain a competitive advantage in the present business environment. The environment is so dynamic such that a hard earned competitive advantage can be easily lost. A company can sustain a competitive advantage as long as their product and services have characteristics that reflects on the main purchasing trend of majority of consumers. Sustained competitive advantage is the outcome of enduring value differential among products/services of a given company and the of its competitors in the minds of consumers (Duncan, Gintei, & Swayne, 1998). Companies trying to gain competitive advantage should be prepared for the dynamics of the environment and restructure accordingly in order to reap benefits, according to Stalk, Evans, & Shulman, (1992) sustaining competitive advantage has grown into more of a matter of movement and ability to innovate.

The F.M.C.G industry happens to be one of the largest industry in the globe, the goods are also called the consumer packaged goods (C.P.G). Examples of these companies include PZ Cussons, Unilever, Henkel, coca cola and Nestlé. The profit margins for most of the products in this industry are very minimal hence companies will aim at pushing volumes to make good profits. Companies are already facing a challenge in pricing strategy often being forced to cut
down the price and stay in competition. The bigger challenge comes in satisfying the dynamic markets; as the markets change and develop, so does the need to become efficient in production. This brings up a need to become even more innovative in order to meet the markets demand and stay competitive, as noted by Ota, & Samson, (2013) pursuing innovation is a sure way of winning and sustaining a competitive advantage.

The research was be conducted in PZ Cussons East Africa Ltd, with its head office in Baba Dogo Road Ruaraka Nairobi Kenya. The company is a multinational consumer goods business, manufacturing and distributing accustomed household brands across the world. Some of its product include Imperial Leather, Cussons Baby, Morning Fresh and St. Tropez (PZ Cussons, 2017). PZ Cussons East Africa Limited was started in Kenya in the late 1960s transacting by the name Cussons & Company Limited, as a unit of PZ Cussons PLC based in Manchester, UK. In 2002, the Cussons PLC Group took on a common name for all its working units across the globe, it changed from Cussons & Company Limited to PZ Cussons East Africa Limited (PZ Cussons, 2017). At present-day, it has grown partnership with distribution partners with a network of resale outlets across the nation. It exports its product to the COMESA region all served from Kenya (PZ Cussons, 2017).

1.2 Statement of the Problem
The economic space is growing complex with each day in the fast moving consumer goods. In a market composed of an increasing competitive activities and complex markets capped with a continuous change of consumer demand trends, many organizations are having a challenge. Every player is engaging in a competitive activity to increase visibility and win more consumers. As a result, the players are pressurized to deliver on the desired expectations in order to stay relevant in the market place (Surrender, 2011).

In the modern fast moving consumer goods business, sustaining a competitive position is of crucial concern. The competition existing in fast moving consumer goods industry has extremely grown aggressive, with many competitors. The capacity of sustaining a fast moving consumer goods company is heavily reliant on how the firm takes advantage on competition in the market place to attract and maintain its customers. Many firms have shown their abilities of being profound to their consumers by striving to understand the
choice and preferences of consumers and designing long-range marketing series to meet those necessities.

Soliman, (2013) examined if innovation was driver of sustainable competitive advantages in Australia, he was of the conclusion that organizations have embraced innovation as the key to competitive advantage. However, Soliman study did only examined the role innovation without evaluating the impact that this innovation has on competitive advantage. An examination of product innovation and buyer–supplier relationship in Pakistani firms, established that a company's product innovation performance is positively influenced by strategic buyer–supplier alignment with regard to product innovation, this in turn has a positive impact on market performance (Muhammad, Shaukat, Syed, & Vijay, 2014). This study only focused on product innovation oblivious of the other dimensions of innovation such as market innovation and product innovation. Rosli, & Sidek, (2013) studied the impact of innovation on the performance of small and medium manufacturing enterprises in Malaysia, they found evidence showing that the food manufacturing SMEs in Malaysia were unable to gain competitive advantage because of lack of innovation. They concluded that this organizations needed to get into place the driver of competitive advantage which is innovation. However, Rosli, & Sidek, (2013) study did not considered the sources of innovation in the SMEs.

Reguia, (2014) did a research in Algeria on product innovation and the competitive advantage, the result of this research showed that a business’s endurance is correlated to the ability of the business to develop a competitive advantages in its products through product innovation. Reguia, failed to examine the influence of other dimension of innovation that also contribute to the organizational innovation and affect competitive advantage. In Kenya, Mathenge, (2013) investigated the impacts of financial innovation on competitive advantages of telecommunication companies in Kenya. The study established that telecommunications companies registered growth through financial innovations which offered them a competitive advantage. This study examined only financial innovation that might be insignificant to the FMCG industry. Arunda, (2015) studied the influence of innovation on competitive advantage in Kenya, he focused on product innovation that is the M-pesa innovation by Safaricom company. This study concluded that M-pesa innovation positively influenced the
competitive advantage that Safaricom Company enjoyed. Arunda, did not considered the influence of process and market innovation in her study that also might influence competitive advantage.

Scholars have highly concentrated on one or two dimensions of innovation while overlooking other dimensions of innovation especially market innovation. They have also concentrated on organization outside the FMCG industry with little or no known study on innovation and competitive advantage in FMCG in Kenya, this study therefore, sought to fill in the study gap by providing answers to the question, what is the effect of product innovation on competitive advantage in FMCG? What is the effect of process Innovation on competitive advantage of FMCG? What is the effect of market innovation on competitive advantage of FMCG?

1.3 General Objective
The general objective of this study was to establish the effect of innovation on the competitive advantage of organization in the FMCG industry.

1.4 Specific Objectives
1.4.1 To establish the effect of product innovation on competitive advantage of PZ Cussons.
1.4.2 To determine the effect of process Innovation on competitive advantage of PZ Cussons.
1.4.3 To establish the effect of market innovation on competitive advantage of PZ Cussons.

1.5 Significance of study
This study is expected to be valuable to a number of key stakeholders. These consist of not only the management of PZ Cussons East Africa Ltd but other similar management in FMCG industry, scholars, human resources practitioners, prospective investors in FMCG, among others. In the sub-section illustrate how the various stakeholders are likely to gain from the study.

1.5.1 Researchers and Academicians
The outcomes of this study contribute to the discipline of business innovation as a tool for market competition. Scholars in the field of business innovation get a wider view of this
concept and it adds to the existing pool of knowledge. It also fills in a gap as it shows the link between innovation and competitive advantage.

1.5.2 PZ Cussons Management
The organization management gains from this study results that helps them in the formulation of strategies of innovation relevant for gaining competitive advantage. The study benefits the management through provision of information that assist them in being innovative as well as the how innovation can give them competitive advantage.

1.5.3 Policy Makers
The information gain from this research can be used to proposing best practices in innovation policy in the FMCG industry. The FMCG industry can be able to apply the knowledge from this study in coming up with better innovation policy frameworks. It also helps in regulating innovation in the industry of FMCG.

1.5.4 Prospective Investors
The prospective investors benefits from this study, whereby they are equipped with the information that is necessary in investing in the FMCG sector since the investors informed of the potential of innovation in the competition in FMCG sector.

1.6 Scope of the study
This study was carried out at PZ Cussons East Africa Ltd at its head office in Baba Dogo Road Ruaraka Nairobi Kenya. A sample size of 100 senior management staff was selected and data was collected and analyzed. The study was carried in between the month of March 2017 to May 2017. The study evaluated innovation in organization focusing on three dimensions of innovation comprising of product innovation, process innovation and market innovation. The influence of these three dimension of innovation on competitive advantage of the organization was evaluated.

The limitation for this study included, inaccurate responses from the responded caused by misinterpretation of the questionnaire items, the respondent mischievously decided to mislead the researcher by providing wrong information, or carelessly responding to the questionnaire. However, the researcher after data collection cleaned the data to remove
wrongly filled questionnaire and to remove misleading questionnaire. The researcher also found time for carrying out the research to be limited and therefore respondents were constantly reminded to fill the questionnaire and not to delay on responding to it.

1.7 Definition of Terms
1.7.1 Innovation
It is the process that involves the introduction of new product, new ways of accomplishing business operations (Quinn, McKitterick, McAdam, & Brennan, 2013).

1.7.2 Competitive Advantage
Competitive advantage is the advantage that a company has over its competitors in the market, either by providing clients greater value that could be through lower rates or through offering added benefits and service that justify similar, or possibly higher, rates. A company obtains a competitive advantage when it gains a set of aspects or implements tasks that enables it to outperform its competitors (Wang, 2014).

1.7.3 Sustainable Competitive Advantage
It is the distinctive differences consistently maintained for long resulting to greater organization performance over its competitors (Peteraf, 1993).

1.7.4 Fast Moving Consumer Goods (F.M.C.G)
These are consumer goods products that sell quickly at relatively low cost – items such as milk, gum, fruit and vegetables, toilet paper, soda, beer and over-the-counter drugs like aspirin (KPMG Africa, 2015).

1.7.5 Firm
It is a corporate organization, such as a corporation, limited liability company or partnership that is involved in selling of goods or services for a profit (Oswald, Proto & Sgroi, 2014).

1.7.6 Strategy
This can be defined as the planned tactic or set of activities put in place in order to achieve specific objectives. This is the creation of a unique and valuable position, involving a
different set of activities and might require trade-offs and the creation of fit within company activities (Porter et al., 2003)

1.7.7 Service
Gadrey, (1995) “to produce a service is to organize a solution to a problem (a treatment, an operation) which does not principally involve supplying a good. It is to place a bundle of capabilities and competences (human, technological, organizational) at the disposal of a client and to organize a solution, which may be given to varying degrees of precision”.

1.8 Chapter Summary
The chapter has provided the background to the study regarding the innovation and competitive advantage, as well as the statement of the problem. Other sub-sections provided include research objectives, research questions as well as significance and scope of the study, and finally definition of terms. In chapter two, literature is reviewed based on the research objectives. Chapter three present a detailed account of the research design and methodology followed by summary, discussion, conclusion and recommendations in that order in chapter five.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This section reviews literature on innovation in organizations and its influence on competitive advantage, literature is also reviewed concerning the research objective that include: the influence product innovation has on competitive advantage; the influence that process innovation has on competitive advantage and the influence market innovation has on competitive advantage.

2.2 Influence of Product Innovation on Competitive Advantage
The current business environment is dynamic, this calls for business entities to develop product that are relevant in the market and can keep up with the new market demands. Refurbishing, developing and even transforming business products is one of the ways of ensuring a company remains relevant and competitive in the market (Minguela-Rata, Fernández-Menéndez, & Fossas-Olalla, 2014). This process of transforming the business products is what is referred to as product innovation, it involves recombination of an organization knowledge to create a new product or services in the sector (Michael, 2014). The intention of product innovation is to revise the functionality of the product in some ways to improve value to the consumer or the organization (OECD/Eurostat, 2005)

Product innovation helps an organization to compete in the market sector, through creation of a new product that can be powerful over the existing market product, Kanagal, (2015) observed that product innovation is necessary for a business to deal with competitive pressures, changing tastes and preferences, short product life cycles, technological advancement, wavering demand patterns, and particular needs of consumers. The product is aligned to the demands in the market, once this is achieved then the product can have a high demand in the market making it have an advantage over other products. Stawicki, (2010) states that product innovation is a mechanism organizations use to head off competitors who are as well bringing fresh products to the market, to grow market share or grow the total market, and to obviate the need to compete on price alone.
Innovation is thought as one of the characteristics of a successful business, it’s considered a fundamental element for satisfaction of every customer in the market and the fulfilment of their desires. According to Reguia, (2014) innovation denotes the discovery of an idea that if well executed will help a business achieve competitive advantage. Product innovation is critical to any business entities since it is innovation at the primary function of the business; product manufacturing. It conveys to consumers more about an organization as compared to other marketing activities, products are the only source of income to the company and profits will be driven higher by a well selling product, they are also the most significance factor in the marketing mix that creates future success of the organization. Profitable businesses are the ones capable of creating new products to match the ever changing requirements in the dynamic market.

Competitive advantage can be gained through organizations’ cost curve that may involve minimizing cost per unit of production, purchasing, distribution or transaction, it could also be through the enhancement of the organizations’ capacity to innovate that could be either through increasing the skills to create fresh products or processes or achieving creating new knowledge (OECD/Eurostat, 2005). According to Lam, (2004) an organization capacity to innovate is essential for effective exploitation of inventive resources and new technologies. The product is the basic of business operation hence directly links the business with customers, who are the first priority of the business. Product innovation can take two dimension in the organization, the organization can decide to go on developing a completely new product or refurbishing/improving on the custom products in the organization through making alterations and small changes in the dimension or parts of the product (Reguia, 2014).

2.2.1 New Product Development

New-product development is the creation of a completely new product for the market, it denotes the organization’s ability of constructing or refining products and organization introducing new products to the market at a better quality, low cost and at a suitable time launching a new product (Muangkhot, &Ussahawanitchakit, 2015). An organization stands to gain a competitive advantage by introducing a new product that allows it to increase demand and mark-ups (OECD/Eurostat, 2005). According to Davis, Chelliah, & Minter, (2014) the
efficient and effective introduction of new products to the market is a way in which an organization can achieve a significant competitive advantage.

Development of a new product is a result of deliberate strategies that are accomplished, however the development of a new product can also be an outcome of disordered means, as observed by Mirko, Aleksandar, & Antoaneta, (2014) most of new product are outcome of chaotic activities. Studies demonstrate that planned activities of big organizations comprise two categories that innovation and creation of fresh product ensue, one is the motivated planned activities and the other is the spontaneous ones, the motivated strategic activities are in line with the customary idea of strategy. By fostering different management mechanisms, the top management can stimulate the supervisors and intermediate management of an organization and offer strategic behaviors that are in line with the current strategy.

Kunc, (2005) presented a paper on competitive dynamics of an industry, that focused on illustrating the competitive dynamics of FMCG industry, he noted that new product developments in bar soaps, drove the trades value growth in FMCG industry, especially to VR-Cussons, which he observed was more innovative than other FMCG companies. The launch of the new soap product by VR-Cussons was purposed for increasing its competition in the market. Görzig, Gornig, & Werwatz, (2008) researched on the influence of new products introduction on organizational productivity, among German manufacturing companies. In their research Görzig, Gornig, & Werwatz, observed that introducing new products is a key measure to take on new market opportunities and gain quasi-monopolistic profits. According to Hauser, & Dahan, (2008) organizations that create necessary organizational structures and processes to continuously and effectively create new product are highly likely to be in line with consumers’ demands.

However, new product development is a tremendously challenging and difficult procedure to an organization, it highly require a lot of resource concentration and expertise and sometimes success may not be realized easily or at all. The introduction of a new product face uncertainty in customer reception, it face a big backlash in the market or maybe take time before it breaks through to the market. Hauser, & Dahan, (2008) observed that innovation is characteristically risky, and organizations could devote significant resources in new product
ideas with no assurance that they will ever become commercially viable. Hauser, & Dahan, (2008) observed that up to 35% of new products introduced to the market end up failing, they opined that in order to enhance the success of a new product into the market organization should have a good new product development (NPD) process. Davis, Chelliah, & Minter, (2014) identified three main issues that should be observed in NPD process, one is to make sure the new product being introduced is appealing, second the new product should meet consumer expectations and lastly is ensuring the product cycle from its idea inception to product delivery is as short as possible.

The NPD process in the organization needs to be well coordinated with marketing activities to ensure it is delivered at the opportune time in the market. This will enable it attain market acceptance and be able to and compete favorably with the prior products that are already doing well in the market. Hilletofth, & Eriksson, (2011) in their study were of the opinion that NPD process should be coordinated with supply chain management activities to avoid losing on a company competitiveness in the market. They called for production of innovative, value-adding products that should be also delivered fast to the market.

2.2.2 Product Refurbishing

This strategy of product innovation involves implementing changes to old products in the company. Changes can be made on the whole product or partially in some components of the product that may vary from product shape to the various features of the product like color, taste in the instance of food and beverage. Product improvement can involve inventive development or new idea execution focused on enhancing features and functionalities of an already existing product/services in order to enhance its quality (Noorani, 2014). Improvement of an old product as product innovation strategy focuses on deriving change in a product or a service in order to make it better and more effective in its functionality so that it fulfil consumer requirements and thus be more appealing. The main purpose of innovation according to the OECD Oslo Manual, is focused on enhancing an organizational performance by attaining a competitive advantage or staying competitive through shifting the demand curve of the organization products that may involve among other things product quality improvement (OECD/Eurostat, 2005).
Potecea, &Cebuc, (2011) did a study on the significance of innovation in international business, they were of the opinion that for a company to face competition, it should have innovations, they thought it necessary and quite an essential step in organizations development. Potecea, &Cebuc, states that through innovation organization would have products with enhanced quality features, quality service, fresh productions techniques, efficient organizations systems, better business models, current recruitments techniques and so on. They identified the needs for a company to innovate as growing market share, acquiring new markets, enhancing product quality, choice of products, altering outdated products and decreasing environmental impact among others. This study concluded that innovations make the difference, providing organizations a significant competitive advantage in both the domestic and foreign markets (Potecea, &Cebuc, 2011).

2.3 Influence of Process Innovation on Competitive Advantage

Process innovation is the development of favorable changes in the production process (O’Sullivan & Dooley, 2009), while Wang & Ahmed (2004) considered process innovation as the introduction of new production techniques, administration techniques and expertise to better the production and management process. Process innovation in an organizations helps the organization to cut down on the process costs, improve on quality, services levels and other business goals. O’Sullivan & Dooley, (2009) observed that process innovation is concerned with the operational activities meant to create a competitive advantage through the improvement of quality of offerings and efficient distribution method than rivals in the market. Process innovation helps an organization cut the cost in production and distribution and also improve quality features (Gunday, Ulusoy, Kilic, &Alpkan, 2011). For an organization seeking competitive advantage in the market, can therefore take upon process innovation that will help in cutting the cost of the product while improving its quality. This can offer the product in the market at an efficient price for both the organization and the consumer which can lead to a sustained customer relation that will contribute to competitive advantage.

Process innovation involves the adoption of new technology in the production techniques or even the improvement of the production techniques of a product (OECD, 2005). The new techniques in production are thought to either include the tools being used in the production,
the production organization or even a combination of both, the changes are linked to application of new knowledge. Adner&Levinthal, (2001) observed that process innovation will not alter the product concerned but will lower the production cost. Process innovations results in the decrease in the product cost and pricing that in turn increases the attractiveness of the product and push it to a competitive advantage. According to Hilman, (2009) organizations can be able to obtain competitive advantage through attaining low cost. Qin (2007) stated that process innovation enables an organization attain economies of scale, minimizing the costs and increase market share.

Organizations gain cost advantage over their competitors in the market through process innovation, it allows them a higher mark-up at the contemporary market prices or, liable to elasticity of demand, the application of low prices and higher mark-up than its competitors to achieve market share and increase earnings (OECD/Eurostat, 2005). According to Drljaca, (2006) in his study that examined whether the cost of leadership strategy and process innovation affect performance of hotel industry in Malasia, competitive advantage and higher organizational performance are attributed to process innovation in the organization.

2.3.1 Process in the FMCG industry
Rallabandi, (2014) observed that there are basically three process in FMCG industry, that include, production, distribution and marketing operations. Innovation in the production process can be done in methods of production that entails techniques, tools and computer systems that are used in production. The innovation can be the adoption of new techniques in production such as automation of the production tools or the application of human-computer interaction in designing the product and its development process (OECD/Eurostat, 2005). Accordingly, these are the processes that organizations in the FMCG industry can carry out innovation in order to minimizing costs, gain large market share and become more efficient than competitors in the market and n due cost attain a competitive advantage (Drljaca, 2006).

Innovation in the distribution process could be concentrated in the logistics of the organization including equipment, computer system and ways of sourcing inputs, distributing supplies in the organization or deliver end products. An instance of new distribution technique is the introduction of goods tracking system through Radio Frequency
Identification (RFID). Delivery methods concern the logistics of the firm and encompass equipment, software and techniques to source inputs, allocate supplies within the firm, or deliver final products. An example of a new delivery method is the introduction of a bar-coded or goods-tracking system (OECD/Eurostat, 2005).

In spite of its significant contribution to the competitive advantage of an organization, process innovation has received less research concentration. A lot of studies have been concentrated in product innovation with very few researchers studying about process innovation. According to Hervas-Oliver, Sempere-Ripoll, & Boronat-Moll, (2012) too much focus on the innovation literature on product innovation, its drivers and influence, has nearly abandoned process innovation which is also a significant strategy that creates and sustains an organization's competitive advantage. Hervas-Oliver et al., (2012) observed that the source of process innovation in an organization is derived from sources outside organizational knowledge, comprising official and commercial purchase of embodied technology and informal sources of knowledge from the business and other outside agents and functions.

A study focused on examining the causal relationship between process innovations and productivity of small micro-enterprises (SMEs). Specifically the study analyzed the scope and duration of the productivity achievements created by process innovations in SMEs, while considering the possible endogeneity problem between process innovation and the growth of productivity. This study drew a conclusion that process innovations could be taken as a strategic tool that can enable SMEs improve their competitive position in the market through enhancing productivity growth. This they observe is particularly significant since the competitive force increases due to increased globalization of markets (Mañez, Rochina-Barrachina, Sanchis, & Sanchis, 2013).

2.3.2 Process Innovation in Fast Moving Consumer Goods

In the fast developing competitive markets FMCG are developing strategies to get into offering innovative mixture of products and services as ‘high-value integrated solution’ customized to every consumer’s requirements. Organizations in the FMCG industry are creating innovative mixture of service capacities necessary to meet consumers’ needs so that they can be able to augment consumer value towards innovations. The cost of innovation can
be gradually passed down to consumers, through pricing of products (Rajagopal, 2008). Hilman & Mohamad, (2011) also observed that in the present competitive environment it’s necessary for organizations to continuously reinvent so that they can attain and sustain superior performance and competitive advantage. Particularly, in the fast-moving consumer goods industry, where developing a competitive advantage for organizations is a very tough, if not nearly impossible task (Kunc, 2005). Lam, (2004) observed that an organization capacity to innovate is essential for effective exploitation of inventive resources and new technologies.

A study done on service innovation and competitive advantage, set out to ascertain the main sources of service innovation and the impact this innovation has on achieving competitive advantage. This study identified information technology as a basis of innovation, it concluded that sharing of knowledge in the organization, the acceptance of technology and having right individual are most significant source of innovation. It recommended that organizations should adopt information technology and carry out well connected and informed research and development as they have a great potential for fostering innovation (Noorani, 2014).

An organization can obtain innovation through either financing creativity events to create innovations from inside the organization, this could be done either in union with other external partners or the solely by the organization. Taking up innovation created by other organization can also be another way of an organization obtaining innovation as part of a diffusion process (OECD/Eurostat, 2005). Svetina, & Prodan, (2008) carried out an investigation of factors that contribute to innovation in an organization by studying the magnitude to which different knowledge sources contribute to firms’ innovation performance. According to this study an organization internal knowledge is not enough for innovation in the organization, it should be coupled with external learning sharing that are also significant for innovation in the organization. This options provide a myriad of combination, such as when an organization take up an invention by another company and customize it to its functionalities, or when an organization introduces a new element got from suppliers for consumer products, or even the adoption of new manufacturing technology in
production. In both creating and borrowing invention from outside involve extensive learning or interaction with other players, or minimal outside linkages (OECD/Eurostat, 2005).

2.4 Influence of Market Innovation on Competitive Advantage

Marketing innovation is referred to as a constant process that is concerned with the improvements of a company learning process and carrying out new and current marketing activities and practices that are greater compared to old ones (Mahmod, J. A., Ibrahim, A.M.A, & Rodina A.Y, 2010). Tinoco, (2010) defined marketing innovation as the creation and application of fresh ideas in creating, communicating, and delivering value to consumers and for managing consumer relations in a manner that profits the company. Hanvanach, Droge and Calatone (2003) defined marketing innovation as the capacity to re-conceive the existing industry model in ways that create new value for consumers, undermine competitors in the market, and produce new wealth for all stakeholders of the organization.

According to the Oslo Manual on the guidelines for collecting and interpreting innovation data, market innovation is defined as the implementation of new marketing methods, which involve changes in design of the product and packaging, changes in promotion of the product and placement, and as well changes in methods for pricing goods and services (OECD/Eurostat, 2005). Literature on marketing innovation demonstrate two distinctive approaches: one being the idea of marketing innovation as such, and the other one deliberates on the competitive advantages that companies can attain through marketing innovation (Natalia, 2016).

In today’s turbulent business environment, there is need for new ideas that can completely change any aspect of the value chain. This goes beyond just innovations in products and services. (Birkinshaw et al., 2011). According to Ren et al., (2010) marketing innovation is a necessary tool for organizations to achieve a sustainable competitive advantage. Most businesses focus only on technological innovations that they completely neglect marketing innovations (O’Dwyer et al., 2009). Marketing innovation will also consist of continuous and additional adjustments to current activities which enable small and medium enterprises differentiate their offerings with larger firms (Epetimehin, 2011). Ultimately firms are
considered to be more innovative when they engage in marketing innovation as part of their overall innovation strategy.

Marketing innovation is significant for the fact that it enables the organization to respond to the market opportunities that the organization should exploit and at the same time meet the customers’ needs (RodriguesCano et al., 2004). Rosli et al., (2013) observe that organizations should prioritize on market innovation since it enables the organization to reach out to its customers faster and more efficiently. Mahmod, et al., (2010) did a study in financial institution that aimed at examining the influence of marketing innovation on creating a sustainable competitive advantage. This study established that sustainable competitive advantage is rooted in the organization capacity to hold on to and grow its strategic customers’ base that can achieved by the use of client's insight to drive fresh and novel concepts and bestow organizational structures and resources to create innovation.

2.4.1 Market Innovation Activities in the Fast Moving Consumer Good Industry

Market innovation in an organization is reliant on the organization strategies on new markets practices, sustaining marketing, increasing marketing size, focusing on consumers and market competition, and taking up innovative technology (Wang, 2015). It involves substantial changes in the design of the product as part of new marketing idea that would not affect the product functionality but only its looks (OECD/Eurostat, 2005). Changes in product appearance may include the packaging appearance of the product or in case of food and beverage product it can even go as far as changing the flavor and taste to appeal to more customer (OECD/Eurostat, 2005). According to the Oslo Manual, marketing innovation can also be in product placement entailing the introduction of new sales channels such as contracting systems, of direct selling or exclusive retailing, and of product licensing, product placement innovation can also be in the application of new ideas for product presentation. Another marketing innovation strategy is through the application of new ideas for endorsing an organization’s products in the market (OECD/Eurostat, 2005).

Marketing innovation is the main factor for business operations in a business environment Clemmer (1998), market innovation is particularly important in strategic planning and development and the creation of fresh products in the market. Haddad &Algadeer (2004)
thought that marketing innovation reflects the organizational capacity to enhance their products continuously, resulting in huge and new benefits to consumers satisfying their requirements in an exceptional way. This is observed to position an organization at a competitive advantage (Mahmod, J. A., Ibrahim, A.M.A, & Rodina A.Y, 2010).

A study of innovation drivers and obstacles in support of better policies for the European commission sought out to observe the direct and indirect effects of marketing innovation on the organizations’ competitive advantage and economic performance. This study observed that a significant segment of European businesses took upon marketing innovation in order to gain competitive advantage and also economic success (Som, Diekmann, Solberg, Schricke, Schubert, Jung-Erceg, Stehnken, Daimer, 2012).

2.4.2 Marketing Strategies for Fast Moving Consumer Goods

Fast moving consumer goods have a short lifespan, once produced they need to be sold fast before they expire. Suganthi, (2016) observed that fast moving consumer goods are frequently bought, they include goods such as foodstuff, toiletries, and beverages and pampers. Suganthi, (2016) further notes that these products have a fast turnover and quite low cost. Producers of fast moving consumer goods are therefore faced with the challenge of adopting marketing strategies that will ensure quick sells of their products. Establishing local contact with the local community increases the visibility of FMCG organization, this creates there awareness among the consumers that offer markets for fast moving consumer goods (Suganthi, 2016).

Biégas, &Neto, (2015) carried out an empirical study on innovation in marketing strategy process, in their study they found out that market performance, comprising of buyer satisfaction, providing value to customers, preserving and appealing to more consumers, attaining growth and sustaining market share, relies mostly on the choice to innovate with changes in prevailing marketing practices. Additionally, Biégas, &Neto, (2015) established that market performance was greater in companies with high innovations. A study in the Indian market, aimed at understanding the strategies employed by one of the leading fast moving consumer goods company in India, recommended that as markets transform and
grow, organizations should be able to design the strategy that will be appropriate for their market in order to maintain their competitive position in the market (Suganthi, 2016).

Muangkhot, &Ussahawanitchakit, (2015) carried out an empirical investigation on strategic marketing innovation and marketing performance in the furniture exporting businesses in Thailand. They investigated the correlation between three dimensions of marketing innovation strategy that included: learning orientation, firm entrepreneurship and research and development innovation strategy, on marketing performance through mediating influences of new product development, customer responsiveness, marketing effectiveness and marketing advantage. Further, Muangkhot, &Ussahawanitchakit, (2015) investigated the moderating role of market culture as well as long term vision, marketing resources and technology growth were examined as antecedents of marketing innovation strategy. They used regression analysis to assess the correlation between the study variables. Their study sampled 83 business exporting furniture from Thailand and used questionnaires to collect data. Findings showed that all dimensions of marketing innovation strategy has an effect on consequence in different ways, include that learning orientation, firm entrepreneurship, and R&D innovation strategy has a positive effect on New product development, customer responsiveness, marketing effectiveness, and marketing performance, whereas, long term vision has full positive influence on three dimension of marketing innovation strategy. And on moderating effect of marketing innovation strategy has positive only influence on the relationship between long term vision and market culture on learning orientation.

2.4.3 Indicators of Market Innovation in an Organization

When a company engages in market innovation it is reflected in a number of aspects in the organization. There are three key indication of marketing innovation is vivid through the three core business processes (Srivastava, Shervani and Fahey 1999). From the innovative implementation of the product-development management process, marketing innovation can result in greater hit rates of new product introductions, faster commercialization of new product ideas, reduced time to sales takeoff, and enhanced profitability from effective segmentation of innovators, early adopters, early majority, and late majority, e.g., (Brown 1992, Hauser, Tellis and Griffin 2005). These are examples resulting from the activities successfully implemented in the marketing product space of marketing innovation.
Next, marketing activities from the marketing-process space of marketing innovation offers the organization the opportunity to experience increased revenue and cash flow from alternative sales channels, improved component quality and value through procurement input, and reduction in customer service costs through technology, outsourcing, or streamlined operating procedures. Lastly, organizations with high levels of marketing innovation can experience a significant increase in customer retention and loyalty, heightened perceived switching costs for consumers, and added value from risk-reducing branding, superior service, or customized solutions. These manifestations are valuable to the organization as they offer the ability to contribute directly to organizational performance.

2.5 Chapter Summary
This chapter presented a review of literature in line with the research objectives. Literature is reviewed on innovation in organizations and competitive advantage. Specific literature based on the three key dimensions of innovation in organizations; product innovation, process innovation, and market innovation have been examined. The chapter is relevant in analyzing the study on past research activities. The next chapter discusses the research methodology employed in the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research method that this study employed in order to attain the objectives of the study that include: the influence of product innovation on competitive advantage; the influence of process innovation on competitive advantage and the influence of market innovation on competitive advantage. It mainly, focus on the research design, population of study and the sampling technique, data collection, research procedures, data analysis and presentation.

3.2 Research Design

A study research design is the proposed structure that clearly illustrate how the researcher intends to carry out the various activities of the research in order to fulfil the objectives of the study in a systematic way. Cooper & Schindler, (2012) defined research design as the strategy and arrangement constructed so as to enable the researcher answer the research questions, while according to Babbie, (2010) a study research design is a the coherent design that outlines the ways in which data is collected and analyzed and results be obtainable.

Basically, there are five types of research design as identified by Kombo & Tromp, (2012) they include: descriptive, observational, exploratory, causal and experimental and exploratory research. The different types of research design are suited for different purpose that the study is meant for, it is therefore imperative to select a suitable research design that will be able to effectively address the research objective. This study therefore adopted the descriptive research design in order to realize the objective of the study. Descriptive research design is intended at providing a depiction of circumstances as they naturally occur (Burns & Grove, 2003). Therefore in order to clearly illustrate the effects that innovation has on competitive advantage of organization in the FMCG industry, descriptive research design was used. This design also helped in offering a description of the three dimension of innovation; of product, process and market innovation and how they impact on the competitive advantage of FMCG companies. This design was used owing to the fact that it
support studies that check the relationship between study variables and helps in the collection of detailed information.

3.3 Population and Sampling Technique

3.3.1 Population

Population are the subjects of the study that the researcher intends to collect data that will be used to draw conclusion on the population after the data analysis. According to Quinlan, (2011) the population of study is the total number of persons, items or units that are applicable to the study, Quinlan lists individuals, groups, organizations, documents, campaigns, incidents among others as entities that can form a study population. In order to ensure the research project is researchable the researcher has to decide on the population of study accurately (Quinlan, 2011). Shaw, (2012) observed that deciding on the target population of study, one should consider a number of factors that include among others the ease of access to the population and data collection and the level to which the subject of the study affects the target population. This study therefore defined the population of this study as, 190 employees at PZ Cussons East Africa Ltd, which is an industry in the fast moving consumer goods. Table 3.1 displays the distribution of this study population.

Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Population Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>15</td>
<td>8%</td>
</tr>
<tr>
<td>Sales</td>
<td>40</td>
<td>21%</td>
</tr>
<tr>
<td>Planning</td>
<td>10</td>
<td>5%</td>
</tr>
<tr>
<td>Marketing</td>
<td>35</td>
<td>18%</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>20</td>
<td>11%</td>
</tr>
<tr>
<td>Production</td>
<td>70</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>190</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source PZ Cussons EA Ltd (2017)
3.3.2 Sampling Design

3.3.2.1 Sampling Frame
A sample frame is the list of objects or individual that constitute a population where samples can be taken to participate in a study. According to Hair, Money, Samouel, & Page, (2008) a sample frame is an inclusive list of all components from which the sample is drawn. This study sample frame comprised the employees of PZ Cussons East Africa Ltd at the headquarters office whose list was acquired from the human resources department.

3.3.2.2 Sampling Technique
Sampling technique is the method of selecting samples from the sample unit that will participate in the process of data collection for the study (Hair, et al., 2008). The sample unit for this study included the total population of employees at PZ Cussons East Africa Ltd headquarters. The study employed stratified random sampling in order to draw a convenient sample for the study. Stratified random sampling method entails, splitting the population into groups or strata, and the sample for the study selected randomly from the groups, this techniques was be used because it ensures that individual strata or groups of individuals are represented in the sampling process. According to Quinlan, (2011) random sampling entail picking sample for the study at random from the sample frame. Hinkle, Jurs, &Wiersma, (2009) stated that in stratified random sampling the study population is broken down into subpopulations called strata, all strata are then represented in the sample, often through proportionate allocation. This sampling technique as observed by Cooper &Schindler, (2014) was used in order to give chance of selection for the whole target population so that the result could be generalized.

3.3.2.3 Sample Size
In order for estimating the characteristics of a large population, an appropriate sample size is selected (Hair, et al., 2008). The assessments of the group selected as the sample population of the study are anticipated to be reflective of the opinion of the entire study population. Kotler et al., (2017) observed that a sample size representing 10% of the study population has a good reliability if it is appropriately selected. In this study, a total of 100 employees at PZ Cussons East Africa Ltd head office was involved in this research, this is 52.63% of the study
population making it way above the minimum recommended percentage by Kotler et al., (2017) it was thus appropriate to draw conclusion from this study.

3.4 Data Collection Methods

This study intends to collect primary data from respondent through questionnaire with both structured and open ended questions. The researcher decided on using questionnaire as the instrument for data collection because of its efficiency and effectiveness in collecting primary data from subjects under study. The structured questions are meant to collect appropriate data that also enabled the researcher to efficiently analyze the data while the questionnaire also contained some open ended questions in order to capture additional information that the researcher could not conceptualized in advance. According to Cooper & Schindler, (2014) it’s recommended to use questionnaire for standardized questions to avoid misconception, questionnaire is also thought to be suitable for descriptive study as it allows the investigation of the perceptions of respondent on the study variables. The design of the questionnaire includes two parts with the first part containing questions on the background information of the respondent while the second part captures questions relating to the study objectives. The second part is further split into section that addressed the objectives of the study in various sections.

3.5 Research Procedures

This study was carried out in a systematic procedure in order to ensure reliability in the final results of the study. The researcher sought permission from the management of PZ Cussons East Africa Ltd through the dean school of business, USIU-A. This allowed the researcher accessibility to the subjects of study, the researcher then carried out a pilot study to test the validity and reliability of the questionnaire. In the pilot study 10 respondents were administered with questionnaire and these respondents did not participate in the actual study. The pilot study enabled the researcher to adjust the questionnaire and amend ambiguous questions and do away with the irrelevant questions.

The actual study was carried out after adjusting the questionnaire as recommended from the study test, the researcher coordinated with human resource management at PZ Cussons East Africa Ltd to facilitate data collection through a drop and pick method. This helped to ensure a high response rate since respondent were allowed ample time to respond to questionnaire.
The researcher also assured and ensured confidentiality of the information provided by users in order to get cooperation from the respondent and ensure the research was ethical.

3.6 Data Analysis Methods
The data collected from respondent was in the nature of quantitative data, it was therefore statistically analyzed using the descriptive and inferential statistics. The data from the field was first cleaned and indexed, the questionnaire items were then coded into the Statistical Package Social Sciences (SPSS) and the collected data entered into the SPSS program. Descriptive analysis was done using means and standard deviation, regression analysis was also carried out to test the strength and direction of the independent and dependent variable relationship and the contribution of the independent variable on the dependent variable. A multiple linear regression equation was used to test the influence of innovation on competitive advantage of PZ Cussons EA Ltd. The regression equation that was used is represented as:

\[ y = a + b_1X_1 + e \]

- \( y \) = dependent variable
- \( a \) = the constant of the equation or the y intercept
- \( b \) = the slope of the regression line
- \( x_1 \) = independent variable
- \( e \) = the error term

3.7 Chapter Summary
This chapter has presented the research design and methodology to be used in the study. These include research design, population of the study, sampling procedure, data collection methods, research procedure and data analysis and presentation. Chapter four presents the study findings and results while chapter five provides the summary, discussion, conclusion and recommendation from findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the research findings in line with the objectives of this study. The first part presents the background information of the respondents while the second part presents the main results on the objectives of the study. The results are presented in figures and tables. The study managed to get back 80 questionnaires out of the total (100) questionnaire that were distributed to the respondents, this translated to 80% response rate.

4.2 Background Information

4.2.1 Gender of the Respondents

The study respondent comprised of 56% male and 44% female, this shows that both genders were well represented in the study sample, even though the male respondents were slightly higher in number than female respondents. This result is shown in figure 4.1.

![Respondents' Gender](image)

Figure 4.1: Respondents' Gender

4.2.2 Age of the Respondents

This study had majority of the respondents, 83.3% aged between 22 – 35 years old, while 11.1% of the respondents were aged between 36 – 45 years and 5.6% respondents were aged between 46 – 55 years old. This shows most of the respondents were in their youthful age. This findings are displayed in figure 4.2.
4.2.3 Academic Qualification of the Respondents

This study found out that majority of the respondents, 82.4% had attained bachelors’ degree in their academics while 11.8% respondents had attained a masters’ degree and 5.9% had attained diploma certificate in their academics. This show that respondents were all literate and could be able to respond to the questionnaire. This result is displayed in figure 4.3.

Figure 4.2: Respondents' Age

Figure 4.3: Respondents' Academic Qualification
4.2.3 Respondents’ Work Experience at PZ Cussons East Africa Ltd

This study sought to establish the work experience of the respondents at PZ Cussons EastAfricaLtd. According to the findings, most of the respondents, 44.4% had a working experience of 1 – 5 years, 33.3% had a working experience of less than a year, 5.6% had a working experience of 11 – 15 years and lastly 5.6% had also a working experience of 15 – 20 years. This shows that majority of the respondents had been working at PZ Cussons EastAfricaLtd for a period not less than a year and therefore they were in a good position to respond to questions relating to PZ Cussons EastAfricaLtd. These results are depicted in figure 4.4.

![Work Experience at PZ Cussons East Africa Ltd](image)

Figure 4.4: Work Experience at PZ Cussons East Africa Ltd

4.3 Influence of Product Innovation on Competitive Advantage

This study pursued to establish the influence that product innovation had on the competitive advantage of PZ Cussons East Africa Ltd. Factors of product innovation were evaluated on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree.

According to the findings, 44% respondents agreed that PZ Cussons East Africa Ltd continuously introduced new product for market competition, 28% also strongly agreed while 22% were neutral and 6% disagreed, nobody strongly disagreed to this statement. This shows
that PZ Cussons East Africa Ltd constantly introduces new products to improve its market competition. 56% respondent agreed that PZ Cussons East Africa Ltd keeps improving on its products in the market to compete favorably with other products in the market, this was also strongly agreed by 11% respondents while 17% were neutral, 11% and 6% of the respondents disagreed and strongly disagreed respectively to this statement. This demonstrates that PZ Cussons East Africa Ltd improve its product in order to compete favorably with other products in the market.

Further, the findings demonstrated 78% of the respondents were neutral when asked whether the newly introduced products and improved products were well received in the market placing the organization at a competitive advantage, 11% disagreed while those who agreed and strongly disagreed were 6% each, nobody strongly disagreed. This is a clear indication that it was not certain if newly introduced and improved products were well received in the market to place the organization at a competitive advantage. The results showed that 39% of the respondents remained neutral on whether PZ Cussons East Africa Ltd promotes the culture of innovation in employees in order to attain competitive advantage, 22% agreed to this while also 17% strongly agreed, those who disagree and strongly disagreed were 11% each. This indicates that PZ Cussons East Africa Ltd promotes the culture of innovation in employees in order to attain competitive advantage.

The respondents were in addition asked whether employees were afforded resources for developing new products for the purpose of improving the organization competitive advantage, the results showed that 29% respondents agreed to this while also 29% remained neutral, 24% disagreed, 12% strongly agreed while 6% strongly disagreed. This depicts that PZ Cussons East Africa Ltd provided employees with resources for developing new products for the purpose of improving the organization competitive advantage. Results displayed, 44% of the respondents were neutral on whether product innovation was one of the key objectives of the PZ Cussons East Africa Ltd aimed at attaining competitive advantage, 39% agreed to this with also 11% strongly agreeing, however 6% disagreed while no one strongly disagreed. This shows that product innovation is one of the key objectives of the PZ Cussons East Africa Ltd aimed at attaining competitive advantage.
When respondents were asked if the organization product were newest in the market in terms of trend and customer preferences that could enable the organization gain competitive advantage, 28% of the respondents were neutral while also those who disagreed were 28%, those who agreed were 22%, and those who strongly agreed were 11% with a similar percentage, 11% strongly disagreeing. This indicates that PZ Cussons East Africa Ltd products’ were not the newest in the market in terms of trend and customer preferences which could enable the organization gain competitive advantage. In addition the respondents were questioned on whether their organizational products were redesigns from time to time to enable the organization stay ahead of its competitors, 39% were neutral about this while also 39% agreed to this and further 11% strongly agreed, those whose disagreed were 11% and nobody strongly disagree. This reveal that PZ Cussons East Africa Ltd products were redesigns from time to time to enable the organization stay ahead of its competitors.

Lastly, 33% of the respondents were neutral on whether their organization product were considered unique from other organization making it at an advantage over its competitors, this was however agreed with 33% and 22% respondent who strongly agreed, nevertheless 11% disagreed while nobody strongly disagreed. This indicates that PZ Cussons East Africa Ltd product were considered unique from other organization making it at an advantage over its competitors. This results are depicted in table 4.1.
<table>
<thead>
<tr>
<th>Description</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PZ Cussons East Africa Ltd continuously introduces new product for market competition.</td>
<td>0%</td>
<td>6%</td>
<td>22%</td>
<td>44%</td>
<td>28%</td>
<td>100%</td>
</tr>
<tr>
<td>PZ Cussons East Africa Ltd keeps improving on its products in the market to compete favorably with other products in the market.</td>
<td>6%</td>
<td>11%</td>
<td>17%</td>
<td>56%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The newly introduced products and improved products are well received in the market placing the organization at a competitive advantage.</td>
<td>0%</td>
<td>11%</td>
<td>78%</td>
<td>6%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>PZ Cussons East Africa Ltd promotes the culture of innovation in employees in order to attain competitive advantage.</td>
<td>11%</td>
<td>11%</td>
<td>39%</td>
<td>22%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>Employees are afforded resources for developing new products for the purpose of improving the organization competitive advantage.</td>
<td>6%</td>
<td>24%</td>
<td>29%</td>
<td>29%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>Product innovation is one of the key objectives of the PZ Cussons East Africa Ltd that is aimed at attaining competitive advantage.</td>
<td>0%</td>
<td>6%</td>
<td>44%</td>
<td>39%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization product are newest in the market in terms of trend and customer preferences this enable the organization gain competitive advantage.</td>
<td>11%</td>
<td>28%</td>
<td>28%</td>
<td>22%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>Their organizational products are redesigns from time to time to enable the organization stay ahead of its competitors.</td>
<td>0%</td>
<td>11%</td>
<td>39%</td>
<td>39%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization product are considered unique from other organization this makes it at an advantage over its competitors.</td>
<td>0%</td>
<td>11%</td>
<td>33%</td>
<td>33%</td>
<td>22%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.4 Influence of Process Innovation on Competitive Advantage

This study sought to establish the influence that process innovation had on the competitive advantage of PZ Cussons East Africa Ltd. Factors of process innovation were evaluated on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree.

The study results showed that, 50% of the respondents were neutral on whether PZ Cussons East Africa Ltd always adopted new ways of doing things from time to time in order to improve its competitive advantage, 22% agreed to this, while those who disagreed and strongly disagreed were 11% each and further 6% strongly agreed. This shows that it was no certain that PZ Cussons East Africa Ltd always adopted new ways of doing things from time to time in order to improve its competitive advantage. The respondents were also asked if their organization uses the newest technology in the production process to remain competitive, 44% of the respondent disagreed while 28% were neutral, further 17% strongly disagreed with as well those who agreed and strongly agreed being 6% each. This revealed that PZ Cussons East Africa Ltd did not use the newest technology in the production process in order to remain competitive.

The study also inquired from the respondent if the production process in the organization was quite effective and efficient and helped the organization to remain competitive, 35% of the respondents disagreed while 29% agreed, 29% were neutral and 6% strongly agreed and no one strongly disagreed. This shows that it was not definite whether PZ Cussons East Africa Ltd production process was quite effective and efficient and helped the organization to remain competitive. The results as well showed that, 39% of the respondents were neutral when asked if their organization was innovative in terms of its production process, 33% disagreed, 22% agreed and 6% strongly agree while there was nobody who strongly disagreed. This shows that it was not clear whether PZ Cussons East Africa Ltd was innovative in terms of its production process.

Similarly, the study sought to find out whether the organization was innovative with respect to organizational processes, findings showed that 33% of the respondent disagreed with a similar number, 33% agreeing, 28% were neutral while 6% strongly agreed and nobody strongly disagreed. This demonstrated that PZ Cussons East Africa Ltd was innovative with
respect to organizational processes. On trying to find out if attaining competitive advantage through process innovation was one of the main objectives of the organization, the results showed, 33% of the respondents agreed while 28% were neutral, 23% disagreed and 11% strongly agreed with nobody strongly disagreeing. This shows that one of the main objectives of PZ Cussons East Africa Ltd was attaining competitive advantage through process innovation.

Further, the study inquired if employees were encouraged in coming up with new ways of performing tasks that could enable the organization outperform its competitors, the findings demonstrated, 33% were respondents were neutral, 22% agreed and 17% strongly agreed, however 17% of the respondents strongly disagreed while also 11% disagreed. This shows that PZ Cussons East Africa Ltd employees were encouraged in coming up with new ways of performing tasks that could enable the organization outperform its competitors. Lastly, 28% respondents disagreed that their organization reviewed its processes from time to time to enhance its competitive advantage, 28% were neutral while 22% strongly agreed with 17% also agreeing and 6% strongly disagreed. This indicates that PZ Cussons East Africa Ltd reviewed its processes from time to time to enhance its competitive advantage. This findings are shown in table 4.2.
Table 4.2: Influence of Process Innovation on Competitive Advantage

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PZ Cussons East Africa Ltd always adopts new ways of doing things from time to time in order to improve its competitive advantage.</td>
<td>11%</td>
<td>11%</td>
<td>50%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization uses the newest technology in the production process to remain competitive.</td>
<td>17%</td>
<td>44%</td>
<td>28%</td>
<td>6%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The production process in the organization is quite effective and efficient and helps the organization remain competitive.</td>
<td>0%</td>
<td>35%</td>
<td>29%</td>
<td>29%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization is innovative in terms of its production process</td>
<td>0%</td>
<td>33%</td>
<td>39%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization is innovative with respect to organizational processes</td>
<td>0%</td>
<td>33%</td>
<td>28%</td>
<td>33%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Attaining competitive advantage through process innovation is one of the main objectives of the organization.</td>
<td>6%</td>
<td>23%</td>
<td>28%</td>
<td>33%</td>
<td>11%</td>
<td>101%</td>
</tr>
<tr>
<td>Employees are encouraged in coming up with new ways of performing tasks that can enable the organization outperform its competitors.</td>
<td>17%</td>
<td>11%</td>
<td>33%</td>
<td>22%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization review its processes from time to time to enhance its competitive advantage</td>
<td>6%</td>
<td>28%</td>
<td>28%</td>
<td>17%</td>
<td>22%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5 Influence of Market Innovation on Competitive Advantage

This study sought to establish the influence that market innovation had on the competitive advantage of PZ Cussons East Africa Ltd. Factors of market innovation were evaluated on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree.

The findings showed that 39% of the respondent agreed that the organization engaged in market innovation activities aimed at gaining competitive advantage, this was again strongly
agreed by 11% of the respondents while 22% remained neutral, nevertheless 22% disagreed and 6% strongly disagreed. This reveal that PZ Cussons East Africa Ltd engaged in market innovation activities aimed at gaining competitive advantage. On whether the organization was innovative in marketing activities that helped it stay competitive, 28% strongly agreed with as well 17% agreeing too while 22% remained neutral, still 22% and 11% disagreed and strongly disagreed to this statement respectively. This indicates that PZ Cussons East Africa Ltd was innovative in marketing activities that helped it stay competitive.

Further, this study sought to find out if the organizational marketing was adventurous, proactive, innovative, and value creating thus enabling the organization compete favorably in the market, according to the results 33% disagreed while also 11% strongly disagreed to this statement and 17% were neutral, however 22% agreed and 17% strongly agreed to this. This clearly demonstrate that PZ Cussons East Africa Ltd marketing was not adventurous, proactive, innovative, and value creating to enable the organization compete favorably in the market. Forty four percent of the respondents were neutral when asked about the support of the management on the activities in market innovation meant to enhance its competitiveness in the market, 44% of the respondents were neutral, and 29% strongly agreed with also 11% agreeing to this, on the other hand 16% disagreed with nobody strongly disagreeing. This depicts that it was certain whether PZ Cussons East Africa Ltd management supported the activities in market innovation meant to enhance its competitiveness in the market.

Findings also showed that, 33% of the respondents agreed that the organization was innovative with respect to marketing activities in order to attract more customers and also 11% strongly agreed, 22% were neutral while still 28% disagreed and 6% strongly disagreed. This revealed that PZ Cussons East Africa Ltd was innovative with respect to marketing activities in order to attract more customers. It was additionally shown that 35% respondent remained neutral about the fact that their organization had changed its marketing techniques in the past one year with the intention of gaining competitive advantage, however 24% agreed and 11% also strongly agreed and yet 24% disagreed and 6% strongly disagreed to this fact. This shows that it was not definite if PZ Cussons East Africa Ltd had changed its marketing techniques in the past one year with the intention of gaining competitive advantage.
It was also shown that 50% respondents disagreed that their organization had invested in market research in order to drive market innovation and compete favorably, this was further strongly disagreed by 11% while 11% remained neutral while on the other hand 22% agreed and 6% strongly agreed to this. This clearly shows that PZ Cussons East Africa Ltd had not invested in market research in order to drive market innovation and compete favorably. Lastly, this study queried on whether there were resources set aside for the process of market innovation to place the organization at an advantage over its competitors, the response gotten was, 33% were neutral, 22% disagreed and 17% also strongly disagreed and yet 22% and 6% agreed and strongly agreed. This shows that there were no resources set aside for the process of market innovation to place the PZ Cussons East Africa Ltd at an advantage over its competitors. This findings are illustrated in table 4.3.
Table 4.3: Influence of Market Innovation on Competitive Advantage

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization engage in market innovation activities aimed at gaining competitive advantage</td>
<td>6%</td>
<td>22%</td>
<td>22%</td>
<td>39%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization is innovative in marketing activities that helps it stay competitive</td>
<td>11%</td>
<td>22%</td>
<td>22%</td>
<td>17%</td>
<td>28%</td>
<td>100%</td>
</tr>
<tr>
<td>Our marketing is adventurous, proactive, innovative, and value creating enabling us compete favorably in the market</td>
<td>11%</td>
<td>33%</td>
<td>17%</td>
<td>22%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>The management supports the activities in market innovation to enhance its competition in the market.</td>
<td>0%</td>
<td>16%</td>
<td>44%</td>
<td>11%</td>
<td>29%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization is innovative with respect to marketing activities in order to attract more customers.</td>
<td>6%</td>
<td>28%</td>
<td>22%</td>
<td>33%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization has changed its marketing techniques in the past one year with the intention of gaining competitive advantage.</td>
<td>6%</td>
<td>24%</td>
<td>35%</td>
<td>24%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization has invested in market research in order to drive market innovation and compete favorably</td>
<td>11%</td>
<td>50%</td>
<td>11%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Resources have been set for the process of market innovation to place the organization at an advantage over its competitors</td>
<td>17%</td>
<td>22%</td>
<td>33%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6 The Organization Competitive Advantage

This study sought to establish the competitive position of PZ Cussons East Africa Ltd in the market as influenced by innovation. Factors of competitive advantage were assessed on a five point Likert scale where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree.
The results from the study showed that 33% respondents agreed that their organization’s innovation activities had enable it perform well in the market this was supported by a further 11% respondents who also strongly agreed, however 22% and 6% disagreed and strongly disagreed respectively while 28% remained neutral. This indicates that PZ Cussons East Africa Ltd innovation activities had enable it perform well in the market. Findings also showed 39% of the respondents agreed and 11% strongly agreed that their organization had a considerable market share that had been the cause of its innovation practices, nevertheless 22% disagreed and 28% remained neutral while nobody disagreed. This also indicates that PZ Cussons East Africa Ltd had a considerable market share that had been the cause of its innovation practices.

Further, results showed that 33% respondents disagreed and 11% strongly disagreed that their organization was more often the trend setter in marketing activities in FMCG industry that had expanded its customer base, still 22% and 6% agreed and strongly agreed to this respectively while 28% were neutral.

Additionally, 39% of the respondents disagreed that the demand for their company products kept on raising because of their product innovation, nevertheless 22% and 11% of the respondents agreed and strongly agreed respectively to this while 28% were neutral with no one strongly disagreeing. This shows that PZ Cussons East Africa Ltd products demand was not rising because of their product innovation.39% of the respondents agreed that, because of the innovation activities in the organization they were able to compete favorably with competitors this is supported further by 6% respondents who strongly agreed but still 33% disagreed and 22% remained neutral while nobody strongly disagreed. This reveals that PZ Cussons East Africa Ltd innovation activities enable it compete favorably with competitors.

The results also showed that 39% respondents disagreed that the organization innovation activities enabled it to outperform its competitors on the market while on the other hand 33% and 6% agreed and strongly agreed while 22% were neutral and nobody strongly disagreed. This is an indication that it was not clear if PZ Cussons East Africa Ltd innovation activities enabled it to outperform its competitors on the market. Lastly on trying to find out if there was a positive relation between innovation and competitive advantage of the organization,
22% agreed to this and they were backed up with 17% who strongly agreed, even though 28% disagreed and 5% strongly disagreed to this while 22% remained neutral. This depicts that there was a positive relation between innovation and competitive advantage of PZ Cussons East Africa Ltd. This findings are portrayed in table 4.4.

**Table 4.4: The Organization Competitive Advantage**

<table>
<thead>
<tr>
<th>Description</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization’s innovation activities has enable it perform well in the market</td>
<td>6%</td>
<td>22%</td>
<td>28%</td>
<td>33%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization has a considerable market share that has been the cause of its innovation practices</td>
<td>0%</td>
<td>22%</td>
<td>28%</td>
<td>39%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>Our organization is more often the trend setter in marketing activities in FMCG industry that has expanded its customer base.</td>
<td>11%</td>
<td>33%</td>
<td>28%</td>
<td>22%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization expands its customer base from time to time due to market innovation</td>
<td>6%</td>
<td>6%</td>
<td>38%</td>
<td>44%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The demand for our company products keep on raising because of our product innovation</td>
<td>0%</td>
<td>39%</td>
<td>28%</td>
<td>22%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>Because of the innovation activities in the organization we are able to compete favorably with competitors</td>
<td>0%</td>
<td>33%</td>
<td>22%</td>
<td>39%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>The organization innovation activities enables it to outperform its competitors on the market</td>
<td>0%</td>
<td>39%</td>
<td>22%</td>
<td>33%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>There is a positive relation between innovation and competitive advantage of the organization</td>
<td>5%</td>
<td>28%</td>
<td>28%</td>
<td>22%</td>
<td>17%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.7 Regression Analysis

Regression analysis was done to determine the level of influence of innovation on competitive advantage of PZ Cussons East Africa Ltd in the market. Multiple linear regression was carried out with competitive advantage as the dependent variable while the three dimension of innovation under this study were the independent variables. The regression demonstrate how innovation in the market, product and organizational process affect and predict competitive advantage of organizations in the PZ Cussons East Africa Ltd. Table 4.5 is the model summary of the regression, as shown in the model, there was a positive correlation between competitive advantage and innovation (Market Innovation, Product Innovation and Process Innovation) as shown with r=.855. The coefficient of determination R square ($r^2=.731$) meaning that 73.1% of competitive advantage among companies in the FMCG industry can be accounted by market innovation, product innovation and process innovation. The remaining 26.9% of competitive advantage can be accounted by other factor outside this model.

Table 4.5: Model Summary on Competitive Advantage and Innovation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.855a</td>
<td>.731</td>
<td>.674</td>
<td>.54228</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Market Innovation, Product Innovation, Process Innovation

Table 4.6 is the ANOVA table; it showed that the model was statistically significant in predicting the outcome of competitive advantage as affected by market innovation, product innovation and process innovation.
Table 4.6: ANOVA on Competitive Advantage and Innovation

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>11.197</td>
<td>3</td>
<td>3.732</td>
<td>12.692</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>4.117</td>
<td>14</td>
<td>.294</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15.314</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage  
b. Predictors: (Constant), Market Innovation, Product Innovation, Process Innovation

Table 4.7 is the coefficient table, it showed that in every one unit increase of product innovation competitive advantage increases with a margin of 0.799 units; in every one unit increase of process innovation competitive advantage increases with a margin of 0.444 units. However, with every one unit increase of market innovation, competitive advantage reduced with a margin of 0.161. These results are demonstrated in table 4.7.

The output equations are from the coefficient table is as follows:

\[ y = a + b_1x_1 + b_2x_2 + b_3x_3 + e \]

\( y \) = Competitive advantage  
\( a \) = the constant of the equation or the y intercept  
\( b \) = the slope of the regression line  
\( x_1 \) = Product Innovation  
\( x_2 \) = Process Innovation  
\( x_3 \) = Market Innovation  
\( e \) = the error term

\[ y = -0.378 + 0.799X_1 + 0.444X_2 - 0.161X_3 \]
Table 4.7: Coefficients on Competitive Advantage and Innovation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.378</td>
<td>.636</td>
<td>-</td>
<td>-.595</td>
</tr>
<tr>
<td>Product Innovation</td>
<td>.799</td>
<td>.353</td>
<td>.629</td>
<td>2.265</td>
</tr>
<tr>
<td>Process Innovation</td>
<td>.444</td>
<td>.357</td>
<td>.414</td>
<td>1.245</td>
</tr>
<tr>
<td>Market Innovation</td>
<td>-.161</td>
<td>.262</td>
<td>-.180</td>
<td>-.614</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage

4.8 Chapter Summary

This chapter presents the study results and findings. The chapter has been divided into two parts with the first part providing findings on the background information of the respondents. The second part captures results on the research objectives, the descriptive statistics demonstrating the percentage distribution of respondents’ level of agreement with provided statement is presented and further regression analysis results that predict the influence of independent variables on dependent variable is presented. The following chapter provides the summary of the findings, discussions, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter delivers the study summary, discussion, conclusions, and recommendations. The summary highlights important aspects of the study such as the purpose of the study, study methodology and the findings. The discussion is argues the study findings while the conclusion provides a decisive discussion on the findings, lastly on this chapter is the recommendation that proposes enhancement to be considered and proposal for further research.

5.2 Summary

The main goal of this study was to establish the effect of innovation on the competitive advantage of organization in the FMCG industry. The specific objectives were: to establish the effect of product innovation on competitive advantage of PZ Cussons; to determine the effect of process innovation on competitive advantage of PZ Cussons and to establish the effect of market innovation on competitive advantage of PZ Cussons. This study adopted the descriptive research design, the population involved in the study were employees at PZ Cussons East Africa Ltd. Questionnaire were used as the instrument for data collection and the sample for this study was achieved through stratified random sampling, a sample of 100 employees participated in this study.

The findings on the effect of product innovation on competitive advantage of PZ Cussons, showed that majority of the respondents, 72% agreed that PZ Cussons East Africa Ltd continuously introduced new product for market competition. Most of the respondents, 67% also agreed that PZ Cussons East Africa Ltd keeps improving on its products in the market to compete favorably with other products in the market. Most of the respondents, 78% could not tell whether newly introduced products and improved products were well received in the market placing the organization at a competitive advantage. In addition, 39% of the respondents agreed that PZ Cussons East Africa Ltd promotes the culture of innovation in employees in order to attain competitive advantage, similarly 39% of the respondents were neutral on this fact. A number of respondents, 41% agreed that employees at PZ Cussons
East Africa Ltd were afforded resources for developing new products for the purpose of improving the organization competitive advantage. Half of the respondents, 50% agreed that product innovation was one of the key objectives of the PZ Cussons East Africa Ltd aimed at attaining competitive advantage. Further, results showed that 39% of the respondents disagreed that the product of PZ Cussons East Africa Ltd were newest in the market in terms of trend and customer preferences and that this could enable the organization gain competitive advantage. Half of the respondents agreed that their organizational products were redesigns from time to time to enable the organization stay ahead of its competitors. Lastly, 55% of the respondents agreed that their organization product were considered unique from other organization making it at an advantage over its competitors.

The findings on the effect of process innovation on competitive advantage of PZ Cussons East Africa Ltd showed that, half of the respondents, 50% could not decide on whether PZ Cussons East Africa Ltd always adopted new ways of doing things from time to time in order to improve its competitive advantage. Majority of the respondents, 61% disagreed that PZ Cussons East Africa Ltd uses the newest technology in the production process to remain competitive. On the other hand 35% of the respondents agreed that the production process at PZ Cussons East Africa Ltd was quite effective and efficient and helped the organization to remain competitive, likewise 35% of the respondents disagreed to this. Further, 39% of the respondents failed to disagree or agree if their organization was innovative in terms of its production process. In addition, the findings showed that 39% of the respondents agreed that the organization was innovative with respect to organizational processes. Results also showed that 44% of the respondents agreed that attaining competitive advantage through process innovation was one of the main objectives of PZ Cussons East Africa Ltd. Findings also showed that 39% of the respondents agreed that employees were encouraged in coming up with new ways of performing tasks that could enable the organization outperform its competitors. Finally, 39% of the respondents also agreed that their organization reviewed its processes from time to time to enhance its competitive advantage.

The findings on the effects of market innovation on competitive advantage, showed that half of the respondents, 50% agreed that the organization engaged in market innovation activities aimed at gaining competitive advantage. Findings also showed that 45% of the respondents
agreed that their organization was innovative in marketing activities that helped it stay competitive. It was further shown that 44% of the respondents disagreed that their organizational marketing activities were adventurous, proactive, innovative, and value creating thus enabling the organization compete favorably in the market. The results additionally showed that, 44% of the respondents were neutral on the management support the activities in market innovation meant to enhance its competitiveness in the market. It was further agreed among 44% of the respondents that their organization was innovative with respect to marketing activities in order to attract more customers, this was disagreed among. Findings also showed that 35% of the respondents agree that their organization had changed its marketing techniques in the past one year with the intention of gaining competitive advantage while 35% were also neutral. Results also showed that majority of the respondents, 61% disagreed that their organization had invested in market research in order to drive market innovation and compete favorably. Lastly, results showed that 39% of the respondents disagreed that resources were set aside for the process of market innovation to place the organization at an advantage over its competitors.

5.3 Discussion

5.3.1 Influence of Product Innovation on Competitive Advantage

Based on the study findings new products were introduced to the market in order to sustain market competition, this was as agreed by majority of the respondent, 72% who felt that PZ Cussons East Africa Ltd continuously introduced new product for market competition. Study findings also reveal that the improvement of a product makes it compete favorably with other products in the market, this was agreed by 67% of the respondents who said that PZ Cussons East Africa Ltd kept improving on its products in the market to compete favorably with other products. These findings correlate with Minguela-Rata, Fernández-Menéndez, & Fossas-Olalla, (2014) who observed that refurbishing, developing and even transforming business products is one of the ways of ensuring a company remains relevant and competitive in the market.

Findings of this study could not establish whether newly introduced products and improved products were well received in the market and thus placed the organization at a competitive advantage, this was shown with 78% of the respondents who could neither agree nor disagree
when asked whether the newly introduced products and improved products by PZ Cussons East Africa Ltd were well received in the market and thus placing the organization at a competitive advantage. This findings can resonate with Hauser, &Dahan, (2008) who opined innovation is a risky undertaking and there is no assurance of success in new product introduced to the market, further Hauser, &Dahan, (2008) noted that 35% of new products introduced to the market end up failing, and thus organization should have a good new product development (NPD) process in order to enhance the success of product innovation.

The study results also was not conclusive on whether organizations promote the culture of innovation in employees in order to attain competitive advantage, both the respondents who agreed and those who disagreed were equal each representing 39% of the respondents. This findings are contrasting to Urbancová, (2013) who demonstrated that innovations and creation of an appropriate innovative culture, is widely emphasized across both small and big companies. The study findings further revealed that employees are afforded resources for developing new products for the purpose of improving the organization competitive advantage, this was as demonstrated by 41% of the respondents who indicated that employees at PZ Cussons East Africa Ltd were afforded resources for developing new products for the purpose of improving the organization competitive advantage. This findings are in line with the findings of Klingebiel, (2013) who demonstrated that resource provision policy impacts on the innovation performance, Klingebiel, further states that assigning resources to innovation projects escalates the sales of innovative products.

The findings demonstrated that product innovation is one of the key objectives of the organizations aimed at attaining competitive advantage, this was indicated by half of the respondents who agreed that product innovation was one of the key objectives of the PZ Cussons East Africa Ltd aimed at attaining competitive advantage. This findings corresponds with Stawicki, (2010) sentiments that product innovation is a mechanism organizations use to be competitive against their competitors in the market who also introduces fresh product to the market. Davis, Chelliah, & Minter, (2014) similarly stated that an organization can achieve significant competitive advantage through innovative product. Findings further revealed that respondents did not feel that the products of their organization were the newest in the market in terms of trend and customer preferences and that this would enable the
organization gain competitive advantage, this was demonstrated by 39% respondents who indicated that they disagreed that the product of PZ Cussons East Africa Ltd were newest in the market in terms of trend and customer preferences and that this could enable the organization gain competitive advantage.

The findings in addition revealed that organizational products are redesigned from time to time to enable the organization stay ahead of its competitors, this is as agreed by 50% of the respondents. This findings corresponds with the Noorani, (2014) opinion that product improvement can involve inventive development or new idea execution focused on enhancing features and functionalities of an already existing product/services in order to enhance its quality. The redesigning of the product will develop change in the product and make it better and more effective in its functionality and thus be more appealing. Finally, the results reveal that organizational product considered unique from other organization product places it at an advantage over its competitors, this was agreed by 55% of the respondents. This findings are in line with Dirisu, Ibidunni, & Oluwole, (2013) who observed that organization must focus and invest in creating unique product that stand out from other organizational product, and this can be used as a main tool for gaining a sustainable competitive advantage against the competitors in the market.

5.3.2 Influence of Process Innovation on Competitive Advantage

According to the results of this study it was not conclusive whether organizations adopt new ways of doing things from time to time in order to improve competitive advantage, this was as shown with half, 50% of the respondent who could not agree or disagree whether PZ Cussons East Africa Ltd always adopted new ways of doing things from time to time in order to improve its competitive advantage. This findings failed to ascertain Hilman & Mohamad, (2011) opinion that the present competitive environment requires for organizations to continuously reinvent so that they can attain and sustain competitive advantage. Findings, further revealed that organization do not use new technology in the production process to remain competitive, this was as depicted with 61% of the respondents. This findings failed to confirm Noorani, (2014) findings that identified technology as the basis of innovation and recommended for organization to take up technology since it has great potential for fostering innovation.
The findings were not conclusive on whether effectiveness and efficiency of production process helped organization to remain competitive, this was shown with equal number of respondents who agreed and disagreed, both at 35%. This findings failed to agree with the Drljaca, (2006) who stated that organization in FMCG industry through innovation can become more efficient and with time this can help them attain a competitive advantage. The findings were further not conclusive on whether organizations are innovative in production process, as illustrated with 39% of the respondent who could not agree or disagree on this.

Findings also revealed that the organization was innovative with respect to organizational processes, as illustrated with 39% of the respondents. Additionally, the results established that attaining competitive advantage through process innovation was one of the main objectives of organization, this was agreed by 44% of the respondents. This findings correlate with Hilman & Mohamad, (2011) observation that organization need to be constantly innovative in order to acquire a competitive advantage. Similarly, Mañez, Rochina-Barrachina, Sanchis, & Sanchis, (2013) were of the opinion that process innovations could be taken as a strategic tool that can enable small organizations improve their competitive position in the market.

The study results further demonstrated that the organization encouraged employees to come up with new ways of performing tasks that could enable the organization outperform its competitors, this was agreed with 39% of the respondents. This findings corresponds to Jackson & Schuler, (2005) who were of the opinion that an organization should adopt an approach of managing employees in a way that they can be the source of sustainable competitive advantage of the organization. Finally the results of this study revealed that processes are reviewed from time to time in the organization to enhance competitive advantage, this was agreed by 39% of the respondents. This findings are in line with Michael, (2014) who stated that process innovation involves change in the organizations procedures.

5.3.3 Influence of Market Innovation on Competitive Advantage

The findings of this study established that organization engaged in market innovation activities aimed at gaining competitive advantage, this was agreed among 50% of the respondents. Similarly, it was established that the organization was innovative in marketing
activities that helped it stay competitive, as was agreed among 45% of the respondents. This findings are related to Tinoco, (2010) study that presented marketing innovation as a means that an organization can used in order to gain sustainable competitive advantage. Likewise the results reflect the study of Ren, Xie, &Krabbendam, (2009) that linked sustainable competitive advantage to marketing innovation in the organization. However the study respondents did not agree that the organizational marketing activities were adventurous, proactive, innovative, and value creating and hence enabling the organization compete favorably in the market, this was as disagreed by 44% of the respondents.

The findings of this study failed to established whether the management support the activities in market innovation meant to enhance its competitiveness in the market, this was illustrated with 44% of the respondents who were neutral. This finding failed to ascertain Rosli et al., (2013) opinion that organizations should prioritize on market innovation so as to expand on its customer base a move that will create a competitive advantage to the organization. The findings of this study further established that the organization was innovative with respect to marketing activities in order to attract more customers, this was agreed among 44% of the respondents. This findings relates to Epetimehin, (2011) observation that marketing innovation will consist of continuous and additional adjustments to current activities in marketing.

Additionally, the study results showed that the organization had changed its marketing technique in the past one year with the intensions of gaining competitive advantage, this was as agreed with the majority, 35% of the respondents. This findings agree with Kharchuk, Kendzor, &Petryshyn, (2014) who stated that innovation can be a trigger for changing marketing techniques into new ones. This can be used for acquiring new and more customer for the organization and thus helping an organization gain competitive advantage over its competitors.

The results further revealed that the organization had not invested in marketing research in order to drive market innovation and compete favorably, this is as depicted with 61% of the respondents who disagreed that their organization had invested in market research in order to drive market innovation and compete favorably. This findings are in contrast with Noorani,
(2014) who stated that organizations should conduct a well-connected and informed research and development as it has a great potential for fostering innovation. The findings similarly differ from Haustein, Maier, & Uhlmann, (1981) who associated innovation to research and development. Finally the findings reveal that the organization did not set aside resources for market innovation, this was demonstrated with 39% of the respondents who disagreed. This findings corresponds with the observation of O’Dwyer et al., (2009) that the majority of organization concentrates on technological innovation that they neglect marketing innovation.

5.3.4 The Organization Competitive Advantage

The study findings on the state of competitive advantage of the organization showed that, the organization’s innovation activities had enable it perform well in the market, this was agreed by the majority, 44% of the respondents. Similarly, findings revealed that the organization had a considerable market share that had been the cause of its innovation practices, this was as agreed by 50% of the respondents. This findings resonates with Urbancova, (2013) who stated that innovations are a significant source of competitive advantage that defines the success of every organization. However, the study findings revealed that the organization was more often not the trend setter in marketing activities in FMCG industry to enable it expand its customer base. This results are also in line with Qin (2007) who stated that innovation enables an organization increase market share. Similarly, the findings supported Stawicki, (2010) assertion that innovation is a mechanism organizations use to grow market share.

The study findings also established that the organization expanded its customer base from time to time due to market innovation, this was agreed among 50% of the respondents. The results of this study revealed that the demand for their company products did not increase because of their product innovation, this was illustrated with 39% of the respondents who disagreed that the demand for their company products kept on raising because of their product innovation. The findings failed to ascertain the Oslo Manual assertion that an organization stands to gain a competitive advantage by introducing a new product that allows it to increase demand and mark-ups (OECD/Eurostat, 2005). In addition the results revealed that because of the innovation activities in the organization they were able to compete
favorably with competitors, this was as agreed by 45% of the respondents. This findings affirm Medrano & Olarte-Pascual, (2016) statement that innovation is lucrative and can enable an organization compete favorably with larger organizations than them in the market.

The study findings further, disclosed that the organization innovation activities enabled it to outperform its competitors on the market, this was agreed among 39% of the respondents. Similarly findings further disclosed that there was a positive relation between innovation and competitive advantage, this was as agreed among 39% of the respondents. This findings correlate with Yeung (1999) who argued that there is a potential link between competition and innovation. Smilarly, this findings corresponds to Ranjit, (2004) identified innovation as a significant factor for companies to create value and sustain competitive advantage in the modern challenging and vibrant environment.

The findings of this study also establish a positive significant influence of product innovation, process innovation and market innovation on the competitive advantage of an organization. This was revealed in the regression analysis model that illustrated that \( r^2 = .731 \) 73.1% of competitive advantage among companies in the FMCG industry can be accounted by market innovation, product innovation and process innovation and the strength of the relationship \( r = .855; p < .000 \) was significantly strong. This findings are in line with Hervas-Oliverq, Sempere-Ripoll, & Boronat-Moll, (2012) who opined that product innovation creates and sustains an organizations’ competitive advantage. Similarly, this findings supports Drilaca, (2006) who recognized that competitive advantage in hotel industry is attributed to process innovation. Further, the findings ascertain the Mahmod, et al., (2010) conclusion that market innovation has a direct positive influence on competitive advantage.

5.4 Conclusion

5.4.1 Influence of Product Innovation on Competitive Advantage

According to the findings of this study new product are introduced to the market to sustain competition. Products are improved from time to time in order to compete favorably in the market. The new and improved products introduced to the market are not assured of a well reception in the market. Innovation culture is promoted in the organization among employee to help attain competitive advantage. Employees are afforded resources for developing new
products for the purpose of improving the organization competitive advantage. Product innovation is one of the key objectives of organization that is aimed at attaining competitive advantage. Products in the organization are redesigns from time to time to enable the organization stay ahead of its competitors. Product that are considered unique in the market are at an advantage over its competitors.

5.4.2 Influence of Process Innovation on Competitive Advantage

According to the study findings, it was not conclusive whether adoption of new ways of doing things from time to time in enable an organization to improve its competitive advantage. Further, findings indicated that organization did not employ the use of new technology in the production process to remain competitive. It is again concluded that effective and efficient production process help an organization to remain competitive. On the other hand it was not conclusive whether organization is innovative in terms of production process, even though the organization was found to be innovative with respect to organizational processes. It is also concluded that attaining competitive advantage through process innovation was one of the main objective of the organization. In addition this study concludes that encouraging of employees to come up with new ways of performing tasks could enable an organization outperform its competitors. Findings also lead to the conclusion that review of organization processes from time to time to enhance competitive advantage.

5.4.3 Influence of Market Innovation on Competitive Advantage

This study results led to the conclusion that organization engage in market innovation activities with the aim of gaining competitive advantage. It is again concluded that organization are innovative in marketing activities to enable sustain competition. Findings also led to a conclusion that employees do not find marketing activities to be adventurous, proactive, innovative, and value creating. However, findings were not conclusive whether organizational management supports the activities in market innovation that enhances organization competitiveness in the market. Further, this study concludes that organization are innovative with respect to marketing activities in order to attract more customers. It is also concluded that organizations change their marketing techniques after one year with the intention of gaining competitive advantage. In addition, findings led to the conclusion that organization have not invested in market research in order to drive market innovation and
compete favorably. Similarly, it is concluded that organization have not set aside resources for the process of market innovation to place the organization at an advantage over its competitors.

5.4.4 The Organization Competitive Advantage

The study findings led to the conclusion that organization’s innovation activities enables it perform well in the market. From the study results it can also be concluded that organization considerable market share is the cause of its innovation practices. However, findings led to the conclusion that organizations are not frequently setting trends in marketing activities that enable the expansion of customers. Findings also led to the conclusion that market innovation helped the organization expand its customer base from time to time. From the study results it is also concluded that there was no increase in demand for the company products as caused by product innovation. This study also concludes that due to innovation activities in the organization it is possible to compete favorably with competitors, and similarly the organization innovation activities enables it to outperform its competitors on the market. Lastly, this study concludes that there is a positive strong relationship between competitive advantage and innovation (Market Innovation, Product Innovation and Process Innovation).

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Influence of Product Innovation on Competitive Advantage

This study recommends for a strategic introduction of new and improved products to the market from time to time so as to enable it positive reception and enable the product compete favorably. The organization should also promote an innovative culture among employees and provide them with resources to enable them be innovative and thus attain organization competitive advantage.

5.5.1.2 Influence of Process Innovation on Competitive Advantage

This study recommends for the organization to be innovative in their processes in order to drive competitive advantage. The organization should ensure it has the most effective and efficient production process to enable it remain competitive. Additionally this study recommends that employees should be encouraged to come up with new ways of performing
tasks could enable an organization outperform its competitors, while also the organization should review its organization processes from time to time to enhance its competitive advantage

5.5.1.3 Influence of Market Innovation on Competitive Advantage
The study further recommends that organization engage in market innovation activities to be able to sustain competitive advantage. The study also recommends for the organization to make their marketing activities to be adventurous, proactive, innovative, and value creating. In order to attract more customers this study recommends that organization should be innovative with respect to marketing activities. Further, this study recommends for organizations to be changing their marketing techniques such as after every year, the organization should also invest in market research and provide necessary resources all these to enable innovation that can enable a sustainable competitive advantage for the organization.

5.5.1.4 The Organization Competitive Advantage
This study recommends for organization to be innovative in order to perform well in the market, acquire a considerable market share, and expand its customer base, outperform its competitors and compete favorably. The study further, recommends for the organization to pursue product innovation, process innovation and market innovation in equal measure so as to enable it attain considerable competitive advantage over its competitor in the market.

5.5.2 Recommendations for Further Research
This study focused on three types of innovation: market innovation, product innovation and process innovation. Therefore other additional research can be done in other types of innovation so that their influence on competitive advantage of organization can be determined. Research can also focus on organization outside the fast moving consumer goods industry.
REFERENCES


don.pdf


APPENDICES

APPENDIX 1: INTRODUCTORY LETTER

Dear Respondent,

My name is Benson M. Mwangi an MBA student at USIU-A, Nairobi, Kenya. I am carrying out a research on the effects of innovation on the competitive advantage of organization in the FMCG industry, which is a requirement for the award of the degree of Masters of Business Administration.

I am requesting for your assistance in filling this questionnaire by marking [✓] and writing appropriate answers. This survey is anonymous and the information given will be handled with utmost confidentiality.

Thank you in advance for your valued support.

Benson Mwangi.
APPENDIX 2: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Gender: i) Male [ ] ii) Female [ ]

2. Age: i) Below 21 years [ ] ii) 22 – 35 years [ ] iii) 36 – 45 years [ ] iv) 46 – 55 years [ ] v) Over 55 years [ ]


4. For how long have you worked in PZ Cussons East Africa Ltd? i) Below 1 year [ ] ii) 1 – 5 years [ ] iii) 6 – 10 years [ ] iv) 11 – 15 years [ ] v) 15 – 20 years [ ] vi) Above 20 years [ ]

SECTION B: PRODUCT INNOVATION

Using the Likert scale provided below, please tick on the following statements which best describe your opinion (Strongly agree=5, agree=4, Neutral=3, Disagree=2, strongly Disagree=1)

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<tr>
<td>i. PZ Cussons East Africa Ltd continuously introduces new product for market competition.</td>
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<td>ii. PZ Cussons East Africa Ltd keeps improving on its products in the market to compete favorably with other products in the market.</td>
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<td>iii. The newly introduced products and improved products</td>
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are well received in the market placing the organization at a competitive advantage.

iv. PZ Cussons East Africa Ltd promotes the culture of innovation in employees in order to attain competitive advantage.

v. Employees are afforded resources for developing new products for the purpose of improving the organization competitive advantage.

vi. Product innovation is one of the key objectives of the PZ Cussons East Africa Ltd that is aimed at attaining competitive advantage.

vii. The organization product are newest in the market in terms of trend and customer preferences this enable the organization gain competitive advantage.

viii. There organizational products are redesigns from time to time to enable the organization stay ahead of its competitors.

ix. The organization product are considered unique from other organization this makes it at an advantage over its competitors.

SECTION C: PROCESS INNOVATION

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<tr>
<td>i. PZ Cussons East Africa Ltd always adopts new ways of doing things from time to time in order to improve its competitive advantage.</td>
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<td>ii. The organization uses the newest technology in the production process to remain competitive.</td>
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<td>iii. The production process in the organization is quite effective and efficient and helps the organization remain</td>
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<td>iv.</td>
<td>The organization is innovative in terms of its production process</td>
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<td>v.</td>
<td>The organization is innovative with respect to organizational processes</td>
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<td>vi.</td>
<td>Attaining competitive advantage through process innovation is one of the main objectives of the organization.</td>
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<td>vii.</td>
<td>Employees are encouraged in coming up with new ways of performing tasks that can enable the organization outperform its competitors.</td>
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<td>viii.</td>
<td>The organization review its processes from time to time to enhance its competitive advantage</td>
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## SECTION D: MARKET INNOVATION

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<tbody>
<tr>
<td>i. The organization engage in market innovation activities aimed at gaining competitive advantage</td>
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<td>ii. The organization is innovative in marketing activities that helps it stay competitive</td>
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<td>iii. Our marketing is adventurous, proactive, innovative, and value creating enabling us compete favorably in the market</td>
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<td>iv. The management supports the activities in market innovation to enhance its competition in the market.</td>
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<td>v. The organization is innovative with respect to marketing activities in order to attract more customers.</td>
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<td>vi. The organization has changed its marketing techniques in the past one year with the intention of gaining competitive advantage.</td>
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<td>vii. The organization has invested in market research in order to drive market innovation and compete favorably</td>
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<td>viii. Resources have been set for the process of market innovation to place the organization at an advantage over its competitors</td>
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## SECTION E: COMPETITIVE ADVANTAGE

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<tr>
<td>i. The organization’s innovation activities has enable it perform well in the market</td>
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<td>ii. The organization has a considerable market share that has been the cause its innovation practices</td>
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<td>iii. Our organization is more often the trend setter in marketing activities in FMCG industry that has expanded its customer base.</td>
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<td>iv. The organization expands its customer base from time to time due to market innovation</td>
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<td>v. The demand for our company products keep on raising because of our product innovation</td>
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<td>vi. Because of the innovation activities in the organization we are able to compete favorably with competitors</td>
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<td>vii. The organization innovation activities enables it to outshine its competitors on the market</td>
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<td>viii. There is a positive relation between innovation and competitive advantage of the organization</td>
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THANK YOU!