Marketing Innovation and Organisational Performance

Case Study: Bugisu Cooperative Union, Mbale

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DEDICATION

I dedicate this book to my daughters (Ariellah Ngonzi, Armani Hadasah Siinza), my parents Mr. and Mrs. Zzimbe Ntambi, who have been a source of strength and my inspiration to complete this masters' and especially to God who has guided me every step of the way, without him I wouldn't have anything.

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LIST OF ABBREVIATIONS/ ACRONYMS

AGM	Annual General Meeting
CVI	Content Validity Index
BCU	Bugisu Cooperative Union
MO	Market Orientation
ROE	Return of Equity
ROI	Return on Investment
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States
TQM	Total Quality Management

ABSTRACT

The study conceptualized and studied the effect of marketing innovation on organisational performance at Bugisu Cooperative Union. Three specific objectives guided the study, that is; to examine the effect of product innovation on organisational performance of BCU, to examine the effect of branding innovation on organisational performance of BCU, and to examine the effect of creation of new markets organisational performance of BCU. The study was guided by the Agency theory of Jensen and Meckling (1976) and the stake holder theory by Freeman (1984). A descriptive case study research design was used with a mixed approach using both quantitative and qualitative data. Total population was 45 from which a sample of 40 was derived using Krejcie and Morgan, (1970) table.

Data was generated using questionnaire method, supplemented with interview. The Findings revealed that there was a significant positive effect of product innovation on organisational performance at a correlation coefficient (R) = 0.755** given by Pearson correlation. Using predictor – product innovation, R^2 was 0.57. There was a significant positive effect of branding innovation on organisational performance at a correlation coefficient (R) = 0.593** given by Pearson correlation. The predictor – Branding innovation revealed R^2 of 0.352. There was a significant positive effect of creation of new market on organisational performance at a correlation coefficient (R) = 0.685** given by Pearson correlation. Using predictor – creation of new markets, R^2 was 0.469. There was a significant positive relationship between innovation and organisational performance at a correlation coefficient (R) = 0.749** given by Pearson correlation. The combined predictor – marketing innovation revealed R^2 of 0.560.

Recommendations were: BCU management to consider engaging in final coffee processing to fetch better sales returns on the final coffee products. BCU management should embark on coffee certification for example getting a fair trade coffee certification or organic coffee certification as one way of being product innovative. The study also recommended specialised training and attachment of staff to coffee processing organisations to gain a better understanding of coffee processing and quality testing. BCU management needs to advertise using local and international media to improve on the awareness of the organisation and what it does, to boost corporate image and awakening the existence of BCU in the minds of the stake holders. The study recommended that BCU attaches prizes to innovations that are implemented by the organisation as a way to boost innovative ideas from staff.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

This Chapter presents the Introduction, Background of the study, problem statement, major and specific objectives, research questions, scope of the study, justification, significance of the study, Conceptual framework, anticipated limitations of the study, definition of key terms and conclusion.

1.1 Background of the Study

The business world has always been competitive, it has been termed as a dog eat dog world were only those who have the ability to invent and innovate benefit from it. Leaving the cramps for the other businesses which can't stand the competition, so to remain on top of the market or at least have a reasonable market share one has to be extra creative, hence marketing innovation.

However, in developing countries, majority of firms are operating far below the marketing frontier, with lower levels of human capital. To raise sales turnover or establish a better competitive position, firms' efforts are oriented towards developing capabilities to absorb, adapt and master innovations often developed elsewhere in a process of marketing learning. Cohen and Levinthal (1989) developed the concept of 'learning' or 'absorptive' capacity to refer to firm's capabilities to identify, assimilate and exploit externally available information. Several authors (Enos, 1992, Lall, 1992, UNCTAD 1996) termed the marketing activities of firms in developing countries by 'marketing capabilities', referring to the information and skills - technical, managerial and institutional that allow firms to utilize information and markets efficiently.

The concept of Marketing innovation is a much broader one than ‘invention’, which focuses on novelty and is applicable to frontier shifting new knowledge. Instead, innovation refers to the application of knowledge that is new to the firm and not necessarily new to its competitors, the market or the world. It incorporates a broad set of activities that individual enterprises undertake to gradually absorb knowledge and build upon existing knowledge necessary for efficient production and higher quality output. Minor and incremental rather than radical changes are at the heart of this innovation process in developing countries.

Empirical evidence which connects marketing innovation with organisational outcomes such as financial performance abounds in literature. In the study of a business operating in Istanbul, Turkey, Gokmen and Hamsioglu (2011) discovered the existence of a positive relationship between innovation and organisational performance.

Costa and Cabrel (2010) studied the effect of differentiated knowledge source and learning process on technology capacity to innovate and competitive performance using selected Brazilian export companies. The study found the existence of a positive relationship between knowledge, innovative capabilities and competitive performance.

The determinants of organizational performance have been largely documented for industrialised countries, where innovation is widely regarded as the key to growth. Firms invest in research and development to develop new products and processes. By investing in research, they stay at the cutting edge of innovations.

The co-operative movement in Uganda was born in 1913 to fight against the exploitation of the private European and Asian interests that sought to monopolize domestic and export marketing, especially of cotton and coffee. Bugisu Co-operative Union (BCU) was formed in 1954 to take over the collection and sale of the entire coffee crop in the eastern part of Uganda along the slopes of mountain Elgon. By the end of 1956, BCU controlled two coffee curing works and ten ginneries. By 1960, the total tonnage of crops handled by the co-operative movement had risen to 89,308 tons from 14,300 tons in 1951. The co-operative turnover was nearly £9 million Pound Sterling per annum. BCU was able to continue operations after the end of the war. BCU identified profit-making activities such as renting of staff houses and union land, and milling of coffee for other coffee traders at its coffee processing factory, in order to generate additional revenue.

According to Kwapong et al (2013), following the hard times of markets liberalization and the political instability in Uganda in the 1970s and 1980s, The Bugisu Cooperative Union (BCU) was one of the few cooperatives to survive the pressures that led to the collapse of many others over this turbulent period, BCU was able to survive by innovatively gaining access to external financial support from private investors and government, strong membership, good leadership, access to markets, and having a strong asset base. However even with its ability to stay in existence for this long, BCU was not thriving, it registered an increase in depreciation of its major assets, sale off of many buildings reduced production levels, increased losses to mention but a few, leaving a question to the public eye and scholars to find out why, even with its long time existence it has so far failed to rise up and register profits once again, increase its production levels, hence the desire for the researcher to use BCU as the case study.

1.2 Statement of the Problem

According to Martin Junge 2012, it was found that innovation in skill-intensive firms results in significantly faster performance growth than in unskilled-intensive firms, the empirical support for innovation to play an independent role in performance growth is established. Bugisu Cooperative union has employed many innovative methods such as auctioning coffee in the Kenyan markets (international Journal of Arts and Commerce 2013), it has improved its market base by having different outlets for its coffee such as Mount Elgon Hotel, Supermarkets, BCU has also managed to export its coffee to the western world such as UK and US, where the coffee has been appreciated, all these innovations where to enable improve the performance of the cooperative.

However regardless of all the efforts, BCU was still registering low sales turnover, this can be evidenced in the minutes taken in the AGM were the board chairman, Stephen Wakyaya, told the BCU's 47th annual general meeting at Mt. Elgon Hotel that BCU had received sales turnover of 130.8 M in 2014 lower than what it had got in the previous year (12th January 2014 Vision reporter by Nathan Etengu), in addition the extent to which innovation affected the performance of Bugisu Cooperative Union had not been studied, it's on this premise that the researcher wants to investigate whether there is a relationship between innovation and organizational performance of BCU.

1.3 General Objective

The general objective of this study was to establish the effect of marketing innovation on the performance of BCU.

1.4 Specific Objectives

The study was guided by the following specific objectives:

i. To examine the effect of product innovation on the performance of Bugisu Cooperative Union.
ii. To examine the effect of branding innovation on the performance of Bugisu Cooperative Union.
iii. To examine the effect of creation of new markets on the performance of Bugisu Cooperative Union.

1.5 Research Questions

This study was intended to provide answers to the following questions:

i. What is the effect of product innovation on the performance of Bugisu Cooperative Union?

ii. What is the effect of branding innovation on the performance of Bugisu Cooperative Union?

iii. What is the effect of creation of new markets on the performance of Bugisu Cooperative Union?

1.6 Scope of the Study

1.6.1 Content Scope

The content scope was limited to marketing innovation and the organisational performance of Bugisu Cooperative Union. The study specifically sought to determine the effect of marketing innovation on the performance of Bugisu Cooperative Union. Product innovation, branding innovation and creation of new markets were the variables reviewed against the performance of Bugisu Corporative Union.

1.6.2 Geographical Scope

Bugisu Cooperative Union (BCU) Ltd is situated on Plot 46 Pallisa Road in Mbale town in Bugisu sub-region in Eastern Ugandan, East Africa. It is 256 kilometres (160 miles) from Kampala, the capital city. Bugisu is found on the slopes of Mt. Elgon.

1.6.3 Time Scope

The study looked at literature of 2013 to 2016 in order to assess the effect of marketing innovation on an organisation’s performance, a time when the company has maintained comprehensive documentation and underscored the importance of marketing innovation.

1.7 Significance of the Study

The study provided insights into how marketing innovation affected performance of an organisation. This may help the marketing team to adopt appropriate strategies for efficient and effective marketing innovation ideas that can improve performance and thus contribute toward the realization of the organisational objectives. The study will stimulate further research on marketing innovation as a productive tool and this may add on the already existing literature on marketing innovation that scholars can always consult whenever it is necessary.

1.8 Justification of the Study

The justification of the study explored marketing innovation and its role in organisational performance, as seen in the recent increase in competition in the coffee business and the decline and collapse of cooperative unions in Uganda, has brought to the forefront, the importance of marketing innovation in organisations and cooperatives especially innovation in order to stay afloat.

To survive and thrive, enterprises needed to create and continually renew a spirit of disciplined marketing innovation as the source for continuous generation of products and services that alter the rules of the competitive landscape in their favour (Cole, 1959). There is adequate empirical evidence that innovation is closely linked to improved enterprise performance in terms of productivity (Drejer *et al*., 2004; Lindsey, 2001; Herbert & Brazeal, 1999; Holt, 1992; Covin & Slevin, 1991; Pinchot 1985 & Schumpeter, 1934). Ayudurai and Sohail (2005) contend that if innovation can be used as a competitive and survival tool, then its development and significance must be explored and highlighted.

1.9 Definition of Key Terms

Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an *innovation,* an idea must be replicable at an economical cost and must satisfy a specific need. It is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.

Organisational Performance is when all the parts of an organisation work together to achieve great results with results being measured in terms of the value we deliver to customers.

Branding is the process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers.

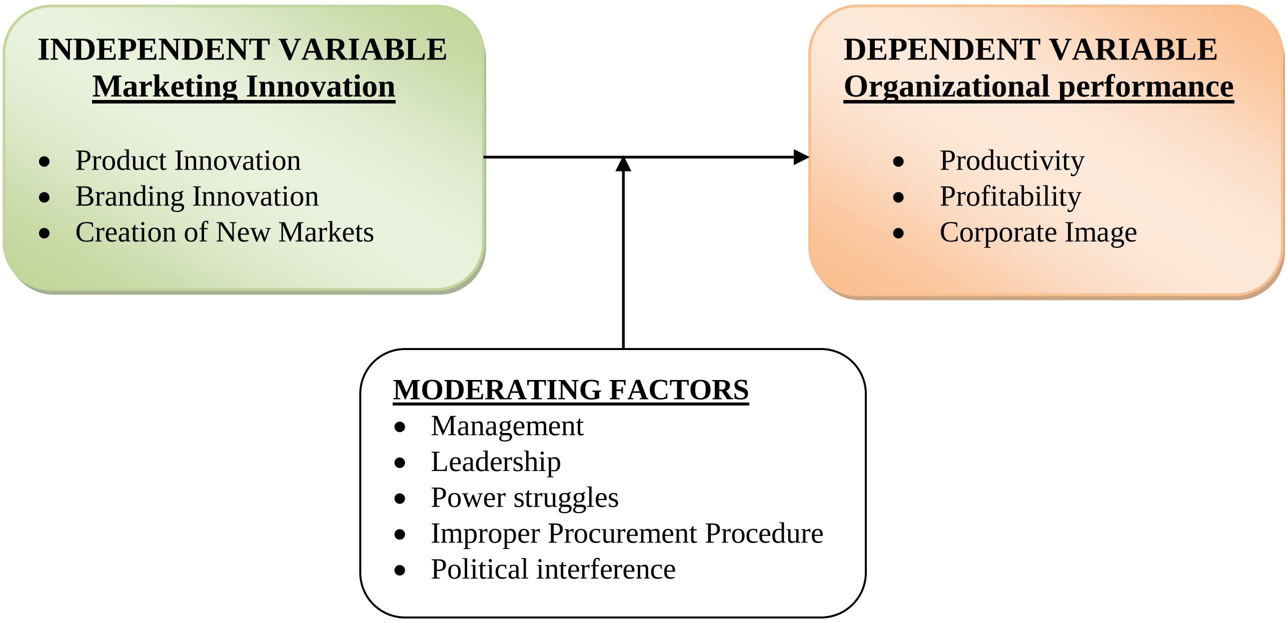
Product quality is the group of features and characteristics of a saleable good which determine its desirability and which can be controlled by a manufacturer to meet certain basic requirements. Most businesses that produce goods for sale have a product quality or assurance department that monitors outgoing products for consumer acceptability.

Product accessibility is the extent to which a consumer or user can obtain a good or service at the time it is needed. Ease with which a facility or location can be reached from other locations. It can also be defined as ease of contact with a person or organization. Authorization, opportunity, or right to access records or retrieve information from an archive, computer system, or website.

Brand image is the impression in the consumers' mind of a brand's total personality (real and imaginary qualities and shortcomings). Brand image is developed over time through advertising campaigns with a consistent theme, and is authenticated through the consumers' direct experience.

1.10 Conceptual Frame Work

The Conceptual Framework presented in figure 1.1 set out and explained graphically and in narrative form, the dependent and independent that are to be studied and it summarised the supposed relationship between the variables.



Source: Heinonen & Korvela, (2003)

Figure 1.1: Conceptual Framework of Innovation and Organisational Performance

Jabareen (2009, p51) defined a conceptual framework "as a network, or a plan of interlinked concepts that together provided a comprehensive understanding of a phenomenon or phenomena" (p.440). According to Miles and Huberman (1994), a conceptual framework "lays out the key factors, constructs, or variables, and presumes relationships among them" (p. 440)

A critical amalgamation and analysis of the concept of innovation, its dimensions, manifests and outcomes stimulated the greatest interest and as a result thereof, the author proposes an integrated model for innovation as shown in figure (Figure 1). The proposed model borrows heavily from those proposed by other theorists (Heinonen & Korvela, 2003; Hornsby *et al.,* 1993). The proposed model is on the argument that marketing innovation efforts result in increased sales growth or profitability and therefore, firms that engage in marketing innovative activities are expected to achieve higher levels of growth and performance than organizations that do not.

However, for this to happen, a number of factors must be in play. The factors range from external to organizational and individual factors (precipitating events), all working together or singly to create an environment that stimulates and promotes marketing innovation in a corporate setup. Marketing innovation manifests itself in form of new business venturing, innovativeness, self-renewal and pro-activeness. The outcome of these innovative activities is improved firm performance in form of growth and profitability as supported by Wiklund (1999).

1.11 Conclusion

In this chapter, the researcher explored an overview of marketing innovation and organisational performance through sections as background to the study, statement of the problem, purpose and objectives of the study, the scope, justification and significance of the study and the conceptual framework that was used to guide the study. Chapter two presents, in more detail, definitions and measures of dependent variable and independent variable.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed the literature that has been studied by different authors and scholars on the effects of marketing innovation and organizational performance. It contains the theoretical review, conceptual review, and actual review on marketing innovations, knowledge and feedback on organizational performance.

2.1 Theoretical Review

2.1.1 Agency Theory by Jensen and Meckling (1976)

According to Jensen and Meckling, (1976) the agency theory is a supposition that explains the relationship between principals and agents in business. The principal (owners of the business) hires an agent (management) to do the work, or to perform a task the principal is unable or unwilling to do. Agency theory assumes both the principal and the agent are motivated by self-interest, thus in the case of BCU, the owners of BCU for example the farmers (the principle) can hire a board of directors (agent) who will help run the business or company on behalf of the farmer's this could be due to the farmers not having the education or skills required to run the business hence the relevancy of the Agency theory in relation to BCU.

According to Gibbons (1998) the theory is concerned with resolving problems that can exist in agency relationships; that is, between principals and agents of the principals. The two problems that agency theory addresses are: The problems that arise when the desires or goals of the principal and agent are in conflict, and the principal is unable to verify (because it's difficult and/or expensive to do so) what the agent is actually doing. The second problem arises when the principal and agent have different attitudes towards risk and because of different risk tolerances, the principal and agent may each be inclined to take different actions. The agency theory can be used in measuring the organisational performance. Since BCU is managed by agents different from the owners to the union, the agency principle theory was adopted by the study to guide in the measurement of management performance in the utilisation of resources entrusted to them by the principle (owners of the union).

According to Kathleen, (1989) to determine when an agent does (and does not) act in their principal's interest, the standard of "Agency Loss" has become commonly used. Agency loss is the difference between the best possible outcome for the principal and the consequences of the acts of the agent. For instance, when an agent acts consistently with the principal's interests, agency loss is zero. The more an agent's acts deviate from the principal's interests, the more agency loss increases. When an agent acts entirely in her own self-interest, against the interest of the principal, then agency loss becomes high.

The Agency theory is relevant according to Buchanan (2010) who argued that the theory not only provides a good argument for business ethics in general, but that the analysis of agency risks provides the key to understanding many of the real-world moral codes that already structure activities within bureaucratic organizations like BCU. The agency perspective is similarly useful when it comes to analysing the obligations of senior managers. While agency theory itself is neutral with respect to the doctrine of shareholder primacy –indeed, the vocabulary is sufficiently broad that the manager can be characterized as the agent of any of the firm's patrons– it is able to explain why, in a standard business corporation, managers bear special fiduciary obligations towards shareholders.

In addition the theory also explains different levels of obedience, Leads to agentic state where people obey more when the orders are given with more authority, it helps to explain un explainable actions using the Agentic state and Autonomous state, and it helps someone when they are found guilty

However this theory also has short comings according to Shapiro (2005) which include; Imputed incentives, where people who are overly impressed by economic methodology often subscribe to the instrumental conception of rationality in a form that makes the model essentially unfalsifiable. As a result, when particular agency problems do not show up where agency theory predicts that they should, rather than concluding that there must be some relevant sort of internal constraint at work, these theorists assume that the external incentives must be there, but that they simply have not been discovered yet. Likewise, crowding out of moral incentives is another short coming of the theory where, the biases of agency theory generate an overemphasis on external incentives as a way of addressing agency risks, along with a comparative neglect of internal incentives. Thus an enormous amount of time and energy has been frittered away designing increasingly clever incentive schemes, to the neglect of more obvious strategies for securing employee loyalty and dedication. Cryptonormativism is yet another short coming where, no matter how strenuously agency theorists may insist that there is only a "positive" theory of the firm, and thus entails no "value judgments," the fact is that the basic approach has as its foundation a normative theory of practical rationality, one which categorizes certain forms of action as "rational" and certain other forms as "irrational."

Besides the short comings of the Agency theory, the theory was adopted by the study in examining how management (agents) utilise marketing innovation to boost organisational performance and derives value to the owners to BCU (the principal).

2.1.2 Stakeholder Theory by Freeman (1984)

The stakeholder theory holds that the firm is responsible not only to shareholders, but also to a wider group which includes employees, representatives, customers, suppliers, government, industries, bodies, local communities among others (Freeman, 1984). As such, the organisational performance must be measured by how much it is able to satisfy these stakeholders. The stakeholder theory assesses organisation performance against the expectation of a variety of stakeholder groups that have particular interest in the effects of the organisation's activities. Its perspective of organisational performance incorporates stakeholder value, but recognises that shareholders are just one group of stakeholder.

Jensen (2002) clarified that the structures of stakeholder theory are used for what he called value maximisation. He also mentioned that the balanced score card is a managerial equivalent of stake holder theory. To him managers must pay attention to all constituencies that can affect the firm. According to Jensen (2002), any theory of action must tell the actors, (managers and boards of directors), how to choose among multiple competing and inconsistent constituent interests. Customers want low prices, high quality, and inexpensive service. Employees want high wages, high quality working conditions, benefits and the rest. Suppliers of capital want low risk and high returns. Communities want high charitable contributions, social expenditures by firms to benefit the community at large, stable employment, and increased investment. Obviously any decision criterion and the objective function is at the core of how to make the trade-offs between these often conflicting and inconsistent demands.

According to Mainardes et al (2011) the Stakeholder theory has evolved and is adopted as a means of management by many market-based organizations. They contend that success of the theory has been attributed to its simplicity and ethical traits. However they criticized it for its vagueness and ambiguity when it comes to explaining who the actual stake holders to a given organisation are.

Freeman (1984) argued that business organizations should be concerned about the interests of other stakeholders when taking strategic decisions. In the case of BCU, when making strategic innovation decisions, management should consider the interests of the farmers who supply coffee, the interests of the customers who buy this coffee, the Union owners and the internal employees who work for the union. BCU has applied the stakeholder theory by creating back and forward linkages with the farmers, provided bursaries and scholarships for vulnerable children, given back to the community through provision of low cost housing and hold annual general meetings to chatter way forward for the union. By so doing, the union has been able to make strategic decisions that have guaranteed longevity of the union.

2.2 Review of the Main Concepts of the Study

2.2.1 Innovation

Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay (Robbins and Coulter, 2006). To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation helps employees with good ideas to better channel the resources of an enterprise to develop more successful products which will increase organisational performance. In response to the rapid changes in the business environment, enterprises are unanimous in their desire to make their employees and organizations more innovative or entrepreneurial (Herbert & Brazeal, 1999).

The innovation process has applicability to organizations of all sizes and therefore, allows employees to be innovative, applying their creativity to create innovative or improve product quality which leads to better organizational performance. There are many types of innovation but as of this study only innovation will be looked at under which product innovations or quality, branding innovation and creation of new markets will be studied (Parashar and Singh 2005).

The innovation has been used in many organizations as a major strategy for organizational renewal and improved performance. Innovation helps employees with good ideas to better channel the resources of an enterprise to develop more successful products which will increase organizational performance. In response to the rapid changes in the business environment, enterprises are unanimous in their desire to make their employees and organizations more innovative or entrepreneurial (Herbert & Brazeal, 1999).

According to Odumeru (2013), marketing innovation has been proven to strongly influence competitiveness, profitability and productivity. He advised organisations to innovate in order to achieve their organisational goals.

Lim et al (2010) studied the effect of marketing innovation on performance of construction firms across 18 Organisation for Economic Cooperation and Development (OECD) countries and expert interviews in Singapore. They discovered that due to the fact that construction projects were awarded by clients based on lowest cost, innovation appeared to be the best competitive strategy. Consumers were willing to pay for manipulating innovations that would reduce construction costs. They recommended that construction firms first utilise quality improvements to exploit consumers' willingness to pay for innovative products. This initiative would enable construction firms to improve their finances for innovation and develop their corporate image in construction products. Sustainable competitive advantage could then be firmly established when organisations engage in productivity improvements that lead to lower product costs and/or faster completion or delivery times. This study concludes that marketing innovation can be a useful competitive tool if construction firms suitably strategise it in according to its competitive environment.

Using DHL as a case study, Wirtz (2011) found the existence of a positive relationship between network innovation, competitiveness and financial performance. Budros (2000) discovered that techno economic factors account for a major reason why organisations innovate. Other reasons include social and cultural forces.

The competitive landscape in many industries today is marked by intense competition among existing players and the emergence of many focused competitors targeting specific segments of the market. In addition, the macro environment is characterised by rapid technological progress in many fields rendering current solutions to customer problems obsolete. In this scenario, any company that is not continually developing, acquiring, and adapting to new innovative advances and to the changing business environment, may be making, in the words of Merrifield (1993), "the unintentional strategic decision to be out of business within a few years."

Environmental changes have highlighted the need for companies to become more entrepreneurial (Dess, Lumpkin and McGee, 1999; Brazel and Herbert, 1999) and companies around the globe are indeed attempting to foster entrepreneurship so that business opportunities are perceived and exploited (Sathe, 1988; Russell, 1999). Many companies have succeeded in their endeavour to foster entrepreneurship and have developed new approaches to innovate and to create new businesses and achieve profitable growth. Change, innovation, and entrepreneurship describe what such successful companies do to compete (Christensen & Raynor, 2003).

2.2.2 Marketing Innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product, placement, promotion or pricing. OECD 2005.

2.2.3 Organisational Performance

Organizational performance comprises of the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009) organizational performance encompasses organisational outcomes including financial performance, product market performance, shareholder return, brand image, and employee loyalty.

Organisation performance relates to how successfully an organised group of people with a particular purpose perform a function. High organisational performance is when all the parts of an organisation work together to achieve great results with results being measured in terms of the value we deliver to customers. These parts include

- Strategic objectives – provide the direction in which everyone within the organisation should head. They provide focus and ensure we are all working towards the same end.
- Organisational structure – this represents the form in which the organisation will deliver its services. The structure must support the strategy just as the strategy must have regard to the structure. For instance, an on-line delivery strategy will not be successfully executed unless the organisation has on-line capabilities.
- Business performance measures – represent the measures by which each area of the organisation will be assessed. There is no single set of measures that may be applied across all organisations. In order to be relevant and of use to the organisation, the measures must be determined in light of the organisation's goals and the strategies put

in place to achieve those goals. It is this measurement process that will direct behaviour more than any other system that may be put in place. Further, the information must be easily obtainable - in a timely manner. This requires the management information systems to be developed to collect the right data in an efficient way.

- Allocation of resources and processes – relates to the decision making approach that takes place within the organisation. It is how the organisation goes about deciding where to apply its scarce resources – including money, time and effort - in order to achieve its objectives.
- Values, culture and guiding principles – this part is unique to the organisation. If the organisation was human, this would be its DNA. The culture must support the achievement of the strategic objectives in order to draw out the “best” of people. The values and guiding principles must support the purpose (remembering from our earlier definition that an organisation is an organised group of people with a particular purpose) for achievement of desired outcomes.
- Reward structures – must reinforce the culture and direct efforts to support the achievement of strategic objectives. Reward structures may include various forms – monetary (for example, bonus on achievement of short term goals), promotion (recognition of having acquired certain skills), celebration event (recognising and congratulating team efforts), leave of absence / day off (recognition and ‘thank you’ for a job well done), and so on.

2.3 Actual Review

2.3.1 Product innovation and Organisation Performance.

Product Innovation relates to the development of new products, changes in design of existing products, or use of new materials or components in the manufacture of established products (Policy Study Institute, 2010). Product Innovation reflects a change in the quality of products for the benefit of its consumers (Barlow, 1999).

Similar to product innovation is Process innovation which represents changes in the way firms produce the end product for the benefit of its customers (Seng et al, 2011). It is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software (Guillaume, 2010).

Total quality management is a managerial philosophy that aims to provide customers with products and services that satisfy their needs. TQM incorporates the concepts of product quality in addition to process control, quality assurance, and quality improvement.

It involves all functional areas (i.e., total company effort) in the firm that embraces a total quality culture and aims to satisfy customer needs at profit (i.e., the marketing concept, Perreault, Cannon, and McCarthy 2012). A marketing-oriented organization must identify customer needs as a starting point to making profits through the creation and delivery of a USP (i.e., unique selling proposition) that affords a sustainable competitive advantage. Between these two ends, different functional areas in the organization add value to the USP. It is through marketing research, consumer needs and desired level of quality are identified and communicated to design; design engineers determine product specifications and transmit supplies' and parts' requirements to the purchasing (i.e., a component of the marketing function) and to manufacturing; purchasing selects, contracts and monitors the flow of supplies to manufacturing; manufacturing determines the needed tools and processes and passes this information to production; production workers and supervisors do and control the actual machine setting and production processes; quality control personnel examine products for compliance with specification; and finally, sales, promotion, and distribution components of marketing cap quality by packaging, storing, shipping, and educating consumers of finished goods; they also get feedback regarding consumer's satisfaction

The Meaning of Quality: Although quality is widely accepted as a competitive priority for businesses, researchers have not agreed on a universally accepted definition for the quality concept (e.g., Sebastianelli and Tamimi 2002). Quality seems to be a subjective concept that carries different meanings for different people looking from different vantage points. Academics, consultants, and industries proposed a myriad of definitions. Juran (1989) describes quality as "fitness for use," Deming (1982) stresses that top management "must satisfy customer needs," and Crosby (1979) defines quality as "conformance to [customer] requirements. Different approaches to defining quality reflect two central issues: customer needs and the need-satisfying marketing offer. Kotler (1984) stressed that quality "must be perceived by customers and that "it must start with customer needs and end with customer perceptions. Interpreting customer perceptions of quality requires that marketers take "the customer point of view" in delivering quality solutions to customer problems. Hauser and Clausing (1988) stressed that "to assure that customers perceive products to be of high quality, manufacturers must deploy the voice of the customer throughout design, engineering, manufacturing, and distribution. These viewpoints, as compatible as they are with the different definitional approaches put forward by researchers (see Garvin, 1984) lead to the conviction that marketers should evaluate their market offerings from the customer's perspective and learn that quality gains can best be accomplished through satisfying customers.

However, a brief analysis of the World ISO certification revealed that Turkey, which as a neighbouring country to the Arab World, has more interest in total quality, as exemplified by the number of companies with ISO certificates, than all 21 Arab countries (The ISO Survey of Certificates, 2008). This fact indicates that some Arab managers are not working hard enough to satisfy their customers, are not adopting the marketing concept, and are unfamiliar with market orientation. Value for Customers: Although the quality concept is a common gist between all functional areas in an organization, different functions hold different perceptions of what quality is (see figure 1).

In a seminal paper, Garvin (1984) encouraged managers to reify quality and proposed “eight critical dimensions of product quality” as a “framework for strategic analysis. These dimensions are: Performance- the primary operating characteristics of the product, Features- special supplements to the primary operating characteristics of the product, Conformance- the degree to which the product’s design and operating characteristics meet predetermined standards, aesthetics- how the product looks, feels, sounds, smells, or tastes, Durability- the amount of usage the product offers before it must be replaced, Serviceability- the speed, courtesy, and competence of service people and the speed and ease of repair of the product, Reliability- the probability of the product failure within a specified time frame, Perceived quality- quality as seen by the customer inferred from the marketer’s reputation and image. When these dimensions are juxtaposed with business functions that are shown in the proposed "product development cycle" shown in figure 1, each of these dimensions can be associated with one of the adding value functional areas in the organization.

Drawing from Nelson (1970), these dimensions can also be identified as either search (i.e., can be ascertained by consumers before buying) or experience attributes (i.e., can be ascertained by consumers only after buying) of the product and whether they provide extrinsic (i.e., can be felt before buying) or intrinsic value (i.e., can be felt only after buying) for customers; see a summary of the proposed relationships in Table 1. Search attributes that add extrinsic value to the product are: performance and aesthetics which are prescribed by marketing to satisfy consumer needs; features which are determined by design engineers in order to deliver the required benefits; conformance to specifications which is checked by quality control people in order to make sure that the product delivers what has been promised by the marketer.

Experience attributes that add intrinsic value to the product are: reliability which is determined by manufacturing through building a product that each time it works as expected; durability which is determined by the quality of supplies and materials; serviceability which is the focus of the production through perfectly integrating parts and components within acceptable tolerances; and perceived quality which is the emphasis of sales and distribution by helping to build brand equity and consumer loyalty.

Relationship between Quality Dimensions and Organizational Performance: Businesses adopting the marketing concept and embracing a market orientation culture can no longer escape the strategic issue of quality. Quality within these firms governs the development of product and process designs and directs the choice of features or options for the product. The underlying assumption of top management for including quality in strategic planning processes is that quality leads to profitability, market share, sales growth, and higher return on investment (ROI). One of the important reasons reported by a number of small companies why they have embarked on TQM is “to improve poor company performance” (Shea and Gobeli 1995).

Increasing market share, sales growth, and increasing profitability are important concerns, especially for small businesses. Teboul (1991) identified quality as a means of winning market share, enhancing sales and creating barriers to entry. Forker, Vickery, and Droge (1996) reported a strong relationship between quality dimensions and business performance in the furniture industry. More recent, Douglas and Judge, Jr. (2001) reported strong empirical support for a positive relationship between the degree of TQM implementation and organizational (i.e., perceived financial) performance in a hospital setting. Several other studies examined whether or not TQM practices (e.g., quality standards of ISO 9000 series) have a positive effect on organizational performance measures, such as increased product quality, increased productivity, increased customer satisfaction, and increased profitability. Results reported in these studies indicated positive correlations between TQM and organizational performance (e.g., Adam 1994, Ahire 1997; Almansour 2012; Duggiral, Rajendran, and Anantharaman 2008; Hendricks and Singhal 2001; Kaynak 2003). It is expected that improved economic performance in the market in terms of sales, market share, profitability, and ROI (i.e., external performance) should impact the organization's operational performance (i.e., internal performance). Employees' tenure, self-esteem, significance of work, and identification with the organization should be high. Other studies (e.g., Yusof and Aspinwall, 2000; Hasan and Kerr 2003) reported that TQM practices increased sales, improved product quality, and improved customer and employee satisfaction, (emphasis added). With the exception of a limited number of studies using the profit impact of marketing strategies (PIMS) database, product quality in previous research, however, was treated as a dependent variable and a consequence of implementing TQM rather than an independent variable impacting on organizational performance (Adam 1994; Graig and Douglas 1982; Hasan and Kerr 2003; Schoeffler, Buzzell, and Heany 1974). In the present research, product quality dimensions will be treated as independent variables and their impact on organizational performance will be examined.

2.3.2 Branding Innovation and Organisation Performance.

The process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers.

This is a challenging proposition. A corporate brand affects multiple audiences, both internal and external. Internally, a brand touches employees, management, shareholders, partners, and vendors. Externally, the brand can reach the media, prospective investors, customers, and everyone else who interacts with the organization.

Innovations in administration are important in internal branding of an organisation. Administrative innovation is the adaptation of a new administrative system for the business practices, workplace or to the external relations to improve the performance of an organization. It is the creation of a new organisational design that supports better the creation, production and delivery of products and services (Oslo Manual, 2005).

Ongoing research by brand management firm Core Brand has revealed the attributes of a company's brand that help it to improve an organization's image and performance. Core Brand conducts a continuous quantitative benchmark tracking study of 1,200 companies known as the Corporate Branding Index. We rate the effectiveness and efficiency of a company's brand in a measure we call "brand power." The brand power score indicates how effectively a corporate brand is working for the organization. We arrive at the brand power score using attributes of both a brand's familiarity and its favourability.

Brand clarity is an advantageous alignment of a corporate brand's three favourability attributes. A company's reputation is created through the actions of its employees, which are visible to investors and customers alike. Companies need to create a clear and concise mission statement, communicate it to their employees, and train them to "live the brand." When investors perceive a company to have a strong management team, a solid brand reputation, and corresponding customer loyalty, they will be predisposed to invest in that company. Obviously, a company with a weak management team, fragile brand reputation, and little customer loyalty would be seen as a high-risk investment.

The role of employees is also changing. No longer can they be subsumed under the category the ``firm'' (Freeman and Liedtka, 1997); they need to be recognised as a brand's ``ambassadors'' (Hemsley, 1998). Employees constitute the interface between a brand's internal and external environments and can have a powerful impact on consumers' perceptions of both the brand and the organisation (Schneider and Bowen, 1985; Balmer andWilkinson, 1991). Furthermore, with the ubiquity of technology decreasing the potential for sustained competitive advantage, managers are focusing more on differentiating their brands on the basis of unique emotional, rather than functional, characteristics (de Chernatony *et al.*, 2001). A brand's emotional values are communicated not just by advertising, but also through employees 'interactions with different stakeholders. Employees represent a source of customer information and action needs to be taken to ensure this is compatible with the way senior management wishes the organisation to be perceived (Kennedy, 1977). Employees are thus becoming central to the process of brand building and their behaviour can either reinforce a brand's advertised values or, if inconsistent with these values, undermine the credibility of advertised messages. It is therefore crucial to look inside the organisation to consider how employees' values and behaviour can be aligned with a brand's desired values.

A further reason for looking inside the organisation is the shift in the branding literature from brand image (Boulding, 1956) to brand identity (Kapferer, 1997). While image focuses on consumers' perceptions of brand differentiation, identity is more concerned with how managers and employees make a brand unique. Managers need to define a brand's values and then ensure employees' values and behaviour are consistent with them. Historically, management has provided leadership through defining a brand's values.

However, with the recognition of corporate branding, and therefore the critical role staff play, they need to be included in the internal debate about defining a brand's values. While management will still be required to initiate the process, staff should be encouraged to contribute to discussions. Externally, managers need to examine their brand's reputation among stakeholders to ensure the brand's identity is communicated successfully and valued outcomes are consistently delivered. This paper explored the implications of corporate branding for the management of internal brand resources. A model for managing these resources is described, which conceptualises the process of brand building as the management of brand identity, such that the gap between a brand's identity and its reputation is narrowed. Building on this, we examine the dynamics of brand management teams under corporate branding. We identify some of the factors that may affect the coherent leverage of internal resources and discuss their managerial implications. Finally, we describe some of the mechanisms that may be used to surface and harmonise brand perceptions.

Brand vision and culture. At the centre of brand identity are brand vision and culture. Vision encompasses the brand's core purpose ± its reason for being ± and its core values, which provide a system of guiding principles (Collins and Porras, 1996). Managers need to communicate their brand's purpose to employees clearly in order to inspire them and help them understand how their roles relate to it. It is also important to convey internally the brand’s core values, because these guide employees’ behaviour. Each brand will have a unique set of values that are relevant to its target market, but we argue that it is the consistency of the perception of those values, as well as the nature of those values, that is an important characteristic of successful brands. The organisational culture encompasses employees’ values and assumptions, which also guide their behaviour, particularly in novel situations (Wilkins and Ouchi, 1983).Managers need to be attentive to their organisational culture and its alignment with the brand’s values, since this could result in inconsistent behaviour and detrimentally affect stakeholders’ perceptions of the brand. Corporate culture can represent a source of competitive advantage (Bettencourt and Brown, 1997), but the culture needs to be appropriate, adaptive and attentive to the needs of all stakeholders (Kotter and Heskett, 1992). Managers thus need to agree on the few core corporate values that will remain unchanged, and the less central values that need to adapt to changing circumstances.

Positioning; The coherence between the brand’s vision and core values and the brand’s positioning next needs to be examined. A brand’s positioning sets out what the brand is, who it is for and what it offers (Rositer and Percy, 1996). Following means-end theory (Gutman, 1982), a set of functionally distinct capabilities that differentiate a brand should be derived from the brand’s core values. The brand’s positioning will be affected by artefacts, akin to Kapferer’s (1997) ``physique’’, which provide clues about the brand’s performance characteristics.

Personality; The brand’s emotional characteristics are represented by the metaphor of personality, which, amongst other sources, evolves from the brand’s core values. Personality traits are further developed through associations with the ``typical user’’ imagery, endorsers and consumers’ contacts with the company’s employees (Aaker, 1997). Managers therefore need to ensure that a brand’s personality is conveyed consistently by both its employees and external communications. Another influential source for a brand's personality is its positioning and an integrated approach to branding can help reinforce the synergy between these.

Relationships; Having nurtured a brand's personality, a relationship between the brand and its consumers evolves, which is characterised by the values inherent in the brand's personality. Consistent with Fournier (1998), consumer-brand relationships are portrayed as being reciprocal. Through their interactions, employees significantly affect a brand's relationship with its consumers. The consistency of these interactions is therefore crucial, since relationships continually evolve and can be destabilised by changes from either partner (Fournier and Yao, 1997). Managers need to help employees understand the types of relationships that are appropriate with other employees, consumers and other stakeholders, based on the brand's core values.

Presentation; The final component of brand identity involves the identification of presentation styles to present the brand's identity so as to reflect consumers' aspirations (cf. Kapferer's (1997) ``reflections'') and self-images (Belk, 1988; Hogg and Mitchell, 1996). People respond more favourably to brands and companies they perceive as being consistent with their self-concepts (Dowling, 1994). Brands' symbolic meanings also help consumers understand and express aspects of their selves to others (McCracken, 1993). Both advertising and employees' interactions with consumers contribute to the symbolic meaning of a brand. Thus managers need to be attentive to potential incongruity between a brand's desired symbolic meanings and those conveyed through advertising and employees' behaviour.

Reputation Successful management of internal brand resources should result in a favourable brand reputation. Adapting Fombrun and Rindova's (1996) definition of reputation, a brand's reputation is defined as ``a collective representation of a brand's past actions and results that describes the brand's ability to deliver valued outcomes to multiple stakeholders''. In contrast to a brand's image, which reflects current, changing perceptions, a brand's reputation is more stable and represents the distillation of multiple images over time (Fombrun and van Riel, 1997). By encompassing the evaluations of all stakeholders, reputation provides a much more representative indication of brand performance. van Riel and Balmer (1997) also noted that the objective of corporate identity management was the establishment of a favourable reputation among an organisation's stakeholders. Familiarity with key stakeholders' perceptions is central to corporate brand management (Balmer, 1995). de Chernatony's (1999) model conceptualises the brand building processes revolving around the identification and narrowing of gaps between a brand's identity and its reputation. Managers therefore need to work with staff to reduce these gaps and eliminate sources of incongruity. Strategies may then be fine-tuned to achieve a better match between identity and reputation. By including both internal and external components in the process, the model provides a balanced approach to brand building.

Perceptual congruity and brand performance de Chernatony's (1999) model emphasises the multidimensional nature of the corporate branding concept, which involves the co-ordination of internal resources (for example, functional capabilities, communication capabilities, coordinating consistency through staff, planning, pricing, customer service) to create a coherent brand identity and a favourable brand reputation. Although brand reputation encompasses the perceptions of all stakeholder groups, to begin to appreciate the importance of internal brand resources, we focus on two stakeholder groups: an organisation's employees and its consumers. Brands are multidimensional entities, whose success requires matching a firm's functional and emotional values with consumers' performance and psychosocial needs (de Chernatony and Dall'Olmo Riley, 1998).

Corporate branding thus relies heavily on an organisation's members holding congruent perceptions about the nature of their brand. However, with corporate branding, the teams responsible for managing brands are becoming larger and the composition of their members more diverse. We define a brand management team as comprising those people responsible for designing and developing the brand strategy. This could include both internal staff (marketing, customer service, corporate affairs, etc.) and those in external agencies working on the brand. The potential for misperceptions of a brand internally, as well as externally, is therefore substantial. Perception depends on a person's expectations and previous knowledge as well as the information presented by the stimulus, in this case the brand (Eysenck and Keane, 1990). People at different seniority levels and from different departments tend to have differing information and decision criteria (Tjosvold, 1987). Thus managers and employees are likely to differ in their perceptions of their brand's identity. Indeed, research has shown that managers' perceptions may differ from each other (de Chernatony *et al*., 1993; Reger, 1990). Furthermore, differences in managers' functional backgrounds can result in selective perception and imperception (Beyer *et al*., 1997). Managers' perceptions have also been found to differ from those of sales staff (DelVecchio, 1998). Congruent perceptions will therefore be crucial in the successful management of corporate brands. Specifically, we propose: There is a positive correlation between brand performance and the congruence of the brand team members' perceptions about the nature of their brand; there is a positive correlation between brand performance and the congruence between the brand team's and consumers' perceptions about the nature of their brand; and there is a positive correlation between brand performance and the congruence between the brand team's and employees' perceptions about the nature of their brand.

Corporate branding involves multiple stakeholders interacting with numerous staff across many departments in an organisation (Mitchell, 1997). Effective corporate branding requires consistent messages about a brand's identity and uniform delivery across all stakeholder groups to create a favourable brand reputation. Internal consistency and congruency are vital to the successful external communication of corporate identity (Abratt, 1989). It is therefore important that managers identify mechanisms for surfacing diverse perceptions to resolve inconsistencies. Members of the brand team first need to surface their own perceptions and clarify their brand's intended identity. They should then work with employees to ensure their perceptions align with the intended brand identity. As a further coherency check, employees should be encouraged to provide feedback about how they believe consumers perceive the brand. To build a coherent brand identity, managers need to understand the factors that can affect the congruency of perceptions. This will help them identify potential problems and put in place appropriate mechanisms to minimise incongruity.

2.3.3 Creation of New Markets and Organisation Performance.

A market is a physical or non-physical place where goods are offered for sale and marketing the act or process of buying and selling in a market by means of commercial functions involved in transferring goods from producer to consumer. Market innovation is the process of exploring and exploiting new businesses through improvements in marketing activities. Innovation is key in creation of new markets for an organisation's products (Johne, 1999).

New markets do not emerge, nor do they appear. They are made by the activities of firms. New markets are created when firms correctly sense (by accident or by design) a latent need and communicate their solution to that need: markets spring into being when economic actors shift resources to that firm's solution. The most visible way to create a new market is to offer a product/service that is novel, thereby addressing needs that were not met (and perhaps not even sensed). Much of this chapter focuses on firms' efforts to develop and commercialize new offerings, and on how buyers respond, thereby creating new markets. However, new markets are also created when firms cultivate an underserved clientele with established products. Much of marketing is about how to bring new customers into a developed industry (as opposed to rearranging market shares among existing customers).

Marketing is a significant determinant of profitability; particularly in turbulent market environments since market oriented organisations are better placed to recognise impending market changes and to respond strategically (Pearce & Michael, 1997). MO adoption is linked directly to the marketing concept (Gounaris et al., 2004) and as such it is the foundation of specific marketing practices (Kohli, Jaworski, & Kumar, 1993) and specifically of the "responsiveness" to customers' needs and competitors' actions (Gounaris & Avlonitis, 2001; Jaworski & Kohli, 1993) However, this responsive element can be thought by some to be a myopic approach since the embracement of this philosophy might fail to discover new opportunities. To overcome this and to achieve MO's full potential an organisation needs to combine the principles underlying MO with the ones coming with the adoption of EO (Matsuno, Mentzer, & Özsomer, 2002). Organisational learning theory suggests that businesses should combine both an exploitative (i.e. being market oriented) and an explorative (i.e. being entrepreneurial oriented) approach in order to achieve effectiveness towards environmental challenges (Burgelman, 1991; Lumpkin & Dess, 1996; March, 1991)

Creation of new markets or market orientation is a business model that focuses on delivering products designed according to customer desires, needs, and requirements, in addition to product functionality and production efficiency (i.e. production orientation). It can also be defined as a form of organizational culture where employees throughout the organization are committed to continuously create superior customer value, or as a sequence of marketing activities that lead to better performance.

Years of business research have concluded that market oriented companies perform better than companies that are less market oriented. They focus on adapting their products and services to the needs and expectations of their customers, as opposed to product oriented businesses that focus on developing a product or service that is then marketed and hopefully sold (Grönroos, 2006). To achieve this customer focus, a firm with a high degree of market orientation cultivates a set of shared values and beliefs about putting the customer first in business planning, and reaps results in form of a defendable competitive advantage, decreased costs and increased profits (Desphandé, 1999). So, the market orientation concept is concerned with coordinated business intelligence generation, intelligence dissemination and responsiveness to market data and information for efficient and effective marketing management decisions. (Sundqvist, Puumalainen and Salminen, 2000; Kohli and Jaworski, 1990). Through the years, numerous scholars have found that market oriented behavior in marketing new products or services leads to better performance, has positive effects on customer satisfaction and loyalty as well as innovation, employee satisfaction and cooperation. A main finding was that profitability is a consequence of market orientation, and not a component of it. Kohli and Jaworski did not suggest that market orientation is an aspect of organizational culture.

Market orientation is the implementation of the market concept and a firm with a high degree of market orientation is one whose actions are consistent with this concept. Market intelligence is said to be the starting point of market orientation, and refers to the collection and assessment of data on customer´s current and future needs plus competitor data and government regulations that could influence those needs. Organizational learning plays a major role in the creation of a market orientation: managers/employees must continually gather, disseminate and communicate information around all departments of the company in both a formal and informal manner. It is important to acknowledge that this vital function is not the exclusive responsibility of the marketing or sales departments. This idea is in line with the importance of inter functional coordination within firms as recommended by Narver and Slater (1990), Slater and Narver (1993) and Shapiro (1998). Kohli and Jaworski propose three sets of antecedents for market orientation and they are senior management factors, interdepartmental dynamics and organizational systems.

Senior management has an important role to foster market orientation. Kohli and Jaworski state explicitly that the commitment of top managers is an essential prerequisite to a market orientation. Their job is to facilitate communication and data flows between organizational levels. Important characteristics that senior managers should have are a positive attitude towards change and organizational learning. They should not be too risk averse. Risk aversion was found to be a factor discouraging market orientation.

Kohli and Jaworski define interdepartmental dynamics as the formal and informal interactions and relationships among an organization's departments. Their study findings suggested that departments that have conflicts are not likely to be willing to share information and as such endanger a high market orientation. Connected departments on the contrary cooperate and create an atmosphere leading to a higher degree of market orientation. As such, they are an important antecedent to market orientation. The third set of antecedents to a market orientation relate to organization-wide characteristics. Expectedly, high formality and centralization levels create a barrier for market orientation because it obstructs information dissemination and knowledge sharing. Important customer messages or market knowledge that must travel a long way before they can be acted upon become irrelevant and obstruct market oriented behavior.

Levitt (1969) discusses departmentalization or specialization as a barrier to communication (and hence intelligence dissemination) which confirms this view. It is likely that an organizational system where all employees are aware that certain behavior leads to more profitability and hence higher bonuses will increase the degree of market orientation. Kohli and Jaworski call this responsiveness to market intelligence, which is generated and disseminated. Their study findings suggested that responsiveness involves the design in terms of employee response, Kohli and Jaworski conclude that market orientation leads to a cohesive product focus, clear leadership, better coordination of sales activities, a much better job of reviewing products from a worldwide basis and better differentiation. A market orientation provides psychological and social benefits to employees. The greater the level of market orientation is, the greater the (1) esprit de corps, (2) job satisfaction, and (3) organizational commitment of employees. In terms of customer response Kohli and Jaworski find that that a market orientation leads to more satisfied customers who spread the good word to other potential customers and keep coming back to the organization.

A greater market orientation is likely to lead to increased demand and sales, better margins, more market share and increased profits. Market oriented organizations typically have a long term focus related to profits and to implementing a high degree of market orientation (Felton, 1959). A short-run focus on profits is not inconsistent with long-run profit performance. According to Levitt (1980), the relationship between them is as follows: At all times a business attempts to create superior value for buyers. As competitors respond and diminish business´s buyer value superiority, the business discovers and implements additional value for its customers (i.e. it augments its product). To grow and survive in a competitive environment they must focus on long term investment strategies that are important for building the market orientation. Market orientation is not a business mode that can be switched on or off, which also implies a long term focus (Gudlaugsson 2004).

As discussed earlier, the first rigorous study of the effect of a market orientation on business performance done by Narver and Slater (1990) found a significant relationship between market orientation and return on investment (ROI) in a sample of business units belonging to one corporation operating in the forest products industry. As an indicator of the importance of this study, the Social Sciences Citation Index (http://scientific.thomsonreuters.com) show over 100 references to it and it is frequently cited in both marketing management and marketing strategy texts (e.g., Kotler,1994; Boyd, Walker, and Larreche, 1995; and in trade books (e.g., Barabba and Zaltman, 1991; Desphandé, 1999).

Market orientation is said to be influenced by the business environment and competition levels (Houston, 1986). In an article by Paul D. Ellis published in 2005 it says that the strong relationship between market orientation and performance materializes in strong economies like the United States (Kohli and Jaworski, 1993; Slater and Narver, 1994) and the Netherlands (Langerak, 2001) but not at all in weaker economies with less knowledgeable consumers, less competition and less capitalism. Icelanders are very knowledgeable consumers but quit price insensitive. The Icelandic culture is materialistic but due to the small population, there isn´t much competition. The fact that there are only 4 consumer banks in Iceland confirms that. One might expect that the Icelandic culture is made of Nordic ingredients, spiced up with American and European influences. It is through the continuous creation of superior customer value that a business creates its long-run profit performance. A short period marketing campaign or sales action might boost sales, but the organizational image and generation of repeat-customers only evolves over time along with reputation and "good word of mouth".

2.4 Conclusion

Based on the findings from previous researches, the researcher went on to collect field data needed to examine the correlation and effect of innovation on organisational performance, studying BCU as a case study.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology used during the study. It is presented in sections including; research design, area of study, study population, sampling procedure, data collection, quality control, data management and processing, data analysis, ethical consideration, limitation to the study and conclusion.

3.1 Research Design

The study used a descriptive case study research design. With a descriptive research design, respondents explained and described key issues about the important variables of the study. Descriptive research was deemed appropriate because the design determines and reports the way things are and presents an opportunity to fuse both quantitative and qualitative data for a cross section of the population (Sekaran, 2003). The case study strategy has strength in its ability to examine in-depth a case within its real-life context and it is pertinent when the research addresses descriptive questions of what happened and how it happened or when a researcher wants to illuminate a particular situation, to get an in-depth understanding of the situation (Yin, 2004).

A mixed research study approach was used and according to Creswell, (2012) mixing both quantitative and qualitative approaches complementarily helps understand a research problem better and minimises the limitation of using either quantitative or qualitative approach by itself; uses a variety of data sources; has a possibility of using multiple perspectives to interpret results; and can use multiple methods to study a research problem.

3.2 Area of Study

The Research study was carried out in Bugisu Cooperative Union situated on Plot 46 Pallisa Road, Industrial Division, Mbale Municipality, Mbale District in Bugisu sub-region in Eastern Uganda. Bugisu is found on the slopes of Mt. Elgon. The focus was mainly at their office in Mbale. In terms of content, this thesis identified the different types of innovation and gave an overview of how organizational structure elements should be designed in favour of the different types and how establishing these innovation types in an organisation can boost its performance.

3.3 Study Population

The study population comprised employees of Bugisu Cooperative Union who were drawn from various departments of administration, production, finance and marketing departments: As per BCU staff list of May 2016, the Union had 45 staff. The population distribution is presented in table 3.1.

Table 3.1: The Distribution of the Study Population of 45 Staff

S/No.	Category of Staff	Population Size
1	Administration Department	9
2	Production Department	13
3	Finance Department	11
4	Marketing Department	12
	Total	**45**

Source: Bugisu Cooperative Union Staff List, May 2016.

3.4 Sampling Procedures

3.4.1 Sample Size

It is not always practical to gather data on every possible observation in the population (Wegner, 1998). Therefore, observation from a subset of the population, called a sample is usually gathered. Out of a population of 45 staff, a sample size of 40 respondents was derived using the Krejcie and Morgan, (1970) table for determining sample size as indicated in Appendix 3.

3.4.2 Sampling Techniques

The study adopted probability sampling technique. Simple-random sampling was used to select questionnaire respondents. This helped to reduce bias and therefore increased the validity and reliability of findings. Table 3.2 shows details regarding sample size and sampling techniques used.

Table 3.2: The Distribution of the Sample Size of 45 out of a Population of 40

S/No.	Category of Staff	Population Size	Sample Size	Sampling Technique
1	Administration Department	9	9	Census Sampling
2	Production Department	13	10	Stratified Sampling
3	Finance Department	11	9	Stratified Sampling
4	Marketing Department	12	12	Census Sampling
	Total	**45**	**40**	

Source: Bugisu Cooperative Union Staff List, May 2016.

3.5 Sampling Techniques

The selection of the respondents was done using census sampling and stratified random sampling techniques.

3.5.1 Census Sampling

Census sampling is a form of matrix sampling that eliminates errors and provides data on all the individuals in the population (Glenn 1992). This technique focuses on units investigated that are based on the judgement of the researcher. Census sampling was used to select administrative staff and marketing staff because they were few and had vital information for the study.

3.5.2 Stratified Sampling

Stratified random sampling is where the researcher uses a quota of subsets to ensure that all groups are fairly represented. The respondents to be interviewed were determined by calculated probability. This method provides equal chances for all the groups to be selected and this avoids bias (Mugenda 1999).

This method was used to select production and finance staff because the research believed each of them had a chance of being selected independently of the other. This method is reliable, generalist and representative (Sarantakos 1998).

3.6 Data Collection Methods and Instruments

Data was collected both from primary and secondary data sources. The researcher used the following methods for data collection; Questionnaire surveys as the main method, supplemented by interviews and documentary review.

3.6.1 Questionnaire Survey

The questionnaire survey was the primary data collection method used with a view of making statistical deductions about the population being studied after collecting data from the sample population selected randomly. Questionnaires were handed directly to selected respondent. Questionnaire survey was convenient in terms of cost effectiveness and also ensured a good response rate when selected respondent were given time to respond to questions at their convenience. The questionnaires were given to all the respondents because they are able to read and write. Respondents were able to provide extra information that the questionnaires did to capture.

Questionnaire Instrument

The questionnaire instruments were administered through drop and pick method to the respondents. The questionnaire instrument was designed to ensure that the correct research questions are addressed and that accurate and appropriate data for statistical analysis was collected (Wegner, 1998). Accordingly, the questionnaire was designed taking into consideration three objectives of the study, to collect both qualitative and quantitative data. The questions asked were clear, non-offensive and easy to respond to; this helped ensure a high response rate. The questionnaire instrument is attached under appendix 1.

3.7 Quality Control Methods

3.7.1 Reliability

In order to safeguard reliability of the questionnaire data collection instrument, the researcher used the Test-retest technique of testing reliability where the data collection instruments were administered to BCU staff who were not part of the study sample. The researcher pre-tested the questionnaire on 15 selected respondents from pilot study. This helped the researcher to ascertain the reliability of the instruments after coding and running the results in Statistical Package for Social Sciences using Cronbach's Alpha test of reliability (Cronbach, 1951). The researcher adopted 0.7 alpha as the adequate reliability as recommended by Cortina, (1993). The results out of the final SPSS reliability test are illustrated in table 3.3.

S/No.	Section	Cronbach's Alpha	N of Items
1	Product Innovation	0.878	9
2	Branding Innovation	0.834	6
3	Creation of New Markets	0.897	6
4	Organisational Performance	0.880	9
5	Full Questionnaire	0.943	34

Source: Field data (2016)

Table 3.3 shows a Cronbach reliability alpha of 0.878 for product innovation, an alpha of 0.834 for branding innovation, 0.897 for creation of new markets, and an alpha of 0.897 for organisational performance. The overall reliability test for the whole instrument revealed an alpha of 0.943 and therefore the study used the questionnaire instrument having adopted an average alpha higher than 0.7 as recommended by Cortina (1993). Details are presented under appendix 5.2.

3.7.2 Validity

The study emphasized face and content validity. To ensure face validity, the instruments were given to the research supervisors, and peer researchers for further scrutiny and analysis to point out areas with deficiencies and on the basis of their opinion. Changes were made to the instruments so as to increase their face validity.

After face validity, content validity was tested. The researcher constructed data collection instruments with an adequate number of items and ensured that questions were linked to the objectives of the study so that all items were covered on a full range of issues being measured. The researcher used content validity index to calculate content validity. The Questionnaire instrument was given to three management consultants for their expert opinion on the validity of instrument items. The content validity index that indicated the extent of expert agreement was calculated using a formula:

$$\text{Content validity index} = \frac{\text{Number of valid items}}{\text{Number of total items.}}$$

By using the formula above the content validity index was calculated as shown in table 3.4 using the scoring of three management consultants who showed the number of valid inquiries out of the total of 34 inquires.

Table 3.4: Content Validity Index Calculation

Particulars	**First Score**	**Second Score**	**Third Score**	**Average Score**
Number of Total items	34	34	34	34
Number of Valid Items	29	30	30	29.6
Content Validity Index	0.85	0.88	0.88	0.87

Source: Field data (2016)

Table 3.4 shows an average content validity index of 0.87 calculated using three scores from three management consultants. The study adopted a ratio of 0.87 basing on the recommendation of Cano-Cappellacci, et al, (2015) of 0.8 or higher as the standard for establishing excellence in a scale's content validity. Therefore the tool was deemed valid and used for data collection.

3.8 Data Management and Analysis

The researcher ensured data management by designating responsibilities of every individual involved in the study; adequately stored and backed up data collected; ensured data security by providing for data access and stability.

The researcher used both qualitative and quantitative data analysis techniques to analyse data, summarize the essential characteristics and relationship of the data in order to form generalizations. Before processing the outcome, the completed questionnaires were edited for completeness and consistency, and were quantified, using a scales of **1-** strongly agree, **2-** agree, **3**– neutral, **4-** disagree, **5-** strongly disagree.

3.8.1 Quantitative Analysis

All completed questionnaires were rechecked for consistency and completeness. Coding and computerization will be done after creation of data analysis fields in the Statistical Package for the Social Sciences (SPSS) for statistical analysis. Simple frequencies were used to analyse respondents, while correlation and coefficient of determination were used to establish the effect of the independent variable on the dependent variable.

3.8.2 Qualitative Analysis

Qualitative data was analysed using content analysis where the respondents' views on the effect of product innovation, branding innovation and creation of new markets on organisational performance were arranged as relevant to objectives, to form rich narratives and descriptive summaries of what the respondents said. These were presented in form of explanatory statements and quotations.

3.9 Ethical Consideration

The study was subjected to ethical clearance from the university and Bugisu Cooperative Union. Informed consent was also sought from the subjects involved in the data collection. Further, confidentiality of collected information was ensured by clients not providing names or any identities. The respondents were made comfortable and protected from any physical and mental harm in the course of the data collection. Initial findings of the research were presented to Bugisu Cooperative Union before any publication is made.

Before each interview, the research assistant first introduced him/herself to the respondent, the objectives and the possible outcomes of the study are to be explained to them. The researcher will also explain how the information provided will be used and how it will be kept confidential. After each interview the questionnaires were scrutinized for completeness and consistency. Where incompleteness, errors and inconsistencies will be observed, the necessary corrections will be made.

3.10 Limitations to the Study

This research showed some interesting limitations. Due to time constraints it was solely focused on secondary data. Therefore, no precise answer can be given to the problem statement. It cannot be said to what extent the organizational structure may encourage innovative ideas in order to enhance organizational performance.

The researcher anticipated Limited Corporation especially from employees of Bugisu Cooperative Union for fear of being spied on by competitors. However the researcher tried as much as possible to explain to them the purpose of this study and also present her university identity card and this was overcome.

3.11 Conclusions

This chapter set out the methodology that was adopted to undertake the research. A descriptive design was adopted involving a case study strategy, associated with a mixed research approach. The sample size was arrived at by the use of purposive and simple random sampling techniques. The key method and instrument of data collection used was questionnaires supplemented by face to face interviews and documentary review. Ethical considerations were addressed, with the key issues being confidentiality and academic use of the research findings.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the findings from the study, interpretation and analysis of both the primary and secondary data on innovation and organisational performance at Bugisu Cooperative Union. The data obtained from the field were presented and analysed using frequency tables, percentages, correlation and regression. Correlation was used to draw conclusions and answer the research questions.

4.1 Response Rate

The study established the response rate to know if it was sufficient or insufficient to determine the reliability of the actual findings from the research. (Shaughnessy et al, 2006). The results are presented in the table 4.1 below:

Table 1.1 response rate of the respondents

Details	Response	Non response	Expected response	Return rate (%)
Numbers	40	00	40	100

Source: Researcher 2016

The table 4.1 above shows that all the respondents the researcher sought to interview or fill questionnaires were accessed, they filled the questionnaires and returned them to the researcher and the interviews were successful conducted giving a 100% return rate. This gives an implication that the findings and recommendation are validated. (Shaughnessy et al, 2006).

4.2 Demographic Information

The researcher investigated some demographic information of the respondents including age, gender, period worked, and education level. This helped the study to generate a more accurate picture of the group of persons at BCU who had knowledge about or were responsible for innovation and organisational performance.

4.2.1 Age of the Respondents

The age of the respondents was captured to gain an insight about the successive planning at BCU in regard to innovation and the results are illustrated in Table 4:1.

Table 4.1: Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 years and below	3	7.5	7.5	7.5
	21-30 years	19	47.5	47.5	55.0
	31-40 years	12	30.0	30.0	85.0
	41 years and above	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Source: Primary data (2016)

The findings in table 4.1 show that 3 respondents were below the age 20 years representing 7.5%. 19 respondents were between 21 to 30 years representing 47.5%. 38 respondents were between 31 to 40 years representing 30%; while 6 respondents were above 40 years representing 15%. This implies that there is a balance in age categories of workers which indicated good successive planning. Therefore the company is likely to remain stable in respect of innovative initiatives by avoiding probable interruptions in case of retirement or resignation of knowledgeable staff.

4.2.2 Gender of Respondents

The gender of the respondents was captured and categorized into male and female. The study captured gender to establish the participative level of male and female innovators at BCU. Gender of respondents is illustrated in table 4.2.

Table 4.2: Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	16	40.0	40.0	40.0
	Female	24	60.0	60.0	100.0
	Total	40	100.0	100.0	

Source: Primary data (2016)

Findings in table 4.2 revealed that male respondents constituted 40% of the sample and 60% were female. This perhaps means that most of the suitably qualified applications for the jobs at BCU are women. The study did not recognise variations in responses based on gender.

4.2.3 Period Worked with BCU

Another category the study used to find out demographic information about respondents was the period of service. The researcher intended to find out, for how long the respondents had worked at BCU to ensure that the respondents actually had knowledge and expertise about what they were reporting. The findings from this category are as stated in the table 4.3.

Table 4.3: Period Worked with BCU

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one year	6	15.0	15.0	15.0
	2-7 years	21	52.5	52.5	67.5
	8-13 years	9	22.5	22.5	90.0
	More than 14 years	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

Source: Primary data (2016)

Table 4.3 indicates that 15% of responses had not completed a year at BCU. 52.5% were in the range of 2 to 7 years at BCU. 22.5% had served between 8 to 13 year and 10% had served for more than 14 years. This implies that a sizable portion of the respondents had worked at BCU for a period of over 5 years therefore they had experience with the company's marketing innovation and the organisation's performance for the period under study. This indicated that this experience can be used to improve marketing innovation and orient new employees on marketing innovation to achieve better organisational performance. Experience also implied that the information given by respondents during the study may be reliable.

4.2.4 Level of Education of Respondents

The researcher was interested in the level of education of respondents in order to establish whether employees had the required knowledge, understanding and skills to perform their duties and understand the guidelines pertaining to innovation and BCU performance. The education status of respondents is illustrated in table 4:4.

Table 4.4: Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary level	1	2.5	2.5	2.5
	"O" level	2	5.0	5.0	7.5
	"A" level	5	12.5	12.5	20.0
	Diploma level	10	25.0	25.0	45.0
	Graduate level	19	47.5	47.5	92.5
	Post Graduate Level	3	7.5	7.5	100.0
	Total	40	100.0	100.0	

Source: Primary data (2016)

From table 4.4, out of the 40 respondents, 1 representing 2.5% had stopped at primary level. 2 respondents representing 5% had attained at least ordinary certificate of education. Advanced level certificate holders were 5 representing 12.5% while Diploma holders were 10 representing 25%. Degree holders were 19 representing 47.5% of total respondents. 3 respondents had attained post graduate qualifications and they represent 7.5%. This implied that all respondents had attained a certain level of formal education that would help them in understanding the guidelines for innovation and that the responses given would be perceived to be a true expression of their understanding of innovation and organisational performance.

4.3 Marketing Innovation and Organisational Performance

The results of section B of the questionnaire are presented below, designed to address the objectives and research questions.

4.3.1 Objective One: To Examine the Effect of Product Innovation on Organisational Performance of BCU.

This subsection focused on product innovation and how it affected BCU performance. The study intended to find out whether BCU encourages staff to be product innovative, whether the product innovation process is understood by all staff, whether staff were involved in the designing of new products. the study also sought to find out whether there was enough training before new products were rolled out, whether BCU considers customer feedback on product quality, whether BCU has appropriate review of product development process, whether BCU adopts new production processes and technology to improve product quality, whether product innovation has helped reduce production costs, and whether product innovation has a positive effect on BCU performance. Table 4.5 presents responses on product innovation at BCU.

Table 4.5: Responses about Product Innovation at BCU

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
BCU encourages staff to be product innovative	2 (5%)	6 (15%)	-	12 (30%)	20 (50%)
The Product innovation process is understood by all staff	-	7 (17.5%)	4 (10%)	15 (37.5%)	14 (35%)
I am involved in the designing of new products	-	4 (10%)	7 (17.5%)	18 (45%)	11 (27.5%)
There is enough training before new product roll-out	2 (5%)	3 (7.5%)	6 (15%)	22 (55%)	7 (17.5%)
BCU considers customer feedback on product quality	2 (5%)	3 (7.5%)	6 (15%)	23 (57.5%)	6 (15%)
BCU has appropriate review of product development process	-	4 (10%)	13 (32.5%)	6 (15%)	17 (42.5%)
BCU adopts new production processes and technology to improve product quality	1 (2.5%)	3 (7.5%)	6 (15%)	14 (35%)	16 (40%)
Product innovation has helped reduce production costs	-	4 (10%)	9 (22.5%)	19 (47.5%)	8 (20%)-
Product innovation has a positive effect on BCU performance	-	5 (12.5%)	4 (10%)	25 (62.5%)	6 (15%)

Source: Primary data (2016)

On whether BCU encourages staff to be product innovative, results in table 4.5 indicted that 80% of respondents agreed, while 20% disagreed. This implies that BCU encourages its staff to come up with innovative ideas to improve its products. Such innovative ideas help in improvement of quality of coffee the major product of BCU which eventually leads to an improvement in organizational performance.

As to whether the product innovation process was understood by respondents, Table 4.5 shows that 72.5% agreed, 17.5% of respondents disagreed, and 10% were neutral. This means that BCU communicates and involves its staff in the marketing innovation process. Effective communication of the marketing innovation process encourages participation of concerned members and makes it possible for an effective implementation of the process which is necessary for achievement of the desired objectives and improvement of organizational performance.

Results from table 4.5 concerning whether individual respondents were involved in the designing of new products, 72.5% of the respondents agreed, 10% disagreed while 17.5 remained undecided. This means that BCU involved its staff in the creation of new products or betterment of the existing coffee products. These findings are in agreement with earlier findings where BCU effective communicated the innovation processes and ensures that the innovation process is understood by the internal stake holders. Involvement of staff is important for boosting their morale and motivation which are ingredients for improved organizational performance.

On finding out whether there is enough training before new product roll-out, 72.5% agreed, 12.5% disagreed, while 15% remained neutral. This means that BCU trains its staff in regard to the characteristics of the new product for example organic coffee before rolling such product out to farmers who are the suppliers of raw coffee and customer. This prior training empowers employees to better explain to customers and farmers thereby boosting BCU's corporate image. In addition training enhances employee skills and morale which in turn leads to better organizational performance.

As to whether BCU considers customer feedback on product quality, 72.5% agreed, 12.5% disagreed and 15% were neutral. This means that BCU collects and acts on customer feedback in a bid to improve on it on its products and serve customers better. This builds customer royalty and a good corporate image. Acting on customer feedback also helps in improving sales which in turn helps in improving organisational performance.

Results in table 4.5 as to whether BCU has appropriate review of the product development process show that, 57.5% of the respondents agreed, 10% disagreed while 32.55 we neutral. This implies that BCU reviews it product development process to suit the needs of its customers. However the agreeing respondents' ratio was lower as compared to other inquires. This means that product development is still low. This was confirmed by one interview respondent who commented that "BCU can improve on product development by processing its coffee to sale only finished products not raw pulped coffee beans. Enhanced product development would boost the value of BCU products which would in turn boost BCU's revenues and thereby improving organizational performance.

As to whether BCU adopts new production processes and technology to improve product quality, results showed that 75% agreed, 10% disagreed and 15% were neutral. This implies that BCU changes its coffee processing techniques to better improved processes using better technology to boost the quality of coffee of coffee beans sold. On interview respondent indicated that BCU uses electronic coffee washers to boost the cleanness (quality) of coffee bean. This improved quality of coffee is one way BCU is boosting its organizational performance.

Results in table 4.5 as to whether product innovation has helped reduce production costs, 67.5% agreed, 10% disagreed, while 22.5% were neutral. This means that innovations to products and the production process have helped BCU reduce on the operation cost. This can be in form of reduced wage bills resulting from the use of electric coffee washing stations. By reducing operational costs, BCU is in position to enhance its organizational performance by increasing its profitability.

Whether product innovation has a positive effect on BCU performance, 77.5% of the respondents agreed, 12.5% disagreed, while 105 remained neutral. This implies that by improving on product innovation, BCU is in position to simultaneously improve on organizational performance in terms of improved productivity, profitability, and improved corporate image. As earlier discussed, this improved organizational performance can be achieved through improved product quality, reduced costs, and improved corporate image. This is in agreement with the findings of Odumeru (2013), who concluded that for organisations to achieve their goals and be successful, they have to be innovative.

4.3.1.1 Correlation between Product Innovation and Organisational Performance.

Correlation between product innovation and organizational performance was conducted and results are shown in table 4.6.

Table 4.6: Correlation between Product Innovation and Organizational Performance

		Product Innovation	Organisational Performance
Product Innovation	Pearson Correlation	1	.755**
	Sig. (2-tailed)		.000
	N	40	40
Organisational Performance	Pearson Correlation	.755**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Source: Primary data (2016)

Findings in the table 4.6 above revealed that there is a significant positive effect of product innovation and organisational performance with a Pearson correlation coefficient at R = 0.755** at level of significance p = 0.01 (2 tailed). This indicates that an improvement in product innovation leads to an improvement in organisational performance. The view therefore is that the management of BCU should enhance product innovation if organisational performance is to improve.

Product innovation and organisational performance model summary revealed results as shown in table 4.7.

Table 4.7: Model Summary of Product Innovation and Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755[a]	.570	.559	.43351

a. Predictors: (Constant), Product Innovation

Source: Primary data (2016)

The model summary table 4.7 above revealed that correlation coefficient (R) using predictor Product Innovation is 0.755, and the coefficient of determination (R^2) of 0.570. This means that 57% (0.570*100) variations in organisational performance are explained by product innovation while the remaining 43% is explained by other factors.

4.3.2 Objective Two: To Examine the Effect of Branding Innovation on Organisational Performance of BCU.

In a bid to achieve objective two, the study sought to find out whether BCU encourages innovativeness in branding, whether staff are equally involved in the branding process, whether the brand image of BCU has a positive effect on customer royalty, whether branding innovations have enabled BCU manage competition, whether branding innovation has built employee commitment at BCU, and whether BCU branding leads to improved overall organisational performance. Results are shown in table 4.8 below.

Table 4.8: Responses about Branding Innovation at BCU

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
BCU encourages innovativeness in branding	-	4 (10%)	13 (32.5)	13 (32.5%)	10 (25%)
Staff are equally involved in the branding process	-	4 (10%)	7 (17.5%)	22 (55%)	7 (17.5%)
The brand image of BCU has a positive effect on customer royalty	-	6 (15%)	18 (45%)	13 (32.5%)	3 (7.5%)
Branding innovations have enabled BCU manage competition	-	8 (20%)	7 (17.5%)	25 (62.5%)	-
Branding innovation has built employee commitment at BCU	-	8 (20%)	8 (20%)	18 (45%)	6 (15%)
I believe that BCU branding leads to improved overall organisational performance	-	4 (10%)	8 (20%)	24 (60%)	4 (10%)

Source: Primary data (2016)

Results in table 4.8 as to whether BCU encourages innovativeness in branding, 57.5% agreed, 10% disagreed and 32.5% were neutral. This means that BCU indeed encourages innovativeness in branding. Such innovativeness can be depicted in the slogans, organisational logo and the trading name. One interview respondent noted that "BCU is undergoing a revival to elevate the union to its olden glory." Such a process required innovative ideas to promote the BCU brand. Having a good brand translated into good organisational performance.

As to whether staff are equally involved in the branding process, results in table 4.8 show that 72.5% agreed, 10% disagreed and 17.5% were neutral. This implies that BCU gives equal opportunities to all staff to generate marketing innovative ideas needed to uplift the BCU brand. Equal involvement reflects good information dissemination and empowerment to staff. This helps management to solicit ideas from staff that can be used to improve the BCU brand and elevate the corporate image while motivating staff at the same time. This would translate into improved organisational performance.

On finding out whether the brand image of BCU has a positive effect on customer royalty, 40% agreed, 15% disagreed, and 45% were undecided. Whereas the undecided were the majority, the proportion agreeing was bigger than the proportion disagreeing. This implies that the brand image of BCU has a mild positive effect on customer royalty. This means that BCU management has not built a strong brand image that could boost customer royalty.

As to whether branding innovations have enables BCU manage competition, results show that 62.5% agreed, 20% disagreed, and 17.5% were neutral. This means that BCU can use branding innovations to gain competitive advantage. Such innovations would help lift the image of the organisation and strengthen customer royalty. A competitive advantage is important for attainment of a better organisational performance.

Whether branding innovation has built employee commitment at BCU, 60% agreed, 20% disagreed and 20% were neutral. This means that management of BCU is implementing branding innovation intended to elevate the image of the organisation in the eyes to the employees to boost employee commitment. Such employee commitment is important to reduce costly employee turnover and boost employee morale and motivation to work hard and enhance organisational performance. One interview responded confirmed this by noting that "employee commitment has improved at BCU as the Union is experiencing reduced staff turnover."

As to whether respondents believed that BCU branding led to improved overall organisational performance, 70% agreed, 10% disagreed, while 20% remained neutral. This implies that management can boost organisational performance by improving on branding. Through branding BCU can achieve both customer and employee royalty and commitment, and an improved corporate image. These would all translate into improved productivity, profitability and general organisational performance.

4.3.2.1 Correlation between Branding Innovation and Organisational Performance.

Correlation between branding innovation and organizational performance was conducted and results are shown in table 4.9.

Table 4.9: Correlation between Branding Innovation and Organizational Performance

		Branding Innovation	Organisational Performance
Branding Innovation	Pearson Correlation	1	.593**
	Sig. (2-tailed)		.000
	N	40	40
Organisational Performance	Pearson Correlation	.593**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Source: Primary data (2016)

Findings in the table 4.9 above revealed that there is a significant positive effect of branding innovation and organisational performance with a Pearson correlation coefficient at R = 0.593** at level of significance p = 0.01 (2 tailed). This indicates that an improvement in branding innovation leads to an improvement in organisational performance. The view therefore is that the management of BCU should enhance branding innovation if organisational performance is to improve.

Branding innovation and organisational performance model summary revealed results as shown in table 4.10.

Table 4.10: Model Summary of Branding Innovation and Organisational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593[a]	.352	.335	.53231

a. Predictors: (Constant), Branding Innovation

Source: Primary data (2016)

The model summary table 4.10 above revealed that correlation coefficient (R) using predictor Branding Innovation is 0.593, and the coefficient of determination (R^2) of 0.352. This means that 35.2% (0.352*100) variations in organisational performance are explained by branding innovation while the remaining 64.8% is explained by other factors.

4.3.3 Objective Three: To Examine the Effect of Creation of New Markets on Organisational Performance of BCU.

In pursuit of objective three, the study set to find out whether BCU has the potential to identify new markets, whether BCU proactively exploits the identified new markets to improve sales. Whether employees are adequately prepared to serve the new markets, whether there is adequate feedback collection from new markets. Whether new markets have reduced marketing related cost and whether new markets have improved the overall performance of BCU. Findings are presented in table 4.11.

Table 4.11: Responses about Creation of New Markets at BCU

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
BCU has the potential to identify new markets	-	4 (10%)	3 (7.5%)	24 (60%)	9 (22.5%)
BCU proactively exploits the identified new markets to improve sales	-	6 (15%)	5 (12.5%)	20 (50%)	9 (22.5%)
Employees are adequately prepared to serve the new markets	-	6 (15%)	16 (40%)	15 (37.5%)	3 (7.5%)
There is adequate feedback collection from new markets	-	7 (17.5%)	5 (12.5%)	22 (55%)	6 (15%)
New markets have reduced marketing related costs	2 (5%)	4 (10%)	6 (15%)	26 (65%)	2 (5%)
New markets have improved the overall performance of BCU	2 (5%)	4 (10%)	3 (7.5%)	25 (62.5%)	6 (15%)

Source: Primary data (2016)

From table 4.11, findings as to whether BCU has the potential to identify new markets, 82.5% agreed, 10% disagreed and 7.5 were undecided. This implies that indeed BCU has the potential to look for and identify new markets for its coffee products. Such new markets are fundamental for the boosting of sales and increasing of the productivity and profitability. One interview respondent noted that, "BCU has a big potential market across the Ugandan border to serve especially South Sudan and the International market."

As to whether BCU proactively exploits the identified, 72.5% agreed, 15% disagreed and 12.5 were neutral. This implies that BCU has the potential and indeed exploits the identified new markets to increase its sales. However, in relation to whether BCU has the potential to identify new markets, the proportion of agreeing respondents reduced while the disagreeing and neutral respondents increased. These points at minimal potential to exploit the identified new markets in a bid to increase sales. One interview respondent had a view that, "BCU is a sleeping giant which has not adequately tapped into the international market, the way it is expected to have tapped into the international market." therefore in a bid to improve organisational performance, BCU needs to take more efforts in exploiting the potential of new markets identified.

Whether employees are adequately prepared to serve the new markets, table 4.11 shows that 45% agreed, 15% disagreed, while 40% were neutral. This means that to a small extent, employees are trained and equipped with skills to deal with the new markets. However to a large extent employees are not well prepared to serve the new markets. Alternatively employee preparation for the new markets is done only for a selected few employees perhaps in the marketing and sales department. Employee preparation is vital in achieving good customer service and establishing a good corporate image which in turn would lead to better organisational performance.

As to whether there is adequate feedback collection from new markets, 70% of the respondents agreed, 17.5% disagreed while 12.5% were neutral. This implies that BCU collects feedback from the served new markets. Such feedback is important to ascertain the needs to the customers to enable BCU serve its new customers better. By serving customers in a better way the organisation would be on the right track to improving its performance.

Whether new markets have the reduced marketing related costs, 70% of the respondents agreed, 15% disagreed, while 15% were neutral. This implies that the new markets identified are served at lower costs than the existing markets. Alternatively, the existing markets have provided a platform for the better serving of the new markets. This reduction in cost may take form of reduced incremental advertising and employee remuneration. The ability to serve a new market at a lower cost is important for improvement in the organisational performance.

As to whether the new markets have improved the overall performance of BCU, 77.5% agreed, 15% disagreed and 7.5% were neutral. This means that by being able to identify new markets and supplying to those markets, BCU has been able to improve its productivity, profitability and corporate image. New markets supplement the existing ones and boost the sales volumes and sales revenue.

4.3.3.1 Correlation between Creation of New Markets and Organisational Performance.

Correlation between Creation of new markets and organizational performance was conducted and results are shown in table 4.12.

Table 4.12: Correlation between Creation of New Markets and Organisational Performance

		Creation of New Markets	Organisational Performance
Creation of New Markets	Pearson Correlation	1	.685**
	Sig. (2-tailed)		.000
	N	40	40
Organizational Performance	Pearson Correlation	.685**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Source: Primary data (2016)

Findings in the table 4.12 above revealed that there is a significant positive effect of creation of new markets and organisational performance with a Pearson correlation coefficient at R = 0.685** at level of significance p = 0.01 (2 tailed). This indicates that an improvement in creation of new markets leads to an improvement in organisational performance. The view therefore is that the management of BCU should enhance creation of new markets if organisational performance is to improve.

Creation of new markets and organisational performance model summary revealed results as shown in table 4.13.

Table 4.13: Model Summary of Creation of New Markets and Organisational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.685[a]	.469	.455	.48202

a. Predictors: (Constant), Creation of New Markets

Source: Primary data (2016)

The model summary table 4.13 above revealed that correlation coefficient (R) using predictor creation of new markets is 0.685, and the coefficient of determination (R^2) of 0.469. This means that 46.9% (0.469*100) variations in organisational performance are explained by creation of new markets while the remaining 53.1% is explained by other factors.

4.3.4 Organisational Performance of BCU.

The study sought to find out whether BCU was experiencing increase coffee processing in the past two years, whether BCU was experiencing better asset utilisation and whether BCU was experiencing ease with acquisition of raw coffee from farmers. The study also set to find out whether BCU had experienced increased sales revenue in the two years, whether the return on capital employed has improved for the past two years, and whether the Return of Equity had improve for the past two years. In addition the study sought as to whether BCU had experienced an increase in the customer base of the company, whether BCU was experiencing an improvement in its corporate image, and BCU is experiencing reduced employee turnover. Findings are presented in table 4.14.

Table 4.14: Responses about Organizational Performance at BCU

Productivity	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
BCU has experienced increase coffee processing in the past two years		4 (10%)	9 (22.5%)	22 (55%)	5 (12.5%)
BCU is experiencing better asset utilisation		4 (10%)	8 (20%)	21 (52.5%)	7 (17.5%)
BCU is experiencing ease with acquisition of raw coffee from farmers	2 (5%)	2 (5%)	9 (22.5%)	23 (57.5%)	4 (10%)
Profitability					
BCU has experienced increased sales revenue in the two years		6 (15%)	2 (5%)	25 (62.5%)	7 (17.5%)
The return on capital employed has improved for the past two years	2 (5%)	4 (10%)	13 (32.5%)	16 (40%)	5 (12.5)
The Return of Equity has improve for the past two years		4 (10%)	7 (17.5%)	23 (57.5%)	6 (15%)
Corporate Image					
BCU has experience an increase in the customer base of the company	2 (5%)	4 (10%)	7 (17.5%)	24 (60%)	3 (7.5%)
In my opinion BCU is experiencing an improvement in its corporate image	-	6 (15%)	7 (17.5%)	22 (55%)	5 (12.5%)
BCU is experiencing reduced employee turnover	-	5 (12.5)	6 (15%)	16 (40%)	13 (32.5%)

Source: Primary data (2016)

As to whether BCU had experienced increased coffee processing in the past two years, table 4.14 shows that 67.5% agreed, 10% disagreed, and 22.5% were neutral. This implies that BCU's productivity had increased in the past two years. This may be as a result of new markets creation. By increasing processing it implies that the volume of business is increasing that demands for more products. This also implies better organisational performance.

Whether BCU is experiencing better asset utilisation results in table 4.14 reveal that, 70% agreed, 10 disagreed, and 20% were neutral. This implies that BCU is improving in its asset utilisation to improve on its performance. “BCU has enormous assets accumulated over the years especially land and buildings. A key success factor lies behind profitable utilisation of these assets” (recounted by one respondent).

As to whether BCU is experiencing ease with acquisition of raw coffee from famers, table 4.14 shows that 67.5% agreed, 10 disagreed, and 22.5% were neutral. This implies that BCU is easily accessing coffee from farmers. This increased coffee supply helps to sustain the increment in coffee processing and serving of the new markets. However, one interview respondent noted that “BCU is increasingly facing stiff competition from private coffee traders to pay slightly higher prices for coffee from farmers.”

As to whether BCU has experience increased sales revenue in the past two years, results in table 4.14 show that 80% agreed, 15% disagreed, while 5% were neutral. This means this BCU has experience an increase in the sales volumes and sales revenue. Increased coffee sales yield increase revenue which in turn boost profitability. One interview respondent confirmed this by noting that, “after a long time of meagre sales, BCU is steadily realising increased sales revenue.”

Whether return on capital employed has improved for the past two years, 52.5% agreed, 15% disagreed, and 32.5% were neutral. This implies that return on capital employed improved for the past two years. This means that management is improving in the efficient utilisation of resources entrusted to them. This is a positive trend to improvement in the organisational performance.

As to whether the return on equity has improved for the past two years, 72.5% agreed, 10% disagreed, while 17.5 were neutral. This implies that the shareholders' value is growing for the past two years. It also means that management are more efficiently utilising the resources entrusted to them by the owners of the Union. Improvement in return on equity points at improved business profitability.

In finding out whether BCU has experience an increase in the customer base, 67.5% agreed, 15% disagreed, while 17.5 were neutral. This implies that BCU is experiencing an increase in the number and diversity of customers being served. This means that BCU is not relying on a few customers but rather increasingly relying on many customers. This can be explained by the new markets being identified and served. Diversified customers are good for business sustainability and reduction of business risk on relying on a few customers. This indeed is an improvement in organisational performance.

As to whether BCU was experiencing an improvement in its corporate image, results in table 4.14 show that 67.5% agreed, 15% disagreed, and 17.5% were neutral. This implies an improvement in the corporate image of BCU. BCU is rebranding to improve it corporate image and revive its former glory. A good corporate image that is easily identified with is good for business. It can be used to boost sales and achieve customer royalty which in turn leads to improved organisational performance and improved organisational value.

As to whether BCU is experiencing reduced employee turnover, results in table 4.14 show that 72.5% agreed, 12.5% disagreed and 15% were neutral. This implies that BCU is improving in inculcating a sense of commitment of employees and improving on employee motivation. Reduced employee turnover guarantees stability of an organisation and customer confidence. This may lead to better employee productivity and improved organisational performance.

4.3.4.1 Correlation between Innovations and Organisational Performance.

Correlation between innovations and organizational performance was conducted and results are shown in table 4.15.

Table 4.15: Correlation between Innovations and Organisational Performance

		Innovations	Organisational Performance
Innovations	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	40	40
Organizational Performance	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Source: Primary data (2016)

Findings in the table 4.15 above revealed that there is a significant positive effect of innovations and organisational performance with a Pearson correlation coefficient at R = 0.749** at level of significance p = 0.01 (2 tailed). This indicates that an improvement in innovations leads to an improvement in organisational performance. The view therefore is that the management of BCU should enhance innovations if organisational performance is to improve.

Innovations and organisational performance model summary revealed results as shown in table 4.16.

Table 4.16: Model Summary of Marketing Innovations and Organisational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749[a]	.560	.549	.43850

a. Predictors: (Constant), Innovations

Source: Primary data (2016)

The model summary table 4.16 above revealed that correlation coefficient (R) using predictor innovations is 0.749, and the coefficient of determination (R^2) of 0.560. This means that 56% (0.560*100) variations in organisational performance are explained by innovations while the remaining 44% is explained by other factors.

4.4 Conclusion

In conclusion, findings revealed that BCU is undertaking initiatives to improve innovations through, product innovation, branding innovation, and creation of new market all of which are positively correlated with organisational performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDTIONS

5.0 Introduction

This chapter presents a summary of findings from the study, conclusions drawn resulting from the study, recommendations derived from the study, and ends with the suggested areas of further research.

5.1 Summary of Findings

The general objective of the study was ‘to establish the effect of marketing innovation on organisational performance at Bugisu Corporative Union. Below is the summary of findings, objective by objective.

5.1.1 The Effect of Product Innovation on Organisational Performance

The study revealed that BCU encourages staff to be product innovative to put forth desired coffee to the market. The study also revealed that the product innovation process is understood by all staff. This pointed to effective communication through which the marketing innovation process is passed onto staff. Form the study it was found out that staff are involved in the product innovation process whereby their input is sought by the organisation which builds their morale and motivation. BCU staff receive enough training before new products are rolled-out to enable them serve their customers and liaise with farmers better. BCU considers customer feedback on product quality. This helps in getting a clear understanding of what exactly customers want and putting forth initiatives back to the farmers’ level to help achieve the quality desired by customers. From the feedback, it was found that BCU develops appropriate review of the product development process to suit customer requirements. BCU also adopts new production processes and technology to improve product quality like electronic coffee washing centres. Through Product innovation BCU was in position to reduce production costs and in turn product innovation was found to have a positive effect on BCU performance with a significant positive correlation of R=0.755 using Pearson correlation coefficient.

5.1.2 The Effect of Branding Innovation on Organisational Performance

In regard to branding innovation, the study discovered that BCU encourages innovativeness in branding, through branding of its coffee, and corporate image branding. BCU employees were equally involved in the branding process whereby their view were solicited for the branding decisions and process. The brand image of BCU was believed to have a positive effect on customer royalty whereby, through the branch image, customers were believed to develop a stronger attachment to BCU and its products. It was found out that branding innovation had enabled BCU manage completion. For example, through developing customer commitment. Additionally, branding innovation was believed to have helped in building employee commitment to BCU and reduced employee turnover. Branding innovation was believed to have a positive effect on BCU organisational performance and SPSS results revealed a Pearson correlation coefficient of 0.593 between branding innovation and organisational performance.

5.1.3 The Effect of Creation of New Markets on Organisational Performance

On finding out the effect of creation of new markets on organisational performance, findings revealed that BCU had the potential to identify new markets through its market research initiative. Following the identification of new markets, BCU proactively exploited these identified markets to improve sales as the new markets supplement the already existing markets. BCU employees were not as adequately prepared to serve the new markets as they would expect to be prepared through training. Respondents agreed that there was adequate feedback collection from the new markets to enable BCU serve such new markets better.

Likewise, respondents believed that serving the new markets had reduced marketing related costs in terms of advertising and staffing. Responses revealed that creation of new markets had a significant positive effect on BCU organisational performance with SPSS results showing a Pearson correlation coefficient of 0.685.

5.1.4 Summary Organisational Performance

In regard to organisational performance, findings revealed an increase in productivity by way of increase in coffee procession volumes, increase asset utilisation and increased ease with acquisition of raw coffee from farmers. There was also an increase in profitability by way of increase in sales revenue, increase in return on capital employed, and increase in return on equity. In regard to corporate image, BCU has experienced an increase in the customer base, had experience an improvement in the corporate image and had achieve a reduction in employee turnover. All these imply an improvement in the organisational performance and better utilisation of resources by BCU’s management. In general, the study revealed a significant positive effect of innovations on organisational performance as measured using Pearson correlation with a coefficient of R = 0.749 meaning that marketing innovation is related to the performance of Bugisu Corporative Union by 74.9% hence management should maintain marketing innovation to consolidate gains while improving on areas of weakness.

5.2 Conclusion

Based on the study findings and discussions in chapter four, the following conclusions were made, objective by objective;

5.2.1 The Effect of Product Innovation on Organisational Performance

The first objective of the study was to examine the effect of product innovation on organisational performance of BCU. The study concludes that the product innovation as adopted by BCU was quite effective; and that, product innovation positively contributed to

BCU's organisational performance by 57% as determined using the coefficient of determination, using Pearson correlation coefficient. Adjusted R Squared had a coefficient of determination of 0.559 meaning that production innovation alone accounts for 55.9% of the performance of Bugisu Co-operative Union. This was the best contribution as compare to other innovation components studied

5.2.2 The Effect of Branding Innovation on Organisational Performance

The second objective of the study was to examine the effect of branding innovation on organisational performance of BCU. The study concludes that, branding innovation as practiced by BCU was suitable. Branding innovation positively contributed to BCU performance with a coefficient of determination of 35.2%. Adjusted R Squared had a coefficient of determination of 0.335 meaning that production innovation alone accounts for 33.5% of the performance of Bugisu Co-operative Union. This was the least contribution as compared to other innovation components studied.

5.2.3 The Effect of Creation of New Markets on Organisational Performance

The third objective of the study was to examine the effect of creation of new markets on organisational performance of BCU. The study concluded that, creation of new markets positively contributed to BCU organisational performance by 46.9% as determined using the coefficient of determination, using Pearson correlation coefficient. Adjusted R Squared had a coefficient of determination of 0.455 meaning that production innovation alone accounts for 45.5% of the performance of Bugisu Co-operative Union. This was the second placed contribution as compared to other innovation components studied.

5.3 Recommendations

From the above summary and conclusions from the findings, the study made the following recommendations, objective by objective.

In regards to product innovation, BCU has concentrated on improving the quality of coffee beans sold for final processing. The study recommends that BCU engages in final coffee processing to fetch better sales returns on the final coffee products.

It is recommended that BCU embarks on coffee certification for example getting a fair trade coffee certification of organic coffee certification as one way of being product innovative. Currently BCU is not subscribed to any coffee certifying organisation. Coffee certification guarantees a premium price for the coffee produced. Such a premium price benefits both the organisation (BCU) and the farmers who supply coffee and this will improve on the performance of BCU.

The study recommends specialised training and attachment of staff to coffee processing organisations to gain a better understanding of coffee processing and quality testing. This would help in further improvement of coffee standards and quality. This training would prepare staff to more effectively serve the new and existing customers and markets to boost organisational performance.

BCU needs to advertise using local and international media to improve on the awareness of the organisation and what it does. This would help in boost corporate image and awakening the existence of BCU in the minds of the stake holders. Better organisational awareness boosts the corporate image, helps in creating competitive advantage, and may build customer and employee morale and commitment, all of which is needed to achieve better organisational performance.

The study recommends that BCU attaches prizes to innovations that are implemented by the organisation. Staff members that initiate marketing innovation that are actually implemented by the organisation should be rewarded to motivate them and the rest of the team to come up with innovative solutions to BCU challenges. Prizes may be monetary, may be official and public recognition, or a study trip to major coffee markets and coffee producing countries. This would create positive competition and generation of better ideas which would improve the organisational performance of BCU.

5.4 Suggestions for Further Research

Areas that may need further research include:

Further research may be conducted across different organisations. This study was a case study research that concentrated on one case study (BCU). A survey study across a range of organisation can provide a better understanding and insight in the different innovation as practiced by the different organisations and how they affect the respective organisational performance.

Since the study was conducted in the agricultural setting, further studies may be conducted on the effect innovation may have on organisational performance in the banking sector or a typical manufacturing setting. This would broaden the study to provide a better understanding on hoe innovations may affect organisational performance

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APPENDICES

Appendix 1: Questionnaire.

Questionnaire for Respondents

Uganda Martyrs University (UMU)

Dear respondent,

I am a student of Uganda Martyrs University pursuing a Master's degree in Business Administration and Management. I am conducting a study on "Marketing Innovation and Organisational Performance in Bugisu Cooperative Union (BCU)". This questionnaire has been designed purposely for data collection on Marketing Innovation and organisational Performance. You have been selected to participate in this study because of your strategic position in BCU and for the knowledge and information you have in the related study topic.

Please kindly spare some of your valuable time to complete the questions that follow. The information I am seeking is purely for academic purposes and you reserve the right of refusal to fill this questionnaire while at the same time I guarantee utmost confidentiality.

Thank you

…………………………………………….
Nassuna S. Caroline
Researcher/Student

Section A: Background characteristics of the respondents

Please tick the appropriate answer in the corresponding box

1. Age of the respondents
   - 20 years and below [ ]
   - 21 -30 years [ ]
   - 31-40 years [ ]
   - 41 years and above [ ]

2. What is your gender?
   - Male [ ]
   - Female [ ]

3. Period worked with BCU?

Less than 1 year [ ]
2-7 years [ ]
8-13 years [ ]
More than 14 years [ ]

4. Level of Education
   Primary Level [ ]
   "O" Level [ ]
   "A" Level [ ]
   Diploma Level [ ]
   Graduate Level [ ]
   Post graduate Level [ ]

Section B: Marketing Innovation and Organisational Performance:

Please, use the scale below to answer the questions that follow by ticking the number that corresponds to your opinion.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5	**4**	**3**	**2**	**1**

Section C: Product Innovation

	5	4	3	2	1
1. BCU encourages staff to be product innovative					
2. The Product innovation process is understood by all staff					
3. I am involved in the designing of new products					
4. There is enough training before new product roll-out					
5. BCU considers customer feedback on product quality					
6. BCU has appropriate review of product development process					
7. BCU adopts new production processes and technology to improve product quality					
8. Product innovation has helped reduce production costs					
9. Product innovation has a positive effect on BCU performance					

10. Please provide any other comment or information regarding product improvement as practiced at BCU if any, in the space provided below.

……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………

Section D: Branding Innovation

	5	4	3	2	1
1. BCU encourages innovativeness in branding					
2. Staff are equally involved in the branding process					
3. The brand image of BCU has a positive effect on customer royalty					
4. Branding innovations have enabled BCU manage competition					
5. Branding innovation has built employee commitment at BCU					
6. I believe that BCU branding leads to improved overall organisational performance					

7. Do you have any comment(s) you would wish to make on branding at BCU? Please provide the comment(s), in the space provided below.

……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………

Section E: Creation of New Markets

	5	4	3	2	1
1. BCU has the potential to identify new markets					
2. BCU proactively exploits the identified new markets to improve sales					
3. Employees are adequately prepared to serve the new markets					
4. There is adequate feedback collection from new markets					
5. New markets have reduced marketing related costs					
6. New markets have improved the overall performance of BCU					

7. Please provide any other comment or information regarding new market creation at BCU if any, in the space provided below.

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

Section F: Organisational Performance

Productivity	5	4	3	2	1
1. BCU has experienced increase coffee processing in the past two years					
2. BCU is experiencing better asset utilisation					
3. BCU is experiencing ease with acquisition of raw coffee from farmers					
Profitability					
4. BCU has experienced increased sales revenue in the two years					
5. The return on capital employed has improved for the past two years					
6. The Return of Equity has improve for the past two years					
Corporate Image					
7. BCU has experience an increase in the customer base of the company					
8. In my opinion BCU is experiencing an improvement in its corporate image					
9. BCU is experiencing reduced employee turnover					

10. Please provide any other comment or information regarding BCU performance in the space provided below.

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

Thank you for your time to fill this questionnaire

Appendix 2: Krejcie and Morgan Table

Table for determining sample size from a given population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	180	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	**40**	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

Note: "N" is the population size

"S" is the sample size

Estimation of sample size in research using Krejcie and Morgan (1970) is a commonly employed method. Krejcie and Morgan (1970) used the following formula to determine sampling size.

Sample Size = $X^2NP(1-P) \div d^2(N-1)+X^2P(1-P)$

Where

X^2 = 3.841 (the table value of chi-square for 1 degree of freedom at the desired confidence level).

N = the population size

P = the population proportion (assumed to be 0.50 since this would provide the maximum size).

d = the degree of accuracy expressed as a proportion (0.5).

Based on Krejcie and Morgan (1970) table, from a population of 45, a sample of 40 respondents was selected to represent a cross section of the population.

Appendix 3: Introductory Letter

Uganda
Martyrs
University

Making a difference

Office of the Dean
Faculty of Business Administration and Management

Your ref.:
Our ref.:

Mbale,
April 02nd, 2016

To Whom it May Concern

Dear Sir/Madam,

MASTERS IN BUSINESS ADMINISTRATION DEGREE RESEARCH

VIRTUTE ET SAPIENTIA — DUC IN ALTUM — UGANDA MARTYRS UNIVERSITY

BCU LTD — HUMAN RESOURCE ADMINISTRATION MANAGER

Permission granted to carry research in the Union.
21/06/16

Mrs NASUUNA Carol is a student of Uganda Martyrs University. Reg. Number 2014-M102-40029. As part of the requirements for the award of the Degree of Master of Business Administration of the University, the student is required to submit a dissertation.

His Research Topic is ***Marketing Innovation and Organisational Performance: Case Study of Bugisu Coorporative Union (BCU).***

The purpose of this letter is to formally request you to allow this student to access any information in your custody/organisation, which is relevant to this research.

Your support will be greatly appreciated.

Pastor Kiizah
Coordinator, BAM

Uganda Martyrs University P.O. Box 5498 - Kampala - Uganda
Tel: (+256)038-410603 Fax: (+256) 038-410100 E-mail: bam@umu.ac.ug

Appendix 4: SPSS Output

Appendix 5.1: Frequency Tables

Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 years and below	3	7.5	7.5	7.5
	21-30 years	19	47.5	47.5	55.0
	31-40 years	12	30.0	30.0	85.0
	41 years and above	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	16	40.0	40.0	40.0
	Female	24	60.0	60.0	100.0
	Total	40	100.0	100.0	

Period worked with BCU

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one year	6	15.0	15.0	15.0
	2-7 years	21	52.5	52.5	67.5
	8-13 years	9	22.5	22.5	90.0
	More than 14 years	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary level	1	2.5	2.5	2.5
	"O" level	2	5.0	5.0	7.5
	"A" level	5	12.5	12.5	20.0
	Diploma level	10	25.0	25.0	45.0
	Bachelors degree	19	47.5	47.5	92.5
	Post Graduate Level	3	7.5	7.5	100.0
	Total	40	100.0	100.0	

BCU encourages staff to be product innovative

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	50.0	50.0	50.0
	Agree	12	30.0	30.0	80.0
	Disagree	6	15.0	15.0	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

The product innovation process is understood by all staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	14	35.0	35.0	35.0
	Agree	15	37.5	37.5	72.5
	Neutral	4	10.0	10.0	82.5
	Disagree	7	17.5	17.5	100.0
	Total	40	100.0	100.0	

I am involved in the designing of new products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	11	27.5	27.5	27.5
	Agree	18	45.0	45.0	72.5
	Neutral	7	17.5	17.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

There is enough training before new product roll-out

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	17.5	17.5	17.5
	Agree	22	55.0	55.0	72.5
	Neutral	6	15.0	15.0	87.5
	Disagree	3	7.5	7.5	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

BCU considers customer feedback on product quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	15.0	15.0	15.0
	Agree	23	57.5	57.5	72.5
	Neutral	6	15.0	15.0	87.5
	Disagree	3	7.5	7.5	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

BCU has appropriate review of product development process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	17	42.5	42.5	42.5
	Agree	6	15.0	15.0	57.5
	Neutral	13	32.5	32.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

BCU adopts new production processes and technology to improve product quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	16	40.0	40.0	40.0
	Agree	14	35.0	35.0	75.0
	Neutral	6	15.0	15.0	90.0
	Disagree	3	7.5	7.5	97.5
	Strongly disagree	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

Product innovation has helped reduce production costs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	8	20.0	20.0	20.0
	Agree	19	47.5	47.5	67.5
	Neutral	9	22.5	22.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

Product innovation has a positive effect on BCU performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	15.0	15.0	15.0
	Agree	25	62.5	62.5	77.5
	Neutral	4	10.0	10.0	87.5
	Disagree	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

BCU encourages innovativeness in branding

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	10	25.0	25.0	25.0
	Agree	13	32.5	32.5	57.5
	Neutral	13	32.5	32.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

Staff are equally involved in the branding process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	17.5	17.5	17.5
	Agree	22	55.0	55.0	72.5
	Neutral	7	17.5	17.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

The Brand image of BCU has a positive effect on customer royalty

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	3	7.5	7.5	7.5
	Agree	13	32.5	32.5	40.0
	Neutral	18	45.0	45.0	85.0
	Disagree	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Branding innovations have enabled BCU manage competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	25	62.5	62.5	62.5
	Neutral	7	17.5	17.5	80.0
	Disagree	8	20.0	20.0	100.0
	Total	40	100.0	100.0	

Branding innovation has built employee commitment at BCU

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	15.0	15.0	15.0
	Agree	18	45.0	45.0	60.0
	Neutral	8	20.0	20.0	80.0
	Disagree	8	20.0	20.0	100.0
	Total	40	100.0	100.0	

I believe that BCU branding leads to improved overall organisational performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	4	10.0	10.0	10.0
	Agree	24	60.0	60.0	70.0
	Neutral	8	20.0	20.0	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

BCU has the potential to identify new markets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	9	22.5	22.5	22.5
	Agree	24	60.0	60.0	82.5
	Neutral	3	7.5	7.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

BCU proactively exploits the identified new markets to improve sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	9	22.5	22.5	22.5
	Agree	20	50.0	50.0	72.5
	Neutral	5	12.5	12.5	85.0
	Disagree	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Employees are adequately prepared to serve the new market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	3	7.5	7.5	7.5
	Agree	15	37.5	37.5	45.0
	Neutral	16	40.0	40.0	85.0
	Disagree	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

There is adequate feedback collection from new markets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	15.0	15.0	15.0
	Agree	22	55.0	55.0	70.0
	Neutral	5	12.5	12.5	82.5
	Disagree	7	17.5	17.5	100.0
	Total	40	100.0	100.0	

New markets have reduced marketing related costs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	2	5.0	5.0	5.0
	Agree	26	65.0	65.0	70.0
	Neutral	6	15.0	15.0	85.0
	Disagree	4	10.0	10.0	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

New markets have improved the overall performance of BCU

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	15.0	15.0	15.0
	Agree	25	62.5	62.5	77.5
	Neutral	3	7.5	7.5	85.0
	Disagree	4	10.0	10.0	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

BCU has experienced increased coffee processing in the past two years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	5	12.5	12.5	12.5
	Agree	22	55.0	55.0	67.5
	Neutral	9	22.5	22.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

BCU is experiencing Better asset utilisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	17.5	17.5	17.5
	Agree	21	52.5	52.5	70.0
	Neutral	8	20.0	20.0	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

BCU is experiencing ease with acquisition of raw coffee from farmers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	4	10.0	10.0	10.0
	Agree	23	57.5	57.5	67.5
	Neutral	9	22.5	22.5	90.0
	Disagree	2	5.0	5.0	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

BCU has experienced increased sales revenue in the past two years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	17.5	17.5	17.5
	Agree	25	62.5	62.5	80.0
	Neutral	2	5.0	5.0	85.0
	Disagree	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

The return on capital employed has improved for the past two years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	5	12.5	12.5	12.5
	Agree	16	40.0	40.0	52.5
	Neutral	13	32.5	32.5	85.0
	Disagree	4	10.0	10.0	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Return on equity has improved for the past two year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	15.0	15.0	15.0
	Agree	23	57.5	57.5	72.5
	Neutral	7	17.5	17.5	90.0
	Disagree	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

BCU has experienced an increase in the customer base of the company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	3	7.5	7.5	7.5
	Agree	24	60.0	60.0	67.5
	Neutral	7	17.5	17.5	85.0
	Disagree	4	10.0	10.0	95.0
	Strongly disagree	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

In my opinion BCU is experiencing an improvement in its corporate image

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	5	12.5	12.5	12.5
	Agree	22	55.0	55.0	67.5
	Neutral	7	17.5	17.5	85.0
	Disagree	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

BCU is experiencing reduced employee turnover

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	13	32.5	32.5	32.5
	Agree	16	40.0	40.0	72.5
	Neutral	6	15.0	15.0	87.5
	Disagree	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

Appendix 4.2: Reliability

Reliability Statistics for Product Innovation

Cronbach's Alpha	N of Items
.878	9

Reliability Statistics for Brand Innovation

Cronbach's Alpha	N of Items
.834	6

Reliability Statistics for Creation of New Markets

Cronbach's Alpha	N of Items
.897	6

Reliability Statistics for Organisational Performance

Cronbach's Alpha	N of Items
.880	9

Full Questionnaire Reliability Statistics

Cronbach's Alpha	N of Items
.943	34

Appendix 4.3: Correlations

Correlations

		Product Innovation	Organisational Performance
Product Innovation	Pearson Correlation	1	.755**
	Sig. (2-tailed)		.000
	N	40	40
Organisational Performance	Pearson Correlation	.755**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Correlations

		Branding Innovation	Organisational Performance
Branding Innovation	Pearson Correlation	1	.593**
	Sig. (2-tailed)		.000
	N	40	40
Organisational Performance	Pearson Correlation	.593**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Correlations

		Creation of New Markets	Organisational Performance
Creation of New Markets	Pearson Correlation	1	.685**
	Sig. (2-tailed)		.000
	N	40	40
Organisational Performance	Pearson Correlation	.685**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Correlations

		Innovations	Organisational Performance
Innovations	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	40	40
Organisational Performance	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	40	40

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

Appendix 4.4: Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Product Innovation[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: Organisational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755[a]	.570	.559	.43351

a. Predictors: (Constant), Product Innovation

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.476	1	9.476	50.419	.000[a]
	Residual	7.141	38	.188		
	Total	16.617	39			

a. Predictors: (Constant), Product Innovation

b. Dependent Variable: Organisational Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.855	.215		3.975	.000
	Product Innovation	.678	.095	.755	7.101	.000

a. Dependent Variable: Organisational Performance

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Branding Innovation[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: Organisational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593[a]	.352	.335	.53231

a. Predictors: (Constant), Branding Innovation

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.850	1	5.850	20.645	.000[a]
	Residual	10.767	38	.283		
	Total	16.617	39			

a. Predictors: (Constant), Branding Innovation

b. Dependent Variable: Organisational Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.906	.319		2.842	.007
	Branding Innovation	.587	.129	.593	4.544	.000

a. Dependent Variable: Organisational Performance

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Creation of New Markets[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: Organisational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.685[a]	.469	.455	.48202

a. Predictors: (Constant), Creation of New Markets

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.788	1	7.788	33.519	.000[a]
	Residual	8.829	38	.232		
	Total	16.617	39			

a. Predictors: (Constant), Creation of New Markets

b. Dependent Variable: Organisational Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.923	.250		3.686	.001
	Creation of New Markets	.595	.103	.685	5.790	.000

a. Dependent Variable: Organisational Performance

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Innovations[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: Organisational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749[a]	.560	.549	.43850

a. Predictors: (Constant), Innovations

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.310	1	9.310	48.419	.000[a]
	Residual	7.307	38	.192		
	Total	16.617	39			

a. Predictors: (Constant), Innovations

b. Dependent Variable: Organisational Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.631	.250		2.525	.016
	Innovations	.740	.106	.749	6.958	.000

a. Dependent Variable: Organisational Performance