

**OPERATIONS INNOVATION AND PERFORMANCE OF COURIER FIRMS IN
KENYA**

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DECLARATION

Declaration by the Student

This research project is my original work and has never been presented to any other examination body. No part of this research should be reproduced without my consent or that of the University of Nairobi.

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This Research project has been presented for examination with my approval as a university supervisor.

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DEDICATION

I dedicate this work to my family, for their support and patience during the long times of absence. To my sincere friends, I also dedicate this work to them for their unwavering support and encouragement that saw me through the challenges of each new day.

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LIST OF ABBREVIATIONS

CAK: Communication Authority of Kenya

CIK: Courier Industry Association of Kenya

ICT: Information Communications Technology

PEOU: Perceived Ease of Use

PU: Prospective user's

TAM: Technology acceptance model

UPS: United Parcel Service

ABSTRACT

Operations innovation is considered as critical catalyst for the growth and profitability of organizations. It has a considerable impact on corporate performance by generating an improved market position that strengthens competitive advantage and spurs superior performance. Most private sector organizations operating in increasingly competitive markets require operations innovation in order to survive. The main objective of this study was to evaluate the relationship between operations innovation and performance of courier firms in Kenya. The study was guided by Theory of diffusion of innovations and the technology acceptance model (TAM). The research was descriptive in nature and was conducted through a survey. The target population for the study comprised of 69 courier firms in Nairobi County. The study relied on primary data. The primary data was collected using a semi- structured questionnaire. The data collected was quantitative in nature and statistical analysis was used to analyze the data. The data was analyzed using descriptive statistics such as frequency tables, percentages, and mean and standard deviation in order to achieve the set objective. Correlation and linear regression was also used. The study found that the application of technological innovation strategies affected the performance of courier firms in Kenya. In addition, the study established that courier firms in Kenya have engaged more on improved innovation process, reduction of costs, and new products introduction. The study established that availability of resources and capabilities, environmental analysis and response to changes and that creating value through pricing affects performance and that market innovation strategies helps in market segmentation and that market innovation strategies offers the best service to the markets. The study found that product innovation affects the performance of the courier firms to a great extent. On process innovation strategies, the study found that autonomous process innovations were used to a moderate extent and new products introduction were also used. The study recommends that the courier firms should ensure that they adapt the new technology in order to cope with the fast changing technology. The study also recommends that the courier firms should also strive to ensure product range extension, product replacement, product improvement, product repositioning and new product introduction to enable the courier firms to be more productive, to grow faster, to invest more and also to earn more profit.

CHAPTER ONE

INTRODUCTION

1.1 Background

In order to survive and grow in the current ever changing micro and macro business operating environment, business are forced to come up with new innovative mechanisms to counter attack the stressful environment. Barnes (2008) opines that operations innovation has become increasingly significant concept as firms align their strategies at achieving greater efficiency and effectiveness growth through lower costs, faster production cycles and delivery, higher inventory turnover and quality. Innovation is basically termed as the introduction of a new products or techniques of doing things. It is the synthesis or combination of knowledge in relevant, valued new products, original services or processes (Katz and Lueke, 2003). Often, creativity is viewed as the origin for innovation. The creation and conversion of an idea into action capability to bring a change is termed as innovation and it results in improved product and services provision by an organization. Innovation is described as the successful creative ideas implementation within an organization. From this perspective, individual and team creativity is the point for innovation; (Amabile et al, 1996). The first is a necessary but not sufficient condition for the second.

Innovation is increasingly becoming a vital element in creating and maintaining competitive advantage within courier service. A company or person employed to deliver packages, mails and messages is referred to as a courier (Kanuna, 2013). We are living in a world where the national borders are gradually being erased and the world is being

turned into one huge village. Even though emerging technologies such as internet and fax machines have rendered courier firms less useful in some areas, they remain a key milestone of modern age international business. Features such as security, tracking, speed, specialization, signature, individualization of services and fixed delivery times distinguish courier services from ordinary mail and warrant the extra courier cost.

Courier service consists of service sectors developing gradually. Postal and courier services are generally related to parcel, documents, packages, printed materials and letters delivery. (Sebastian & Grüner, 2000). The postal transportation process basically entails mail collection, mail movement organisation (global area transportation), distribution of mail and output sorting. There is need for ICT support system to ensure timely delivery of the mail to customers due to complexity of the process. The mail industry has evolved from physical transportation of information for example in mails and packages to freight services, courier and more recently e-services.

1.1.1 Operations Innovation

Innovation a learning process which results in applied knowledge, while operation is an established process guided by knowledge already in existence. (Luecke & Katz, 2003). Today's value is generated by operations, while tomorrow's opportunities are created by innovations. The distinction between innovations and operations is uncertainty. Intertwining of creativity and routine throughout the process makes innovation a unique process. Creativity is often seen as a basis of innovation. Creative ideas and the ability to convert that idea into action to bring about change leads to innovation (Amabile et al, 1996).

Innovation is about people generating ideas and values to customers and has become the steering factor to many organizations globally. Big innovations are created from small ones due to the cumulative strength that comes with innovation. Market dynamism has made innovation to be recognized globally due to its importance on organisations and economies. An organisation's ability to provide resources and creative space in exploring new ideas which may always not be successful is what contributes to innovation. There is a global recognition of the increasing importance of innovation to organizations and economies. Every organisation needs to further develop services, innovative products and business models. The need to develop innovative services and product delivery is very important. To meet these demands, the integration of operations strategy and innovation plans is fundamental (Mazzarol and Reboud, 2009).

Polevoi (2013) adds that it is very important for a business to exploit new prospects and possibly gain competitive advantage through technology, market, process, organization and product innovation. Product innovation is the creation of new products from new materials or altering existing products so as to meet or exceed customer satisfaction and expectation. Market innovation involves the market selection and mix so as to meet a client's buying preference. Business process engineering and quality function deployment is embraced in process innovation (Minai and Lucky, 2011).

1.1.2 Innovation and Firm Performance

The relationship between firm performance and innovation has been a subject of interest to many researchers and policy makers. Positive relationship between firm performance

and innovation have been reported in recent studies.(Loof and Heshmatt, 2013). Performance was measured using sales and export revenues, return of assets and productivity. These were measured in relation to sell of new products by their employees, employee growth and operating profit. A positive relationship between innovation output and growth in sales has been found but no evidence that relates innovation output and employee growth (Klomp and Leeuwen 2011).

McAdam and Keogh (2004) in their research found out that firms which are more inclined to innovation enjoy a competitive advantage despite the competitive environments they operate in but other scholars looked at proper timing and product acceptance as a proper way to measure the contribution of innovation to performance (Loof and Heshmatt, 2013)

As parcel delivery and e-Commerce is rapidly growing, courier operators are using innovation to respond to consumer needs timely and conveniently through parcel and package segment growth.Kantor (2001) is of the opinion that innovation is key factor in economic progress of any country as well as in gaining competitive advantage for different industries. A crucial role for both large firms, medium, small and micro is played by innovation (WladawskyBerger, 2008). Kemp (2003) maintains that innovation remains to be one of the main competitive weapons in a firm and is distinguished as a business's core. It is also considered by Ruttan (1984) as a very effective means to progress a business's productivity should there be resource limitations. Polevoi (2013) adds that it is very important for a courier firm to exploit new prospects and possibly gain competitive advantage through market, process and product innovation.

1.1.3 Courier Firms in Kenya

Courier industry in Kenya dates back to 1st July 1999 when it was officially liberalized. Initially postal corporation of Kenya was offering the services since 17th century. Since then, demand for the services has tremendously increased and the environment has changed due to advancement in technology. This has necessitated firms to enter into the business and compete with the already existing firms. Some of the courier firms operating in the country are local while some are international like Skynet and United Parcel Service (UPS) among others.

Communication Authority of Kenya (CAK) regulates the operations of the industry. There is an umbrella body, the Courier Industry Association of Kenya (CIAK), whose role is to set service standards, ensure courier operators engage in discussions and negotiations with industry stakeholders such as, the Kenya Police, Kenya Bureau of Standards, Anti Narcotics Unit, Kenya Revenue Authority and the Local Government Authority, for the development of the courier business in the country and operations facilitation. CIAK also provides information on various activities that the member courier companies can engage in as part of corporate social responsibility.

When the courier industry was liberalised in 1999, the number of courier service firms which had been licensed till early 2000 were 21. There are 92 licensed postal- courier firms according to CAK statistics (2015), and over 600 firms operating in the industry. 75% of the licensed postal courier companies are based in Nairobi (CAK, 2015). According to data from CAK (2015), the industry contributes approximately Ksh 14.1 billion to the Kenyan economy annually and is expected to continue growing. The

industry market structure consists of categories of operators who have different responsibilities. They include the Public Postal operator, International operators, International inbound only, intra-country operators, Regional operators, document exchange operators and Intra-city operators

1.2 Research Problem

Operation innovation is considered a vital factor for profitability and growth of organizations. Walker, (2004) argues that operations innovation has effects on corporate performance through production of better market performance which result in superior performance and competitive advantage. The need for operation innovation is more to private sector organizations operating in more competitive market in which innovation is fundamental for survival (Tidd, Bessant and Pavitt, 2001). Organisations that have adopted operations innovation strategies disrupt existing competitors and generate value for themselves, customers and stake holders through moving beyond industry norms (Markides, 2008).

The need for innovation in courier services industry operating in a continuous uncertain and competitive environment cannot be ignored. Fundamentally, to survive and succeed in competitive global environment, courier services industry need to be innovative by regularly streaming innovations so as to gain competitive advantage (Robbins and Coulter, 2009). For any firm operating on the global platform, the internal and external business environments are bound to pose factors that may cause the firm not to meet its goals and objectives.

There are various barriers to successful business in the international arena including: managerial barriers (limited ambition, unrecognized opportunities, lack of skills, fear, inertia), governmental barriers (trade, capital and exchange controls non-tariff barriers, sociocultural barriers (language, religion, and lifestyle) and technology that pose challenges to multinational companies (Korth, 1985).

Study by Gebauer, Worch and Truffer (2012) found that overall productivity and value maximization of the firm is enhanced by operations innovation. A study by Hafeez (2013) found that there was positive relationship between companies' profitability and value added innovativeness. Another study by Kirakaet al. (2013) established that process, product, positioning and paradigm types of innovation had a positive performance relationship in some business types of the micro and small enterprises. Odhiambo (2008) established that Standard Chartered Firm (Kenya) Limited bank has been able to successfully introduce various innovative strategies ranging from product, technological to customer care thus contributing enormously to its profitability over the years. Kiiyuru (2014) established that the commercial banks in Kenya had employed creation of value creation through resource availability, customer satisfaction, retention and pricing in form of market innovation strategies.

The significant gap in the reviewed studies is the relationship between operations innovation and performance of courier firms in Kenya. For that reason, this study contributed in filling these pertinent gaps in literature by answering the following research question: How is the relationship between operations innovation and performance of courier firms in Kenya?

1.3 Research objective

The main objective was to evaluate the relationship between operations innovation and performance of courier firms in Kenya

1.3.1 Specific Objectives

- i. To establish the key operations innovations in courier firms in Kenya
- ii. To analyze the key drivers of operations innovations in Kenya's courier firms
- iii. To establish the relationship between operations innovation and courier firms performance in Kenya.

1.4 Value of the Study

The study will contribute to the existing literature by providing an understanding of the operations innovation in courier firms in Kenya. It will expose the depth of understanding and practice of competitive strategy in the courier industry. This will be vital for future reference and contribute the available body of knowledge.

To players in the industry, the study is also expected to give the management of courier industries and owners an understanding of the various resources and competitive strategies that they could adopt in order to gain an advantage in the market. To the policy makers, this research will enable them formulate policies that are in tune with the industry demands and hence improve their performance. It will enable them make strategic decisions that will promote the courier industry. Furthermore, to courier firms the study will be used to understand the challenges they are likely to face and assist them in designing and implementing appropriate strategies for growth.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

It gives a summary of information from previous work done on the study. The areas reviewed here are, conceptual framework, theoretical review, technology innovation, market innovation, process innovation, organizational innovation, and conceptual framework.

2.2 Theoretical Foundation

In framework derivation for the study two theories were considered: The technology acceptance model (TAM) and Theory of diffusion of innovations.

2.2.1 Theory of Diffusion of Innovation

It is of great significance for organizations to understand how new technologies are adopted. Rogers, (1997) postulates that diffusion entails the process by which communication with regards to innovation are made among the members of a certain organisation, through certain channels of transferring information. Individual's adopter category are the key determinants in which an individual/ organization adopts innovation which includes the early majority, early adopters, late majority, laggards and innovators. In general, the period for adoption becomes shorter for individuals who adopt an innovation first as compared to those who adopt the technology later.

Rogers, (1995) seeks to explain the criteria of adoption of new ideas and innovations and proposes five attributes. These are; compatibility, complexity, relative advantage, observability and trial ability. The degree to which an innovation is perceived as being better than the idea it supersedes is referred to as relative advantage. The theory suggests that clear cut and unambiguous innovations have advantage over the previous approaches and are easily implemented and adopted. Compatibility was the extent to which an innovation fit existing values, needs of potential adopters and past experiences. Greenhalgh et al, (2004) claims that the more compatible an innovation is, the more likely it is for it to be adopted. The degree to which an innovation is perceived as difficult to use and understand is referred to as complexity.

2.2.2 The Technology Acceptance Model

Davis, (1986) TAM as a theoretical model helps in evaluating the effects factors such as system characteristics on user acceptance. Under TAM model, it is assumed that the user of a computer acts in a rational manner and uses information systematically in order to judge on whether to adopt the technology. Davis, (1986) acknowledged three major motives related to the acceptance of technology that relate to effectiveness and cognition. TRA was adopted as the basis for causal links between perceived importance, use of behavioral intention and technology attitude to explain adoption of technology.

A lot of literature exists for the last two decades dealing with TAM. Pikkarainen, Pahnla (2004) are among the current studies on user acceptance of on-line private Finland user banking who cited perceived information and importance on an on-line banking web site to be the major factors influencing adoption. In addition, Malaysian SMEs, Jantan

and Ndubisi(2003) revealed that a positive relationship existed between computing skill , IS usage and technical backing directly and indirectly through perceived ease of use and usefulness. Further, Wetzels and Schepers(2007) conducted a quantitative meta-analysis of past studies on the (TAM) in an attempt to make conclusions on the role of subjective norm.

TAM model advances that Prospective user's (PU) and Perceived Ease of Use (PEOU) beliefs are of great significance for the acceptance of technology. The probability that use of an application will lead to performance increment is illustrated by the PU component. If courier firms perceive the cost of operation innovations as acceptable, they are likely to adopt it and then use it.

2.3 Operations Innovation

There have been reports of use of the term innovation in the late 1880s to mean something unusual. It wasn't until German economist Joseph Alois Schumpeter's work that the concept came to be influential in business. Schumpeter (1912) made reference to innovation as the process of making new combination.

Žižlavský, (2011) described innovation as process, organizational and product changes that do not have scientific origin but arise from a combination of existing technologies and their application in a new context. The notion that innovation relates to making new combinations whether of the same things or in addition to new elements is relevant to this study.

Gamal et al., (2011) defines innovation as introducing new products, services, or processes through a specific business model into the marketplace, either by commercialization and utilization. From this definition, innovation entails service innovation, product innovation, business model innovation and process innovation which contribute to strengthening of the company's competitive advantage. This definition highlights multidimensional and complex activity that is necessary for firms to compete favorably in the market.

2.3.1 Technology Innovations

According to Lieberman and Montgomery, (1998), inventions are introduced by one firm or a few firms through new products and service introduction to the market. They add that companies that attempt to attain innovation earlier have some substantial benefits due to risk of adopting innovation later. Kash and Rycroft (2011), argue that innovation is a co-evolution process of technology and cultural based process. Technology drives the innovation ability of new products which generates competitive advantage (Gunasekaran et al., 2012; Porter 1990). Often, organizations face challenges due to absence of capital expenditure on technology and insufficient expertise for effective technology utilization. (Alstrup, 2010).

Many factors come to light when reviewing management development strategies. Management development is a vital organizational process that delivers organizational adaptation and renewal. Bashir, (2000) asserts that success only occurs when strategy adoption and implementation adapt to changing needs of the organisation. Storey (2008) is important in management development literature for propounding universal nostrums

without regarding context, because it is context which influences and shapes the formulation and implementation of development. Contingency theorists believe that the assumption is not the search best for practice but in turn seek to identify groups of variables which make appropriate a particular management type of development strategy from a repertoire of possibilities. Business climate largely influences organizational structure patterns.

2.3.2 Product Innovation

Product innovation is the creation of new products from new materials or altering existing products so as to meet or exceed customer satisfaction and expectation. Product Innovation can also be defined as the introduction of entirely new services or products with an aim of creating new clients or markets (P.A, 1995). Ruttan (1984) argues that product innovation is made by exploiting new ideas. It is one of the main sources of gaining competitive advantage for a small and micro business (Kiraka, 2013). Innovation leads to enhancement of the quality of products which results to the business performing better (Hafeez, 2013). According to Kemp (2003), Potential protection for a business is offered by product innovation from its competitors and market threats. Ngirigacha & Bwisa (2013) provide evidence that there is a significant and positive link between product innovation and a business performance. Using a number of small enterprises in Kenya as samples; Ongwae, Muluku, & Odhiambo (2013) also confirmed of a positive result of innovation on business performance. Rosli & Sidek, (2013) found that the dimensions of product innovation (worth and effectiveness) influence and are related to MSE performance. Therefore, a hypothesis stating that product innovation and business performance are associated positively.

2.3.3 MarketInnovation

Kim and Mauborgne, (1999) state that market innovation is mainly concerned with target market improvement and how to serve best, the chosen markets. It establishes how to identify new potential markets. The Oslo Manual (2005) defines marketing innovation as a new marketing strategy which involves significant packaging, product design, product placement, pricing or product promotion changes. Marketing innovation in addition to innovation of the products and the development of new methods and tools in marketing plays an important role in the overall evolution of the industry (Chen, 2006). Gathering consumer information is a marketing tool and in recent years, innovation has led to improved marketing technologies and programs that allow firms to get to their consumers more effectively. Online stores such as EBay and Amazon are examples of trading techniques that have come up due to marketing innovation.

Over the years the world has experienced different forms of marketing innovation but do not realize it due to the little research existing on marketing innovation as compared to process and product innovation. There are two major forms of marketing innovation; new technology or programs that assist in acquiring consumer information as well as changing individualized prices and new methods in trading that reduce transaction cost for the consumer (Chen, 2006). Marketing innovation is different from product innovation where innovation is beneficial to both the firm and the consumer. For instance, with marketing innovation on consumer information, an innovation that benefits the firm may be hurtful to the consumer. Competition, however, doesn't affect all marketing innovation forms in the same way. Some may produce a positive change while others, negative.

The marketing concept is a key factor of marketing which holds that, company success rests on determination of customers' wants and needs and their increased satisfaction beyond competitors' effort (Kotler, 1990). Market orientation relates to the operationalization of the marketing concept and reflects the degree to which a firm's actions are consistent with the marketing concept. Market innovation is concerned with improvement of the mix of target markets and how the chosen markets are served best (Mauborgne and Kim, 1999). Its purpose is to find better –new potential markets and better –new ways for serving target markets. Market segmentation, which entails division of total potential markets into more manageable small parts and is very important if the aim is to improve the business profitability to the maximum. Incomplete segmentation of markets will lead to less than optimal target markets mix, leading to misreading of incomes that would have been earned (Narver and Slater, 1995).

According to Ruttan (1984), market orientation has been described as that tradition of putting customer satisfaction at the center of the business operations thereby producing better value for clients as well as achieving outstanding business performance. According to P.A, (1995), market innovation involves the market selection and mix so as to meet a client's buying preference. The consumer needs, wants and expectations change from time to time. Meeting these demands and the responsiveness to an ever changing market has become vital for a business to succeed (Freeman, 1997). Responsiveness to these changing markets needs often calls for continual market innovation, a business reason being the high-tech marketing tools such as the internet, make it very possible for competitors to be able to get to those prospective consumers across the globe very fast (Freeman, 1997). Cooper (2009) hence asserts market innovation to playing an important

role in meeting the market needs and quickly responding to emerging market opportunities.

2.3.4 Process Innovation

Quality function deployment and business process reengineering are embraced in process innovation (Cumming, 1998). The purpose of this innovation type is not easy but has now been understood. A good supplier who continually works to gain productivity can over time expect to develop products offering same performance cheaply. Such reductions in process costs may not necessarily be passed on to customers in the form of lower pricing. Process innovation is vital both in the supply of the main product as well as in the support of any other part. Both components of an offer need quality standards to be reached and maintained. When dealing with services, which naturally rely on personal interactions to realize results, the management of process innovation is a particularly challenging activity (Storey and Johne, 1998).

According to Davenport (2013), Japanese companies discovered and implemented process innovation way before the West, hence their dominance. For example it takes a shorter duration to assemble a model of a Toyota car than Ford takes to assemble one. Process innovation is not just about reducing process cycle times but also reducing or eliminating errors and improving efficiency. Davenport (2013) identifies the drivers of process innovation as: industry competitors, customers, finances, opportunity and culture. Competition from industry competitors is one of the main drivers of process innovation since being able to make processes quicker and more efficient results in lowered costs

and shorter cycle times hence products can be made available to consumers quicker and cheaper.

2.3.5 Organizational Innovation

The Oslo Manual (2005) defines organizational innovation as a new method of organisation in workplace, business organization or external relations. Its main objective is reduction of administrative and transaction costs by improving workplace satisfaction. Organizational innovation is broad and hard to define, in addition to the scattered and diverse literature available.

Literature recognizes three main strands in the identification of organizational innovation. First is through the identification of structural characteristics of an innovative organization and the effects on technical process and product innovation (Armbruster et al., 2008). Second is in line with organization development and change theories (Armbruster et al., 2008). Third is on the emergence of organization innovations, development and growth within the organization (Armbruster et al., 2008). Organization innovation is not as clear as all the forms of innovation. According to Armbruster et al. (2008), the independent contribution of organization innovations to the competitiveness and performance of the organization have faced neglect up to date.

2.4 Innovations in Courier Firms in Kenya

Postal and courier services require innovation for their growth. Continuous growth will be realized in line with increased internet businesses and home delivery accompanied with infrastructural development in developing countries (Crew et al., 2012).

The services offered by Courier companies in Kenya range from same day service of which delivery is done within 24 hours and next day service which entails delivery on an overnight basis, with the cut-off time being 12.00 noon of the next day. With the increase in fuel prices and service goals closely monitored by companies, a new type of trend is creeping into the Courier industry, whereby some of the players are beginning to embrace the outsourced option. Examples include outsourced mail room service, messenger services, logistics management, archive warehousing and special delivery services, in a bid to create a one stop shop for courier services and hence form niche markets (Crew et al., 2013).

While most companies today subscribe to courier services, certain organizations rely on courier services on a daily basis for their deliveries on both overnight and same day service. Banks require cheques and voucher movements, handling of their mailrooms, distribution of statements; manufacturing plants require the distribution of their finished goods, and Pharmaceutical distributors require having their medicines distributed to various outlets countrywide (Crew et al., 2012). The emergence of competition among the courier companies has injected very high levels of professionalism among the players in the courier industry, while at the same time regulating the prices offered in the market. Given that majority of the players in the industry are indigenous firms, this has played a positive role in ensuring the creation of employment opportunities for Kenyans and the retention of profits made within the Kenyan economy. The quality gap can provide a good marketing opportunity for Courier service providers. Courier companies can distinguish their services design, price, place promotion, distribution, process, personnel and physical evidence. Courier companies can differentiate themselves or their services

in order to occupy a better position than the competitors in the wider market (Taylor & Hallsworth, 2010).

2.5 Firm Performance

Different ways are used by different businesses to measure performance. Most prefer financial indicators to gauge their performance (Kiraka, 2013). Return on assets (Hafeez, 2013), the average half or annual customer rate, gross profit and the return on investment (Mwobobia, 2012) are also used. Some other frequent performance measures include productivity, market share, profitability, growth, competitive position and stakeholder satisfaction (Kantor, 2001). However, financial elements are not the only indicator for measuring firm performance (Chesbrough, 2010); business performance is split into four dimensions, rational goals, internal processes, human relations and open system, where each gets measured by whatever changes is in its variables.

The outside environment generally rates a business's capability according to its performance (Kantor, 2001). This explains why a firm's performance is more of a mirror for the enterprises. The goal accomplishment level is used more often than not to define how a business is performing (Kemp, 2003). Firm performance is said to be the outcome that is achieved when a firm meets its goals (Wladawsky-Berger, 2008). Conventionally, the variation in firm's performance is linked to business structure (Ruttan, 1984). The neo-classical economic theory however sees a business's growth as the process of achieving the minimum point of the average cost. P.A, (1995) came up with a theory that was resource-based where a business's performance is reliant on the firm resources and abilities the business has to source sustainable market competitive advantages.

Ruttan(1984) argues that for firms to grow, they must be able to mobilize access and position resources. How a business adopts and uses different strategies also determines the performance. To each business, its own strategy; therefore performance is concerted in its strategy (Wladawsky-Berger, 2008).

2.6 Summary of Literature Review

A study by Hafeez (2013) disclosed that only value added innovativeness together with its components had a major positive relationship with those companies' profitability. Rosli&Sidek (2013) indicated that innovativeness of the indicated proxy variables enhances businesses performance and any related expenses of the business contribute to value creation. In my literature review, hypothesis testing of innovation and performance of firms has been done in very few comparative empirical studies. In preparation of literature review in the study,it is clear that there is still need for more studies to focus on characteristics of innovation adopters and users. This study thus fills thesegaps in literature study of the selected independent variables on operations innovation in Kenya's courier industry. It will add value to the existing knowledge with regard to operations innovation. It will, by providing empirical evidence on the operations innovation in Kenya's courier industry fill the existing contextual and conceptual gaps.

2.7 Conceptual Framework

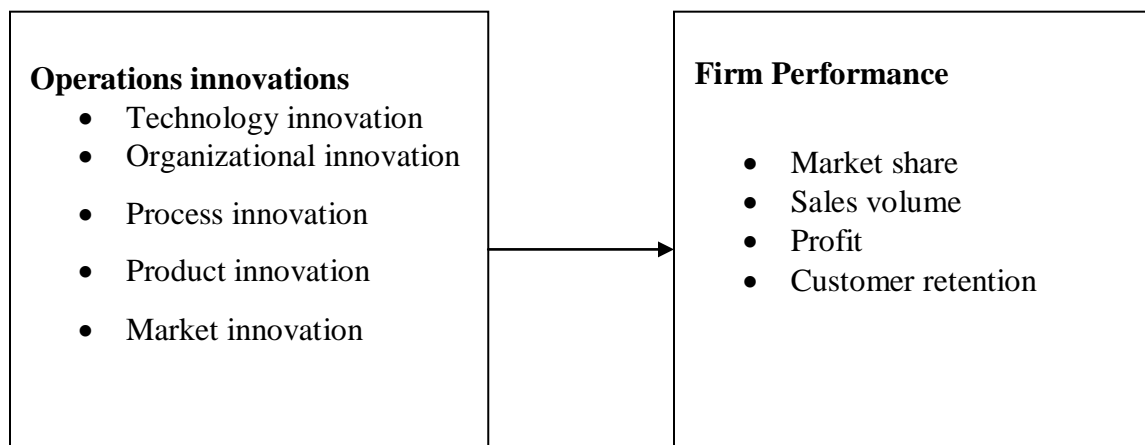
This is a presentation of the relationship between the independent and the dependent variable.(Mugenda&Mugenda, 2003) terms it as a specification of work definition of variable that gives an explanation of flow of theoretical framework adopted in the study.The independent variables in the study are technology innovation,process

innovation, organisational innovation, market innovation and product innovation whereas the dependent variable will be operations innovation indicators. The framework supposes that the absence or presence of independent variables determines the ability of firms to perform well.

Figure 2.1: Conceptual Model

Independent variables

Dependent variables



(Author, 2016)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The methodology used to conduct the study is presented here. This includes the target population, research design, sample design, data collection tools and technique, and data analysis and presentation methods. The research methodology enabled the researcher to obtain and process data on the operations methods that Kenyan courier industry has adopted to deal with the environmental challenges.

3.2 Research Design

The research was descriptive in nature and was conducted through a survey. According to Cooper and Schindler (2003), descriptive studies cover many objectives. First, phenomena description or characteristics associated with a given population on study (the, who, what, why, when, where and how of the study topic). Second is that they give estimates of the populations that have the characteristics under study. Third is the discovery of associations among the different variables under study.

The study sought to get data from a broad category of respondents for comparison purposes such as to determine how the study units vary in terms of their differential profiles or demographics hence a survey was considered appropriate. Mugenda and Mugenda (2003) mentions that descriptive research survey design targets information that describes existing phenomena inquiring individuals attitudes, perceptions, behaviors and values. These are quick, inexpensive, efficient and accurate means of assessing information about the population (Zikmund, 2003).

3.3 Target Population

It comprised of 69 courier firms in Nairobi County. CAK had licensed over 69 courier operators who are grouped into different categories i.e. Public Postal International Inbound operators, International operators, Regional Operators, Intra country Operators, Intra-city Operators, Document Exchange operators.

3.4 Data Collection

The study relied on primary data which was collected using a semi structured questionnaire as shown in appendix 1. According to Mugenda and Mugenda (2003), the questionnaire method is the most appropriate tool where comprehensive information is required. The questionnaire contained, open ended and closed ended questions. A Likert scale was used and had five options for the respondents to pick. Likert scale was preferred as it showed respondents feelings on various statements with relation to operations innovation and performance of courier firms in Kenya. Operations or Strategy managers were the target respondents, as they were involved in innovation and management. One questionnaire was sent to each firm. The questionnaires were sent to the respondents through email, or through drop and pick later method, as per the respondent's advice and convenience.

3.6 Data Analysis

Quantitative type of data was collected and statistical analysis used in the data analysis. The analysis started by checking the gathered raw data for completeness, accuracy, and usefulness. The data was then tabulated and classified. The data was analyzed using descriptive statistics including percentages, frequency tables, mean and standard deviation

in order to achieve the set objective. Standard editing and coding procedures were used. Correlation and linear regression was also used. A multivariate regression equation was used as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu$$

Where Y = Firm performance measured

X₁ = Technology innovation

X₂ = Product innovation

X₃ = Market innovation

X₄ = Process innovation

X₅ = Organizational innovations

Table 3.1: Summary of Data Analysis

Objective	Questionnaire Section	Data analysis technique
To identify the key operations innovations in Kenya's courier industry	SECTION B	Descriptive Analysis
To analyze the key drivers of operations innovations in Kenya's courier industry	SECTION C	Descriptive Analysis
To establish the relationship between operations innovation and performance of courier firms in Kenya	SECTION D	Correlation and regression analysis

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the interpretation and presentation of the findings based on the general objective of the study which was to determine the influence of innovation strategies on performance of courier firms. Data was analyzed using, frequencies and percentages and then presented in form of tables, pie charts and graphs. The population of the study was 69 where 64 of the respondents responded and returned the questionnaires. This represented 93% response rate which was considered sufficient for analysis and reporting as recommended by Mugenda and Mugenda (2003) who advocates a response rate of 50% as sufficient for research purposes

4.2 Demographic Information

In order to establish the suitability of the respondents in answering questions under the study, their demographic characteristics were sought in terms of years of operation, ownership, number of employees, number of branches, categorization of firms as well as education level. The study findings are as presented below.

4.2.1 Years of operation

Respondents were kindly requested to indicate years of operation of their firms. Study results are as presented in Figure 4.2 below.

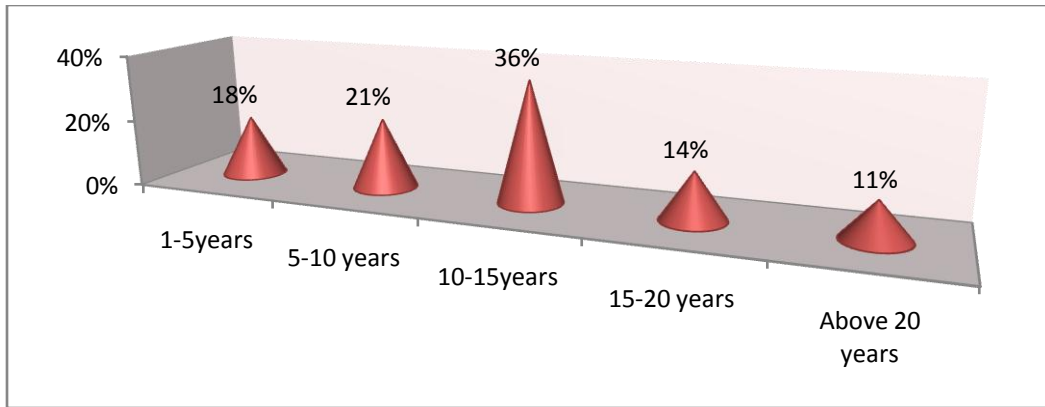


Figure 4.2: Years of operation

Based on the study findings, most of the respondents (36%) indicated that their firm have been in existence for 10-15 years, 21% indicated 5-10 years, 18% indicated 1-5 years, 14% indicated 15-20 years, while 11% of the respondents indicated above 20 years. This implies that most of the courier firms in Kenya have operated for 10-15 years.

4.2.2 Ownership

Respondents were kindly asked to state ownership of their firms. Study findings are presented in Figure 4.3

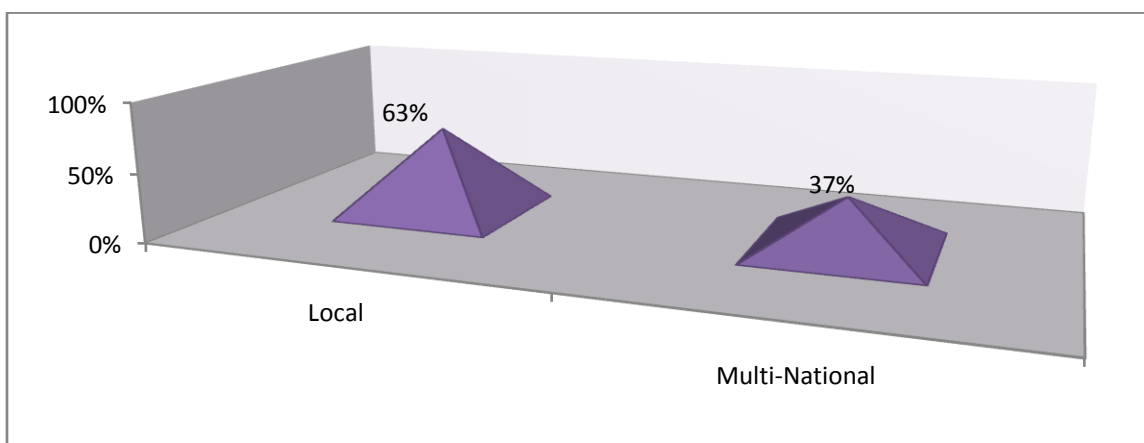


Figure 4.3: Ownership

Based on the figure 4.3 above, most of the respondents (63%) indicated that their firm had local existence, while the remaining 37% that their firm had multi-national existence. This implies that most of the courier firms in Kenya have more local existence.

4.2.3 Number of employees

The study also aimed to establish the number of employees working in the organisation.

The findings are as presented below

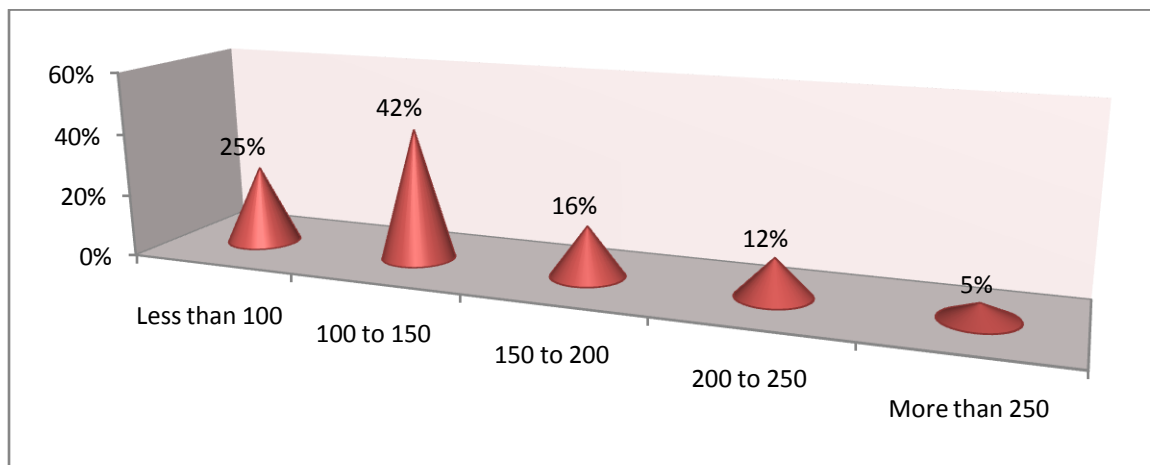


Figure 4.4: Number of employees in the organization

From the figure above, most of respondents (42%) indicated that the courier firms had between 100 – 150 employees, 25% had less than 100 employees while 16%, 12% and 5% had between 150 - 200 employees, 200 - 250 and more than 250 employees respectively. This implies that majority of the courier firms in Kenya had between 100 – 150 employees.

4.2.4 Number of branches

The study sought to find out number of branches that the organization have in Kenya.

The findings are presented in figure 4.5

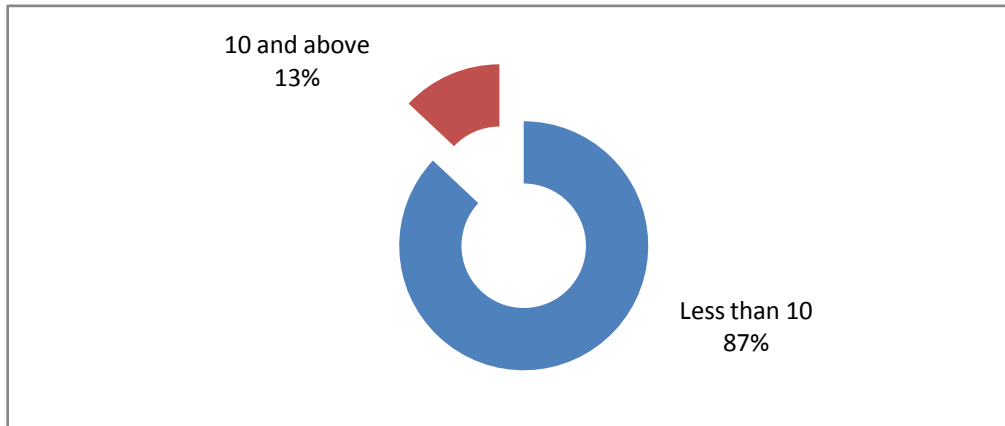


Figure 4.5: Number of branches in Kenya

From the findings of the study, majority of respondents (87%) indicated that their organizations had less than 10 branches in Kenya while 13% of the organizations had more than 10 branches. This indicates that majority of the courier firms in Kenya had less than 10 branches.

4.2.5 Firm categorization

Respondents were kindly asked to indicate the Sector under which their firm is categorized. The study findings are as shown in figure 4.6 below

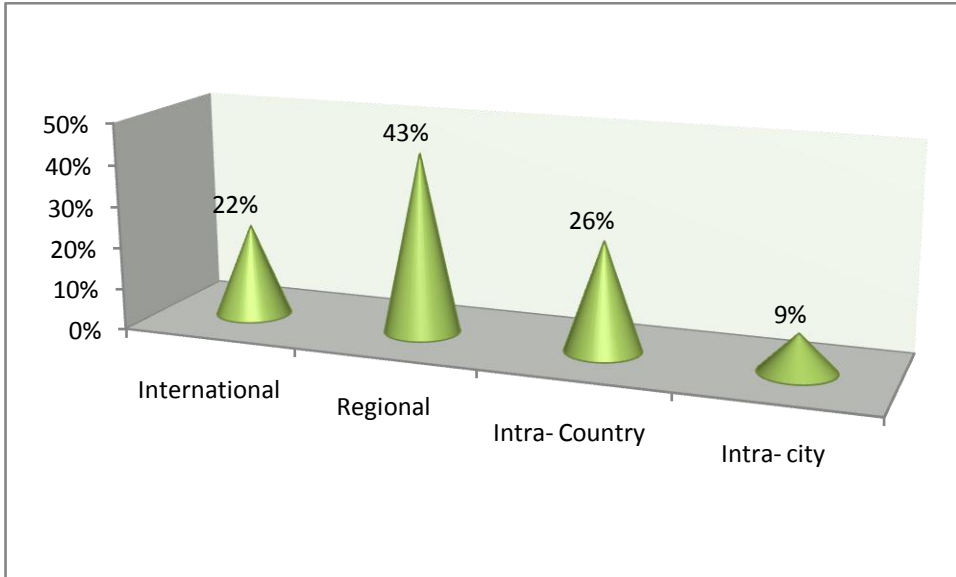


Figure 4.6: Firm categorization

From the findings, it can be established that most of the courier firms in Kenya were regional as indicated by majority of the respondents (43%), 26% indicated that they were intra-country, 22% indicated that they were international, while 9% indicated that they were intra-city. This implies that most of the courier firms in Kenya were regional

4.2.6 Level of Education

The respondents were requested to indicate their level of education. The findings were as shown in the figure 4.7 below.

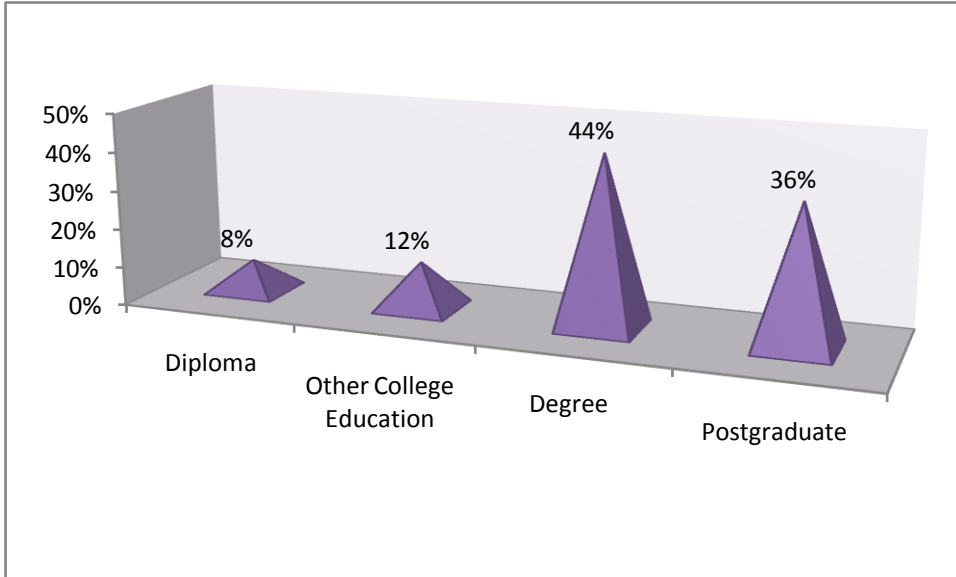


Figure 4.7: Level of Education

According to the findings in figure 4.7 above, majority of the respondents (44%) were degree holders, 3% were postgraduate holders, 12% had other college education, the remaining 8% were diploma holders. This infers that majority of the respondents in the courier firms are well trained thus had rich information and knowledge on nexus between operations innovation and performance of courier firms in Kenya and therefore there were higher chances that they would offer reliable information

4.3 Key Operations Innovations

The study sought to establish the key operations innovations in courier firms in Kenya.

The study findings are as presented in subsequent headings

4.3.1 Technology Innovation Strategies

Respondents were kindly requested to indicate the technology innovation strategies that their firms have engaged in. The study findings are as shown in table 4.2 below

Table 4.2: Technology Innovation Strategies

	Frequency	Percent
Management Development Systems	40	63%
Integrated systems (IS) approaches	36	56%
Information and Communication Technology	50	78%
Social networking, online collaboration and Web conferencing	36	56%
Virtualization or grid computing	31	48%
Synthetic data and unstructured text applications	39	61%
New Technology development	33	51%

Based on the study findings in table 4.2 above, majority of the respondents (78%) indicated that their firm have engaged in Information and Communication Technology as their technology innovation strategy, 63% indicated Management Development Systems, 61% indicated Synthetic data and unstructured text applications, 56% indicated Social networking, online collaboration and Web conferencing and Integrated systems (IS) approaches respectively, 51% indicated New Technology development, while 48% of the respondents indicated Virtualization or grid computing. This indicates that courier firms in Kenya have engaged more in information and communication technology and management development systems as their technology innovation strategies.

4.3.2 Market Innovation Strategies

Respondents were kindly requested to indicate the market innovation strategies that their firms have engaged in. The study findings are as shown in Table 4.3 below

Table 4.3: Market Innovation Strategies

	Frequency	Percent
Value creation through pricing	41	64%
Resources and capabilities availability	31	49%
Retention and satisfaction of customers	53	83%
Penetration into new markets	45	71%
Analysis and response to environmental changes	37	58%
Aggressive anti-competitors marketing campaigns	55	86%

Findings in table 4.3 above indicates that, most respondents (86%) indicated that their firm have engaged in aggressive anti-competitors marketing campaigns as their market innovation strategy, 83% indicated satisfaction and retention of customers, 71% penetration into new markets, 64% indicated value creation through pricing, 58% indicated environmental analysis and response to changes, while 49% of the respondents

indicated availability of resources and capabilities. This implies that courier firms in Kenya have engaged more in aggressive anti-competitors marketing campaigns, retention and satisfaction of customers, and penetration to new markets as their market innovation strategies.

4.3.3 Process Innovation Strategies

The study sought to establish the Process Innovation Strategies that courier firms in Kenya engage in. The study findings are as shown in Figure 4.8 below

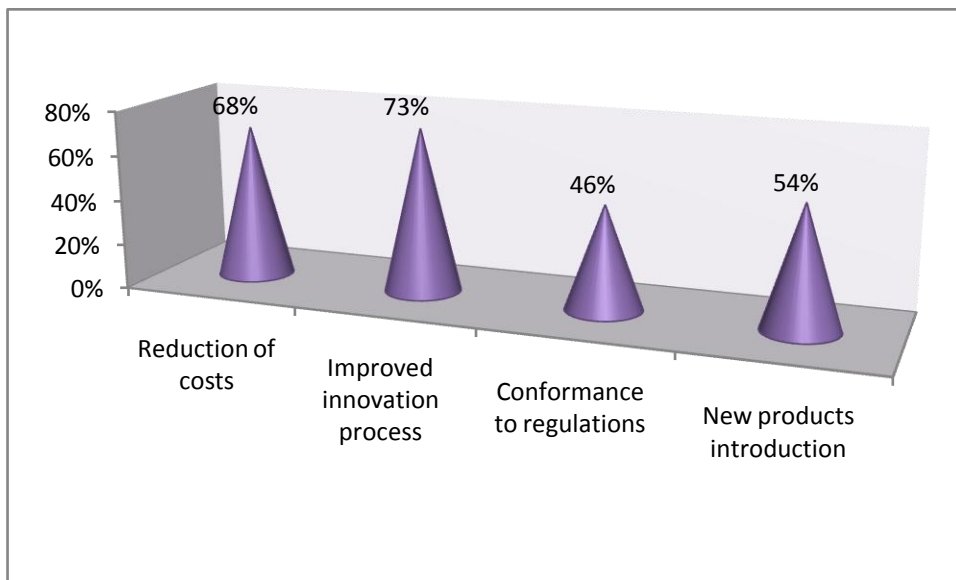


Figure 4.8: Process Innovation Strategies

According to the findings in figure 4.3 above, most of the respondents (73%) indicated that their firms use improved innovation process as process innovation strategies. 68% indicated reduction of costs, 54% indicated new products introduction, while 46% indicated conformance to regulations. This implies that courier firms in Kenya have

engaged more on improved innovation process, reduction of costs, and new products introduction as their process innovation strategies.

4.3.4 Product Innovation Strategies

The study sought to establish the product Innovation Strategies that courier firms in Kenya engage in. The study findings are as shown in Table 4.4 below

Table 4.4: Product Innovation Strategies

	Frequency	Percent
Product improvement	49	76%
Product range extension	36	56%
Product costs revision/improvement	33	51%
Product replacement	39	61%
New product introduction	43	67%
Product repositioning	29	46%

According to the findings in Table 4.4 above, most of the respondents (76%) indicated that their firm uses product improvement as product innovation strategies, 67% indicated

new product introduction, 61% indicated product replacement, 56% indicated product range extension, 51% indicated product costs revision/improvement, while 46% of the respondents indicated product repositioning. This illustrates that courier firms in Kenya have engaged more on product improvement, new product introduction, and product replacement as their product innovation strategies

4.3.5 Organizational Innovation

The study established the extent to which courier firms have implemented organizational innovation in their organization in the last three years and placed them in five point Likert scale where 1 -is strongly disagreed and 5- is strongly agreed

Table 4.5: Organizational Innovation

	Mean	Std. Deviation
Routine renewal, processes and procedures adopted to carry out firm activities in innovative manner.	3.6977	1.03590
Supply chain management system renewal	3.5349	1.18219
Production and quality management systems renewal	3.5349	1.16187
Human resources management systems renewal	3.5814	.93178
Renewal of in-firm management information and information system sharing practice	3.6512	.97306
Renewal of the organization structure for teamwork facilitation.	3.4186	1.41812

According to the results in Table 4.5 above, majority the respondents agreed that their firms have implemented on routine renewal, processes and procedures employed to execute firm activities in innovative manner (mean=3.6977), Renewing the in-firm management information system and information sharing practice (mean=3.6512), Renewal of the human resources management system (mean=3.5814), Renewing the supply chain management system and Renewing the production and quality management systems (mean=3.5349) respectively. Respondents also agreed that their firms have implemented on teamwork facilitation through renewal of organizational structure (mean=3.4186). This implies that, most of the courier firms in Kenya have implemented on Renewal of the routines, processes and procedures employed for execution of firm activities in innovative manner, renewing the in-firm management information system and information sharing practice, and renewal of human resource management system over the past three years.

4.3.6 The Effect of Technology Innovation Strategies on the Company's Performance

Respondents were asked to indicate the degree to which technology innovation strategies contribute to the company's service delivery. A scale of 1 - 5 was used where 1 –(strongly disagreed) while 5-(is strongly agreed)

Table 4.6: Effect of Technology Innovation Strategies on the Company's performance

	Mean	Std Dev.
Integrated systems (IS) approaches	2.48	.83
Management Development Systems	2.74	.96
Information and Communication Technology	4.131	.92
Social networking, online collaboration and Web conferencing	3.921	.97767
Virtualization or grid computing	3.213	.87876
Synthetic data and unstructured text applications	2.899	.43885
New Technology development	3.143	.97767

Most respondents indicated that Information and Communication Technology greatly affected the company's performance as shown by a mean score of 4.1310, social networking, online collaboration and Web conferencing largely affect firm output as shown by a mean score of 3.913, virtualization or grid computing have an effect on the firm performance to a moderate extent as shown by a mean score of 3.213, new

technology development affects the firms performance to a moderate extent as shown by of 3.413 mean, Synthetic data and unstructured text applications, Management Development Systems, and Integrated systems (IS) approaches affects the firms performance moderately indicated by 2.899, 2.74, and 2.48 means respectively.

4.3.7 Extent to which the Various Market Innovation Strategies affects performance

The study also established the extent of agreement with various statements on the market innovation strategies and performance. The extent of the variable was measured in 5 point Likert scale where 1 - strongly disagreed and 5 -strongly agreed.

Table4.7: Extent to which the Various Market Innovation Strategies affect performance

	Mean	Std Dev.
Creating value through pricing	4.0319	0.61263
Availability of resources and capabilities	4.0957	0.46534
Customer satisfaction and retention	3.9362	0.70036
Products entry into new markets	4.0106	0.37373
Environmental analysis and response to changes	4.0638	0.50393

From the study findings, the respondents strongly agreed that, availability of resources and capabilities affects performance (mean=4.0957), environmental analysis and

response to changes affects performance (mean=4.0638), and that creating value through pricing affects performance (mean=4.0319). In addition respondents agreed that products entry into new markets affects performance (mean=4.0106) and that Customer satisfaction and retention affects performance (mean=3.9362). This implies that capability and resource availability, analysis of environment and response to changes and that creating value creation through pricing affects performance

4.3.8 Market Innovation Strategies effect on Firm Performance

The respondents were required to rate the extent to which market innovation strategies influenced the provided market orientation factors that affect the firm performance. The study findings are as shown below.

Table 4.8: Market innovation strategies influences market orientation

	Mean	Std Dev.
Helps in market segmentation	3.33	.78
Improving the mix of target markets	3.20	1.03
Offering the best service to the markets	3.24	1.10
Identification new potential markets	2.73	.98
Generation new ways to serve target markets	2.46	1.06

Majority of the respondents indicated that market innovation strategies helps in market segmentation to a moderate- extent as shown by 3.33 mean, influences the best service to the markets moderately as shown by 3.24 mean. Market innovation strategies help in improving the mix of target markets to a moderate extent as shown by a mean score of 3.20, help in identifying better (new) potential markets to a moderate extent as shown by

a mean score of 2.73, while they help better generation of new ways to serve target markets to a little extent as shown by a mean score of 2.46. This means that market innovation strategies helps in market segmentation and influences offers the quality of service to the markets

4.4 Key drivers of operations innovations in Kenya’s courier industry

4.4.1 Extent to which organizations had performed regarding Overall quality of service in the organization

The study endeavoured to establish the extent to which organizations had performed regarding overall quality of service. The responses were rated on Likert scale where: where 1 -strongly disagreed and 5- strongly agreed. Findings are presented in table 4.9

Table 4.9: Extent to which organizations had performed regarding Overall quality of service in the organization

Quality of service in the organization	Mean	Std.Deviation
Cost reduction	3.10	0.539
Innovation process improvement	3.00	0.508
Conformance to regulations	4.27	1.095
New products introduction	4.70	0.915

From the findings above respondents strongly agreed that; there is improved new products introduction (mean=4.70), and that there is improved conformance to regulations (mean=4.27). In addition, respondents agreed that there were reduction of

costs (mean=3.10) and that there were also improved innovation process (mean=3.00). This implies that; there is improved new products introduction and improved conformance to regulations among courier firms in Kenya.

4.4.2 Level of Achievement of the Following Innovative Performance

The study also asked the respondents to indicate the achievement level of the performance items in their organization in the last three years compared to the previous years. The responses were rated on a five point Likert scale where: 1= 'very unsuccessful' to 5= 'very successful'

Table 4.10: Level of Achievement of the Following Innovative Performance

Top management performance	Mean	Std. Deviation
Service quality	3.20	1.095
Operational unit cost - Increase () or Decrease ()	4.00	1.286
Volume flexibility - Increase () or Decrease ()	2.50	1.525
On time delivery	4.12	0.512

From the findings above respondents indicated that there is on time delivery as a result of operations innovation (mean=4.12), reduced operational unit cost (mean=4.00), enhanced service quality (mean=3.20), as well as volume flexibility (mean=2.50). This implies that there is on time delivery as a result of operations innovation

4.5 Regression analysis

Multiple regression analysis was applied to test relationship among independent variables on the relationship between performance and operations innovation of courier firms in Kenya. SPSS was used to enter, code and compute measurements of the multiple regressions variables. The extent to which changes in the dependent variable can be explained by change in the independent variables is explained by coefficient determination. Relationship between operations innovation and performance of courier firms in Kenya is explained by all the five independent variables (technology innovations, product innovations, market innovations, process innovations, and organizational innovations).

4.5.1 Model Summary

The summary shows in table form the regression line ability to account for the variation in the dependent variable.

Table 4.11: Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.921 ^a	.849	.845	.04131

Source: Author (2016)

Dependent Variable: Performance

Predictors: (Constant), product innovations, technology innovations ,market innovations, process innovations, and organizational innovations

Table 4.11 illustrates the impact of the relationship between performance and independent variables. From the determination coefficients, it can be noted that there is a strong relationship between independent and dependent variables given an R² values of 0.849 and adjusted to 0.845. This shows that technology innovations, product innovations, process innovations, market innovations and organizational innovations (independent variables) account for 84.5% of variations in performance.

4.5.2 Analysis of Variance (ANOVA) Results

ANOVA is a combination of statistical models used to analyze the differences among group means and their associated procedures

Table 4.12: ANOVA of the Regression

	Sum	of	Mean		
	Squares	df	Square	F	Sig.
Regression	195.57	4	48.892	9.44956	0.0008179351
Residual	108.65	21	5.174		
Total	304.22	25			

Source: Author (2016)

Dependent Variable: Performance

Predictors: (Constant), technology innovations, product innovations, market innovations, process innovations, and organizational innovations

ANOVA was applied in simultaneous comparison generation between two or more means, thus testing whether a significant relationship existed between the exogenous and endogenous variables. This brings out the regression model significance. The ANOVA results presented in Table 4.12 indicate that regression model has a margin of error of $p = .0008$. This indicates a 0.08% margin probability of false prediction. This point to the significance of the model

4.5.3 Coefficient of Correlation

Multiple regression analysis was conducted to determine the relationship between performance and the five variables.

Table 4.13: Coefficient of Correlation

	Un-standardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	3.77	0.451		8.359202	0.004
technology innovations	0.782	0.121	0.146	6.46281	0.003
product innovations	0.463	0.079	0.126	5.860759	0.001
market innovations	0.473	0.073	0.045	6.479452	0.005
process innovations	0.532	0.073	0.142	7.287671	0.004
Organisation innovations	0.512	0.081	0.136	6.3209	0.003

a. Dependent Variable: Firm performance

Source: Author (2016)

Based on the study findings above, the following regression model is established

$$Y=3.77 + 0.782X_1 + 0.463 X_2+ 0.473 X_3+ 0.532X_4+ 0.512 X_5+ \mu$$

From the finding in Table 4.13, the study found that holding technology innovations, product innovations, market innovations, process innovations, and organisation innovations at zero, firm performance will be 3.77. It was established that a unit increase in product innovations, while holding other factors (product innovations, market innovations, process innovations, and organisation innovations) constant, will lead to an increase in firm performance by 0.782 ($p = 0.003$). Further, unit increase in market

innovations, while holding other factors (technology innovations, market innovations, process innovations, and organisation innovation) constant, will lead to an increase in firm performance by 0.463 ($p = 0.001$). A unit increase in market innovations, while holding other factors (technology innovations, product innovations, process innovations, and organisation innovations) constant, will lead to an increase in firm performance by 0.473 ($p = 0.005$).

Moreover, unit increase in process innovations, while holding other factors - innovations, technology, market innovations, product innovations and organisation innovations constant, will lead to an increase in firm performance by 0.532 ($p = 0.004$). Finally, A unit increase in organisation innovations, ceteris paribus (technology innovations, product innovations, and market innovations) constant, will lead to an increase in firm performance by 0.512 ($p = 0.003$). This infers that technology innovations contribute most to the firm performance followed by process innovations. At 5% significance level and 95% confidence level, product innovations, technology innovations, market innovations, process innovations and organisation innovations are significant in firm performance.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section summarizes findings discussed above, and also gives the recommendations and conclusions based on the objectives. The objectives of this study were to determine the key operations innovations in courier firms in Kenya, to analyze the key drivers of operations innovations in Kenya's courier firms, and to find out the relationship between operations innovation and performance of courier firms in Kenya.

5.2 Summary of the Findings

It was observed that the application of technological innovation strategies affected the performance of courier firms in Kenya. The adoption of innovation strategies greatly affects the performance of courier firms in Kenya. The study revealed that courier firms in Kenya have engaged more in information and communication technology and management development systems as their technology innovation strategies as well as aggressive anti-competitors marketing campaigns, customer and retention and satisfaction, and new markets entry as their market innovation strategies.

In addition, the study established that courier firms in Kenya have engaged more on improved innovation process, reduction of costs, and new products introduction as their process innovation strategies. Product improvement, new product introduction, and product replacement drive their product innovation strategies. Further, it was evident that most of the courier firms in Kenya have focused on; Routines renewal, processes and

procedures adoption to perform duties of the firm more innovatively. This can be done through constantly renewing information sharing practice, human resources and in-firm management information system.

The study established that market innovation strategies such as resources availability and capabilities, analysis of environment and responding to changes, value creation through pricing affects performance and helps in market segmentation. It also assists firms to offer the quality service to the markets. It was also revealed that there is improved new products introduction, improved conformance to regulations and improved on time delivery as a result of operations innovation

The study found that product innovation greatly impacts the undertakings of the courier firms and that the courier firms used new product development as a product innovation. Majority of the respondents indicated that product range extension contributed to the courier firms' performance to a moderate extent and that developing products that are invented early and are radical offer greater rewards and bring improvement of performance.

The study found that autonomous process innovations, introduction of new products, reduction of cost, strategic and organizational changes, improved innovation processes and conforming to regulations were all used to a moderate extent while proactive process innovations were used to a little extent.

5.3 Conclusions

The study concludes that courier firms in Kenya have engaged more on improved innovation process, reduction of costs, and new products introduction as their process innovation strategies and they have also engaged more on product improvement, new product introduction, and product replacement as their product innovation strategies. Further, the study concludes that most of the courier firms in Kenya have focused on; Renewal of routines, processes and procedures employed to conduct firm undertakings in innovative manner, renewal of the in-firm management information system and information sharing practice, and Renewal the human resources management systems for the past three years.

With regard to product innovation strategies, the study concluded that range extension, replacement, repositioning, improvement and introduction of new products contributes to courier firms' performance moderately. The courier firms use retention and satisfaction of customers in marketing strategy, aggressive and anti-competitors marketing techniques, penetration to new markets while considering the availability of capabilities and resources through analysis of the environment, reacting to changes and creation of value through pricing. Retention, customer satisfaction, aggressive anti competitors marketing campaigns, value creation through pricing and products introduction to new markets are profitable ventures of the company.

On process innovation strategies, the study concludes that introduction of new products, cost reduction, innovation advancement process and regulations conformance influence the performance of the courier firms. The courier firms strive to serve the customers

efficiently. Technological innovation use creates a favorable and supportive staff leading to customer satisfaction and that little time is needed at points of service as a result of innovations in the courier firms which improves the quality of service delivery to customers.

5.4 Recommendations

From the findings, firms in the courier industry must embrace new technology so as to adapt to the continuous technological change. Technological innovation encourages ease of information flow and quick delivery of parcels to its destination. For efficiency in technological innovation strategies transfer, infrastructural reliability, adequate financial resources and well equipped staff in terms of knowledge and skills on recent technology are required. This can be achieved through frequent trainings to ensure new technology adoption in the firm without resistance.

The study also recommends that the courier firms should target product range extension, product repositioning, new product introduction and product improvement to enable the increased effectiveness of courier firms, fast growth, more investment and also increased profits. For proper adoption of product development strategies, good flow of information, well established quality systems, supportive staff and management must exist. Thus product innovation helps companies grow and retain their competitive edge.

It can therefore be deduced from the findings and conclusions that for all the courier firms to enhance their performance, growth in customers numbers, further growth of business and also for more investments, market adoption must be embraced together with innovative strategies. Previous studies also suggest market strategy retention, penetration

into new markets, aggressive anti-competitors strategy, consideration of resource availability and value creation through pricing are vital to maximization of firm performance.

The study also recommended that courier firms should ensure introduction of new products, cost reduction, innovation improvement process and complying to regulations that affect firm performance. This will assist them tap well into needs of customers and the new products will come up with their own source of marketing strength. The courier firms should ensure that their staff are always available to efficiently serve customers, the usage of technology innovation to encourage a friendly attitude and enhance customer satisfaction, reduction of time required at point of service and enhance the quality of service delivery to customers.

It also recommends the regulator (Communications Authority of Kenya) to create an enabling environment that enhances innovations in the courier firms for full realization of the innovation strategies benefits. Complying with policies and regulations enables firms' performance improvement due to product, market, process, organisation and technology innovations among others which must function effectively.

5.5 Suggestions for Further Research

The study therefore suggests that future research be carried out in various industries to investigate the impact of innovation on firm performance. The scope of this study was on firms within Kenya. Therefore, there is need for more research to be done on firms in other countries.

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QUESTIONNAIRE

Section A: Demographic Information

1. Information on Business

- a. Name of your firm.....
- b. Years of operation.....
- c. Ownership Local () Multi-National ()
- d. Number of employees.....
- e. Number of branches.....

2. Sector under which your firm is categorized

- a. International
- b. Regional
- c. Domestic: Intra- Country () Intra- city ()
- e. Others please specify _____

3. Information on Manager

a. Level of Education

Diploma () Other College Education () Degree () Postgraduate
()

Others please specify _____

Section B: Key Operations Innovations

4. Which technology innovation strategies does your firm use? (You can tick more than one)

Integrated systems (IS) approaches ()

Management Development Systems ()

Information and Communication Technology ()

Social networking, online collaboration and Web conferencing ()

Virtualization or grid computing ()

Synthetic data and unstructured text applications ()

New Technology development ()

Others please specify

5. What form of market innovation strategies does your firm employ? (You can tick more than one)

Creating value through pricing ()

Availability of resources and capabilities ()

Customer satisfaction and retention ()

Entry into new markets ()

Environmental analysis and response to changes ()

Aggressive anti-competitors marketing campaigns ()

Others please specify

6. Which process innovation strategies does your firm use? (You can tick more than one)

Reduction of costs ()

Improved innovation process ()

Conformance to regulations ()

New products introduction ()

Others please specify

7. What form of product innovation strategies does your firm employ? (You can tick more than one)

Product improvement ()

Product range extension ()

Product costs revision/improvement ()

Product replacement ()

New product introduction ()

Product repositioning ()

Others, please specify.....

8. To what extent were the following organizational innovation items implemented in your organization in the last three years? (Use a scale of 1 to 5 where 1 is strongly agreed and 5 is strongly disagree)

	1	2	3	4	5
Renewing the routines, procedures and processes employed to execute firm activities in innovative manner.					
Renewing the supply chain management system					
Renewing the production and quality management systems					
Renewing the human resources management system.					
Renewing the in-firm management information system and information sharing practice					
Renewing the organization structure to facilitate teamwork					
Others, please specify					

9. How do the above technology innovation strategies contribute to the company's service delivery? (Use a scale of 1 to 5 where 1 is strongly agreed and 5 is strongly disagree).

	1	2	3	4	5
Integrated systems (IS) approaches					
Management Development Systems					
Information and Communication Technology					
Social networking, online collaboration and Web conferencing					
Virtualization or grid computing					
Synthetic data and unstructured text applications					
New Technology development					
Others, please specify					

10. How do the above market innovation strategies contribute to the service delivery?

Use a scale of 1 to 5 where 1 is strongly agreed and 5 is strongly disagree.

	1	2	3	4	5
Creating value through pricing					
Availability of resources and capabilities					
Customer satisfaction and retention					
Products entry into new markets					
Environmental analysis and response to changes					
Aggressive anti competitors marketing campaigns					
Others, please specify					

11. Rate the extent to which market innovation strategies affect the service delivery?

Use a scale of 1 to 5 where 1 is strongly agreed and 5 is strongly disagree.

	1	2	3	4	5
Helps in market segmentation					
Improving the mix of target markets					
Offering the best service to the markets					

Identifying better (new) potential markets					
Generating better (new) ways to serve target markets					
Others, please specify					

Section C: Key drivers of operations innovations in Kenya’s courier industry

12. How do the above process innovation strategies contribute to the firm’s service delivery? (Use a scale of 1 to 5 where 1 is strongly agreed and 5 is strongly disagree.)

	1	2	3	4	5
Reduction of costs					
Improved innovation process					
Conformance to regulations					
New products introduction					
Others, please specify					

13. How would you rate the level of achievement of the following innovative performance items in your organization in the last three years compared to the previous years? (Five-point scales ranging from 1= ‘very unsuccessful’ to 5= ‘very successful’)

	1	2	3	4	5
Service quality					
Operational unit cost - Increase () or Decrease ()					
Volume flexibility - Increase () or Decrease ()					
On time delivery					
Others, please specify					

APPENDIX II: LIST OF COURIER FIRMS IN NAIROBI COUNTY

1. Across Borders Courier Services
2. Waxwing Errands Limited
3. X-Press IT Courier LTD,
4. Compact Courier,
5. Dispatch Errands & Delivery Services,
6. Netlink Business Services Ltd
7. Flashtime Deliveries E.A Limited
8. Shabach Courier Services
9. Rm Elite Xpress
10. DHL Express
11. Paramount Courier Company
12. Topdeck Courier Services
13. Two Four Seven Services Ltd
14. Real Time Couriers Services Ltd
15. Yes Courier Services
16. X-press It Courier Limited
17. Upesi Delivery Services
18. United Parcel Services (UPS)
19. Tymer Express Courier
20. Transweb Delivery Services
21. TMX Express Services
22. Timeless Courier Services Limited

23. TNT Express Worldwide (K) Limited
24. Swift Courier Services
25. Super Star Parcel Services Limited
26. Speedplus Agencies Limited
27. Sparta Forwarders Limited
28. Skynet Worldwide Express Limited
29. Rush Hour Courier Limited
30. Regional Couriers Services Limited
31. Real Time Couriers Services
32. Pscam Couriers, Madona House
33. Prestige Courier Services Limited
34. Postal Corporation of Kenya
35. Petty Errands Limited
36. Overseas Courier Service (K) Limited
37. Orient Express Services Limited
38. One World Courier Limited
39. On The Spot Courier Services
40. Messenger Express
41. Maina International Consolidators Limited
42. Mail Managers Limited
43. MahekPercels and Courier
44. Kinstripe Limited
45. Just In Time Petty Courier

46. Jet Courier Services Limited
47. Intelligent Logistics Solutions Limited
48. Hopper Express Services Limited
49. Hatari Courier
50. Hand to Hand Deliveries Limited
51. G4s Courier Solutions
52. GenatraParcel Services Limited
53. First Flight Couriers (Africa) Limited
54. Fedex Express Limited
55. Fast Post Express
56. Fargo Courier Limited
57. Executive Errands and Delivery Services
58. DHL Worldwide Express (K) Limited
59. Data Rush Services Limited
60. Crown Courier Limited
61. Coast Mail Company Limited
62. City Courier Services
63. Citi Buro Limited
64. Chapex Limited
65. Business Express Holdings Limited
66. B M Courier
67. AXA Courier Limited
68. Associated Express Cargo F Limited

69. ACS Express

Source: CAK (2016)