

**STRATEGIC INNOVATIONS AND COMPETITIVE ADVANTAGE AT  
BOLLORE LOGISTICS KENYA**


**MUGO KEVIN RICHU**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND  
MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI.**

**2022**

## DECLARATION

This research project report is my original work and has not been presented for a degree in any other university.

Signature.....  .....

Date.....11<sup>th</sup> November

2022.....

**Mugo Kevin Richu**

**D61/38296/2020**

This research project report has been submitted for examinations with my approval as the University Supervisor.

Signed..... 

Date: *November 23<sup>rd</sup>, 2022*.....

**Dr. Kitiabi Reginah**

**Faculty of Business and Management Sciences**

**Department of Business Administration**

**University of Nairobi.**

## **ACKNOWLEDGEMENT**

I wish to express my gratitude and acknowledgement to the following individuals, without whom this study project would not have been effective. Although, it may not be possible to name all, the following individuals were singled out for their outstanding contributions. First, my deepest gratitude goes to my supervisor, Dr. Regina Kitiabi, for her unwavering support, dedication, perseverance, advice, and other qualities that served as guidance during project execution. Furthermore, many thanks to my lecturers because of their guidance, I greatly enjoyed their lectures.

Secondly My family, Mother Jane, Father Johnson, Brother Martin, Sisters Sharon and Shanice also deserve a special word of thanks and gratitude for helping me achieve my goals and serving as a pillar of strength for me as I pursued my postgraduate studies.

Thirdly, I also wish to express my gratitude to the respondents who took part in the study; I greatly value their input and responses.

Last but not least, I wish to thank God for providing me with the gifts of life, wisdom and strength. I take satisfaction in the power and grace he has used to make this research a success.

## **DEDICATION**

This work is dedicated to my parents, Johnson and Jane Mugo, notably my mother, Jane Mugo, for all she has done to help me succeed in my studies, including conspicuously mentoring me, and to Johnson Mugo for introducing me to the world of commerce.

# TABLE OF CONTENTS

<b><u>DECLARATION</u></b> .....	<b>ii</b>
<b><u>ACKNOWLEDGEMENT</u></b> .....	<b>iii</b>
<b><u>DEDICATION</u></b> .....	<b>iv</b>
<b><u>LIST OF ABBREVIATIONS</u></b> .....	<b>viii</b>
<b><u>CHAPTER ONE: INTRODUCTION</u></b> .....	<b>1</b>
<u>1.1 Background of the Study</u> .....	1
<u>1.1.1 Concept of Strategic innovations</u> .....	2
<u>1.1.2 Concept of Competitive Advantage</u> .....	3
<u>1.1.3 Logistic Industry in Kenya</u> .....	5
<u>1.1.4 Bollore Logistics Kenya</u> .....	6
<u>1.2 Research Problem</u> .....	7
<u>1.3 Research Objectives</u> .....	9
<u>1.4 Value of the Study</u> .....	9
<b><u>CHAPTER TWO: LITERATURE REVIEW</u></b> .....	<b>11</b>
<u>2.1 Introduction</u> .....	11
<u>2.2 Theoretical Foundation of the Study</u> .....	11
<u>2.2.1 Disruptive Innovation Theory</u> .....	11
<u>2.2.2 Dynamic Capability Theory</u> .....	12
<u>2.2.3 Diffusion of Innovation Theory</u> .....	13
<u>2.3 Types of Strategic innovations</u> .....	14
<u>2.4 Measures of Competitive Advantage</u> .....	16
<u>2.5 Strategic innovations and Competitive Advantage</u> .....	18
<u>2.6 Empirical Studies and Knowledge Gaps</u> .....	19

<b><u>CHAPTER THREE: RESEARCH METHODOLOGY</u></b> .....	<b>22</b>
<u>3.1 Introduction</u> .....	22
<u>3.2 Research Design</u> .....	22
<u>3.3 Data Collection</u> .....	22
<u>3.4 Data Analysis</u> .....	24
<b><u>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION</u></b> .....	<b>25</b>
<u>4.1 Introduction</u> .....	25
<u>4.2 Demographic Profile</u> .....	25
<u>4.3 Strategic innovations at Bollore Logistics Kenya</u> .....	26
<u>4.3.1 Strategic innovation Adopted</u> .....	26
<u>4.3.2 Best executed strategic innovations</u> .....	29
<u>4.3.3 Expansion of Retail Network</u> .....	29
<u>4.3.4 Modern technologies to boost strategic innovations</u> .....	30
<u>4.4 Strategic innovations and Competitive Advantage</u> .....	31
<u>4.4.1 Competitive advantage as a result of strategic innovations adoption</u> .....	32
<u>4.4.2 Strategic innovations and revenue growth</u> .....	33
<u>4.4.3 Strategic innovations, market share and customer base</u> .....	34
<u>4.5 Discussion of findings</u> .....	35
<b><u>CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS</u></b> .....	<b>37</b>
<u>5.1 Introduction</u> .....	37
<u>5.2 Summary of Findings</u> .....	37
<u>5.3 Conclusions</u> .....	38
<u>5.4 Recommendations</u> .....	38

<a href="#">5.5 Limitations of the Study</a> .....	39
<a href="#">5.6 Suggestions for Further Research</a> .....	40
<b><a href="#">REFERENCES</a></b> .....	<b>42</b>
<b><a href="#">APPENDICES</a></b> .....	<b>48</b>
<a href="#">Appendix I: Interview Guide</a> .....	48

## **LIST OF ABBREVIATIONS**

<b>OECD</b>	Organization for Economic Cooperation and Development
<b>SME</b>	Small and Medium Enterprise
<b>GDP</b>	Gross Domestic Product
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KENTRADE</b>	Kenya Trade Network Agency
<b>ICT</b>	Information and Communication Technology



## ABSTRACT

For an organization to thrive in an industry, it must choose a strategy behavior mode that corresponds to the degree of environmental turbulence and build resource capacity that supports the selected mode. Strategic innovations in today's organizations are paramount to the success and competitive advantage in organizations and enhancement of customer retention and market growth. The aim of this study was to establish the effect of strategic innovations on competitive advantage at Bollore logistics limited in Kenya. The study was based on the disruptive innovation theory, dynamic capability theory and diffusion of innovation theory. The research design was a case study which used primary data. The research instrument used to collect the data was an interview guide. The data obtained from the respondents was analyzed qualitatively by the use of content analysis. The study found that Bollore logistics limited customers are well informed about the terms of services and products and the level of quality they expect to get from the company. Strategic innovations contributed to increase in revenue growth, market share and customer base. Technology innovations had eased the delivery of service to the customers. In addition, the adoption of information systems had helped the company customers access the organization services irrespective of where they were located. The study also established product innovations helped the company introduce new products to target new customers and give more options to the existing customers. Bollore logistics limited has been able to achieve an increase in market share and customer base through developing products that meets the customer's needs. The study revealed the following services contributed to customer's retention; warehousing, project cargo logistics, clearance, and freight forwarding. The study lastly established that marketing and process innovations had significantly contributed to the retention of customers and growth of market share for Bollore logistics limited. Process innovation streamlined the processes and procedures within the company thus creating efficiency on services and products that customer accessed. Through process innovation the company was able to remove procedures that were not relevant and thus able to serve the customer within a short period. Marketing innovation contributed to the company reaching customers and non-customers all over the country. Through marketing innovations, the company has been able to increase its customers number and build a strong brand and presence locally and internationally. The study concluded the strategic innovations; process innovations, product innovations, marketing innovations and technological innovations are essential for an organization's competitive advantage. The study recommends while organizations adopt ICT it is important, they have mechanisms that will handle any challenges that might arise from the new strategic innovations.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

To thrive in an industry, a company must choose a strategy behavior mode that corresponds to the degree of environmental turbulence and build a resource capacity that supports the selected mode (AlQershhi, Diah, Latiffi & Ahmad, 2020). Scholars propose that when competing for the future market, innovations emerge as a result of skill and competencies collaboration integration (Torres, 2018). Importantly, the purpose of innovations in organizations is paramount throughout the world to the successful and profitable services delivery in those organizations and enhancement of competitive advantage. Additionally, innovations play a significant role in improving customer service while decreasing client's transactional cost leading to increased competitive advantage which in effect enhances competitive advantage (Ahmed, Manwani, & Ahmed, 2018).

The study was anchored on theories advanced to explain innovation strategies adopted by firms to improve competitive advantage. Disruptive innovation theory by Christensen (1997) is the anchor theory which is grounded to the idea that innovations can transform a prevailing market by improving access, ease, cost efficiency, as well as market easiness where items as well as services are expensive. The theory holds that use of disruptive technology is crucial in attaining intended competitive advantage (Oppong, 2014). The dynamic capability theory by Teece (1990) contends that in a constantly changing world, companies must create flexible plans in order to thrive. Therefore, businesses must continually reconfigure and rebuild their systems to remain competitive. The competitive advantage and continuity of any given firm relies on development of strategic innovations

such as marketing, technological and processes in a timely manner. Diffusion of innovation by Rogers (1962) is about the way in which latest information and thoughts are spread to a specific societal system and it depends on using a particular preference channel.

The argument that has yielded to this study is that the crucial factor influencing competitive advantage to most logistics companies is strategic innovations. Providing readymade answers to logistics problems will by far enhance growth of the logistics firms in Kenya. Despite this, it is clear from the information collected over time that these local firms have had problems exploiting innovative solutions and increase their business services (Mutisya, 2016). Because of this, multinational firms have outdone local firms and taken over their competitive edge by employing strategic innovations to improve logistics services. Bollore logistics Kenya has embraced technological innovations, process innovations and marketing innovations, due to this, the firm has developed its connectivity for distribution and now has networks even in the rural areas (Kariuki, 2019). The firm has also automated its operations and invested in affordable equipment such as conveyor systems that make use of technological ideas from the distribution and warehousing industries to improve their own industry. The firm offers a good context to investigate how strategic innovations influences competitive advantage.

### **1.1.1 Concept of Strategic innovations**

Strategic innovation, according to AlQershi, Mokhtar and Abas (2021), is a comprehensive method that integrates business strategies, consumer insights, as well as strategy alignment as building blocks for innovation that will help the organization attain its objectives. The process therefore involves use of new business models that change the

game while creating superior value to consumers, and the company. Strategic innovation has been used as a mechanism to an end though not the end itself. Globalization, volatility in client needs, competitiveness, and technical improvements are examples of external environment dynamics that have produced ongoing environmental upheavals and necessitate more strategy viewpoints from executives (Thompson & Strickland, 2013).

Strategic innovation may also be defined as the value for client's creation, the entry into new markets, and the description of existing markets, and the enhancement of the value of services and goods to clients (Gebauer, Worch & Truffer, 2012). As a growth technique, strategic innovation aims to break into modern markets, share market increase, as well as provide a company a competitive advantage via employing strategies that are diverse from the competition. The rising competitiveness in international marketplaces has compelled firms to acknowledge the strategic innovation essence as the business environment changes and traditional services as well as products lose value (Keter, 2021).

Various strategic innovations can be incorporated into business plans to provide outcomes like increased market share, productive operations which improve the firm's consumer perceptions, as well as overall enhanced efficiency. The following are some of the strategic innovations that were investigated: Marketing, process, product, and technological innovation are all areas where you may make a difference (OECD, 2006).

### **1.1.2 Concept of Competitive Advantage**

Competitive advantage is what makes a product, service or organization superior in the market hence customers choose it (Porter,1985). Competitive advantage is the driving

force behind a company's profitability in its sector. Competitive advantage, according to Johnson and Scholes (2020), is a reconfiguration of a firm's resources and competencies with the goal of meeting stakeholder expectations. Competitive advantage refers to the capability of a firm to stand out from the competitors (Porter, 1996). Competitive advantage can be of two types namely: differentiation and cost leadership (Porter,2006) Additionally, any industry all over the world dealing with either products or services is affected by the five main forces of competition that include threat of substitute goods, rivalry between competitors, entry of other firms in the industry, and the bargaining power of both the suppliers and the buyers.

Appropriate creative tactics must be employed in order for businesses to thrive and adapt to changing circumstances and gain a perfect advantage in competition. Competitive advantage is defined as the ongoing ease of employing certain distinctive strategies developed by non-imitable combinations of internal organizational resources and competencies. This allows a company to get a competitive advantage. Evolution that fulfills the current generation needs without endangering future generations' capability to meet their obligations is a competitive advantage (Kihumba, 2008). If a corporation has a better position in terms of defending against competitive forces, it is considered to have a competitive advantage. A company can only be said to have a competitive advantage if it learns and practices the trick of making long-term gains (Damanpour, 1996).

It is the role of competitive advantage to find out if the profitability of a company is in line with the standard for the industry. A well-planned firm with all necessary requirements can enjoy excessive rates of return even when the industry is not fairing on well causing low overall profits in the industry. If a company enjoys above average profit

in the long run, it is said to have a strong competitive advantage. Any firm can have a lot of strengths and weaknesses as opposed to its competitors in the industry but having a low cost and differentiation are the most crucial competitive advantages. Actually, any strength or weakness accrued to a firm is caused by the effect of relative cost or differentiation. These two are driven by the structure of the particular industry. They are experienced when a particular firm is able to deal with the listed forces of competition better than any other firm in the industry. To achieve a good or fair performance in any industry, the basic types of competitive advantage together with a planned scope of activities are incorporated to enhance focus, cost leadership and differentiation (Porter, 2006).

### **1.1.3 Logistic Industry in Kenya**

The Kenyan logistic industry is making a considerable headway in its development agenda to broaden and strengthen the regions position as one of the leading logistic hubs in East Africa. Besides the heavy infrastructural deficits, the investments made in the logistic industry are vital to the expansion of logistic systems in the region. The logistic industry in Kenya mainly contributes close to 20% of the GDP in Kenya (KNBS, 2021). According to the Kentrade report (2020), Nairobi Kenya has a total of 100 logistics enterprises. In Kenya, logistics businesses are classified into five categories: first-party logistics (1PL), second-party logistics (2PL), third-party logistics (3PL), and fourth-party logistics (4PL). 4PL is for organizations who have no physical assets that can be utilized to move items, while 5PL is an upgrade to the consulting level of 4PL, which is an upgrade to 4PL's consulting level. Multiple third-party logistics providers are brought together in this situation. Third-party logistics, Fourth-party logistics, and fifth-party

logistics are the most prevalent types of third-party logistics. Logistics companies in Kenya are regulated by the Kenya Trade Network Agency (KENTRADE).

The administrative unit of logistics companies is continuously under pressure to enhance competitive advantage. Logistics organizations have implemented numerous strategic innovations that will boost their capacity to effectively and efficiently enhance competitive advantage (Lambert & Stock, 2016). The logistics firms require solutions that can withstand pressure from the government, the general public, rivals, consumers, and the supply chain itself. Due to consumer expectations of excellent service quality, logistics companies are pushed to move beyond the conventional range of logistical services and to provide more sophisticated logistics solutions. There is a lot of rivalry between local logistics companies in Kenya and well-established international logistics companies. In order to offset the intense rivalry in the industry, logistics companies have decided to use new competitive tactics. Recently, Kenyan logistics companies have used a number of strategy tactics to establish plans that allow them to compete with the larger companies (Kentrade Report, 2020).

#### **1.1.4 Bollore Logistics Kenya**

Bolloré Logistics Kenya Ltd is a major logistics company in Africa and it falls in the third-party logistics classifications. It is the main operator of public-private partnerships and it focuses in freight forwarding internationally, warehousing, transportation and logistics enjoying non-competitive operations in its territories. It enjoys operations in 55 countries worldwide with 45 of them being in the mother continent Africa. It has 25,000 workforces in total (Bollore, 2012). Bollore Logistics Kenya Ltd carries out a lot of businesses namely; Haulage, Over-gauge parcels, Shipping, Air, Rail, Barging, Supply

chain and warehouse management, Customs formalities, Shipping agency, Port handling, Industrial project logistics, Shipyards and travel agency ([www.reelforge.com](http://www.reelforge.com) retrieved on 15<sup>th</sup> June 2022).

Bollore has operated in Kenya from 1950s and it was then referred to as East Africa as Notco & AMI. In 1968, they formed Transami SDV Africa through a merger with Transintra. Later in 2008, they changed the brand to Bolloré Africa Logistics Ltd. This move united all the firm's activities in Africa and in nations with commercial operations with African countries. Bollore has established offices and warehouses in Nairobi, Mombasa, Kisumu Malaba, Busia and Namanga ([www.globalvillagedirectory.info](http://www.globalvillagedirectory.info) retrieved on 15<sup>th</sup> June 2022).

Bollore Logistics provides its customers with efficient services of optimized and well-arranged inventory systems. These systems are achieved by the deep investment in handling equipment and even digitalized IT infrastructure. They also offer additional services like labeling, re-packing and co-packing, and even kitting ([www.reelforge.com](http://www.reelforge.com) retrieved on 15<sup>th</sup> June 2022). Bollore logistics Kenya has embraced technological innovations, process innovations and marketing innovations, hence improving its rural outreach because of the better network of distribution created (Kariuki, 2019).

## **1.2 Research Problem**

For years, researchers and other stakeholders have looked into competitive advantage but nevertheless, it remains to be the most crucial uncertain problem of management (Porter, 2006). The main problem challenging companies is to provide innovative products and services as an outlet for enhanced competitive advantage (Mullan, Bradley & Loane, 2017). Ahmed et al. (2018) claim that innovations play a significant role in improving



customer service as well as reducing the costs of transactions for customers leading to increased customer loyalty and competitive advantage. A lot of clients are informed, educated and sensitive to the changing world thus promoting them to have their specific tastes, requirements and preferences. Because of this, innovation is the most viable method to apply on any business to help the firm achieve a competitive advantage and survive in its own industry.

Like many industries in Kenya, the logistics industry experiences a lot of competition between the participating firms therefore firms need to do a consideration of the needs and requirements of their customers, keep their products and services unique and promote value addition for them to prevail as competitive. Bollore logistics has partnered with their clients to promote superior strategic innovations. The firm has also automated its operations and invested in affordable systems like conveyor belts that have been inspired by technologies from warehousing and distribution industries. Kariuki (2019) postulates that efficient strategies of innovation enhance a suitable and functional system. This efficiency can be enhanced by promoting proper transport services for the clients by using different modes of transport.

Studies have been undertaken on strategic innovations and competitive advantage but there exist research gaps. According to Durmuş-Özdemir and Abdukhoshimov (2018), there exists a substantial productive association linking innovation to competitive advantage in manufacturing enterprises in Turkey. However, the above study was done in Turkey, a developed context, and therefore we cannot refer the same to Kenya due to social and economic differences. In addition, the study was based on diffusion of innovation theory which is more of how innovation moves rather than its influence on

competitive advantage. As per Alqershi, Mokhtar and Abas (2021) about the impact of strategic innovation on the operation of Yemen production SMEs, strategic innovation absence was the poor performance root cause. This study was however quantitative in nature and therefore failed to capture the qualitative aspects which is the aim of the current study.

Locally, Kariuki (2019) conducted research in Kenya on the impact of strategic innovation on mobile communications firm performance and discovered that strategic innovation practices had a strong positive impact on organization performance. This study was quantitative in nature and therefore left a gap on the qualitative aspects. In addition, it was conducted in a different context from logistics. Moreover, Lilly and Juma (2014) found a positive association between strategic innovation and bank performance in research to investigate how strategic innovation affects commercial bank operation in Kenya. However, this study was based on technology acceptance model which might not capture how strategic innovations affect competitive advantage.

A review of previous studies shows that there is a need to focus on strategic innovations and competitive advantage. Previous research, for example, have mostly concentrated on other segments like telecommunications as well as banking, needing further research in areas like logistics. Bollore logistics has adopted strategic innovations and therefore need to investigate whether this has translated to enhanced competitive advantage. What is the influence of strategic innovations on competitive advantage at Bollore Logistics Kenya?

### **1.3 Research Objectives**

The study had one objective to establish the influence of strategic innovations on competitive advantage at Bollore Logistics Kenya.

#### **1.4 Value of the Study**

The study will be of great significance since it will provide useful details and information to the stakeholders of the logistics industry. Some of the beneficiaries of this study will be researchers, the firms' management and even policy makers. For the management, the report will be of significance to realize how they can increase competitive advantage by employing strategic innovations to their logistics firms. The conclusions will help stakeholders realize the connection linking these two variables which will prove crucial in ensuring a strong team with diverse ideas to manage and run the firms. The management teams will have competences streamlining operations as well as managing innovations, as well as for building confidence among corporate stakeholders, which will ultimately optimize competitive advantage.

In view of policy makers and the government, this study will be beneficial in aiding the formulation of policies and procedures that would steer Bollore logistics Kenya and other logistic companies in Kenya to adopt strategic innovations that would improve their competitive advantage which will improve the entire economy by promoting a proper performance of the logistics sector.

This research and its results will work greatly in helping any researchers carrying out any study related to this topic as it will be used for reference. Additionally, findings from this study might prove helpful in realizing any research gaps that are needed by researchers and even scholars.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

In the following segment, all relevant theories to this research were analysed and empirical studies in similar areas considered. The chapter additionally shows the types of strategic innovations and a summary of literature review showing the hypothesized relationship between strategic innovations and competitive advantage.

### **2.2 Theoretical Foundation of the Study**

This section surveys the theories that foster the study of innovation and performance. The study reviewed the disruptive innovation theory, dynamic capability theory and diffusion of innovation theory.

#### **2.2.1 Disruptive Innovation Theory**

Christensen (1997) pioneered this theory. It is based on the idea that innovations can transform a prevailing market by improving access, ease, cost efficiency, as well as market easiness where items as well as services are expensive. Disruptive innovation, according to Christensen (1997), is best pertinent in an unappealing market where new products and services later reshape the market. Comprehending the inherent rules which leverage turbulent technologies during creation of advanced products and markets is the most effective path to success (Kostoff, Boylan, & Simons, 2004). Other critical concerns include understanding the disruptive technology dynamics or if management will be able

to adapt correctly to taking advantage of emerging chances. Firms begin by focusing on the market's lower end clients (lower tier consumers) by offering goods as well as services which they can afford (Christensen, Baumann, Ruggles, & Sadtler, 2006).

Disruptive innovation allows customers to buy products or services which previously because of lack of adequate funds, they could not afford (Christensen, Baumann, Ruggles, & Sadtler, 2006). This may not be the situation; there are variables that allow consumers to buy items and services that they could not formerly afford, such as competition and government rules.

According to Kostoff et al. (2004), enterprises maintaining innovation exclusively target high-end clients attempting to improve their performance. However, this might not always be the situation; the world's most inventive organizations target all types of clients. They can broaden their market segments scope, boost revenue, and improve performance this way. The theory hypothesizes a positive effect of strategic innovations on performance.

### **2.2.2 Dynamic Capability Theory**

The concept of dynamic capability is pioneered by Teece (1990) and it emphasizes on the distinct resources of the firm which leads to the sustainable competitive advantage. Dynamic capabilities behave like a barrier between the resources of a firm and the business environment that can be responsive or shifting. This is done by adjusting the resource base of a firm to enhance competitive advantage. The resource-based view specializes on options for the resources while dynamic capabilities have its emphasis on renewal and development of the involved resources. According to Amit (1993), 'capabilities' refer to the potential of any given firm to utilize

its resources and in addition integrate organizational routines with these resources in order to reach its goals and targets.

The dynamic capabilities model takes organizational competencies as moderating variables; this means organizational competencies enhance the intensity of dynamic capabilities to achieve superior organizational performance. The relationship and impact of predominant firm's capabilities on its overall performance has been extensively inspected and scrutinized in literature. This study is mainly focused on emphasizing the purpose of innovations which is to empower firms to perform viably their everyday exercises with respect to competition prevailing in the market (Drucker, 2017).

For the theoretical framework of this study, dynamic capabilities have been defined as higher-request skills that permit firms to endeavor or to exploit lower-request capabilities that exist in the organization, and all the more significantly to identify as well as recognize the new innovative technological capabilities and marketing capabilities. Higher order capabilities must be developed by firms because it fosters the process of learning which results in the leveraging of all the firm's resources (Amit, 1993). This theory is relevant in determining the effect of technological capabilities, product capabilities, process capabilities and marketing capabilities on competitive advantage at Bollere logistics Kenya.

### **2.2.3 Diffusion of Innovation Theory**

The pioneer of this idea was Rogers (1962). An innovation is any newly introduced ideas, practices or item into a social structure whereas, on the contrary, innovation dissemination is the way the new concept is transmitted over a period of time to the social system via a default route. In this regard, this theory attempts to outline how new

innovations are accepted and utilized in a social system such as mobile banking and online banking. Rogers (2003) broadened the idea by saying that the study on technological diffusion was insufficient, further explaining that the technology cluster had additional distinctive characteristics that were thought to be fully linked. That is why the advantages and repercussions of embracing or refusing to embrace innovation should be notified to people and societies at large. Rogers (2003) says plainly that interpersonal connections are necessary because dissemination includes a social process.

Robinson (2009) criticizes the theory for taking a dramatically different view of other change theories. It is not about attempting to persuade people to change, though about making progress or re-inventing goods and character, so that they can better suit what the person wants or needs. In this idea, people do not change, but innovations have to adapt to the demands of the people. The invention process takes time, as per Sevcik (2004), and it does not happen immediately. He also believes that the spread of innovation and the opposition to changes has the greatest impact on the process of innovation because it delays it down.

Rogers (2003) argues that the perception of these characteristics by an organization affects the degree of breakthrough technology adoption. If an organization realizes the benefits arising from innovation, these innovations will be taken into account when additional technologies are available. Innovation is quicker adopted in companies having internet access as well as information technology than in those lacking. The hypothesis is based on the present research, which shows how innovations like innovation are taken up by financial institutions. This theory is appropriate to the research as it aids in

comprehending how strategic innovation is taken up by logistic firms and how this influences competitive advantage.

### **2.3 Types of Strategic innovations**

Strategic innovation can be classified into four main types namely; technological, product, process and marketing innovations (Triani & Handayani, 2018). Technological innovations refer to a procedure which is scientific, technology-based as well as system-based and focuses on enhancing organizational value through addressing of technological dimensions of an organization's product or service (Azar & Ciabuschi, 2017). According to Varadarajan (2018), breaking the rules proves to be the best strategy to increase the probability to succeed in such situations. This strategy is technological innovation. Technological innovation is important as it helps the organizations adopt new methods of carrying out operations as well as help in efficiency and effectiveness of organization's processes and functions.

Product innovations refer to changes made in the production process of a firm, the invention and provision of new products to customers and use of better production systems like machines and raw materials (Kafouros, 2018). Product innovation has become a very crucial aspect in the operation of any firm to enhance its performance. Therefore, firms must ensure periodical changes and improvements in the design and outlook of their products to keep them competitive. Previously, markets enjoyed stability which implied that there was no need to constantly develop new products. Today, products are being developed every single day thus promoting the need of the same vigor for any firm that needs to remain competitive. Innovative products have gone to the extent of being crucial in many industries since from them customers get to experience



new and current designs, features and functions. This has enabled competitive firms ease the rivalry because as long as they are innovative, they offer different products altogether and thus they do not have to compete on quality or price. Nuryakin (2018) states that technical companies must differentiate their products for them to achieve competitive advantage.

Process innovation on the other hand is defined as the use and application of a new and efficient method of production – these efficient methods vary from techniques to equipment of production (Davenport, 2013). Process innovation spans from little or simple changes to even advanced changes. It involves crucial improvements and corrections to the existing equipment, software and even techniques. Also, it helps in reduction the overall cost of production, invention of new products and promote increased value of a product. Process innovation also enables manufacture of products and services that others may not produce, or to formulate in a better way than competitors. Through process innovation, firms have a high chance to activate and maintain a good competitive (Narteh, 2017).

Na, Kang and Jeong (2019) put forward market innovation to be an activity that promotes the marketing mix of a firm by improving its marketing strategies and observing factors like product, price, distribution, and promotion. It consists of several aspects including a transformed brand, improved quality product, differentiation of the marketing communication and the overall sales ability. It also shows the capacity of a given company to assign, execute and manage its resources according to the prevailing conditions of the market. It helps consumers benefit from quality products which enhances demand and eventually boosts sales accrued to a firm. It is clear that market

innovation enhances competitive advantage of a firm by increasing the value creation to customers which is done solely via marketing.

## **2.4 Measures of Competitive Advantage**

According to Porter (2006), there are two basic types of competitive advantage: cost leadership and differentiation. Further, in any industry, whether it is domestic or international or produces a product or a service, the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors. When potential competitors cannot replicate successfully a particular valuable strategy of an organization, the strategy becomes a source of competitive advantage to the organization.

Kihumba (2018) assert that SCA involves achieving superior performance and economic value over a prolonged period. Moreover, it entails continual adjustment to environmental changes and ability to withstand all efforts to replicate a firm's advantage by its competitors. Competitive advantage thus becomes the foundation and a key determinant of superior performance to ensure survival and market dominance. Competitive advantage is said to constitute two elements: The first is, the above average performance notion, as a relational measure within an industry and the second is the durability notion. Even though an industry's above average performance can be measured justifiably as the returns in comparison to the average of the industry, the notion of durability is not clear.

According to Barney (2015) a firm has to look at its internal resources more than external resources to create a competitive edge. A firm therefore needs to focus on its unique

resources such as key competencies, unique knowledge, capacities and control over major raw materials. Governments have issued regulations to protect their domestic industries. This has however been discouraged in most markets as globalization sets in. The key to understand the competitive edge a firm possesses over the others is to determine the market share. Firms that control large market shares are believed to possess higher competitive edge over the rivals. The ability of a firm to use its assets to retain and attract customers leads to increased profits and is also used to determine its competitive advantage (Awua, 2017).

## **2.5 Strategic innovations and Competitive Advantage**

The diffusion of innovation hypothesis says that every economically impactful change centers on entrepreneurship, market power and innovation. This justification leads to theories regarding the technological revolution. According to Rogers (1995), an invention temporarily creates a monopoly, which is then broken up through imitation. Therefore, institutions will undoubtedly have an impact on performance if they use technology innovations and secure hedging other institutions utilizing innovative products and services.

Despite the perceived benefits of the innovations and the electronic commerce, there is still a debate on if and how the adoption of this technology improves the competitive advantage of firms (Matevu & Kerongo, 2015). The investment in innovation and technology and electronic commerce by organizations needs innovation costs which comes along with various risks that the firms should be willing to take in order for them to accurately evaluate the impact of the adoption on competitive advantage (Idun & Aboagye, 2014).

According to Asongu (2015) the growth of technology and innovations has impacted almost each aspect of life. Innovation has changed and has redefined the way firms are running since the technology is now regarded as a major input for the organization's achievement, for firms as they transform inputs to outputs. According to Dasgupta (2011) in the recent years, firms have developed innovative products and services and offered a wide range of services in the effort to increase efficiency which is the most critical goal of any firm.

## **2.6 Empirical Studies and Knowledge Gaps**

In Turkey, Durmuş-Özdemir and Abdukhoshimov (2018) focused on how innovation enhanced performance of enterprises in the manufacturing field in Turkey. Their research showed that innovation and performance relate substantially and positively. A downside to this study is that it was done in a developed country and thus cannot be entirely adopted in the Kenyan context because of the social and economic differences. In addition, the study was quantitative in nature and therefore a methodological gap as it did not capture the qualitative aspects. Further, the study reveals a conceptual gap as it did not relate strategic innovation with competitive advantage.

In Yemen, Alqershi, Mokhtar and Abas (2021) focused on how innovation affected performance of Yemen manufacturing SMEs. They discovered that strategic innovation absence was the poor performance root cause. This study was however quantitative in nature and therefore failed to capture the qualitative aspects which is the aim of the current study. Besides, the review reveals a conceptual gap since it is focused on firm performance which is a different concept from competitive advantage. Further, the study

was conducted in the manufacturing context which cannot be generalized to represent the logistics sector due to operational differences.

Karlsson and Tavassoli (2015) performed research in Europe on strategic innovation practices impact on telecoms firm performance. The study discovered a beneficial contribution of innovations to business performance. The study presents a conceptual gap as it did not relate innovation and technology strategy with competitive advantage. The study also presents a methodological gap since it is quantitative which simply implies that it has some inadequacies in the qualitative aspects. Contextually, this research was carried out in a developed country which means it cannot be applied to a developing country like Kenya.

Locally, Kariuki (2019) conducted research in Kenya about the impact innovation has on performance of mobile communication firms in the country and discovered that strategic innovation practices had a strong positive impact on organization performance. This study was quantitative in nature and therefore left a gap on the qualitative aspects. In addition, the study was done in a different industry thus a different context all together from Bollore logistics. Further, the survey did not take into account competitive advantage and therefore a conceptual gap.

Mwangi and Wekesa (2017) investigated the impact of technological elements on Kenya Airways' overall achievement. According to the findings of the research, technological factors have an impact on Kenya Airways Limited's overall performance. The research offers a conceptual gap as it did not address how competitive advantage is affected by innovation. In addition, the study was quantitative thus demanding additional qualitative

study. This survey was done on Kenya airways and not the logistics industry thus creating a contextual gap.

Lilly and Juma (2014) found a positive association between strategic innovation and bank performance in research to investigate the effect of strategic innovation on commercial bank performance in Kenya. The study was however based on technology acceptance model which might not capture the effect of innovations on competitive advantage. The study also presents a methodological gap because it is solely quantitative leaving a gap on qualitative aspects. Also, it poses a conceptual gap because innovation and competitive advantage was not taken into account.

Kamakia (2014) conducted another research in Kenya, this time looking at the impact of product innovation on banks' performance. According to the results, innovation led to improved performance, organizational efficiency, as well as market share control. The study presents a conceptual gap as competitive advantage was not taken into account. The study also has a methodological gap since it was quantitative leaving a gap on the qualitative aspects. Contextually, the study focused on banks which operate differently from commercial banks.

The studies reviewed have shown that conceptually, there is no consensus on how strategic innovation really affects competitive advantage. Contextually, most of the local surveys done have focused on other industries whose operations are distinct from those of the logistics sector. In addition, the studies carried out on strategic innovation used a different methodology as they did not take into account how strategic innovation influences competitive advantage using a qualitative approach. This current experiment tries to cover these holes by responding to the research question: What is the influence of

strategic innovations on competitive advantage at Bolllore Logistics Kenya?

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section entails the designs of study, the methods used to collect data and the process of analyzing the data. The methodology showed how the entire study was done, organized and the individuals involved in the research to offer the required information and how it is collected. All this is done to compile useful findings.

### **3.2 Research Design**

This study made use of a case study research design. A case study refers to the research on a phenomenon, an individual or an established institution according to Cooper and Schindler (2014). It necessary and useful for this study because the evaluation is done by one institution that is keenly focused on depth analysis as opposed to broad analysis that might overlook some details.

A case study is the best to apply in the situation where a deep, detailed and comprehensive research is required for a particular aspect. Yin (2018) showed the exact and meticulous surveillance a case study has on social units. A case study is useful since it provides firsthand information on an issue that has little to no known features. In any

case study, almost every aspect is scrutinized and researched on in order to come up with the necessary information.

### **3.3 Data Collection**

Data collection is the process of gathering pertinent information on variables of interest, in an established systematic fashion that enables the researcher to answer the stated research questions and test hypotheses (Cooper & Schindler, 2014). There are two types of data that can be collected namely; primary and secondary data. The current study utilized primary data.

The method of collecting data was through interviews. The choice of interviews was influenced by the fact that it makes it easier to collect data from willing respondents which helps the researcher understand the findings more. Before undertaking the data collection exercise, a letter of authorization was sought from the University of Nairobi. The interview was collected through face to face. Where it was not possible to reach the respondents through face to face, online interviews were conducted. The researcher ensured confidentiality and ethical considerations were observed.

The data collection instrument was an interview guide. The interview guide helped the researcher learn the current trends and information that may have developed and that may not quite be obtained by other methods of data collection. The guide was divided into some sections. The first section majored and concentrated on the demographic information of the senior managers and the other parts covered the goals of research. In order to ensure that the interview guide collected data as the researcher had planned, there was only open questions such that when there was no obvious answer, the respondent was entitled to extra questions.



This survey targeted four senior managers at Bollore Logistics Kenya namely; the head of operations, head of ICT, head of risk and head of marketing as the main respondents. These respondents had been chosen as they were likely to have a better understanding of the strategic innovations in their organization and how it influenced competitive advantage. They were also involved in developing and implementing strategies in their organization.

### **3.4 Data Analysis**

All data that was collected using the interview guide underwent qualitative analysis to help realize how all the responses were connected. Qualitative analysis was adopted since it helped the researcher interpret, describe and criticize the subject which can be impossible to perform in the case of quantitative analysis. Content analysis was utilized to perform the qualitative analysis.

Content analysis aided in assessing the responses, arriving at the researcher's conclusions and also drawing suggestions from the collected information. The entire exercise of content analysis entail acquainting the responses, describing the data, analyzing the data patterns from the different interviews, and eventually drawing the necessary conclusions from the findings obtained from the research.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter discusses the results of the interview guide that the researcher collected from Bollore Logistics Kenya and summarizes the interview guide findings. The chapter has been divided into three sections, respondents' profile, strategic innovations at Bollore logistics Kenya and strategic innovations and competitive advantage. The researcher will focus on strategic innovation and competitive advantage at Bollore logistics Kenya.

### **4.2 Demographic profile**

The researcher interviewed the following respondents at Bollore logistics Kenya; head of operations, head of information communication and technology, head of risk and head of marketing. The head of Information communication and technology at Bollore logistics Kenya has worked there for a period of eleven years and nine months at the company. The head of risk has worked for Bollore logistics Kenya for four years and eleven months. The head of operations has worked for eleven years at the company and one year and eleven months at the current position. The head of marketing has worked as a marketing manager at Bollore logistics Kenya for seven years and three months. The interviewees have worked for Bollore logistics Kenya for a good period and thus able to provide the correct information about strategic innovation and competitive advantage at Bollore logistics Kenya. All the interviewees agreed that they have been involved in strategy formulation at the company.

### **4.3 Strategic innovations at Bollore Logistics Kenya**

This section discussed; strategic innovations adopted, best executed strategic innovations, expansion of retail network and modern technologies to boost strategic innovations at Bollore logistics Limited in Kenya.

#### **4.3.1 Strategic innovation Adopted**

This section discusses the strategic innovations adopted by Bollore logistics Kenya. The interviewees stated that Bollore logistics company had adopted four main strategic innovations for them to be able to compete in the market and meet customer's needs. The following strategic innovations were mentioned; product innovation, process innovation, market innovation and technological innovation. The marketing manager stated the strategic innovations have really played an important role in helping the organization to meet customers' needs within the shortest period which led to customer satisfaction and repeat business for the company. This was supported by the operations manager who stated the innovations have helped them to streamline their processes which reduced wastage of time and resources.

Technological Innovations, the interviewees stated that Bollore logistics has adopted the best technology to facilitate easy access of its services by the customers. The ICT manager stated that the company had invested in block chain, artificial intelligence, robotics and internet of things that facilitate internal and external operations. The company has invested in real time monitoring of its shipments and movement of its fleets which ensures the company knows the location of its products. In addition, the real time monitoring ensures no products are lost or misplaced while in transit. This guarantees

satisfaction of the customers as no customer ever complains about their products having been misplaced. Furthermore, the customer can get information about the location of their products anytime they want.

The company has also invested in technologies that help them forecast clients requests and plan in advance in case there's a lot of client requests on how to handle them. Block chain technology has assisted the company to improve on its processes especially on documents and data sharing. The company has also automated its warehouses through a warehouse management system which has increased efficiency on storage of products, safeguarding of goods, delivery of products and movement of goods. Besides, the company has also invested in robotics that have tripled the number of products moved within the warehouse. Thus, creating operational excellence.

Product innovation deals with the products/services that have been developed by an organization in order to attract or retain customers. Bollore logistics has diversified its range of services to include; Multimodal transport, contract logistics, warehousing, project cargo logistics, clearance, and freight forwarding. In addition, the company has always strived to improve and update the existing products for customer satisfaction. This is in line with Meyer (1996) and Gaynor (2002) who asserted that product innovation is characterized into two; primary which deals with coming up with new products to attract existing or new markets while secondary which deals with improving the existing products. The product innovation strategies that the company has developed have all been driven by the market due to customers' demands and stiff competition in the market. In addition, Bollore logistics company has improved on its handling facilities and adopted the latest technology in its operations. This innovation strategy has made it possible for

the company to offer services that are unique and distinct to its clientele.

Marketing innovation the company has developed new ways of reaching the customers irrespective of where they are located. The marketing manager stated that the company and its marketing teams have managed to reach customers all over and market the services offered by Bollore logistics company. In addition, the marketing team has advertised the company services through different platforms in the aim of reaching to existing and new clients. This is supported by Prifti and Alimhmeti (2016) study on market innovation impact and competitive advantage in Albania. The findings revealed a link between marketing innovation and competitive advantage of organization. One of the reasons for Bollore logistics Kenya performing so well can be attributed to marketing innovation strategy.

The interviewees stated that the company has adopted process innovation through acquisition of technology and software's for core functions at the company. The operations manager added that in today's competitive business environment what differentiates a successful business from the rest is the speed at which they are able to design, produce and market new products to the customers. Bollore logistics has been able to achieve this through having a well streamlined processes and systems. The risk manager stated that the company encourages employees to think out of the box and come up with ways to improve the processes so as to make their daily work easier. The ICT manager stated that the technologies that the company has acquired have streamlined their processes and helped them to manage their workflows. The operations manager added that process innovations at Bollore logistics has embraced quality management in order to offer customers high quality of products and services. This is supported by

Narteh (2017) who asserts that process innovations help an organization achieve competitive advantage through offering products/services of high quality.

#### **4.3.2 Best executed strategic innovations**

The interviewees agreed that almost all strategic innovations have been well executed at Bollore logistics Kenya. In terms of success in implementation of the strategic innovations at the company can be rated at 70%. The marketing manager stated that product innovations would top in terms of well executed strategies at the organization. This is because the company is well known for its products and services in which it has put a lot of effort in developing products that are tailored to the customer's needs.

The second well executed strategy would be process innovations, this is because of the kind of improvements that have been implemented at the company for the benefit of creating excellence. Third best executed strategy would be technological innovations, as a result of the kind of technologies the company has invested in and lastly is the marketing strategy. The marketing manager added, the reason for placing marketing strategy last is because they still have a lot of marketing avenues and channels that they haven't explored to attract customers. The manager further stated that they are working on exploring the many marketing avenues available in the market.

#### **4.3.3 Expansion of Retail Network**

The marketing manager stated Bollore logistics has been in existence for 200 years and this is because of its ability to adapt with the market changes and also its expansion strategy. The risk manager added that change and getting closer to the customer has always been part of Bollore logistics DNA. The operations manager stated the company has been able to offer services to 130 countries in 5 continents, employing over 73,000

employees. In addition, the company has 603 branches in 111 countries and 250 subsidiaries in 49 countries. The main reason for the company expansion is to take services closer to the customer. The company strives in connecting people from all corners of the planet. In Kenya, the company started operations in 1968 and it has 8 offices that serve its clients. The ICT manager stated that in 1980's the company developed a diversification and expansion strategy that they have stuck to it up to today. The strategy is what has assisted the company to be able to expand its retail in most of the countries all over the world. Thus, becoming among the top 10 biggest logistics operators and the largest transportation group in Africa.

#### **4.3.4 Modern technologies to boost strategic innovations**

The ICT manager stated Bollore logistics has adopted technology in almost all part of the organization. The company has been able to excel in product innovation, market innovation and process innovation because of the technologies the company has adopted to simplify all the activities at the company. Like for product and process innovation the company acquired a transport management system which created efficiency and effectiveness. The system made it possible for the company to operate the whole transport process at a single point. In addition, the system integrates all the relevant stakeholders of the organization such as customs, airlines and shipping thus making it possible for information to flow in an easy manner. The transport management system was essential into boosting process and product innovation.

Furthermore, the ICT manager stated that the modern technology has played a role into the development of products as well as services and ways of reaching the company customers around the world. Through technology the company was able to come up with

innovative delivery channels, innovative processes, technological innovations, innovative marketing campaigns and product development innovations. Through innovative delivery channels the company customers are able to access the Bollore logistics services with ease anywhere they are. This is supported by Ngungi and Karina (2013) who argues that Information may flow freely and be delivered quickly to those who need it because of technological advancements.

The ICT manager stated innovative processes that were developed as a result of the modern technology has made the company flexible and accessible by customers. Today the company employees and services are accessible at any time, which makes the customers feel valued and appreciated. The ICT manager added on technological innovations, the company has developed several channels which customers can use to access their shipment's locations. The marketing manager stated the company has developed innovative marketing campaigns as a way of reaching their customers and also reaching non customers. This is supported by Kamaki (2014) research on strategic innovations and competitive advantage on logistics firms in Kenya that found out that strategic innovation leads to improved performance of logistics companies. The risk manager stated that the innovative strategies employed by Bollore logistics were very important as they enabled the company to attract customers and retain existing customers. In addition, the company has been able to grow very fast and make huge profits as a result of strategic innovations.



#### **4.4 Strategic innovations and Competitive Advantage**

This section discussed the competitive advantage as a result of strategic innovations adoption, strategic innovations and revenue growth, strategic innovations, market share and customer base at Bollore logistics Limited.

##### **4.4.1 Competitive advantage as a result of strategic innovations adoption**

The interviewees stated the company has been able to achieve competitive advantage in the market as a result of the strategic innovations it has put in place. The ICT manager stated the technologies they have acquired through ICT innovations have created efficiency and effectiveness at the company which lead to customer satisfaction. This resulted to loyal customers and referrals. Furthermore, Bollore logistics has partnered with startups and universities who bring on board new and disruptive technologies that other competitors don't have thus giving the company a competitive advantage. Other ways the company has achieved competitive edge through ICT innovations is with acquisition of supply chain management system, transport management system, warehouse management system, enterprise resource management system, robotics and block chain technology. All these technologies have presented the company with unmatched opportunities to gain competitive advantage.

The operations manager stated the process innovation has created smooth running of operations at the company. Through process innovation the company is able to delivery on time and quality services to its clientele. The manager also added that product innovation has enabled the company to improve on the services that they have always offered to clients and come up with new services targeting new and existing clienteles.

Besides, the ICT manager stated through technology the company has been able to improve on the services and products they offer through adding new features which gives the company a competitive advantage. The marketing manager stated that through innovations they have been able to reach customers in all different places on the planet. In addition, whenever the company develops new products or services it is through marketing that they are able to inform the customers.

Lastly, all the interviewees agreed that the company has been able to perform well because of having the right strategic innovations. This is as a result of the kind of investment in IT and digital security Bollore logistics has put in place. The ICT manager stated that company was recognized at both local and internationally as the most innovative logistics company in the world. The risk manager stated that the company has been able to make a lot of profit because through innovation and the right technology, the company has minimized risks to its products substantially.

#### **4.4.2 Strategic innovations and revenue growth**

The interviewees indicated that strategic innovations have led to the growth of revenue of the company since the company starting operations in Kenya in 1968. Technological innovations have made it possible for customers to access the company services from any part of the globe thus creating a wider market for the company products and services. The same applies locally where the clientele of the company are able to access the different services offered through the different platforms the company has.

The operations manager stated that process innovation has created smooth operations where the company provides timely services and of good quality hence creating customer loyalty and repeat businesses which increase the revenue of the company. In addition, he

stated product innovation has enabled the company develop competitive products and services thus increasing the revenue for the company. Lastly the marketing manager stated marketing innovations have played a role in informing the existing and new customers about the organization products and services. Through creating awareness, the customers always come for logistics services at the company which increases the customers number and creates more revenue for the company.

#### **4.4.3 Strategic innovations, market share and customer base**

The interviewees stated that the strategic innovations acquired by Bollore logistics has greatly played a role in customer base. Strategic innovations have assisted the company to move from a brick and mortar to a digital driven logistics company. The marketing manager stated that company's innovation and technology are good, the clients have indicated they are happy with the innovation's strategies. The marketing manager stated this is directly linked with the increase in the number of customers and the market share the company occupies in Kenya and globally. The main reason why the company has been able to perform so well it is because customers always come back to use their services. The operations manager stated the company has reached places where other logistics companies have never been to. In addition, the manager stated the company's model is based on offering quality services at a lower cost to its customers which has always attracted the number of customers thus leading to a wider customer base market.

The ICT manager stated that the company offers a wide variety of services to its customers and all the services can be accessed digitally which creates convenience for customers. In addition, technology has reduced the number of crowded customers at the company facilities, leaving only urgent or critical issues to be dealt with at the company.

The manager further stated the fact that a walk-in customer does not spend a lot of time at the company you are guaranteed of them returning or using your services more frequently. This in return increases your profitability and customer base.

The marketing manager stated when developing products, innovations play a vital role. The products that the company has developed are innovative and offer solutions to all customers. In addition, the company has developed different products and services for different groups of customers and this creates customer satisfaction and in return repeat business. This is supported by Wolf and Pet (2005) and Walker (2009) whose research on the influence of product and process innovations on business performance revealed that product innovation is essential for the performance of organization. All the interviewees agreed that Bollore logistics has been able to achieve wider market share and increase in number of customers as a result of the use of innovation and technology.

#### **4.5 Discussion of findings**

Bollore logistics company has adopted several strategic innovations which have increased the competitive advantage of the company. The innovative and technological strategies adopted by Bollore logistics include; product innovation, technological innovations, process innovation and marketing innovation. Examples of ICT innovations adopted by Bollore logistics includes: Enterprise resource planning system, transport management system, logistics management system, warehouse management system, supply chain management system, robotics and block chain technologies. Product innovations include: warehousing, project cargo logistics, clearance, and freight forwarding. Marketing innovation includes: Billboards, print, media, social media platforms and word of mouth.

The researcher established that company uses modern technologies to boost innovation and technology through innovation delivery channels, innovative processes, innovative marketing campaigns, technological innovation and product development innovation. Product development as an innovative strategy provided the company with the ability to address the needs of the current customers and prospective customers on a continuous basis, it attracts more customers to the company, it gives the company a competitive advantage over its competitors and also it helps the company to enhance its image. Products development strategy also have increased customer base, increased profitability and increased staff levels. This was supported by Osuga (2016) who asserted innovation strategy improves on an organization's products performance.

Technological strategy as an innovative strategy streamlined the processes within the company and enabled the customers to be able to access the company's products and services at the tips of their fingers through internet. Marketing innovative campaigns reached the existing and non-existing customers through the media, billboards, social media and word of mouth. Innovative delivery channels enabled the customers to be able to access the company services with ease irrespective of where they are located.

The researcher established that innovation and technology strategy has led to customer growth and wider market share for Bollre logistics limited. The technology adopted by the company had helped the company transition from a brick and mortar to a digital company. Through technology the company's services were taken closer to the customers which created customer's satisfaction and loyalty. The company has achieved repeat purchases from its customers as a result of the efficiencies and easy access of services they get from Bollre logistics limited. Lilly and Juma (2014) study to establish the

impact of strategic innovation on logistics companies in Thailand found out that innovation strategies contribute to the performance of a company and leads to competitive advantage which agrees with the above findings.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This study looked at strategic innovations and competitive advantage at Bollore logistics Kenya. The data was collected through the use of an interview guide and the data was analyzed through content analysis. This chapter summarizes the findings as discussed in chapter four. The section also discusses the conclusion, recommendations, limitations of the study and suggested areas for further research. The findings of the study have been summarized alongside the objective of the study.

### **5.2 Summary of Findings**

The objective of the study was to establish how strategic innovations influence competitive advantage at Bollore logistics company in Kenya. The study found that Bollore logistics company had adopted several strategic innovations for the goal of being competitive in the market. The strategic innovations adopted include: product innovation, technological innovation, marketing innovation and process innovation. These strategies were adopted with the aim of helping Bollore logistics company serve its customers in the simplest way as possible, take the services closer to the customers and provide easy access of the company services to its customers.

The product innovation strategy was adopted with the aim of helping the company to develop products and services that meets the needs of its different clientele of customers and besides just meeting the needs satisfy them. The marketing innovation was found to highly contribute to the competitiveness of Bollore logistics company. The interviewees agreed that market innovation has helped the company to reach a wider clientele base through the billboards, social media, print and word of mouth. The technology innovation such as Enterprise resource planning, supply chain management system, logistics management system, warehouse management system tracking and block chain technology have significantly contributed to the success of Bollore logistics limited.

### **5.3 Conclusions**

The study objective was to establish how strategic innovations influence competitive advantage at Bollore Logistics Kenya. The study found out that strategic innovations is influenced by competitive advantage through technological innovations by easing of the services delivered to the company customers. Product innovation which enabled the company to introduce new products targeting new customers, existing customers and meet the needs of any customer who might have been left out with the previous products. Bollore logistics achieves customer retention through developing products that meet every customer's needs.

The study concluded that the following products have contributed to customer's retention; warehousing, project cargo logistics, clearance, and freight forwarding. The study also concluded that marketing and process innovation have significantly contributed to the retention of customers through streamlined processes and procedures within the company hence creating efficiency on services offered to clients. Marketing

innovation contributed to the company reaching customers and non-customers all over the country.

#### **5.4 Recommendations**

Strategic innovations drives the world today and provide opportunities for logistics companies that give them a competitive advantage. However, technology can fail and end up causing great risks for an organization. The researcher recommends while adopting ICT innovations it's important to have mechanisms in place that will handle any challenges that might arise from the new innovations and technologies.

The study also recommends that Bollore logistics limited to incorporate data protection in its ICT innovations. In today's century a lot of data is collected through the innovations and technologies that organizations acquire or develop. It's important to have measures in place that protects client's data from unauthorized access. Furthermore, clients want privacy which is the responsibility of the company to give them.

The study also recommends the government to offer support to logistics companies that adopt strategic innovations. The government should offer support through trainings in areas like data protection, developing policies that guide logistics companies when adopting strategic innovations to improve on their performance. Lastly the logistics sector regulators should encourage all logistics companies to adopt such technologies in order to improve on the services and products they offer to their customers.

#### **5.5 Limitations of the Study**

To fully understand the adoption of strategic innovations in an organization requires a more elaborate research than this, that would require more resources in form of time and personnel to carry out more detailed interviews with various managers, workers,



suppliers and customers of the company with a view to establishing the various innovations and technology strategy that have been put in. The research was limited on the number of interviews that were conducted, as the researcher only focused on interviewing four managers only. With only four managers being interviewed the information availed might have been limited to infer conclusion from.

The researcher also faced the limitation of exercising discretion of data obtained from the interviewees so as not to disclose information that they may consider proprietary and confidential. To mitigate this limitation, the researcher provided the interviewees with introduction information which assured them of the confidentiality of the data that would be obtained. The researcher also provided them with introduction letter from the university which assured them that the information gathered would be solely used for academic research only.

The study was only limited to Bollore logistics limited in Kenya, the findings from this research may not be applicable to other logistics companies. To fully understand the importance of strategic innovations on competitive advantage then one would need to do a research with a wider target sample from different logistics firms in Kenya.

### **5.6 Suggestions for Further Research**

The researcher recommends a study be carried out on Bollore logistics limited investigating to what extent the adopted strategic innovation influenced competitive advantage at the company. Secondly a similar study can be carried out with a wider sample to collect data from. This study only focused on four managers. The study can also include other employees to get their views. More time and personnel need to be

availed to carry out an in-depth interview with the various stakeholders at Bollore logistics limited.

Other researchers can adopt this study and use other methodologies such as the use of customers as the respondents in order to determine the perception of the customers on the strategic innovations adopted by Bollore logistics limited. This will be beneficial to the pool of knowledge on logistics firms because it will give an all-rounded understanding on the innovation and technology strategy adopted by the logistics companies.

This study was done in Kenya while Bollore logistics has other branches in 5 continents. The researcher recommends that a study can be done on the strategic innovations adopted by Bollore logistics companies in other contexts. This will give a better understanding on whether Bollore logistics limited has adopted the same innovation and technology strategies across all the countries they have a presence in.

## REFERENCES

- Ahmed, F., Manwani, A., & Ahmed, S. (2018). Merger & acquisition strategy for growth, improved performance and survival in the financial sector. *Jurnal Perspektif Pembiayaan Dan Pembangunan Daerah*, 5(4), 196-214.
- AlQershi, N. A., Diah, M. L. B. M., Latiffi, A. B. A., & Ahmad, W. N. K. W. (2020). Strategic innovation and competitive advantage of manufacturing SMEs: the mediating role of human capital. *Quality Innovation Prosperity*, 24(3), 70-89.
- AlQershi, N., Mokhtar, S. S. M., & Abas, Z. (2021). The relationship between strategic innovations, human capital and performance: An empirical investigation. *Sustainable Futures*, 3, 100056.
- Amit, R. (1993). Strategy assets and organizational. *Strategy Management Journal*, 14(1), 33-46.
- Azar, G., & Ciabuschi, F. (2017). Organizational innovation, technological innovation, and export performance: The effects of innovation radicalness and extensiveness. *International Business Review*, 26(2), 324-336.

- Christensen, C. M. (1997). *The innovator's dilemma: when new technologies cause great firms to fail*. Boston, Massachusetts, USA: Harvard Business School Press, ISBN: 9780875845852.
- Christensen, C. M., Baumann, H., Ruggles, R., & Sadtler, T. M. (2006). Disruptive innovation for social change. *Harvard business review*, 84(12), 94.
- Cooper, D. R., & Schindler, P. S. (2014). *Business research methods* (10<sup>th</sup>ed.). New Delhi: Tata McGraw-Hill Publishing Company Limited
- Damanpour, F. (1996). Organizational complexity and innovation: developing and testing multiple contingency models. *Management science*, 42(5), 693-716.
- Davenport, T. (2013). *Process Innovation: Reengineering Work Through Information Technology*. Cambridge, MA: Harvard Business School Press.
- Drucker, P. (2017). *Innovation and entrepreneurship*. Abingdon, UK: Routledge.
- Durmuş-Özdemir, E., & Abdukhoshimov, K. (2018). Exploring the mediating role of innovation in the effect of the knowledge management process on performance. *Technology Analysis & Strategy Management*, 30(5), 596-608.
- Gebauer, H., Worch, H., & Truffer, B. (2012). Absorptive capacity, learning processes and combinative capabilities as determinants of strategic innovation. *European management journal*, 30(1), 57-73.
- Johnson, G. & Scholes K. (2020). *Exploring Corporate Strategy* (6<sup>th</sup> Edition) Text and cases. Harlow: Prentice Hall.

- Kafouros, M. I. (2018). *Industrial Innovation and Firm Performance: The Impact of Scientific Knowledge on Multinational Corporations (New Horizons in International Business)*. Cheltenham Glos, UK: Edward Elgar Publishing.
- Kamakia, S. (2014). *Effect of product innovation on performance of commercial banks in Kenya*. (unpublished MBA thesis, Kenyatta university).
- Kariuki, J. (2019). *The effect of strategic innovation on performance of mobile Telecommunication firms in Kenya*. (Unpublished MBA Project), School of Business, University of Nairobi, Kenya.
- Karlsson, C. & Tavassoli, S. (2015). *Innovation strategies and firm performance, Centre for Innovation, Research and Competence in the Learning Economy (CIRCLE)*, Lund University, Lund, Sweden
- Keter, K. A. (2021). *Strategic innovations and organizational performance at Kenya Power and Lighting Company* (Doctoral dissertation, university of Nairobi)
- Khan, J. A. (2008). *Research Methodology*. New Delhi. APH Publishing Corporation
- Kihumba, C. W. (2008). *Determinants of financial innovation and its effects on banks performance in Kenya* (Doctoral dissertation, University of Nairobi).
- Kim, W.C. & Mauborgne, R. (2015). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Boston: Harvard Business School Press.

- Koetter, M. & Poghosyan, T. (2018). The identification of technology regimes in banking implications for the market power-fragility nexus, *Journal of Banking and Finance*, 27(11), 120-139.
- Koskei, I. J. (2016). *Strategy alignment and information technology on the performance of East Africa Portland cement company limited in Kenya*. Master's Thesis. University of Nairobi.
- Kostoff, R.N., Boylan, R. & Simons, G.R. (2004). Disruptive technology roadmaps. *Technological Forecasting and Social Change*, 71(1-2), 141-159
- Lambert, D. M., & Stock, J. R. (2016). *Strategy logistics management* (Vol. 69). Homewood, IL: Irwin.
- Lilly, L., & Juma, D. (2014). Influence of Strategic innovation on Performance of Commercial Banks in Kenya: The Case of Kenya Commercial Bank in Nairobi County. *European Journal of Business Management*, 2(1), 336-341.
- Mullan, J., Bradley, L., & Loane, S. (2017). Bank adoption of mobile banking: stakeholder perspective. *International Journal of Bank Marketing*.
- Mutisya, M. M. (2016). *E-logistics implementation among logistics service providers in Kenya*. Doctoral dissertation, University of Nairobi.
- Mwangi, E. N., & Wekesa, S. (2017). Influence of economic factors on organizational performance of airlines: a case study of Kenya Airways Ltd. *IOSR Journal of Humanities and Social Science*, 22(5), 8-14.

- Na , Y., Kang , S., & Jeong , H. (2019). The effects of market orientation on performance of sharing economy business: focusing on marketing innovation and sustainable competitive advantage. *Journal of Sustainability, 11*(3), 729.
- Narteh, B. (2017). SME bank selection and patronage behaviour in the Ghanaian banking industry. *Management Research Review, 129*(3), 111-117.
- Opong, S. (2014). Between Bandura and Giddens: Structuration theory in social psychological research? *Psychological Thought, 7*(2).
- Porter, M. E. (1985). Technology and competitive advantage. *Journal of business strategy.*
- Porter, M. E. (1996). Competitive advantage, agglomeration economies, and regional policy. *International regional science review, 19*(1-2), 85-90.
- Porter, M. E. (2006). The link between competitive advantage and corporate social responsibility. *Harvard business review, 84*(12), 78-92.
- Rogers, E. M. (1962). Innovation diffusion theory. In *Information seeking behavior and technology adoption: Theories and trends* (pp. 261-274). IGI Global.
- Rogers, E. M. (2003). A prospective and retrospective look at the diffusion model. *Journal of Health Communication, 9*(1), 13-19.
- Sevcik, P. (2004) Innovation diffusion. *Business Communication Review Journal 34*, (4); 8-11
- Teece, D. J. (1990). Dynamic capabilities and strategy management. *Strategy Management Journal, 18*(7), 509-533.

- Thompson, A.A., & Strickland, A.J. (2013). *Strategy Management: Concepts and Cases*. (13th Ed.). New York: McGraw-Hill.
- Torres, N. E. (2018). A network view of innovation performance for multinational corporation subsidiaries. *Regional Studies*, 52(1), 47-67.
- Triani, N. N. A., & Handayani, S. (2018, July). The Effect of Strategic innovation on Financial Performance in the Industrial Sector. In *2nd Social Sciences, Humanities and Education Conference: Establishing Identities through Language, Culture, and Education (SOSHEC 2018)*. Atlantis Press.
- Varadarajan, R. (2018). Innovation, Innovation Strategy, and Strategic innovation: In Innovation and Strategy. *Published online*, 143-166.
- Yin, R. K. (2018). *Case study Research: Design and methods* (12<sup>th</sup> ed.). Newbury Park, CA: Sage Publications.



## **APPENDICES**

### **Appendix I: Interview Guide**

This interview guide is designed to collect data that will help in better understanding strategic innovations and competitive advantage at Bollore Logistics Kenya. The data collected by this interview guide will be held with strict confidentiality.

The purpose of this interview is to:

- i) Determine the strategic innovations adopted by Bollore Logistics Kenya.
- ii) Establish the effect of strategic innovations on competitive advantage at Bollore Logistics Kenya.

### **PART A: RESPONDENT PROFILE**

- 1) Currently which position in the firm do you hold?
- 2) How long have you been in charge of this function at the firm?
- 3) Does your firm engage in strategy formulation?

### **PART B: STRATEGIC INNOVATIONS AT BOLLORE LOGISTICS KENYA**

- 4) How has Bollore Logistics Kenya implemented strategic innovation, in your opinion?
- 5) Which form of strategic innovation, in your opinion, is best executed in the company?
- 6) Which form of strategic innovation do you think the corporation has used the least?

7) How has the firm adopted the expansion of its retail network, in your opinion?

8) Please describe how your organization has used modern technologies to boost strategic innovation?

**PART C: STRATEGIC INNOVATIONS AND COMPETITIVE ADVANTAGE**

9) In your view, how has the competitive advantage of Bollore Logistics Kenya been as a result of strategic innovations adoption?

10) Can you conclude that the adoption of strategic innovations has improved revenue growth rate in your firm?

11) Has Bollore Logistics Kenya achieved increased market share as a result of the strategic innovations?

12) In your view, has customer base of Bollore Logistics Kenya improved as a result of strategic innovations?

**Thank you for your co-operation**