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EVIDENCING ENABLERS OF INNOVATION CAPABILITIES AND THEIR EFFECTS ON ORGANIZATIONAL PERFORMANCE

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Abstract

Innovation influences the performance of organizations by building distinctive competencies that result in sources of competitive advantage. For innovation to take place, the organization must posses innovation capability and operate in an enevironment (internal and external) with appropriate enablers which work sufficiently under a sound innovation management system. The main objective of the study was to establish the internal enablers of innovation capabilities and their effects on the organizational performance in the retail industry in Kenya. The specific objectives were; to establish the internal enablers of innovation capabilities at Nakumatt Holdings Limited; and to evaluate the role of the internal enablers of innovation capabilities on organizational performance at Nakumatt Holdings Limited. The study was guided by two theories; Resources Based View and the Capability Based View. The study population was made up of 6,500 employees of Nakumatt Holding Limited. Since all the employees could not be accessed within the study limits, the sampling frame constituted 89 employees stationed at the company's headquarters in Nairobi. The 89 comprised of 11 senior managers, 16 line managers, 23 supervisors and 39 non-management staff. The study targeted to collect primary information from the entire sample frame using a standardized questionnaire. The data was analyzed using SPSS. Descriptive analysis involved frequencies, percentages and intraclass correlation coefficient (ICC). Regression analysis and correlations were conducted to determine the relationship between the dependent variable and the independent variables of the study. Statistical significance level was used to infer deductions. Findings were presented using tables. The study established that clear strategies; innovative culture; learning environment and exploitation of internal resource base are some of the enablers of innovation capabilities that influence innovation at Nakumatt Holdings Limited. The study further established a positive relationship between the enablers of innovation capabilities and performance of the organization. Favorable environment for learning contributed the most to the positive organizational performance. This was followed by exploitation of internal resources; clear strategies and innovative culture. The study recommends that managers of innovation capabilities should ensure that their organizations have systems that support exchange of knowledge within and without the organization. Additionally, there is need to exploit the existing internal resources e.g. excess capacity to tap knowledge or innovate. Communication of clear strategies and enshrining of innovative culture would go a long way in ensuring successful innovation.

Keywords: *Enabler, Innovation, Innovation Capability, Performance*

Introduction

The fact that innovation has become central to organizational performance and competitive advantage in the current dynamic business environments can never be underestimated. This has been driven by the emergence of the knowledge based economies, intense global competition and considerable technological advancement (Lawson & Samson, 2001). Innovation influences the performance of organizations by building distinctive competencies that result in sources of competitive advantage e.g. innovation can result in new products that better satisfy customer needs, improve the quality of existing products, or reduce the costs of making products that customers want (Hill & Jones, 2008). In this way, innovation presents the opportunity for product differentiation and reduction of the cost of production below that of competitors. Furthermore, innovation allows firms to redefine the marketplace in their favor and achieve a competitive advantage (Rothaermel, 2015). Thus, the ability to develop new ideas and innovate is one of the top priorities of most organizational leaders (Lawson & Samson, 2001).

Innovation can take place only if the organization has innovation capability and the appropriate enablers which work sufficiently under a sound innovation management system (Dadfar, Dahlgaard, Brege, & Alamirhoor, 2013). Innovation capability is about moulding and managing multiple capabilities i.e. it is a higher-order integration or the capability of integrating the firm's key capabilities and resources to stimulate innovation successfully (Dadfar et al., 2013). This process does not exist in isolation. For innovation to take place there is a demand for interactions with both the internal and the external sources of input (Sisodiya, Johnson, & Grégoire, 2013). These interactions create an environment of an integrated set of components and capabilities within which innovation takes place. The environment thus, serves to establish a constructive (enabling) or inhibitory conditions for innovation. For example enabling policies simplify the internal management processes and eliminate the barriers to innovation; while the entrepreneurial capabilities serve to advocate and ensure leadership of the innovation process (Xu et.al., 2012).

Narasimhalu (2005) decribed the process of successful innovation by use of an "innovation cube analogy". The cube is constructed using three attribute-pairs called drivers, triggers and enablers of innovation. Drivers are linked to "Pain-Pleasure" where an innovation that identifies a solution for a pain experienced by a community or that addresses the needs for their pleasure would certainly be attractive to the markets. The triggers represent the "Market shifts-Technology Discontinuities" where when markets change or when a new technology or capability becomes available then there is an opportunity for innovation. Lastly enablers which are characterised by Price and Speed of delivery enable an innovation succeed in a market that is ready for exploitation. In this case, any innovation has to be affordable for wide spread acceptance by the markets while speed of delivery is as important as relevance (Narasimhalu, 2005). Thus, a company that has identified an innovation but lacks the support system or is just plain slow to deliver it to the market will surely not be successful. This means that apart from the innovation capabilities possed by the firm, the prevailing conditions is critical in definining the level of adoption and diffusion of any innovation.

Nakumatt Holding Limited is a Kenyan family owned retail store established in 1987. The store chain started as a small shop in Nakuru town in Kenya and has grown over time to establish branches in Uganda, Rwanda and Tanzania. The chain serves more than 200,000 customers per day and offers a range of over 75,000 products in its 40 branches across East Africa (Nakumatt Limited, 2015). The chain has 33 branches in Kenya, one in Moshi, Tanzania, two in Kigali, Rwanda and four in Uganda. The store chain has an annual turnover of $ 650 Million, with over 650,000 loyal customers. The supermarket chain employs 6,500 staff spread across the branches (Nakumatt Limited, 2015).

The rapid growth in Nakumatt has been attributed to adoption of innovative strategies. For example Nakumatt was the first store chain to introduce

convenience 24 hours shopping in Kenya for busy customers who can only spare time after work. The store chain also introduced the Blue label brands to tap into internally existing opportunities to develop a brand that delivers value to both the customer and the business (Nakumatt Limited, 2015). The chain used their store shelf space and the store network to create savings through contract manufacturing and trade margins. The Blue label helped the retail store price its products cheaper and grow its sales by an additional 5% (Ksh. 2 billion) in 2014 (Wasike, 2015). This strategy gained root as a source of enhancing organizational performance and is rapidly being copied by other supermarket chains in Kenya. The study therefore sought to identify the factors that enable these innovative ventures and establish whether the enablers influence the overall organizational performance.

Problem Statement

Innovation has been identified as a major source of competitive advantage. Innovation assist firms build distinctive competencies which can result in new products that better satisfy customer needs, improve the quality of existing products, or reduce the costs of making products that customers want (Hill & Jones, 2008). Innovation can help firms play a dominant role in shaping the future of their industries.

Several studies have been carried out to establish enablers of innovation capabilities (Lawson & Samson, 2001; Lin, 2007; Yeşil & Kaya, 2012; Carlgren, 2013; and Dadfar et. al, 2013). Despite this, no studies have been done to explicitly evaluate the innovation capability enablers and their influence on innovation capabilities at Nakumatt Holdings Limited. Innovation processes are context dependent and thus studies should hold systematic perspective, consider all aspects of resources, process and mindset within a given context when evaluating the enablers of innovation capabilities (Carlgren, 2013). Since Nakumatt Holdings Limited operates in its own unique environment, the study therefore sought to establish the factors that enable innovative ventures at the firm and establish whether the enablers influence the total organizational performance.

General Objective

The main objective of the study was to establish the internal enablers of innovation capabilities and their effects on the organizational performance in the retail industry in Kenya.

Specific Objectives

1. To establish the internal enablers of innovation capabilities at Nakumatt Holdings Limited.
2. To evaluate the role of the internal enablers of innovation capabilities on organizational performance at Nakumatt Holdings Limited.

Literature Review

Theoretical Review

The study is anchored on two theories; the resource based view (RBV) and capability based view (CBV). The RBV draws attention to the firm's internal environment as a driver for competitive advantage. The central proposition of the theory is that if a firm is to achieve a state of strategic competitive advantage, it must acquire and control valuable, rare, inimitable, and non-substitutable resources and capabilities, plus have the organization in place that can absorb and apply them (Kraaijenbrink, Spender, & Groen, 2010). RBV stresses on the role played by peculiar heterogeneous bundles of resources, competencies and capabilities in gaining strategic competitive advantage. These resources may be tangible or intangible. The tangible assets can be acquired through external transactions, whereas intangible assets tend to accumulate within a firm over time and, therefore, are a more durable source of competitive advantage (Peteraf, 1993). Even though assets are important, by themselves alone, they do not produce a firm's competitive advantage and can only be a source of advantage if they are used to do something, such as exploit knowledge or innovate (Hogan, Soutar, McColl-Kennedy, & Sweeney, 2011).

Capability Based View (CBV) assumes that firms possess some unique knowledge based resources. Therefore competitive advantage of firms results

from their possession of these unique internal resources and capabilities and their ability to apply these resources in the marketplace to earn superior performance (Tallman & Fladmoe-Lindquist, 2002). Capabilities enable the firm to deploy resources, usually in combination, using organizational processes to obtain the expected results (Gusberti & Echeveste, 2012). Capabilities are used to integrate resources to develop and transform assets to create value offerings for customers or stimulate innovation successfully (Dadfar et al., 2013). Capabilities are embedded in the firm and are path-dependent routines and information-based processes that are realized through learning-by doing (Hogan, et al.,2011). They evolve and are developed, in time, by complex interactions between the firm's tangible and intangible resources (Tallman & Fladmoe-Lindquist, 2002) thus; they are the most difficult resources for competitors to duplicate due to their high levels of causal ambiguity. This makes capabilities context-specific.

Innovation Capabilities

Lawson and Samson (2001) visualised organization's innovation capability to arise from the skills and abilities that enable the application of resources in a manner that reflects the ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the firm and its stakeholders. Hogan, et al.(2011) expanded the concept and defined innovation capability as a firm's ability, relative to its competitors, to apply the collective knowledge, skills, and resources to innovation activities relating to new products, processes, services, or management, marketing or work organization systems, in order to create added value for the firm or its stakeholders. This study adopts the latter definition.

Enablers of Innovation

In the process of innovation, enablers play a critical role (Xu, Chen, Shou, & Liu, 2012). Ottaviano (2004) clasiffied the key enablers of organisational innovation into three main categories; ***Organizational Strategies*** (comprising of innovation strategy and vision; future scenarios; competency management; resource management; alliances and networks); ***Internal Environment*** (comprising of culture; learning & knowledge management; enabling technology; organisation structure; people management); and ***Innovation Competencies*** (comprising of market interface management; R&D/ technology management; creativity & idea management; intellectual property management; commercialisation process management; process innovation management; radical innovation management).

The classification above is in line with Xu et. al (2012) expanded classification of the enablers of innovation capabilities. They expanded the enablers of innovation capabilities into five main categories. These are, clear strategies for innovation; cultivation of innovative culture; exploitation of internal and external resources, and an atmosphere that encourages learning. This study adopted the Xu et. al (2012) model to evidence internal enablers of innovation (clear strategies; innovative culture; exploitation of intenal resources such as information technology/financial resources/ human resources; and learning environment). Moreover, the basic mandate of the firm being profit making, innovation capabilities would remain useless unless, these capabilities are employed to promote innovations for commercial benefits of the firm.Therefore, the study looked at how the internal enablers of innovation capabilities influence the organizational performances.

Empirical Review

From a theoretical perspective, Lawson and Samson (2001) presented seven main drivers of innovation: Vision and strategy; harnessing the competence base; organisational intelligence; creativity and idea management; organisational structures and systems; culture and climate; and management of technology. Several studies have sought to empirically test these variables for validation purposes.

A study by Lin (2007) showed individual enjoyment in helping others; knowledge self-efficacy and top management support as the significant influencers of knowledge-sharing processes and innovation. Thus employee willingness to donate and collect

knowledge enable the firm to improve innovation capability. This study focused only on two variables; the individual charateristics and the management support.

While exploring the role of organizational culture among managers of firms, a study by Turkey, Yeşil and Kaya (2012) revealed that adhocracy culture is positively related to innovation capability. The study concluded that organisational culture that places great emphasis on entrepreneurial, innovative and creative workplace along new product and service development, growth, change, and experimentation are likely to create environment where innovation and innovation capability can be developed. Moreover various characteristics associated with different cultural dimensions can be beneficial to the innovativeness of the firms.

Dadfar et. al (2013), sought to establish the influncers (enablers) of innovation capabilities and their relationship with product platform development and organizational performance. Looking at the pharmaceutical SMEs in Iran, the study showed a positive relationship between innovation capabilities, technology platform, product platform and performance. The study further confirmed that the prerequisite (enabler) to this relationship was an effective innovation management and strength/abilities in strategy, organizational structure, learning, processes and linkage (relationship) with the customers, suppliers and alliances.

Carlgren (2013) focused on evaluating design thinking as an enabler of innovation. The study put focus in context and argue that design thinking takes different shapes in different contexts, and thus accommodates a variety of ways of applying and using design thinking as a systemic perspective, considering all aspects of resources, process and mindset. This means that studying various variables in isolations may not present the real picture of the enablers of innovation and their effects on performance.

A study by Sisodiya, Johnson and Grégoire (2013) evidenced that the ability to build interfirm relationships in a knowledge-rich environment increase the efficacy of inbound open innovation for gaining superior financial performance in a business-to-business context. That is, when firms possess strong relational capabilities and adopt an open innovation approach, they achieve higher financial performance than if they have a low or a high level of flexibility.

Empirical studies on the success of Nakumatt Holdings Limited in East Africa have featured innovation extensively as one of the competitive strategies adopted by the store chain. However these studies have mainly focused on identifying the adoption of innovative strategies. Little do they discuss the enablers of the innovation capabilities within the firm. A study by Chege, (2014) identified innovation and learning orientation as one of the strategies employed by Nakumatt Holdings Limited to gain competitive advantage. Similarly, a study by Mummassabba, Muchibi, Mbithi and Musiega (2015) identified product innovation as one of the strategies employed by Nakumatt Holding Limited to gain competitive advantage.

In summary, even though these studies presents useful insights into the enablers of innovation capabilities, their scopes are limited in the number of variables evaluated at one particular time in given context. Moreover they were conducted in different contexts not occupied by Nakumatt Holdings Limited. The current study sought to bridge this knowledge gap by having a more broader perspective by considering the effects of having clear strategies; innovative culture; exploitation of internal resources and an atmosphere that encourages learning in the same study.

Conceptual Framework

The conceptual framework in Figure 1 is built on the basis that innovation capabilities influence organizational performance (measured by sales volumes; market share; customer numbers; number of stores; geographical coverage) and the successful establishment of innovation capabilities is further influenced by interactions with factors in the environment of the sources of the input. The successful establishment of innovation capabilities is based on having *clear strategies*; cultivation of

innovative culture; exploitation of *internal* resources, and an atmosphere that encourages *learning*.

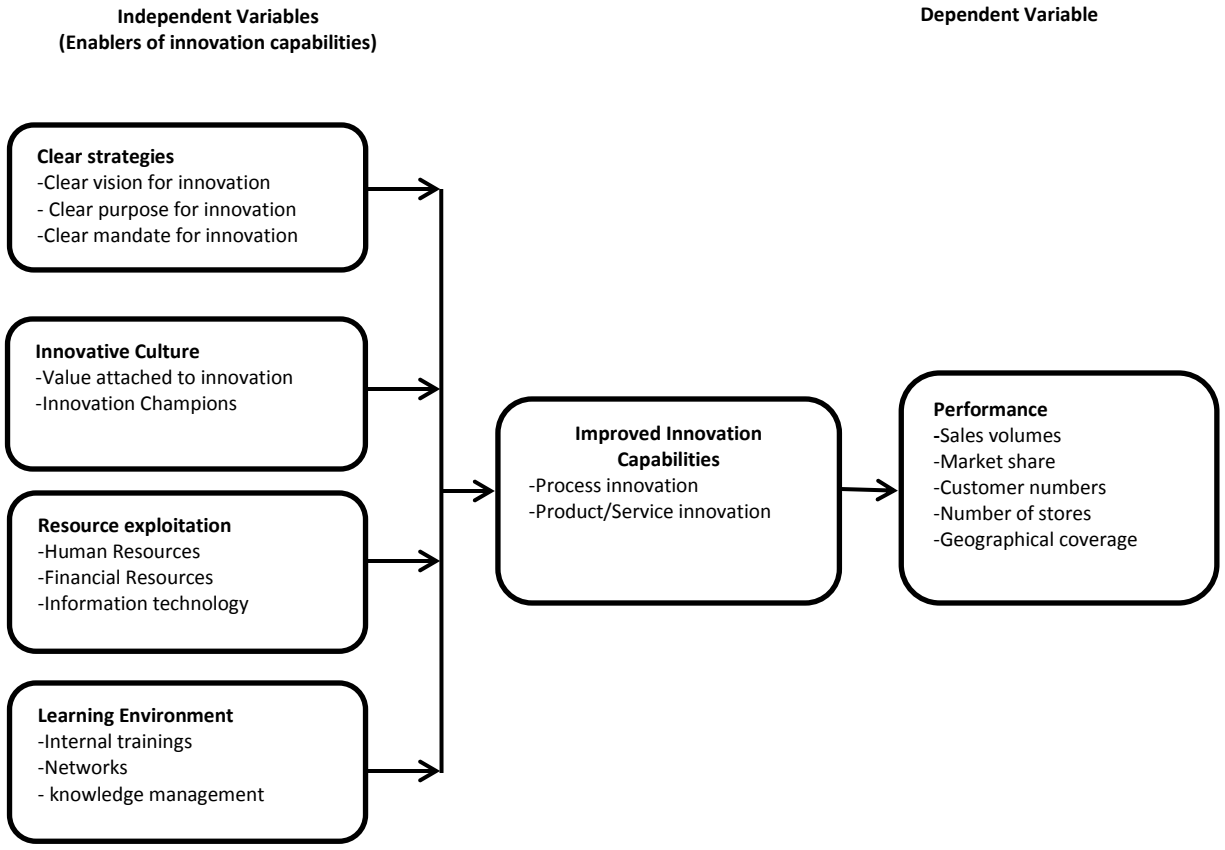

Figure 1: Conceptual Framework

Research Methodology

The study was descriptive in nature. The study population comprised of all the 6,500 employees of Nakumatt Holding Limited. Since all the employees could not be accessed within the study limits, the sampling frame constituted 89 employees stationed at the company's headquarters in Nairobi. The 89 comprised of 11 senior managers, 16 line managers, 23 supervisors and 39 non-management staff (Nakumatt Limited, 2015). The study targeted to collect primary information from the entire sample frame using a standardized questionnaire.

The data was collected in June 2015. Data collection involved drop and pick strategy.The data was analysied using SPSS. Descriptive analysis involved frequencies, percentages and intraclass correlation coefficient (ICC). Regression analysis and correlations were conducted to determine the relationship between the dependent variable and the independent variables of the study. Statistical significance level was used to infer deductions. Findings were presented using tables.

Results

Enablers of Innovation Capabilities

The study received a 76% response rate (n/N%=68/89%). The respondents were asked to indicate their level of agreement on a scale of 1 to 5 on the existence of various enabling environments for innovation (SDA= strongly disagree; DA= disagree; U= undecided; A= agree; SA= strongly agree). The study showed that there are ***clear strategies*** regarding innovation management at Nakumatt Holdings Limited (Median=4.3; IQR=1). This was demonstrated by the fact that innovation is well captured in the organizations statement of purpose (Median=4.0; IQR=1); management has a

clear mandate for innovation (Median=4.0; IQR=1); and that the strategies are dynamic enough to accommodate the dynamic views for innovation (Median=4.0; IQR=2). Secondly, Nakumatt Holdings Limited has cultivated an ***innovative culture*** (Median=4.25; IQR=0.88). That is, the firm, has established innovation as part of the organization's value system (Median=5; IQR=1); and leaders champion innovation among staff (Median=4.0; IQR=1.75).

Third, Nakumatt Holdings Limited adopt ***exploitation of internal*** resources to enhance innovation capabilities of the firm (Median=3.57; IQR=0.79). The company makes use of information technology to promote efficiencies, new ideas and new ventures (Median=4.2; IQR=0.88); the organization has budgeting system that provide sufficient financial resources to R&D (Median=4.0; IQR=1.00). Even though median of 3.00 indicated that the respondents were undecided as to whether employees are given sufficient room to be innovative, majority (47.1%) still agreed that employees have room to be innovative. Fourth, the study proved that Nakumatt Holdings Limited has an atmosphere that ***encourages learning*** (Median=4.0; IQR=1.0)**.** The organization has established employee and organizational networks within and without the organization (Median=5.0; IQR=1.0); the organization conducts internal employee training (Median=4.0; IQR=1.75). However, even though a median of 3.00 indicated that the respondents were undecided as to whether the organization has systems for generating and collecting innovative ideas in the entire organization, more than one third (35.9%) of the respondents disagreed that the systems exist while 41.8% agreed that the organization has systems for generating and collecting innovative ideas in the entire organization.

In summary, the study identified that, apart from having *clear strategies* (Median=4.3; IQR=1) for innovation; Nakumatt Holdings Limited also has cultivated an *innovative culture* (Median=4.25; IQR=0.88) within the organization. The company also ensures an atmosphere that encourages *learning* (Median=4.0; IQR=1.0) as well as exlploit its *internal resource base* (Median=3.57; IQR=0.79) to promote innovation in the organization.

Table 1: Enablers of Innovation Capabilities.

Parameter	Percentage [%] Response (N=89)					Median	IQR
	SDA	DA	U	A	SA		
Clear strategies							
Innovation part of company purpose	1.5	4.5	9.0	43.3	41.8	4.00	1.00
Management has clear mandate for innovation	3.0	10.6	12.1	27.3	40.7	4.00	1.00
Strategies are dynamic enough to accommodate new innovations	4.4	5.9	11.8	51.5	26.5	4.00	2.00
Summated Scale for Clear Strategies	**1.5**	**3.1**	**9.2**	**56.9**	**29.2**	**4.30**	**1.00**
Innovative Culture							
Innovation forms part of organizational value system	4.4	1.5	5.9	33.8	54.4	5.00	1.00
Leaders champion innovation among staff	7.4	8.8	8.8	47.1	27.9	4.00	1.75
Summated Scale for Innovative Culture	**2.9**	**3.0**	**8.9**	**35.3**	**50**	**4.25**	**0.88**
Exploitation of Internal resources for Innovation							
Sufficient Financial resource allocation for R&D	1.5	12.1	24.2	40.9	21.2	4.00	1.00
Exploitation IT to promote new ideas and ventures	1.6	3.1	7.9	59.4	15.6	4.20	0.80
Employees given room for innovation	1.5	17.6	33.8	30.9	16.2	3.00	1.50
Summated Scale for Internal Resource Exploitation	**0.0**	**3.2**	**34.6**	**52.0**	**11.09**	**3.57**	**0.79**
Learning atmosphere							
Internal employee training	5.9	11.8	7.4	38.2	36.8	4.00	1.75
System for generating and collecting innovative ideas in the entire organization	9.0	26.9	22.4	29.9	11.9	3.00	2.00
Established networks within and with the external environment	4.5	4.5	6.0	31.3	53.7	5.00	1.00
Summated Scale for Learning Atmosphere	**0.00**	**9.1**	**25.7**	**53.0**	**12.2**	**4.00**	**1.00**

Reliability of Ratings

To test the reliability of the findings in Table (1), intraclass correlation was run. Table (2) shows that the reliability of the measures for the constructs ranged from moderate to strong. Sixty two point six percent (strong) of the variability in the scores captured represented evidence of clear strategy; 67.5% (strong) represented evidence of innovative culture; 55.8% (moderate) represented evidence for exploitation of internal resources for innovation; 45.7% (moderate) represented evidence of favorable learning atmosphere; and 73.7% (strong) represented evidence of superior performance. The percentage differences in each case represented random variation. Thus we conclude that the measures were reliable and there was consistency of response among the respondents.

Table 2: Intraclass Correlation Coefficient (ICC)

	Intraclass Correlation Coefficient						
	Intraclass Correlation[b]	95% Confidence Interval		F Test with True Value 0			
		Lower Bound	Upper Bound	Value	df1	df2	Sig
Clear Strategies							
Single Measures	.456[a]	.245	.625	2.673	67	67	.000
Average Measures	.626[c]	.394	.769	2.673	67	67	.000
Innovative Culture							
Single Measures	.409[a]	.257	.558	3.078	64	128	.000
Average Measures	.675[c]	.509	.791	3.078	64	128	.000
Exploitation of Internal Capabilities							
Single Measures	.296[a]	.141	.458	2.263	63	126	.000
Average Measures	.558[c]	.331	.717	2.263	63	126	.000
Learning							
Single Measures	.219[a]	.069	.382	1.841	65	130	.002
Average Measures	.457[c]	.183	.650	1.841	65	130	.002
Performance							
Single Measures	.360[a]	.248	.486	3.808	65	260	.000
Average Measures	.737[c]	.622	.826	3.808	65	260	.000

Two-way mixed effects model where people effects are random and measures effects are fixed.
a. The estimator is the same, whether the interaction effect is present or not.
b. Type C intraclass correlation coefficients using a consistency definition-the between-measure variance is excluded from the denominator variance.
c. This estimate is computed assuming the interaction effect is absent, because it is not estimable otherwise.

Regression Analysis

Clear Strategies and Organizational Performance

From the model summary in Table (3), keeping other factors constant, 10% of the variation in performance could be explained by having *clear strategies* for innovation. The regression model was significant at 95% level of confidence ($p<0.05$).

Table 3: Summary of Clear Strategies and Performance

		(Constant)	Clear Strategies
Coefficients	R^2=.100	β =2.562	β =.0335
Statistics	F(1, 61)=6.802	t=4.837	t=2.608
p-value	.011	.000	.011

Innovative Culture and Organizational Performance

The model summary in Table (4) indicates that, keeping other factors constant, 6.1% of the variation in performance could be explained by cultivation of *innovative culture* within the organization. The regression model was significant at 95% level of confidence ($p<0.05$).

Table 4: Summary of Innovative Culture and Performance

		(Constant)	Innovative Culture
Coefficients	R^2=.061	β =3.045	β =.225
Statistics	F(1, 64)=4.186	t=6.608	t=2.406
p-value	.045	.000	.045

Learning Environment and Organizational Performance

The model summary in Table (5) indicates that, keeping other factors constant, 18.6% of the variation in performance could be explained by creating an environment that promote learning in the organization. The regression model was significant at 95% level of confidence ($p<0.05$).

Table 5: Summary of Learning Environment and Performance

		(Constant)	Learning Environment
Coefficients	R^2=.186	β =2.267	β =.225
Statistics	F(1, 63)=14.393	t=4.933	t=3.794
p-value	.000	.000	.000

Exploitation of Internal Resources for Innovation and Organizational Performance

The model summary in Table (6) indicates that, keeping other factors constant, 15.7% of the variation in performance could be explained by exploitation of internal resources to create innovative ventures. The regression model was significant at 95% level of confidence ($p<0.05$).

Table 6: Summary of Exploitation of Internal Resources and Performance

		(Constant)	Internal Resource exploitation
Coefficients	R^2=.157	β =2.119	β =.497
Statistics	F(1, 60)=11.139	t=3.850	t=3.338
p-value	.001	.000	.001

Correlations

Table (7) shows that all the independent variables were positively and significantly correlated to the dependent variable (performance). Correlations among the independent variables were also positive and significant at 90% level of confidence.

Table 7: Correlation Matrix

		Clear strategies	Innovative culture	Internal Resource	Learning	Performance
Clear strategies	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	65				
Innovative culture	Pearson Correlation	.749**	1			
	Sig. (2-tailed)	.000				
	N	65	68			
Internal Resource	Pearson Correlation	.496**	.263*	1		
	Sig. (2-tailed)	.000	.036			
	N	64	64	64		
Learning	Pearson Correlation	.635**	.579**	.692**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	63	66	62	66	
Performance	Pearson Correlation	.317*	.248*	.396**	.431**	1
	Sig. (2-tailed)	.011	.045	.001	.000	
	N	63	66	62	65	66

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Discussions

The findings are in line with previous studies on the enablers of innovation capabilities. The study evidenced presence of clear strategies for innovation at Nakumatt Holdings Limited. This supports earlier works by Lawson and Samson (2001); Ottaviano (2004); and Xu,

Chen, Shou and Liu (2012) who identified clear innovation strategies as one of the main influencers of innovation capability.

Moreover Lawson and Samson (2001); and Dadfar et al., (2013) evidenced organizational structure, learning and organizational culture as some of the enablers of innovation capabilities. Xu et. al (2012) classification of the enablers of innovation capabilities identified exploitation of internal and external resources as one of the major enablers of innovation capabilities.

The study demonstrated a positive relationship between the enablers of innovation and organizational performance. There is an in-direct relationship between enablers of innovation capabilities and organizational performance. The enablers influence the innovation capabilities which in turn influences the general organizational performnce. This supports the assertion by Hogan, et al.(2011) that innovation capability creates the ability, to apply the collective knowledge, skills, and resources to innovation activities relating to new products, processes, services, or management, marketing or work organization systems, in order to create added value for the firm or its stakeholders. For example this supports assertain by Wasike (2015) that the 5% growth in sales at Nakumatt Holdings Limited in 2014 was attributable to the use of store shelf space and the store network to create savings through contract manufacturing and trade margins.

Conclusions

The study established that *clear strategies; innovative culture; learning* environment and exlploitation of *internal resource base* are some of the enablers of innovation capabilities at Nakumatt Holdings Limited. The study further established a positive relationship between the enablers of innovation capabilities and performance of the organization. Favourable environment for learning contributed the most to the positive organizational performance. This was followed by exploitation of internal resources; clear strategies and innovative culture.

Recommendations

The study has demonstrated the importance of learning as major enabler of innovation capabilities. This supports the assumption that innovation capabilities are path dependent as they evolve and are developed, in time, by complex interactions between the firm's tangible and intangible resources. Therefore, managers of innovation capabilities should ensure that their organizations have systems that support exchange of knowledge within and without the organization. Additionally, there is need to exploit the existing internal resources e.g. excess capacity to tap knowledge or innovate. Communication of clear strategies and enshrining of innovative culture would go a long way in ensuring successful innovation.

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