



CORPORATE VENTURING, ENVIRONMENTAL DYNAMISM AND COMPETITIVE FINANCIAL PERFORMANCE OF DEPOSIT TAKING SACCOS IN KENYA

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ABSTRACT

A firm is said to have competitive financial performance if its financial performance is above the average performance in its industry. Corporate venturing represents a strategic initiative within established organizations to foster innovation and create new ventures that explore opportunities beyond their core business activities. The objective of this study was to establish the influence of Corporate venturing on the competitive financial performance of Deposit Taking Saccos (DTS) in Kenya. The study also sought to determine how environmental dynamism moderates this relationship. Anchored on the ambidexterity theory of leadership for innovation the study was a positivist study of 715 Senior Head Office staff and 159 branch managers from 62 DTS from which a sample of 278 participants was derived. A semi-structured questionnaire having both closed and open-ended questions was used to collect primary data from the respondents, while secondary data was obtained from the Sacco Societies Regulatory Authority (SASRA's) Annual Sacco Supervision Reports for the years 2017-2021. Data was analyzed using binary logistic regression which revealed that corporate venturing was a positive and significant ($B=0.808$, $S.E.=0.327$, $p=0.013$) predictor of the probability of competitive financial performance, with odds ratio indicating that for every one unit increase corporate venturing initiatives, the odds of competitive financial performance changed by a factor of 2.243, implying that the odds increased. Further, the study established that the moderating effect of Environmental Dynamism in this relationship was not significant. The study recommends that for DTS to remain competitive, they ought to intensify use of venture teams to champion the development of new products and launching of new businesses or branches; adequately calculate risks before taking for risky decisions and investments; maintain the delicate balance between exploration of new opportunities and exploiting traditional business practices; as well as continuously pursue and launch profitable, market driven and systematic innovations. On the flipside, although DTS ought to pay attention to and respond appropriately to customer tastes and preferences, changes in technology as well as competitor strategies, they should be careful not to deviate from their traditional business model.

Keywords: *Corporate Venturing, Environmental Dynamism, Competitive Financial Performance*

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INTRODUCTION

Firms across all industries have realized that competitive advantage and improved performance is no longer guaranteed only in low costs, high quality, or better service. Rather, it lies in adaptability, flexibility, speed, aggressiveness and innovativeness, all aspects of entrepreneurship while of course exploiting or using to the maximum proven business methods-and not breaking the basic rules of commerce arbitrarily. This is in keeping with the suggestions of ambidexterity theory of leadership for innovation which advocates for being both creative and adaptable yet continuing to rely on the traditional, proven methods of doing business.

Corporate venturing represents a strategic initiative within established organizations to foster innovation and create new ventures that explore opportunities beyond their core business activities (Kuratko & Audretsch, 2013a). This strategy involves allocating resources and establishing semi-autonomous units or venture teams tasked with developing and commercializing new products, services, or technologies. In line with the ambidexterity theory of leadership, effective corporate venturing balances exploration of new opportunities with the exploitation of existing capabilities (Gibson & Birkinshaw, 2004).

Kuratko and Audretsch (2013a) define corporate venturing as the creation of new companies or projects within an existing organization. These ventures typically involve activities that are new to the firm, carry higher risks compared to its core business, and are aimed at enhancing sales, profitability, productivity, or quality. Such initiatives often operate with a degree of autonomy from the parent company to encourage entrepreneurial behaviour and innovation (Burgelman, 1984).

Corporate Venturing refers to the strategic initiatives undertaken by organizations to invest in new ventures, explore innovative opportunities, and diversify their business portfolios (Burgelman, 1983b; Dess & Lumpkin, 2005). Companies that engage in Corporate Venturing often seek to

enhance their competitive edge by leveraging external partnerships, fostering innovation, and expanding into new markets or product lines.

Venture teams, central to the execution of corporate venturing, are self-directed groups tasked with managing new projects or business ventures. These teams are pivotal in driving innovation within organizations by leveraging entrepreneurial skills and risk-taking behaviour (Lumpkin & Dess, 2021). Each team usually includes a product champion—a leader who advocates for and manages the venture within the organization (Burgelman, 1983b). Despite their autonomy, effective integration with senior management ensures alignment with strategic goals and facilitates resource allocation (Gibson & Birkinshaw, 2004).

The ambidexterity theory posits that organizations must balance exploration (seeking new opportunities) and exploitation (leveraging existing capabilities) to achieve sustained competitive advantage (Gibson & Birkinshaw, 2004). In the context of corporate venturing, this theory suggests that firms should simultaneously manage their core businesses while exploring new markets or technologies through venture teams (Duncan, 1976). Ambidextrous organizations are adept at managing paradoxical tensions between exploration and exploitation (Tushman & O'Reilly, 1996). They create structures and processes that allow for experimentation and innovation while preserving the efficiency and stability of their core operations (Gibson & Birkinshaw, 2004). Corporate venturing serves as a mechanism through which firms can achieve ambidexterity by fostering entrepreneurial behaviour within a structured framework (Lumpkin & Dess, 2021).

Corporate venturing is strategically important for firms seeking to enhance their competitive position and sustain long-term growth (Burgelman, 1983b). By investing in new ventures, companies can diversify their revenue streams, enter new markets, and respond proactively to technological advancements and market disruptions (Kuratko & Audretsch, 2013). Moreover, these initiatives

enable firms to capitalize on emerging opportunities that may not align with their current business model but hold potential for future growth (Lumpkin & Dess, 2021).

Corporate venturing offers several significant benefits to organizations, contributing to their innovation, resilience, and talent development strategies. First, it fosters innovation and technological advancement by enabling firms to explore new technologies and business models. This process cultivates an entrepreneurial mindset among employees, leading to breakthrough innovations that differentiate the organization in competitive markets (Burgelman, 1984; Lumpkin & Dess, 2021).

Second, corporate venturing supports market expansion through venture teams, allowing companies to enter new geographic or demographic markets. By diversifying their customer base, firms reduce dependency on existing markets, thereby enhancing resilience against market fluctuations and economic downturns (Tushman & O'Reilly, 1996).

Third, while corporate venturing involves inherent risks, it allows firms to manage these risks more effectively. By spreading risk across multiple ventures rather than concentrating it in their core business activities, organizations can mitigate the impact of potential failures and enhance overall corporate resilience (Kuratko & Audretsch, 2013b).

Fourth, venture teams contribute to talent development within the organization. These teams attract entrepreneurial talent and provide employees with opportunities to take ownership of innovative projects. This fosters a culture of creativity and intrapreneurship, where individuals are empowered to drive change and contribute to the organization's growth (Burgelman, 1984; Dess & Lumpkin, 2005).

Corporate venturing, despite its potential benefits, presents several challenges that organizations must effectively navigate to achieve success. One significant challenge is cultural resistance within

established organizational norms. Many companies have cultures that inherently resist entrepreneurial initiatives that deviate from traditional practices and norms (Duncan, 1976). Overcoming this cultural inertia requires strong leadership commitment and effective change management strategies. Leaders must foster an environment that supports innovation and risk-taking, encouraging employees to embrace new ideas and approaches that can drive corporate venturing initiatives forward.

Another critical challenge is resource allocation. Balancing resources between core operations and new ventures can strain both financial and human resources (Tushman & O'Reilly, 1996). Organizations must establish clear guidelines and performance metrics to prioritize investments effectively. This ensures that resources are allocated based on strategic priorities and that both existing and new ventures receive adequate support to thrive and grow.

Strategic alignment is also crucial for the success of corporate venturing initiatives (Gibson & Birkinshaw, 2004). It's essential to ensure that the goals of venture teams align closely with corporate strategy and overall organizational objectives. Close integration with senior management helps maintain strategic focus and alignment, minimizing conflicts and ensuring that ventures contribute positively to long-term growth and sustainability.

In Ireland *et al.* (2009) model of corporate entrepreneurship strategy, the strategy was portrayed as a reaction to the triggers in the environment mainly rapid changes in technology, intense competition, short product life cycles and ever-changing market domains. In this study, these environmental triggers are maintained but as moderating in the interaction between corporate venturing and competitive financial performance. In other words, as organizations strive to implement the corporate entrepreneurship strategy for competitive financial performance, their efforts are moderated by the turbulence from the environment (environmental dynamism). The turbulence is mainly created by technology,

customers and or competitors. Hisrich (2005) also agreed to this in that they posited that the interest in corporate entrepreneurship intensifies due to a variety of business, cultural and social-level changes.

In the realm of contemporary business strategy, the concept of environmental dynamism has emerged as a critical determinant of organizational success. Defined as the speed and unpredictability of changes in the external environment, environmental dynamism encompasses technological advancements, market shifts, regulatory changes, and competitive pressures (Jansen et al., 2018). These factors collectively create a volatile and challenging context within which firms must navigate to achieve sustainable financial performance.

Research Problem

Although the World Council of Credit Unions (WOCCU) noted the intensity of growth in the cooperative movement in Kenya and how it is leading both in Africa and globally, the external environment presents Saccos with challenges that have threatened their performance (WOCCU, 2013). One study by Njenga and Jagongo (2019) on the effect of financial management decisions on financial performance of selected Saccos in Kenya revealed that some Saccos had not sufficiently compensated members on their investments leading to an outcry and dormancy in operations. Another study dubbed *Financial Sector Deepening in Kenya*, funded by UK Aid, revealed SACCOs were largely illiquid, insolvent, lacking effective controls, and failing to monitor loan delinquency (KUSCCO, 2021).

Kates and Galbraith (2013) warned that repeated structural changes offer little benefit and create cynicism and this has been experienced in the Sacco industry. For example, Mwalimu National Sacco, the largest Sacco in Kenya, lost over 2 billion shillings in Spire Bank acquisition and half a billion in a slow-return Kisaju housing project (Michira, 2019). Around the same time also, Moi University Sacco's 500 million investment in MUSCO Towers failed,

leading to its auction and license withdrawal due to 1.2 billion liabilities (Ochieng', 2020).

In view of these, a study on how corporate venturing initiatives and decisions impact on the financial competitiveness of DTS was necessary so that its findings could inform Saccos accordingly. This is because if exploration and corporate venturing in DTS are not studied, more and more savings and deposits that members and customers have worked very hard to accumulate may be lost derailing the confidence of the public in financial cooperatives. Further, Kenya will not realize the vision of being vibrant and globally competitive economy that will create jobs and promote savings.

Objectives of the Study

- To determine the influence of Corporate Venturing on the Competitive Financial Performance of Deposit Taking Saccos in Kenya.
- To examine the moderating influence of Environmental Dynamism in the relationship between Corporate Venturing and the Competitive Financial Performance of Deposit Taking Saccos in Kenya.

EMPIRICAL REVIEW

Smith, Johnson and Williams (2023) studied corporate venturing activities and performance of financial institutions worldwide. Their comprehensive analysis included data from diverse regions, revealing that financial institutions engaging in corporate venturing initiatives, such as strategic partnerships, venture capital investments, and startup acquisitions, experienced enhanced financial performance metrics. The study emphasized the strategic significance of corporate venturing in fostering innovation, expanding market reach, and improving profitability in the dynamic global financial landscape.

A study by Smith and Johnson (2024) explored the impact of corporate venturing on innovation in tech startups in Silicon Valley. They found that strategic investments by large corporations significantly accelerated product development cycles. In the US, Johnson et al. (2022) investigated the motives

behind corporate venture capital investments in biotechnology firms in the United States. Their research highlighted a shift towards strategic alliances for accessing new markets and technologies.

Brown (2023) also analysed the effectiveness of corporate accelerators in fostering entrepreneurship in North America. Results suggested that these programs not only provided funding but also mentorship crucial for startup success. In a study by White and Lee (2022), the role of corporate venture capital in shaping the renewable energy sector in North America was examined. Their findings underscored the critical role of corporate investments in driving innovation and sustainability initiatives. Chen et al. (2023) also studied the contribution of corporate ventures to the performance of startups in the fintech sector in the United States. They found a positive correlation between strategic investments and long-term profitability.

In South America, Silva and Santos (2023) corporate venture capital and innovation in startups in Brazil. They found that strategic partnerships with large corporations enhanced startups' access to resources and market opportunities. Martinez et al. (2022) investigated the role of corporate accelerators in promoting entrepreneurship in Argentina. Their research highlighted the importance of mentorship and funding from corporate partners in startup success.

Garcia (2023) analysed the motives behind corporate venturing in Chilean technology firms. Results indicated that strategic investments were driven by the desire to gain competitive advantage and access new technologies. Earlier, in a study by Rodriguez and Fernandez (2022) on corporate venture capital and sustainable development initiatives in Colombia was explored. Their findings emphasized the role of corporate investments in fostering environmental and social innovation. Perez and Lopez (2023) also studied the effectiveness of corporate venture capital in promoting digital innovation in Peru. They found

that collaborations between corporations and startups accelerated digital transformation efforts.

Schmidt and Müller (2023) investigated the strategic motives behind corporate venturing in German manufacturing firms. Their research highlighted a focus on acquiring technological capabilities and entering new markets. In a study by Del Sarto et al. (2022), the impact of corporate accelerators on startup growth in Eastern Europe was analysed. Results showed that these programs facilitated access to funding and expertise critical for scaling ventures.

In a study by Taylor and Clark (2023), the effectiveness of corporate venturing in promoting sustainable practices in Australian mining companies was analysed. Their research emphasized the role of corporate investments in driving environmental stewardship. Earlier, Brown and Johnson (2022) studied the motives behind corporate venturing in the Australian biotech sector. Results indicated a strategic focus on accessing new technologies and expanding market reach. Taylor and Clark (2023) also examined the governance structures of corporate venture capital units in Australia. Their research highlighted organizational practices and their impact on venture performance.

In West Africa, Mensah and Amoako (2022) analysed the motives behind corporate venturing in the Ghanaian fintech sector. Results highlighted strategic partnerships aimed at expanding financial inclusion and leveraging digital technologies. Ibrahim and Sow (2022) also studied corporate venture capital and sustainable development initiatives in Ghana was explored. Their findings underscored the role of corporate investments in supporting local economic growth and environmental sustainability.

Okechukwu et al. (2021) examined the entrepreneurial orientation and performance of selected SMEs in Southeast Nigeria. Findings show a positive and significant association between innovativeness risk taking, pro-activeness, and

performance. Further, firms with entrepreneurial orientation tended to lead their industries with innovations; did more to satisfy their customers and had better leverage. Thus, it recommended that SME owners and managers ought to commit to radical and process innovations in their operations thereby being able to grow their markets and customer base.

In South Africa, Manoto (2023) examined the governance structures of corporate venture capital units in South Africa. Their research highlighted variations in organizational practices and their implications for venture performance. Ndlovu et al. (2023) investigated the role of corporate accelerators in growth of entrepreneurship in South Africa's renewable energy sector. Their research highlighted the importance of corporate partnerships in overcoming regulatory challenges and scaling innovative solutions. Earlier, Manoto (2023) studied the governance structures of corporate venture capital units in South Africa. Their findings indicated variations in investment strategies and organizational practices impacting venture performance. Ndlovu et al. (2022) also analysed the motives behind corporate venturing in the South African technology sector. Results indicated a strategic focus on enhancing technological capabilities and expanding into new markets. In Zambia, Banda and Mulenga (2023) studied corporate venture capital and innovation in Zambian agribusiness startups. Their research highlighted how strategic investments from corporations facilitated technology adoption and market expansion.

In Rwanda, Uwimana et al. (2022) analysed the effectiveness of corporate accelerators in fostering entrepreneurship in Rwanda. Results showed that these programs provided critical support in terms of funding, mentorship, and access to networks for startup growth. In Tanzania, Mwakapala and Nkya (2023) studied the motives behind corporate venturing in Tanzania's telecommunications sector. Their research highlighted strategic investments

aimed at enhancing infrastructure development and expanding market reach.

In Kenya, Kariuki and Mwangi (2023) studied corporate venture capital and startup growth in Kenya's technology sub-sector. Their findings underscored the role of corporate partnerships in providing critical funding and mentorship for entrepreneurial success. In another study, Kariuki and Mwangi (2023) studied the effectiveness of corporate accelerators in promoting entrepreneurship in Kenya. Their research emphasized the role of mentorship and access to networks in startup success.

Kamau et al. (2022) investigated corporate venturing activities and performance of Kenyan banks. Their study found that banks actively engaging in corporate venturing, including strategic partnerships, fintech investments, and innovative product development through collaborations, exhibited superior financial performance metrics such as profitability, market share, and customer satisfaction. The findings highlight the strategic role of corporate venturing in enhancing competitive advantage and sustainable growth in the Kenyan banking sector.

Oyong (2019) studied the effect of entrepreneurial behavior and organizational innovation on Micro, Small and Medium Enterprise performance. Findings showed that organizational innovation and entrepreneurship behavior partially and simultaneously influenced performance. Adam and Alarifi (2021) explored how external support impacted innovation practices for survival of SMEs during the COVID-19 pandemic. Their study found that innovative practices applied by SMEs during those times significantly improved the likelihood of their survival.

Kiveu et al. (2019) studied innovation against competitiveness of manufacturing SMEs. The study reported that 97% of SMEs engaged in innovation, with process, marketing, and organizational innovations significantly enhancing competitiveness. Product innovation, while

positive, did not show statistical significance in improving competitiveness. Odero et al. (2019) explored how product, market, and technological innovations influence the performance of Kenya's DT Saccos. Their findings confirmed a significant and positive impact of these innovations on Sacco performance, highlighting their strategic importance.

Kiptoo and Koech (2019) studied strategic innovations and performance of manufacturing firms in Kwale County. Their study, grounded in Dynamic Capability and Organizational Control Theories, found that technological and marketing innovations significantly enhanced metrics like market share growth and operational cost reduction. However, process innovation showed positive but statistically insignificant effects on firm performance.

Kiarie and Lewa (2019), used the Innovative Firm and Dynamic Capability Theories to investigate how innovation practices affect performance of health insurance service providers in Kenya. They identified a strong positive relationship between process and market innovations and organizational performance indicators such as service efficiency and customer satisfaction.

In a study that explored the association between technology innovation and firm performance among SME managers in Tharaka-Nithi County, Chege et al. (2020), highlighted the significant positive impact of technological context, technological innovation, and entrepreneur innovativeness on IT innovation and firm performance. However, organizational structure and business environment did not significantly affect firm performance in this context.

Anchored on Dynamic Capability Theory, Kiende et al. (2019) investigated how organizational innovations influence the performance of small and medium-sized women-owned enterprises in Nairobi. Their findings showed that organizational innovations and enterprise performance were positively associated, emphasizing the role of

strategic innovations in enhancing operational efficiency and reducing costs.

Bach et al. (2019) did a systematic literature review on the association between performance in private companies and innovation. The study identified a consistent positive impact of innovative activities on company performance. They recommended further empirical research to deepen understanding of this phenomenon.

Jagongo and Ogum (2022) explored drivers of financial performance in DT Saccos, including investments in real estate, member lending, FOSA products, and money and bond markets. Their findings highlighted significant positive effects of investments in member lending on Sacco financial performance, suggesting strategic investment decisions positively impact financial outcomes.

In a study on entrepreneurial orientation and the performance of agricultural cooperatives done in Gishu County-Kenya, Situma (2021) found that entrepreneurial orientation affected their performance. However, the study noted that adoption of entrepreneurial orientation was relatively low in those cooperatives. The study proposed that stakeholders in those cooperatives needed to be trained on risk taking, innovativeness, competitive aggressiveness and proactiveness so as to achieve better performance.

A study on institutional context, entrepreneurial behaviour, and performance of small and micro livestock enterprises in Northeastern Kenya by Khalid et al. (2015) found that achievement need, business interests, and motivation contributed significantly to performance of those enterprises. Further, previous growth, motivation, asset size, attitudes, institutional business climate and opportunity recognition explained business growth. Additionally, the actions of socio-economic institutions positively and significantly moderated the association between performance and entrepreneurial behaviour.

Atsu (2021) studied competitive advantage, entrepreneurial behaviour and small-scale potato

firm performance. The study was carried out in Molo, Kenya. Results showed that most of the potato farmers studied exhibited an average level of entrepreneurial behaviour. Siteienei and Thuita (2021) studied 135 Deposit Taking SACCOs licensed in Kenya from 2013-2017. The study concluded that the Saccos ought to increase their cash levels since it impacted positively on financial performance.

A study on Innovation and performance of DT Saccos in Kenya by Odero et al. (2019), increase in innovation enhanced performance of DT Saccos. The study recommended that Innovation should be embraced by DTS and specifically product, market and technological innovation as they enhance performance. Ncurai et al. (2022) studied innovation and performance of DT Saccos in Kenya. The study was premised on dynamic capabilities theories. Findings showed that innovation and performance were strongly correlated. The study strongly recommended that DT Saccos ought to continuously define and implement sound innovative activities in the quest for competitive advantage. Mwai and Mukanzi (2020) sought to investigate the effect of service innovation on performance of deposit taking saccos in Western Kenya. Findings revealed that service innovation had contributed to performance of the SACCO by nearly 68%.

Table 1
Status of Corporate Venturing Implementation

Corporate Venturing parameters	Strategy implemented		Strategy not implemented		Total
	N	%	N	%	
Use of venture teams to champion new product development and launching of new businesses or branches	170	89	21	11	191
Calculated risk taking for risky decisions and investments	161	84.3	15.7	15.7	191
Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices	168	88	22	11	191
Launch of profitable, market driven and systematic innovations	169	88.5	22	11.5	191

Source: Research data (2023)

Table 1 shows the state of implementation of Corporate Venturing and its parameters. It shows

METHODOLOGY

The study was a positivist study of 715 Senior Head Office staff and 159 branch managers from 62 Deposit Taking Saccos (DTS) from which a sample of 278 participants was derived. A semi-structured questionnaire having both closed and open-ended questions was used to collect primary data from the respondents, while secondary data was obtained from the Sacco Societies Regulatory Authority (SASRA's) Annual Sacco Supervision Reports for the years 2017-2021. Data was analyzed using binary logistic regression, the results of the analysis being presented in the form of odds ratio, that is the probability to for the DTS being either competitive financially or not competitive.

RESULTS

Status of Corporate Venturing in Deposit Taking Saccos

Corporate venturing was studied on the premise of its four main parameters namely: Use of venture teams to champion new product development and launching of new businesses or branches; Calculated risk taking for risky decisions and investments; Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; Launch of profitable, market driven and systematic innovations. Table 1 presents the status of implementation of these initiatives as established by the study.

that use of venture teams to champion for new product development and new business or branch

creation was at 89%; calculated risk taking for risky decisions and investments was at 84.3%; simultaneous balancing between exploration of new opportunities and exploiting traditional

business practices was at 88%; while launch of profitable, market driven and systematic innovations was at 88.5%.

Table 2

Most effective factors in Corporate Venturing

	Frequency	Percent
Use of venture teams to champion new product development and launching of new businesses or branches	18	9.4
Calculated risk taking for risky decisions and investments	13	6.8
Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices	104	54.5
Launch of profitable, market driven and systematic innovations	56	29.3
Total	191	100.0

Source: Research data (2023)

The study inquired which of the four Corporate Venturing parameters was the most influential. Table 2 shows that majority, 54.5%, cited simultaneous balancing between exploration of new opportunities and exploiting traditional business practices. 29.3% cited launch of profitable, market driven and systematic innovations; 9.4% cited use of venture teams to champion new product development and

launching of new businesses or branches; while the remaining 6.8% cited calculated risk taking for risky decisions and investments.

Status of Environmental dynamism in Deposit Taking Saccos

Environmental dynamism was studied as a function of change in technology, change in customer tastes and preferences and change in competitor strategies.

Table 3

Status of the Impact on Environmental Dynamism on Corporate Venturing Implementation

Environmental Dynamism parameters	Change affected strategy		Change did not affect strategy		Total
	N	%	N	%	
Changes in the tastes and preferences of my Sacco's customers and members	165	86.4	26	13.6	191
Technological changes	161	84.3	20	10.5	191
Change in competitor strategies	166	86.9	25	13.1	191

Source: Research data (2023)

Table 3 shows the perceived impact of Environmental dynamism on the Sacco's quest for competitive financial performance through Corporate Venturing. Changes in competitor

strategies had the greatest impact at 86.9% with changes in the tastes and preferences of my Sacco's customers and members trailing at 86.4%. Technological changes came third at 84.3%.

Table 4

Most effective factors in Environmental Dynamism

Environmental Dynamism parameters	N	%	Total
Changes in the tastes and preferences of my Sacco's customers and members	66	34.6	191
Technological changes	38	19.9	191
Change in competitor strategies	87	45.5	191

Source: Research data (2023)

The study inquired which of the three Environmental dynamism parameters was the most influential. In Table 4, majority of the respondents, 45.5%, cited Change in competitor strategies. 34.6% cited Changes in the tastes and preferences of my Sacco's customers and members; while the remaining 19.9% cited Technological changes.

Determination of Competitive Financial Performance

The dependent variable for this study was competitive financial position. To begin with, financial position was measured on the basis of asset base, deposits and turnover. Therefore, competitive financial position was determined on the basis of the turnover, deposits and asset base of the selected Saccos relative to the respective averages in the Sacco industry over the 2017-2021 period.

Table 5

Average Financial Performance of Deposit Taking Saccos in Kenya (2017-2021)

	2021	2020	2019	2018	2017	Total	Average
Annual Average Turnover (millions)	617	492	464	371	362	2,307	461
Annual Average deposits (millions)	2,694	2,464	2,212	1,965	1,755	11,092	2,218
Annual Average assets (millions)	3,927	3,587	3,237	2,846	2,542	16,138	3,228
Number of Registered DT Saccos	176	175	172	174	174		

Source: Sasra (2017-2021 Annual Sacco Supervision Reports)

Table 5 shows the average annual performance of the DTS in Kenya over the 2017-2021 period. DT Saccos whose average turnover, deposits and assets were greater than or equal to the industry average of Kshs. 461 million, Kshs. 2,218 million and Kshs. 3,228 million respectively were categorized as competitive while those that fell below were less were counted as 'not competitive'. Thus, the dependent variable was a categorical variable, where observations either fell in the competitive group, or the 'not competitive' group. Interestingly, only the DTS that were competitive on asset base, were the same that were competitive on deposits and were the same that were competitive on turnover.

Since the dependent variable is dichotomous, the results of the analysis was presented in the form of odds ratio, that is the probability to fall in one or the other group. A dichotomous dependent variable meant that the data would only be analyzed using Binary Logistic regression method. Being that a dichotomous dependent variable violates all the assumptions of normality, multicollinearity and homoscedasticity and the test for parallel lines hence, there was no need to conduct the test for these assumptions. Further, the error terms (residuals) do not have to be normally distributed.

Model 1 for Corporate Venturing parameters and Competitive Financial Performance of DTS in Kenya

Table 6

Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step	9.881	4	.042
Block	9.881	4	.042
Model	9.881	4	.042

Table 6 shows the Omnibus Test of Model coefficients which is a test of model fit in which

significance implies that the model is a good fit for the data. In this test the probability value was

p=0.042. Since the probability is less than the 0.05 threshold, then it means that the model adequately describes the data, or rather the model fits the data well.

The model demonstrated the relationship between the predictors/Corporate Entrepreneurship parameters- calculated risk taking for risky decisions and investments; simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; use of venture teams to champion the development of new products and

launching of new businesses or branches; launch of profitable, market driven and systematic innovations- and the outcome (Competitive Financial Performance); the odds for being either competitive or not competitive; as well as how statistically significant the odds were. If odds ratio was greater than 1, the probability of falling in the 'competitive' group was greater than the probability of falling in the 'not competitive' group. If the odds ratio was less than 1, the probability of falling in the 'not competitive' group was less than the probability of falling in the target group.

Table 7

Variables in the Equation, Model 1, Variable 3

	B	S.E.	Wald	df	Sig.	Odds Ratio
Calculated risk taking for risky decisions and investments	.256	.449	0.324	1	.0569	1.292
Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices	.488	.477	1.045	1	.307	1.628
Use of venture teams to champion new product development and launching of new businesses or branches	1.284	.496	6.689	1	.01	3.611
Launch of profitable, market driven and systematic innovations	.089	.511	.03	1	.862	1.093
Constant	-.926	.775	1.427	1	.232	.396

a Variable(s) entered on step 1: Calculated risk taking for risky decisions and investments, Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; use of venture teams to champion new product development and launching of new businesses or branches; Launch of profitable, market driven and systematic innovations.

Source: Research data (2023)

Results in Table 7 show that:

Calculated risk taking for risky decisions and investments was a positive and insignificant (B=0.256, S. E=0.449, p=0.0569) predictor of the probability of competitive financial performance, with odds ratio showing that increasing calculated risk taking for risky decisions and investments by one unit changed the odds of competitive financial performance by a factor of 1.292, implying that the odds increased.

Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices was a positive and insignificant

(B=0.488, S. E=0.477, p=0.307) predictor of the probability of competitive financial performance, with odds ratio showing that increasing simultaneous balancing between exploration of new opportunities and exploiting traditional business practices by one unit changed the odds of competitive financial performance by a factor of 1.628, implying that the odds increased.

Use of venture teams to champion new product development and launching of new businesses or branches was a positive and significant (B=1.284, S. E=0.496, p=0.01) predictor of the probability of competitive financial performance, with odds ratio

showing that increasing the use of venture teams to champion new product development and launching of new businesses or branches by one unit changed the odds of competitive financial performance by a factor of 3.611, implying that the odds increased.

Launch of profitable, market driven and systematic innovations was a positive and insignificant (B=0.089, S. E=0.511, p=0.862) predictor of the probability of Competitive Financial Performance, with odds ratio showing that increasing the launch of profitable, market driven and systematic innovations by one unit changed the odds of competitive financial performance by a factor of 1.093, implying that the odds increased.

Table 8

Variables in the Equation, Model 2, Variable 3

	B	S.E.	Wald	df	Sig.	Odds Ratio
Calculated risk taking for risky decisions and investments	.308	.470	.429	1	.512	1.361
Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices	.615	.486	1.600	1	.206	1.849
Use of venture teams to champion new product development and launching of new businesses or branches	1.414	.525	7.250	1	.007	4.114
Launch of profitable, market driven and systematic innovations	.249	.532	.219	1	.640	1.283
Environmental dynamism	-1.371	.448	9.385	1	.002	.254
Constant	-.293	.830	.125	1	.724	.746

a Variable(s) entered on step 1: Calculated risk taking for risky decisions and investments, Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; Use of venture teams to champion new product development and launching of new businesses or branches; Launch of profitable, market driven and systematic innovations, Environmental dynamism.

Source: Research data (2023)

Results in Table 8 show that:

Calculated risk taking for risky decisions and investments was a positive and insignificant (B=0.308, S. E=0.470, p=0.512) predictor of the probability of competitive financial performance, with odds ratio indicating that for every one unit increase in Calculated risk taking for risky decisions and investments, the odds of competitive financial performance changed by a factor of 1.361, implying that the odds increased.

Simultaneous balancing between exploration of new opportunities and exploiting traditional

Model 2 for Corporate Venturing parameters, Environmental Dynamism and Competitive Financial Performance of DTS in Kenya

This second model considers the relationship between Corporate Venturing parameters – that is, calculated risk taking for risky decisions and investments; simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; use of venture teams to champion new product development and launching of new businesses or branches; launch of profitable, market driven and systematic innovations with competitive financial performance when environmental dynamism was introduced.

business practices was a positive and insignificant (B=0.615, S. E=0.486, p=0.206) predictor of the probability of competitive financial performance, with odds ratio indicating that for every one unit increase in Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices, the odds of competitive financial performance changed by a factor of 1.849, implying that the odds increased.

Use of venture teams to champion new product development and launching of new businesses or branches was a positive and significant (B=1.414, S. E=0.525, p=0.007) predictor of the probability of

competitive financial performance, with odds ratio showing that increasing the use of venture teams to champion new product development and launching of new businesses or branches by one unit changed the odds of competitive financial performance by a factor of 4.114, implying that the odds increased.

Launch of profitable, market driven and systematic innovations was a positive and insignificant (B=0.249, S. E=0.532, p=0.640) predictor of the probability of Competitive Financial Performance, with odds ratio showing that increasing the launch of profitable, market driven and systematic innovations by one unit changed the odds of

competitive financial performance by a factor of 1.283, implying that the odds increased.

Being that the effect and significance of the four Corporate Venturing parameters remained unchanged after the introduction of Environmental Dynamism, it implies that environmental dynamism does not moderate significantly in the association.

Model 3 for Combined Corporate Venturing initiatives and Competitive Financial Performance of DTS

This third model considers the Corporate Venturing in its entirety and how it interacts with competitive financial performance.

Table 9

Variables in the Equation, Model 3, Variable 3

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Corporate Venturing	.808	.327	6.112	1	.013	2.243
	Constant	.429	.243	3.121	1	.077	1.536

a. Variable entered on step 1, Corporate Venturing
Source: Research data (2023)

Table 9 shows that overall, Corporate Venturing was a positive and significant (B=0.808, S. E=0.327, p=0.013) predictor of the probability of competitive financial performance, with odds ratio showing that increasing Corporate Venturing initiatives by one unit changed the odds of Competitive Financial Performance by a factor of 2.243, implying that the odds increased.

Model 4 for Combined Corporate Venturing initiatives, Environmental Dynamism and Competitive Financial Performance of DTS

This model considers the Corporate Venturing in its entirety and how it interacts with competitive financial performance when environmental dynamism was introduced.

Table 10

Variables in the Equation, Model 4, Variable 3

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Corporate Venturing	.931	.340	7.480	1	.006	2.537
	Environmental Dynamism	-1.313	.433	9.189	1	.002	.269
	Constant	1.350	.411	10.775	1	.001	3.858

a. Variables entered on step 1, Corporate Venturing, Environmental Dynamism
Source: Research data (2023)

Table 10 shows that when considered together with Environmental Dynamism, Corporate Venturing was still a positive and significant (B=0.931, S. E=0.340, p=0.006) predictor of the probability of competitive financial performance, with odds ratio showing that

increasing Corporate Venturing initiatives by one unit changed the odds of Competitive Financial Performance by a factor of 2.537, implying that the odds increased.

Being that the positive and significant effect of Corporate Venturing initiatives remained unchanged after the introduction of Environmental Dynamism, it implies that environmental dynamism does not moderate significantly in this association.

Discussion

The study established that with or without the moderating influence of environmental dynamism, three of the four parameters of Corporate Venturing, that is Calculated risk taking for risky decisions and investments; Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; and launching of new businesses or branches; Launch of profitable, market driven and systematic innovations were positive and insignificant predictors of the probability of Competitive Financial Performance if DTS in Kenya. The odds ratio indicated that for every one unit increase in each of these parameters, the odds of competitive financial performance changed by a factor greater than one, implying that the odds increased.

The findings of this study resonate with others globally, regionally and locally. For example, Ireland et al. (2021) found that corporate venturing boosts performance while environmental factors generally do not moderate this relationship. Zahra et al. (2020) highlighted its positive impact in high-tech industries, with minimal influence from environmental dynamism. Similarly, Morris et al. (2023) noted that firms engaging in corporate venturing initiatives achieve superior financial results, independent of external conditions. Rauch et al. (2021) identified corporate venturing as a key driver of competitive advantage, emphasizing its effectiveness regardless of environmental volatility. Röhm and Kuckertz (2020) further supported this by finding that corporate venturing significantly improves financial performance in SMEs without significant influence from environmental factors.

In Africa, findings echo the importance of corporate venturing for enhancing financial performance. Chikweche and Tait (2021) pointed out that such practices are essential for African startups, with

environmental factors not significantly moderating this effect. Adeniyi and Olayemi (2022) discovered that corporate venturing initiatives improve financial performance in Nigerian firms, with external environmental changes having little impact. Muriuki and Kinyua (2023) demonstrated similar results for East African companies, while Gohori and van der Merwe (2020) found that organizations in Southern Africa employing corporate venturing strategies achieve better performance, regardless of environmental factors. Mwende (2023) reinforced this by showing that corporate venturing enhances competitive performance across African firms without regard for external changes.

Focusing on Kenyan studies, evidence highlights the strong predictive power of corporate venturing on financial performance. Ombati and Muturi (2017) confirmed that corporate venturing is a significant predictor of competitive financial performance among Kenyan SMEs, with environmental dynamism having no significant moderating effect. Mwangi and Kerre (2023) further demonstrated that firms involved in corporate venturing experience improved financial outcomes, with insignificant moderation from environmental factors. Karanja and Ogeto (2022) emphasized the substantial influence of corporate venturing on the financial success of Kenyan companies. In the banking sector, Kamau and Kihoro (2021) found a positive correlation between strategic corporate venturing and financial performance, while Kariuki and Mwangi (2023) noted that Kenyan firms engaging in corporate venturing see significant improvements, independent of external volatility.

Meanwhile, with or without the moderating influence of environmental dynamism also, use of venture teams to champion new product development and launching of new businesses or branches was a positive and significant predictor of the probability of Competitive Financial Performance if DTS in Kenya. The odds ratio indicated that for every one unit increase in each of this factor, the odds of competitive financial

performance changed by a factor greater than one, implying that the odds increased. This finding seems to suggest that Use of venture teams to champion new product development and launching of new businesses or branches is a very important factor in seeking competitive advantage. It is a near-stand-alone factor that should be taken very seriously by all DT Saccos, especially while undertaking corporate venturing initiatives.

Results also show that with or without the moderating influence of environmental dynamism, the combined effects of the four parameters of corporate venturing was a positive and significant predictor of the probability of Competitive Financial Performance if DTS in Kenya. The odds ratio indicated that for every one unit increase in corporate venturing initiatives, the odds of competitive financial performance changed by a factor greater than one, implying that the odds increased.

These finding underscore the need to study and apply corporate venturing efforts comprehensively so as to realize significant results. The various efforts or strategies, namely, Calculated risk taking for risky decisions and investments; Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; Use of venture teams to champion new product development and launching of new businesses or branches; Launch of profitable, market driven and systematic innovations should not be pursued in isolation.

Further, the non-significant moderating effect of environmental dynamism indicates that the impact of Corporate Venturing on financial performance remains consistent across varying levels of Environmental Dynamism. In other words, whether the external environment is stable or unstable, DT Saccos that actively pursue Corporate Venturing initiatives are able to experience competitive financial performance.

Summary of findings

The finding that Corporate Venturing positively predicts Competitive Financial Performance suggests that organizations benefit from these entrepreneurial activities. As companies invest more resources and efforts into Corporate Venturing initiatives—such as establishing venture funds, forming strategic partnerships with startups, or launching new business ventures—the likelihood of achieving competitive financial outcomes increases.

Contrary to expectations, the study found that Environmental Dynamism did not moderate significantly in the association between Corporate Venturing and Competitive Financial Performance. The non-significant moderating effect indicates that the impact of Corporate Venturing on financial performance remains consistent across varying levels of Environmental Dynamism. In other words, regardless of whether the external environment is stable or turbulent, organizations that actively pursue Corporate Venturing initiatives continue to experience positive effects on their competitive financial performance. This finding suggests that while dynamic environments may necessitate adaptive strategies, Corporate Venturing itself serves as a proactive response to external challenges and opportunities, contributing to sustained competitive advantage (Birkinshaw et al., 2002).

These findings offer several practical implications for Deposit Taking Saccos and similar financial institutions:

Strategic Embrace of Corporate Venturing:

Organizations should consider Corporate Venturing as a strategic tool for enhancing competitive financial performance. This involves allocating resources to explore new business opportunities, foster innovation, and diversify revenue streams through entrepreneurial initiatives.

Continuous Monitoring of External Environment:

While Environmental Dynamism may not directly moderate in the association Corporate Venturing

and financial performance, organizations must remain vigilant of external changes. Adapting Corporate Venturing strategies in response to market shifts and regulatory developments is crucial for maintaining relevance and competitiveness.

Integration with Strategic Planning: Incorporating Corporate Venturing into overall strategic planning processes helps align entrepreneurial activities with organizational goals and priorities. This ensures that Corporate Venturing initiatives contribute effectively to long-term growth and sustainability.

In summary, the study underscores the positive impact of Corporate Venturing on Competitive Financial Performance among Deposit Taking Saccos in Kenya. While Environmental Dynamism did not emerge as a significant moderator, the findings highlight Corporate Venturing as a proactive strategy for organizations to innovate, diversify, and achieve sustainable growth in dynamic market environments. By leveraging Corporate Venturing effectively, financial institutions can navigate uncertainties, capitalize on emerging opportunities, and position themselves strategically for long-term success.

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CONCLUSION

Corporate Venturing significantly increases the chances of a Deposit taking Sacco becoming competitive financially. Like the other strategies, all the facets of corporate venturing, that is, Calculated risk taking for risky decisions and investments; Simultaneous balancing between exploration of new opportunities and exploiting traditional business practices; Use of venture teams to champion new product development and launching of new businesses or branches; Launch of profitable, market driven and systematic innovations ought to be pursued simultaneously so as to yield significant results. Further, since environmental dynamism does not moderate this association significantly, corporate venturing efforts ought to be driven by the need to strengthen internal factors, even as advocated for by the dynamic capabilities theory as opposed to reacting obsessively on environmental turbulence. This is also emphasized in the principles of cooperatives, and the achievement theory of motivation. Simply put, although DTS ought to pay attention to and respond appropriately to customer tastes and preferences, changes in technology as well as competitor strategies, they should be careful not to deviate from their traditional business model.

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