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Influence of Innovation Practices on Performance of Mobile Service Providers: A Case of Nairobi City County, Kenya

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ABSTRACT

Innovation is considered a critical requirement for the growth and profitability of any organization. For private sector organizations operating in increasingly competitive market, innovation is often a condition for simple survival. The technological, economical and legal changes have pushed mobile service providers towards a new way of thinking where innovations are being used to provide competitive advantage. It is therefore expected that for these firms to thrive in the competitive environment they must have to focus their strength to innovation in order to respond and adapt to the changes and challenges in their operating environment. The purpose of this study was to analyse the influence of innovation practices on performance of mobile service providers in Nairobi City County, Kenya. The objectives of this study were; to determine the influence of financial resources mobilization innovation, and to identify the influence of human resource innovation on performance of mobile service providers in Nairobi City County Kenya. The study was anchored on the Diffusion of Innovation Theory and Resource-based approach theory while adopting a descriptive survey research design. The target population was from top, middle and lower-level managers of the three mobile service providers (Safaricom, Airtel and Telkom) with the stratified random sampling method used in identifying the sample respondents for data collection. The study mainly used primary data which was collected using self- administered questionnaires. Collected data was analyzed using the Statistical Package for Social Sciences Version 26 where inferential statistical methods were used to describe and depict the results (Correlation, Regression and ANOVA). The research instrument used was a structured questionnaire. Data was analyzed with the help of statistical package for social science version 26, Correlation and regression analysis tools were used establishing the relationship between the variables. The F-test (F=4.973) which was greater than the critical value. The F-test indicated an overall statistically significant model with financial resources mobilization innovation 78.1% (t~1.331) while human resource innovation explained 34.7% (t~1.349) of performance of mobile service providers in Nairobi City County, Kenya. The findings therefore revealed statistically significant regression influence among the variables. The study will be expected to add to existing literature in the information technology field as well as enriching the already existing literature in the information technology area and other fields in general.

Keywords: *Financial Resources Mobilization Innovation, Human Resource Innovation, Profitability.*

INTRODUCTION

Innovation is considered a critical requirement for the growth and profitability of organizations. For private sector organizations operating in increasingly competitive market, innovation is often a condition for simple survival. The capability to innovate is more viewed as the single most vital factor in developing and supporting telecommunications firms to increase their market share and, as a result, their customer base, sales volume, and, ultimately, profits (Hajar *et al.*, 2022).

According to Davila, Epstein and Shelton (2018), innovation is a necessary ingredient for sustained success and is an integral part of the business. Much weight has been accorded on building innovative institutions and the management of the innovation progression as necessary elements of institutional survival (Bradshaw & Turner, 2018). The success of telecommunication industry depends on prudent efforts and feasible investments. In a competitive market, service providers are expected to compete on both price and quality of services and it is necessary for the service providers to meet the consumers' requirements and expectations in price and service quality (Melody, 2017).

Innovation is gaining increasing recognition as a major competitive weapon and occupying a major part of the corporate strategy of many firms across the globe (Ogunnaike, 2020). Leading innovative operators, such as Deutsche Telekom, Millicom, Orange, Singtel, Telefónica, Verizon Wireless and Vodafone, have developed multi-pronged approaches to innovation, embracing both internal and external elements. These operators recognize the importance of engaging with a wider ecosystem in an open, collaborative environment to drive innovation across many areas, such as network technologies, consumer service and enterprise processes that utilize mobile access. In China for example telecommunications industry is one of the world's fastest growing industries and operates the world's largest fixed (wire line) and wireless telecommunications networks. There are more than 1.1 billion telephone connections, with 741,230,016 mobile and 440,809,984 fixed line subscribers in the country. Spending on telecom equipment totaled around $116.635 million in 2019, while spending on telecom services was approximately $720.419 million showing a great financial resource input towards telecom services. China over the years has demonstrated the best skills and knowledge in terms of innovation and adoption to new technology. Rates of new subscriber growth and infrastructure investment have been evident in the past years in China mobile operators, thanks to the management support of China telecom operators. The large U.S. and other foreign vendors have established operations in China, usually joint ventures with Chinese firms, and they work directly with the Chinese carriers to design and sell their products. Smaller firms looking for export opportunities are advised to start with agents and distributors that have the necessary resources, for example, good connections and technical support. This has been a great success to China's telecommunication service operators; it has led to improved performance of these firms. (Tae & Youn-Sung, 2019).

In the African continent, the telecommunication industry is growing-boosted by the advent of mobile product and services, but sustaining this momentum is dependent on the identification and implementation of the right investment on the industry, input of enough financial resources on the industry, skills and new technology, as well as connectivity. A country like Nigeria, according to Internet World Stats, by mid-year 2017, it had 78,366,179 internet users, representing 39,1% penetration into the population. Despite sporadic dispute between the Nigerian Communications Commission (NCC) and mobile service providers over alleged poor service delivery (with deadlines drawn up, operating taxes issued and fines being imposed on service providers- as well as a ban on promotions and lotteries), the country has taken massive strides in supporting the industry (Ozigbo, 2021). The Regulator reported that there is a rise of connected and active mobile lines and overall mobile phone subscribers. The Nigerian Communications Commission (NCC) revealed that the number of connected telephone lines in Nigeria rose to 216 million between January and March 2020. That is a 6-million increase from 210 million in 2020. Several established telecommunications service providers, including Airtel Nigeria and Globacom, have publicized their recent efforts to compete. Globacom has started an upgrading drive of its current network and announced that they have signed a $750 million contract with Chinese Information Communication Technology solutions provider Huawei Technologies. It also released a global wireless fidelity bundle (Wi-Fi). Airtel Nigeria recently introduced a dual-purpose single recharge card for both voice and data services. The company also brokered a deal with 'WhatsApp' to provide data application packages to subscribers (Ogunnaike, 2020). Recent media reports have spoken of the Nigerian National Identity Management Commission (NIMC) and the partnership with Mastercard to rollout 13 million MasterCard-branded smart cards, as well as progress made with regard to the advancement of Mobile Number Portability (MNP). Nigerian Communications Commission (NCC). There are innovative activities being carried out by the various operators in Nigeria but there is still a lot of room for improvement. The government and regulatory authorities need to do more in the area of infrastructural support and development, policy formulation to ensure a level playing field for both the old and new entrants and support these firms in innovation for competitive advantage. (Momanyi, Armurle & Nyaboga, 2020).

In Kenya, the number of people depending on telecommunications industry has been increasing rapidly since the inception of mobile phones thus depicting the significance of the telecom sector in the Kenyan economy. Wangila (2018) states that the mobile telephone services in Kenya started in 1992 with the Extended Total Access Communication System an analogue system, which was commercially launched in 1993. Then the elite of the society were the only ones who could afford them. This resulted in a marginal mobile subscriber growth of less than 20,000 for a period of seven years (from 1993-1999). The enactment of the Kenya Communications Act in 1998 saw the introduction of competition in the industry and since then, the mobile telephone market segment continued to experience competition amongst the four mobile network operators, namely Safaricom Limited (Safaricom), Airtel Networks Kenya Limited (Airtel), Essar Telecoms Kenya Limited (YU), and Telkom Kenya Limited (Orange). The uptake of mobile services by Kenyans continued to grow during the first quarter of the 2015/16 financial year spanning July to September 2015. According to the quarterly sector statistics report by the Communications Authority of Kenya (CA), at the end of the quarter, mobile penetration stood at 88.1per cent with 37.8million subscribers up from 36.1 million in the previous quarter. One of the more intriguing aspects of telecommunications in Kenya in recent years has been the establishment of a variety of special purpose networks making use of state-of-the-art technology and innovations to solve specific communications problems. The majority of these innovations have been established by international public sector organizations, by universities and other research institutions, by non-profit organizations, and by the financial services sector (Lawson and Samson, 2021). For example, most financial institution adopted the use of M-Pesa money transfer concept. Innovations can be measured by the number of new products offered by the different players. However, despite all the effort Kenya is still not in the leading position in the telecommunication industry as opposed to Nigeria, which was ranked the first in Africa by the International Telecommunication Union (ITU) (2013). (Riggs, 1983) noted that in telecommunication, market customers bring higher expectations for communication from its service providers, and if companies are not able to meet these expectations, the customers will take their business elsewhere. The telecommunication sector in Kenya has not been able to match the growth rates as achieved in the Chinese and Nigerian economies. Some of the forces of change that have greatly influenced the telecommunication industry in Kenya include intense competition, regulations and technological advancement. Most telecom service organization fail to fully input financial resources to innovation, coming up with innovative ideas has been a challenge and if there are innovative ideas among innovators, they fail to get full support towards implementing their ideas. In this regard therefore it is the role of these firms to thrive and remain competitive in their environment through innovations, they must have to focus their strength to innovation in order to respond and adapt to the changes and challenges in their operating environment. It is against this background that this study analyzed the influence of innovation practices on performance of mobile service operators in Nairobi County Kenya.

Statement of the Problem

Innovation is important for companies across all sectors of the economy, in both slow and rapidly changing environments. Keeping up with the latest innovations, as opposed to adopting only those innovations that appear to be most successful. To be market leader’s companies requires that they be more innovative than their competitors are and innovation competency might be the new competitive advantage in the new millennium (Niringiye & Ayebale, 2019). An innovation competency could help organizations better manage the risks as well as reap the benefits of innovation. In the telecommunication sector innovation aims at developing a change adept organization that anticipates, creates and responds effectively to change in the internal and external environments to increase profit potential, which has not been the case for Kenyan telecommunication industry Lee *et al.,* (2016). Some of the forces of change that have greatly influenced the telecommunication industry in Kenya include intense competition, regulations and technological advancement. In this regard therefore it is the role of these firms to thrive and remain competitive in their environment through innovations and they must have to focus their strength to innovation in order to respond and adapt to the changes and challenges in their operating environment.

According to Kumar (2020), innovation is a catalyst for the growth and success of an organization, and helps in adapting and growth in market place. Innovation in the private sector is an area given less attention since different scholars have become increasingly interested in innovation in the public sector (Osborne & Brown, 2021). Many embrace the idea that innovation can contribute to improving the quality of public services as well as to enhancing the problem-solving capacity of governmental organizations in dealing with societal challenges (De Vries *et al,* 2019). It is against this background that the study sought to examine the influence of innovation practices on performance of mobile service providers in Nairobi City County in Kenya

General Objective of the Study

The general objective of the study was to analyze the influence of innovation practices on performance of mobile service providers in Nairobi City County in Kenya

Specific Objectives

The following were the study specific objectives;

1. To determine the influence of financial resources mobilization innovation on performance of mobile phone service providers in Nairobi City County Kenya

2. To identify the influence of human resource innovation on performance of mobile phone service providers Nairobi City County, Kenya

Theoretical Review

Diffusion of Innovation Theory

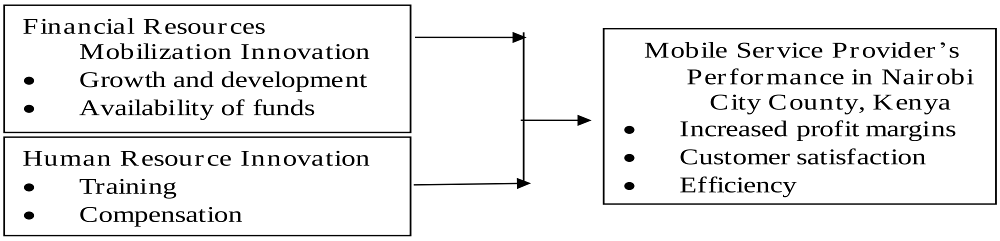
The research adopted the Diffusion of innovation theory as the main theory. This is a theory that seeks to explain how, why, and at what rate new ideas and technology spread (Okoro, 2021). Diffusion of Innovations is a theory that analyses, as well as helps explain, the adaptation of an innovation. In other words, it helps to explain the process of social change. An innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption. The perceived newness of the idea for the individual determines his/her reaction to it (Okoro, 2021). In addition, diffusion is the process by which an innovation is communicated through selected channels over time among the members of a social system. Thus, according to Melody (2017) the aforementioned definition contains four elements that are present in the diffusion of innovation process. These elements are: innovation, communication, time and the social system. Mass media channels of the communication process are more effective in creating knowledge of innovations, whereas interpersonal channels are more effective in forming and changing attitudes toward a new idea, and thus in influencing the decision to adopt or reject a new idea. Most individuals evaluate an innovation, not on the basis of scientific research by experts, but through the subjective evaluations of near-peers who have adopted the innovation. First, time is involved in the innovation-decision process: is the mental process through which an individual (or other decision-making unit) passes from first knowledge of an innovation to forming an attitude toward the innovation, to a decision to adopt or reject, to implement the new idea, and to confirm this decision. The second way in which time is involved in diffusion is in the innovativeness of an individual or other unit of adoption. Innovativeness is the degree to which an individual or other unit of adoption is relatively earlier in adopting new ideas than other members of a social system. The third way in which time is involved in diffusion is in rate of adoption. The rate of adoption is the relative speed with which an innovation is adopted by members of a social system. The rate of adoption is usually measured as the number of members of the system that adopt the innovation in a given time period

Resource-Based Approach

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (Barney, 2003). This model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control, that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (Abutabenjeh & Jaradat, 2018). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market" (Avino, 2018). Like the Chicago School tradition, the RBV is an efficiency-based explanation of performance differences (Wangila, 2018): "performance differentials are viewed as derived from rent differentials, attributable to resources having intrinsically different levels of efficiency in the sense that they enable the firms to deliver greater benefits to their customers for a given cost (or can deliver the same benefit levels for a lower cost)" (Sandven & Smith, 2017). The assumed heterogeneity and immobility are not, however, sufficient conditions for sustained competitive advantage.

Conceptual Framework

A conceptual framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas. It consists of independent variables and dependent variables. The study variables were presented in a diagrammatically as shown below;



Review of Variables

Financial Resources Mobilization Innovation on Performance

Financial constraints significantly increase the probability of exiting the market, access to external financial resources has a positive effect on the growth of firms, financial constraints are positively related with productivity growth in the short-run. Firms exit and growth represent interesting fields of application, since financial constraints can interfere with market selection mechanisms, and therefore shape market structures in ways not necessarily consistent with efficiency. In fact, given the presence of important sunk entry costs in most markets, one can expect that constrained firms find it more difficult to grow and even to survive. In addition, while a large amount of evidence exists on the relation between financial development and growth, both cross-country and cross-industry, (Xu & Zhu, 2019)

Since the late 1980s, a large number of empirical studies have addressed the issue of financial constraints, mainly in order to study the relation between firm investment and the availability of internal funds. Indeed, large and convincing evidence exists showing that, when a standard investment equation is augmented with cash flow availability, the fit of the equation improves. on comparing cross-country performances controlling for the degree of financial development. Hence, for instance, Demirguc-Kunt and Maksimovic (1998) and Beck, Kunt and Maksimovic (2005) find that financial development eases the obstacles firms face to grow faster and therefore improves macroeconomic performance. Similarly, Ngugi and Karina (2017) use cross-country and cross-industry data to investigate the role of financial factors in shaping the size distribution of firms. They conclude that financial development exerts a disproportionately positive effect on small firms. Yet, financial development is constant across firms operating in the same economic system.

Human Resource Innovation on Performance

Employees are major assets of any organization. The active role they play towards a company's success cannot be underestimated. As a result, equipping these unique assets through effective training and compensating them becomes imperative in order to maximize the job performance. Also, position them to take on the challenges of the today's competitive business climate. Although extensive research has been conducted in the area of Human Research Management, the same cannot be said on employee training and compensation especially as it concerns developing countries. Organizations worldwide are striving for success and are out competing those in the same industry. In order to do so, organizations have to obtain and utilize their human resources effectively. Organizations need to be aware of face more realistically towards keeping their human resources up-to-date. In so doing, managers need to pay special attention to all the core functions of human resource management as this plays an important role in different organizational, social and economically related areas among others that are influential to the attainment of the organizational goals and thus organizations successful continuation in the market. Organizations are facing increased competition due to globalization, changes in technology, political and economic environments (Evans, Pucik & Barsoux, 2022) and therefore prompting these organizations to train and compensate their employees as one of the ways to prepare them to adjust to the increases above and thus enhance their performance. It is important to not ignore the prevailing evidence on growth of knowledge in the business corporate world in the last decade. This growth has not only been brought about by improvements in technology nor a combination of factors of production but increased efforts towards development of organizational human resources. It is, therefore, in every organizations responsibility to enhance the job performance of the employees. In addition, certainly implementation of training and development is one of the major steps that most companies need to achieve this. As is evident that employees are a crucial resource, it is important to optimize the contribution of employees to the company aims and goals as a means of sustaining effective performance. This therefore calls for managers to ensure an adequate supply of staff that is technically and socially competent and capable of career development into specialist departments or management positions (Afshan, *et al.*, 2012).

The question that may arise in many instances is why human resources are important. Bearing in mind that human resources are the intellectual property of the firm, employees prove to be a good source of gaining competitive advantage (Vora 2019), and training is the only way of developing organizational intellectual property through building employees' competencies. In order to succeed. Organizations have to obtain and utilize human resources effectively. Organizations, therefore, need to design its human resource management in ways that fit into the organization's structure, as this it will make the organizations achieve their goals and objectives. Moreover, it is also important for organizations to assist their workforce in obtaining the necessary skills needed and, increase commitment. The management of human resources in Africa in general and Kenya in particular is rather challenging as most organizations have difficulties finding proper human resources. Wangila, (2018). Wangila further stated that this may partly be a result of the different kinds of problems, for example, political instability, corruption, bureaucracy, poor infrastructure, low levels of education and purchasing power, diseases and famine known to prevail in the African business context.

Performance of Mobile Service Providers in Nairobi City County, Kenya

According to Pitagorsky (2018), performance is the accomplishment of a given task, in this case a project measured against preset known standards of accuracy, completeness, cost, and speed, while Vora (2019) defines performance as how well a person completes tasks and also the attitude with which he/she completes the tasks. In the end, all the innovative activities must result in better firm performance compared to companies that do not innovate. In measuring firm performance, different concepts are used. Most of the times, these firm- or economic-performance measures include: growth rates of sales, total assets, total employment, operation profit ratio and return on investment (Ama, 2016). In general, publications are positive about the effect of innovation on firm performance (profits and turnover).

A recent publication edited by Kleinknecht and Mohnen, and entitled Innovation and firm performance. Econometric explorations of survey data (2012), further adds drastically to the empirical knowledge on the innovation-performance relationship. It presents a series of 13 revised workshop papers, all using innovation survey data to explore a wide range of topics on innovation, from measurement issues to sources and effects of innovation (Kleinknecht & Mohnen, 2002: xix). Most data are cross-sectional data from a single survey. Diederen *et al.* (2002: 81-83) conclude that innovative firms show significantly higher profits and growth figures than firms that are not innovative. Also Kamoche *et al*., (2016) conclude there is a positive impact of innovations on profits. In a publication based on the Dutch innovation monitor, Meinen (2001) is positive on the question whether innovation is worth doing. Loof (2000) showed a positive relationship of innovative sales per employee (elasticity) on five different performance measurements (employment growth, value added per employee, sales per employee, operating profit per employee, and return on assets). The sales margin is not significantly influenced by innovative output. If a distinction is made between manufacturing and service firms, for service firms, the relationship between innovative output and employment growth is not significant anymore.

Svandven and Smith (2017) showed that there was a lack between profitability and innovation. Thus while innovative firms may have higher rates of growth in terms of sales, employment, assets, productivity, etc. this does not show up in terms of profit. This lack of significance might be the result of the different context of the study. Different branches tend to have rather different rates of innovation, and since high innovation rates often need to be accompanied by high rates of investment, it is not a priori clear why there should be a link from innovation to profitability. Also taxation rules may explain the extent to which companies prioritize between profitability and growth (especially in an international context) (Locke & Schweiger, 2016).

Finally, Klomp and Van (2016) used a simultaneous-equations model to test the relationship between innovation and firm performance. They measure firm performance in terms of firms' total sales growth and firms' employment growth. They hypothesize that the firms' total sales growth is dependent on the innovative output, size, industry dummies and the interaction term between the industry and size. For the firms' employment growth, also the firm's total sales growth is included. The firm's total sales growth is positively influenced by the innovative output; the firm's employment growth is not influenced by one of the variables in the equation. Studies show that firms that innovate have higher profits and grow faster. Especially innovation on a permanent basis, cooperation with other parties and the use of several information resources will result in extra turnover.

Research Gaps

Kleinknecht (2020), conducted a study on perceived risks on the use of the mobile phone and found some of the perceived risks by the users as financial and social risks. Ngugi and Karina (2019) in their survey on the factors that determine customer loyalty to mobile service providers concluded that factors such as quality of customer service, reliability of the services, affordability of services and products, among others. Levine and Tyson (2020) on their research about the basis of competition in the mobile phone industry in Kenya found out that competition in the industry was crucial both for survival of existing players as well as for long term sustainable and profitable existence of industry players. The above-mentioned researchers have addressed various topics in the industry with no evidence of any having been done on the influence of innovation practices on performance of these mobile service providers in Kenya. This study therefore sought to fill this gap by analyzing the influence of innovation practices on performance of mobile service providers in Nairobi City County, Kenya and in the process sought to answer the research questions accordingly.

RESEARCH METHODOLOGY

Research Design

The study adopted descriptive survey research design. Tae and Youn-Sung (2019) defines descriptive survey research design as a design devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation. This type of research method is not simply amassing and tabulating facts but includes proper analyses, interpretation, comparisons, identification of trends and relationships. One of the main benefits of descriptive research is the fact that it uses both quantitative and qualitative data in order to find the solution to whatever is being studied. It is used to describe and not make any conclusions; it is easier to start the research with it; and it can identify further area of study and is less expensive and time consuming.

Target Population

According to Bryman and Bell (2017), target population is a set of units from which a sample is to be selected. The target population of the study was mobile phone companies in Nairobi County, where the headquarters are located, with a total population of 381 respondents for the 3 mobile service providers which were drawn from the 3 strata to include top, middle and lower-level managers.

Table 1: Sampling Frame

Description	Safaricom Limited (Safaricom)	Airtel Networks Kenya Ltd (Airtel)	Telkom Kenya	Total
Top managers	14	10	7	31
Middle level managers	38	32	30	100
Lower level managers	130	60	60	250
Total	182	102	97	381

Sample Size and Sampling Techniques

Kothari (2014) defines sampling as the choice of parts of an aggregate or totality on which the researchers base their inference or judgement on the aggregate or the totality. Mugenda and Mugenda (2003) and Creswell and Plano-Clark (2017) argue that sampling is commonly used in inferential statistics to make predictions on the behaviour of the population. The larger the sample, the smaller the sampling error. (Mugenda & Mugenda, 2003). Stratified random sampling was used in identifying the respondents.

Table 2: Sample Size

Description	Safaricom Limited (Safaricom)	Airtel Networks Kenya Ltd (Airtel)	Telkom Kenya (Orange)	Total
Top managers	4	3	2	9
Middle level managers	11	10	9	30
Lower level managers	39	18	18	75
Total	54	31	29	114

The respondents were distributed proportionately according to the mobile service provider's companies as in the table above. According to Mugenda and Mugenda

(2003), sample equivalent to 30% of the target population was substantial enough for research purposes. This study therefore adopted a 30% sample size which was 114 respondents.

Data Collection Instruments

The study used questionnaires for data collection. A Questionnaire gives respondents freedom to express their views and make suggestions, Creswell and Porth (2016). Its anonymity gives it chances of gathering honesty and reliable responses. It is a relevant instrument because a researcher is able to gather a lot of information from respondents within a short period. The questionnaire was designed by the researcher to suit the purpose of the research. The researcher administered the questionnaire to the respondents. The respondents were given clear instructions and promised privacy and confidentiality of the information they were to give and the purpose being only for academic study.

Data Analysis and Processing

The researcher conducted data cleaning after all data had been collected. This ensured identification of incomplete and inaccurate responses. Corrections were then done on them to improve the quality of the responses. Data was then coded and analyzed using descriptive statistics such as the mean, mode, median, frequency distributions, standard deviation and other inferential statistical measures such as correlation and regression analysis, ANOVA among others. Data was presented using a multiple linear regression model, tables, percentages, graphs and charts.

RESEARCH FINDINGS AND DISCUSSION

Response rate

The researcher distributed 114 questionnaires to the respondents, 108 of them were satisfactorily filled and returned, 4 questionnaires, though returned, were not fully filled and were considered inadequate for inclusion while 2 questionnaires were not returned. This summed up a response rate of 95% which was considered admissible for research purposes. The researcher resolved to adopt a significant level of 5% for data analysis purposes. The table below represents the response rate.

Table 3: Response Rate

	Frequency	Percent
Filled and Returned	108	95
Partially Filled	4	4
Not Returned	2	1
TOTAL	159	100

Analysis of the specific objectives

Financial Resources Mobilization Innovation on Performance

The findings on the influence of financial resources mobilization innovation on performance of mobile service providers in Nairobi City County, Kenya were presented in Table 4 as shown below;

Table 4: Financial Resources Mobilization Innovation on Performance

Statement	SA %	A %	U %	D %	SD %
Your organization receives external funding	2	5	21	24	48
Your organization has experienced growth in the past 1 year.	30	42	4	16	9
Your organization has allocated enough funds for new innovative ways of financial mobilization	34	35	14	10	6
There is a relationship between innovation investments and growth in the firm	42	32	4	13	9

Table 4 above presented the respondents' feedback on whether their organizations received external funding. 48% of the respondents strongly disagreed, 24% disagreed, while those that remained undecided were 21%. 5% of the respondents agreed that their organizations received external funding while 2% strongly agreed to this statement. On whether their organizations had experienced growth in the past 1 year, 9% of the respondents strongly disagreed, 16% disagreed while 4% of the respondents elected to remain undecided. 42% of the respondents agreed that their organizations had experienced growth in the past 1 year while 30% strongly agreed.

On whether their organizations had allocated enough funds for new innovative ways of financial mobilization, 6% of the respondents strongly disagreed with the statement, 10% disagreed that their organizations had allocated enough funds for new innovative ways of financial mobilization, and 10% of the respondents remained undecided. 35% of the respondents agreed while 34% of them strongly agreed that indeed their organizations had allocated enough funds for new innovative ways of financial resources mobilization innovation. As to whether there is a relationship between innovation investments and growth in the firm, the findings were that 9% strongly disagreed, 13% disagreed while 4% of the respondents decided to remain neutral. With majority of the respondents; 32% agreeing and 42% strongly agreeing that there was a relationship between innovation investments and growth in the firm.

Human Resource Innovation on Performance

The findings of the influence of human resource innovation on performance of mobile service providers in Nairobi City County, Kenya, were presented in Table 5 below;

Table 5: Human Resource Innovation on Performance

Statement	SA %	A %	U %	D %	SD %
Your organization conduct employee training	33	38	14	10	5
You are satisfied with how your organization compensates employees.	14	23	25	21	17
Both human and non-human resource influences the performance of the firm	27	29	18	15	12
Employee skills have a direct relationship with performance of the firm in the sector	30	20	23	16	11

As regards to whether their organizations conduct employee training, 5% of the respondents strongly disagreed, 10% disagreed while 14% of the respondents decided not to commit themselves on this statement. 38% of the respondents agreed while 33% of the respondents strongly agreed that their organizations conduct employee training. As to whether respondents/employees are satisfied with how their organizations compensate employees,17% of the respondents strongly disagreed, 21% disagreed while 25% of the respondents remained undecided. 23% of the respondents agreed and 14% strongly agreed that they are satisfied with how their organizations compensate employees.

When asked whether both human and non-human resource influences the performance of the firm, 12% strongly disagreed, 15% of the respondents disagreed while 18% remained undecided. 23% of the respondents agreed that both human and non-human resource influence the performance of the firm with a majority of 29% of the respondents agreeing while 27% strongly agreeing to the statement. When required to respond on whether employee skills had a direct relationship with performance of the firm in the sector, 11% of the respondents strongly disagreed, 16%

disagreed with another 23% remaining undecided. 20% of the respondents agreed with 30% strongly agreed that indeed the employee skills had a direct relationship with performance of the firm in the sector.

Model Summary

The study used the co-efficient of determination (R-Squared) to identify the variance to which the independent variables affected the dependent variable in the model. The larger the value of R squared, the higher and reliable the model is.

Table 6: Model Summary

Model Summary

Model	R	R-Square	Adjusted R-Square	Std Error of the Estimate
1	.925ª	.856	.859	.105

a. Predictors: (Constant), Financial Resources Mobilization Innovation, Human Resource Innovation

The overall contribution of the predictor variables; Financial resources Mobilization Innovation, and Human Resource Innovation accounted for 85.6% (R^2 = .856) of the predictability on performance of mobile service providers in Nairobi City County, Kenya as depicted in the table above, the difference of 14.4% to 100% was represented by other variables not included in this study, contributed to the variations in the dependent variable, performance of mobile service providers in Nairobi City County, Kenya.

Relationship of Variables

In order to measure/test the nature of relationship between the independent variables and the dependent variable, the regression equation was used. Predictions were then made about the collected data from the research analysis and presented in the ANOVA table below;

Table 7: ANOVA

Model		Sum of Squares	df	Mean Squares	F	Sig.
	Regression	124.56	4	31.140	4.973	.0000ᵇ
1	Residual	651.23	104	6.262		
	Total	775.79	108			

a. Dependent Variable: performance
b. Predictors: (Constant), Financial Resources Mobilization Innovation, and Human Resource Innovation

The F-test from the analysis was provided by the ANOVA table above. The results indicated that the specific variables were statistically significant and therefore used to predict the explained/dependent variable; performance of mobile service providers in Nairobi City County, Kenya. This was evidenced by the F-statistic value of 4.973 which was greater than the F-critical value at a P-value of .005 which was also seen to be less than the significance level of .05.

Correlation Analysis

The study carried out a correlation analysis of the collected data and the findings were recorded in the correlation matrix table below;

Table 8: Pearson Correlation Matrix

Variables	Financial Resources Mobilization Innovation	Human Resource Innovation	Performance
Financial Resources Mobilization Innovation	1.000		
Human Resource Innovation	.436**	1.000	
Performance	.459**	.312**	1.000

** Correlation is significant at the .01 level (1-tailed). * Correlation is significant at the .05 level (1-tailed).
Source: Data Analysis, 2023 SPSS v26

Table 8 above shows the correlation between the independent variables (financial resources mobilization innovation and human resource innovation) and the dependent variable (performance of mobile service provider firms in Nairobi City County, Kenya). The study established that there was correlation between the dependent variable and the independent variables as follows; Financial resources mobilization innovation (r = .459) and Human resource innovation (r= .312) with (P<.01) level of significant, which showed a strong support for the first variable and a mild correlation with the second variable.

Regression Analysis

Collected data was subjected to regression analysis and the results were presented in the table below with the regression coefficients per variable extracted and explained.

Table 9: Regression Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.315	.287		.647	.067
	FRMI	.781	.029	.771	1.331	.004
	HRI	.347	.131	.324	1.349	.063

Dependent Variable: Performance

The regression results aided the researcher in generating the multiple regression model that took the following form;

$$\mathbf{Y = 2.315 + .781\ X_1 + .347 X_2}$$

The relationship between the dependent variable and independent variables was reported from the above regression analysis results. In the regression coefficients table above, the coefficients of the estimated variables with their expected signs were presented. The ultimate conclusion from the table above was that the two predictor variables had a significant and positive influence on the performance of mobile service providers in Nairobi City County, Kenya. From the above analysis, financial resources mobilization innovation had a higher significant influence on performance of mobile service providers in Nairobi City County, Kenya at 78.1%, while human resource innovation, according to the collected and analyzed data, had a lower significant influence on performance of mobile service providers in Nairobi City County, Kenya at 34.7%. This model was considered to be able to comprehensively measure the study variables.

CONCLUSIONS

Financial Resources Mobilization Innovation on Performance

That there was influence of financial resources mobilization innovation on performance of mobile service providers in Nairobi City County, Kenya from the feedback by the respondents who were employees of the three firms. Apart from the first question as to whether the firms received external financing, majority of the respondents were positive in their responses. It was therefore concluded that the high number of undecided respondents necessitated investigation on whether some mobile service providers received external funding. The correlation results revealed a strong positive correlation with performance. The findings of regression analysis demonstrated that financial resources mobilization innovation had the strongest influence on performance of mobile service providers in Nairobi City County, Kenya.

Human Resource Innovation on Performance

From the findings on human resource innovation variable, the firms in the sector seemed to be laying little emphasis on the human resource innovations. Some sections of the respondents felt the firms placed little emphasis on employee training and compensation which made the feel not attached to the firms well. It was concluded that the management of the firms should move as a unit with the human and non-human resource during innovative activities to influence performance. And that human resource training to be frequent to ensure that skills are horned well and innovative ideas come mostly from the staff since they are the ones inside the firms and seem to understand better. The correlation results led to the conclusion that contract documentation had a strong and positive relationship with performance.

Recommendations

Financial Resources Mobilization Innovation

That the firms to allocate enough funds for new innovative ways of financial resource mobilization innovation since it was the strongest influence on performance. Since the study concluded that there was a relationship between innovation investments and growth in the firm, and given the sensitivity of the sector mobile service providers operate in, the study recommended that investments in innovation be given more priority for the long term survival of the firms.

Human Resource Innovation on Performance

That the mobile service providers invest more in employee training to improve on their skills. This recommendation was necessitated by one third of the respondents who felt employee training was either not adequate or was lacking all together. The firms have a lot to do when it comes to employee compensation since over sixty per cent of the respondents' feedback posted a total dissatisfaction in relation to how the mobile service providers compensate employees. The firms ought to deliberate and right the situation on this important area.

Areas for further Study

Since no single study can exhaust any research topic, a number of areas come up during the research period which makes it imperative that a recommendation for further study is necessary by future scholars. In this regard, the researcher suggested that a further study be carried out by other scholars on other variables affecting performance of mobile service providers in parts of the country and possibly in the region. This study only focused on Nairobi City County which was in itself a limitation because it could not be representative enough on the basis of performance of mobile service providers in devolved units, it is recommended that using the same variables, a similar study be carried out in a number of different devolved units and comparisons made for concrete decision making on the influence on performance. Finally, by engaging in the study, the researcher came face to face with different aspects of challenges he looks forward to sharing with other scholars where possible.

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