British Journal of Management and Marketing Studies
ISSN: 2689-5072
Volume 9, Issue 1, 2026 (pp. 1-18)
www.abjournals.org

INNOVATION STRATEGY AND PERFORMANCE OF GOVERNMENT COMMERCIAL INSTITUTIONS IN KENYA

Fredrick Githui[1], Margaret Oloko (Prof.)[2],

Jane Njuru (Ph.D.)[3], and Caroline Ntara (Ph.D.)[4].

[1]Ph.D. in Business administration Candidate,
Jomo Kenyatta University of Agriculture and Technology, Kenya

[2]Associate Professor, Jomo Kenyatta University of Agriculture and Technology, Kenya.

[3]Senior Lecturer, KCA University, Kenya.

[4]Lecturer, KCA University, Kenya.

Cite this article:

Githui, F., Oloko, M., Njuru, J., Ntara, C. (2026), Innovation Strategy and Performance of Government Commercial Institutions in Kenya. British Journal of Management and Marketing Studies 9(1), 1-18. DOI: 10.52589/BJMMS-WN2YP8AF

Manuscript History

Received: 20 Aug 2025

Accepted: 23 Sep 2025

Published: 6 Jan 2026

Copyright © 2026 The Author(s). This is an Open Access article distributed under the terms of Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0), which permits anyone to share, use, reproduce and redistribute in any medium, provided the original author and source are credited.

ABSTRACT: *In an era of unparalleled technological transformation and an escalating demand for greater operational efficiency, innovation has increasingly become a key driver of organizational performance. This study explored the role that innovation has in shaping the performance of Kenya's government commercial institutions with the aim of finding out how various dimensions of innovation affect public sector performance. Grounded on a post-positivist philosophical stance and taking a quantitative research methodology, the study employed a descriptive survey design in collecting and analyzing data from a purposive sample of 34 state-owned enterprises. Questionnaires were constructed and distributed to key institutional personnel to collect primary data, while instrument reliability was established using Cronbach's alpha via SPSS software to determine internal consistency. Descriptive statistics provided information on general trends, and linear regression analysis was employed to analyze the strength and significance of the relationship between innovation variables and organizational performance. The findings revealed that automation of business processes had a positive and significant impact on institutional performance, particularly in terms of improving service delivery and organizational efficiency. Nevertheless, the impact of other forms of innovation—such as process and service innovations—turned out to vary significantly between institutions, which portrays that innovation is not universally applicable. The study concludes that innovation, when deliberately shaped to a specific institution's goals, means, and conditions, can be used as a vehicle for change to improve performance. It recommends that government commercial institutions employ innovation strategies that are not only evidence-based but also context-specific, focusing on measurable impacts and sustainability.*

KEYWORDS: Innovation Strategy, Organizational Performance, Government Commercial Institutions, Public Sector Innovation, Business Process Automation, Service Innovation, Strategic Management, Institutional Efficiency, Innovation Impact.

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

INTRODUCTION

Modern organizations, both state-owned commercial enterprises and otherwise, are now doing business in unstable, unpredictable, complicated, and ambiguous (VUCA) environments. The scenario calls for agility, resilience, and strategic foresight to stay in business and remain competitive and operationally viable (Nyatsumba, Kaizer, & Pooe, 2022; Mwangi & Okech, 2023). Kenyan state-owned enterprises are no exception. They are usually greeted with deteriorating performance, inefficiency, and governance bottlenecks, calling for systemic turnaround strategies. Among turnaround strategies that are new, innovation is also a key bastion of institutional renewal and improved performance outcomes. Turnaround innovation specifies the application of new ideas, technologies, processes, and organizational practices implemented to revitalize institutional activities and improve value provision (Pretorius, 2020). In contrast to cost reduction and asset divestment approaches common in retrenchment, innovation-led approaches ensure change oriented towards the future, enabling organizations to adapt to shifting environments and build long-term capabilities. Kenyan parastatals that adopted digital platforms, automated services, and monitoring technology for performance ensured enhanced efficiency and enhanced stakeholder satisfaction, as brought out by Mureithi and Cheruiyot (2023). These findings emphasize the dual role of innovation—not only as a tool for recovery but also as a basis for sustained competitiveness.

In the context of public sector organizations, innovation must be actualized through the prisms of governance, accountability, and public value creation. While private sector firms pursue innovation in pursuit of profit maximization, public institutions innovate in order to enhance service delivery, openness, and public trust (Muturi & Odollo, 2019). However, innovation adoption in public-owned commercial ventures is often stymied by institutional resistance, political meddling, and capacity deficits. Beyond these hurdles, successful public sector innovation instances—e.g., digitization of revenue collection systems and automation of internal processes—demonstrate that innovation is not only viable but also preferable (Otieno & Atambo, 2022). Empirical studies in the Sub-Saharan African continent show that innovation must be context-specific, sensitive to national development priorities, and supported by leadership acceptance (AfDB, 2023; Obonyo & Awuor, 2022). In Kenya, development policy like Vision 2030 and the Public Finance Management Act (2012) underscores the role of innovation in efficiency, transparency, and corporate state self-dependence. However, as Jepchumba and Wagude (2020) establish, the majority of public corporations have under-invested in innovative capacities with many prioritizing short-term financial consolidation over strategic renewal.

Innovation and turnaround strategy converge most particularly in the wake of repeated crises, from global economic shocks to national political regime transitions. Wambugu and Kariuki (2023) argue that turnaround and innovation strategies of the modern era are no longer contradictory but complementary processes designed to generate both recovery and growth. That perspective is a reflection of a broader cultural shift in public sector thought—away from a reactive paradigm towards a proactive, innovation-based one. Against the backdrop of the pressing need for transformation in Kenya's government commercial institutions, the research seeks to explore the effect of innovation on organizational performance, with a particular emphasis on how innovation strategies contribute to efficiency in operation, financial viability, and strategic positioning. The research in this manner aims to contribute to the current literature

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

on public sector innovation as well as policy-relevant contributions toward institutional revamp.

Objective of the Study

To determine the relationship between innovation and the performance of government commercial institutions in Kenya

Research Question

The study sought and answered the following research question: what is relationship between innovation and the performance of government commercial institutions in Kenya

Research Hypothesis

H_{01}: There is no statistically significant relationship between innovation and the performance of government commercial institutions in Kenya.

LITERATURE REVIEW

Innovation has therefore become a ubiquitous integral component in turnaround plans and overall performance enhancement of Kenya's state-owned commercial entities. In the current global environment of rapidly increasing technology, changing consumer demands, and growing competition, public institutions must adopt innovative methods in a bid to remain up-to-date, operationally efficient, and effective. The Kenyan government has been at the forefront in embracing innovation in the public sector by deeming innovation as key to improving service delivery, improving its ability to deliver, and spurring economic growth. The launch of Kenya's 10-year National Innovation Masterplan in 2023 is a breakthrough towards instilling and promoting the innovation system towards driving national goals. This Masterplan is a strategic master plan for optimizing existing capacities and rectifying system issues, with the vision of transforming Kenya's public and private sectors into dynamic knowledge, innovation, and competitiveness centers (Kenya National Innovation Agency, 2023). Underpinning the Masterplan is the Digital Economy Blueprint, which provides an end-to-end strategy for the actualization of digital technologies as an inclusive socioeconomic growth engine. The Blueprint emphasizes the foundational pillars of digital infrastructure, building capability, and entrepreneurship, and draws attention to the government's recognition that digital innovation is vital to fueling public sector change and driving improved service delivery (Smart Africa, 2023).

Among the important metrics that can be used for measuring the performance of the innovation-led changes is the Customer Acquisition Cost (CAC), or the cost of getting a new customer. Prior to this, Kenya's government commercial institutions have been linked with high CAC owing to bureaucratic inefficiencies and resistance to embracing cutting-edge marketing and outreach technologies. Strategic advancement driven by digital transformation efforts in the past decades has enabled these institutions to reduce CAC via innovative approaches to marketing. For example, social media and online marketing offer inexpensive, targeted avenues by which institutions are able to reach potential clients, and data analytics-driven customer-centricity ensures outreach programs become more responsive. Investments by the government

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

in increasing internet penetration, improving digital literacy, and deploying e-government services by the Kenyan government have therefore enabled institutions to decrease acquisition costs and gain increased reach (Kenya National Innovation Agency, 2024). Aside from this, Kenya National Innovation Agency Research to Commercialization (R2C) encourages public sector institutions, academic institutions, and the private sector to co-create solutions with low resource intensiveness and high acquisition expenses (R2C Innovation Agency, 2024).

Customer Lifetime Value (CLV) is another important determinant of long-term organizational profitability and sustainability. Innovation is at the heart of constructing CLV by enabling public institutions to provide tailored products and services in response to the unique requirements of their clients. Data analytics, AI, and ML technologies applied in service delivery systems enable tailored offerings to deliver customer satisfaction and loyalty that are the prime drivers of lifetime value development. In Kenya, enhanced use of AI-based interventions by public institutions to know the habits of customers, make need prediction, and offer customized services has led to improved retention and higher engagement (R2C Innovation Agency, 2024). Such research has confirmed that institutions that make use of such innovative interventions are likely to attain higher CLV due to improved responsiveness and service quality (Muturi et al., 2021). The phenomenon is particularly significant in the public sector, given that citizen satisfaction directly contributes to legitimacy perceptions and trust in government institutions. Institutionalizing innovation in their service design enables the commercial arms of the government in Kenya to diversify revenue streams and attain sustainability of their turnaround program.

Conversion rates that quantify the number of leads or prospects who take a wanted action such as adoption of service or payment are also directly affected by innovation. For Kenya, the shift to e-government services such as internet-based applications, electronic payment, and mobile-based platform services has greatly improved conversion rates by removing typical bottlenecks such as long queues, processing by hand, and spatial constraints. The expansion of Huduma Centres, which offer end-to-end, one-stop government services to the citizens, is a perfect example of the implementation of innovative models of service delivery with very positive results. The Centres serve more than 42,000 citizens daily and have been at the forefront of rising utilization of government services, which have registered improved conversion rates (KIPPRA, 2023). Also, using AI and ML to analyze customer interactions allows institutions to identify customer pain points and enhance targeted, further boosting conversion efficiency. Personalization and automation technologies assist in streamlining procedures, reducing transaction time, and offering timely, personalized information to customers, all of which provide for faster conversion and improved performance results (Mungai & Bula, 2022).

Aside from the unit-level performance metrics, innovation introduces a culture of continuous improvement that is essential to the resilience and flexibility of the government commercial institutions. The Kenyan state has been at the vanguard of pushing the culture of innovation by promoting initiatives like the Presidential Innovation Challenge and the establishment of several innovation hubs across the country. These areas promote experimentation, innovation, and inter-disciplinary collaboration among researchers, entrepreneurs, and public officials and generate an atmosphere that is friendly to quick development and scaling of new solutions for public sector problems (Kenya National Innovation Agency, 2023). Placing innovation at the center of organizational culture prioritizes institutions to become adaptive and responsive to novel disruptions and trends and thus guarantees them the capacity to sustain turnaround

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

momentum. The role of innovation in increasing the efficiency of operations cannot be overstated; it allows for optimization of processes, reduction of costs, and effective allocation of resources, which are essential in the sometimes cash-constrained public sector (Canh, 2019).

Development of infrastructure is also essential to Kenya's innovation policy. Konza Technopolis, Kenya's flagship smart city project, is an expression of the government's vision of uniting technology, research, and innovation in creating sustainable urban space. Being a technology-based development hub, Konza gives government bodies access to state-of-the-art facilities and avenues of interaction with the private sector players and academics. These engagements are crucial in enhancing innovation and public sector performance (Konza Technopolis Development Authority, 2023). Moreover, the government's focus on expanding broadband coverage and enhancing ICT infrastructure via the Digital Economy Blueprint ensures that public authorities could implement technical innovations comprehensively and extensively leverage them to facilitate service delivery enhancement to the utmost.

The services provided via e-government have remodelled public institutions' dealings with citizens as it renders public services convenient, accessible, and transparent. The use of contemporary technology in enabling the delivery of service has significantly reduced bureaucratic lag and improved the level of services. Huduma Centres, for example, have transformed the delivery of services via the convergence of a number of services under one roof with contemporary digital hardware, thus facilitating easy interaction of citizens with government offices. The success of the Centres attest to the transformative potential of innovation, with the public sector performance (KIPPRA, 2023). These innovations depict the real value addition to the introduction of innovation in turnaround strategies through greater customer satisfaction, operational efficiency, and organizational responsiveness.

In general, innovation is the central stage in enabling successful turnaround and improvement in performance in Kenya's government commercial institutions. The innovation drive by the government through targeted programs such as National Innovation Masterplan, Digital Economy Blueprint, and the establishment of innovation ecosystems is a robust pillar of sustainable transformation. With information technologies browsing, data-driven decision making, and culture of creativity and improvement, these institutions are in good standing to reduce the cost of customer acquisition, enhance customer lifetime value, enhance conversion rates, and ultimately achieve financial sustainability. Innovation embedded within organizational processes and infrastructure development enhances operating effectiveness, responsiveness to citizen demand, and capacity to navigate through complex and dynamic conditions. In the future, sustained investment in innovation alongside effective implementation of policies will be critical to ensuring that Kenyan government commercial institutions are competitive, robust, and capable of delivering high-quality services that adapt to changing citizens' expectations.

Theoretical Framework

Dynamic capabilities (DCs) theory has been a central innovation in strategic management as an answer to the weakness of the Resource-Based View (RBV) of the firm, that is its relatively static explanation of competitive advantage within the context of rapidly changing markets. The RBV addresses the concept of how firms may achieve superior performance through access to valuable, rare, inimitable, and non-substitutable resources (Barney, 2020). Although that model provides a reasonable basis for how companies apply internal abilities for

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

competitive purposes, it assumes that such capacities and resources are reasonably stable over time and doesn't in its conception seek to adjust in changing environments (Zahra et al., 2021). This deficiency renders the RBV less relevant to contemporary marketplaces characterized by technological disruption, globalization, and volatile customer preferences, where continuous adaptation and innovation are required in a bid to survive and thrive. Dynamic capabilities theory was originally developed by Teece, Pisano, and Shuen in 1997 as a way to advance RBV in order to address how firms construct, combine, and reconfigure resources and organizational processes so they are able to react effectively to changes in the environment at a high pace (Teece et al., 1997). Since its development, the theory has evolved with each new academic iteration to emphasize the processes and routines through which firms come to identify new threats and opportunities, capitalize on those opportunities, and stay competitive by reconfiguring assets and recasting the firm (Cristofaro & Lovallo, 2023; Teece, 2023). These capacities are not just a function of resources available but of the ability of the company to learn, innovate, and change continuously—important characteristics for sustainable competitive advantage in turbulent environments.

The largest dynamic capabilities assumption is that with a shifting business context, firms must move beyond exploitation of resources and operational performance (which are of interest to operational capabilities) into the space of exploration, innovation, and renewal (Wandera & Njeru, 2021; Pereira et al., 2022). The ability to function is the ability of the company to effectively utilize the available resources and capabilities in available markets, such as productivity in production and quality in customer service. But such capabilities are often not sufficient to ensure long-term competitive edge when market dynamics drastically change. Dynamic capabilities enable firms to align complex change in assets, processes, and business models to address competition, regulatory demands, disruptive technology, taste changes among consumers, and so on (Teece, 2023). They encapsulate the firm's ability to reconfigure its asset base, external relations, and internal routines in a manner that makes the firm agile and flexible. Existing literature stresses that dynamic capabilities are three intertwined activities: sensing, seizing, and transforming (Teece, 2023; Chari et al., 2023). Sensing is associated with scanning and monitoring the environment to identify emerging opportunities or threats. It is about investment in market intelligence, technology scan, and learning procedures within the organization that can identify early cues before competitors. Seizing is the deployment of resources and innovation of new business models to capitalize on perceived opportunity. This might involve strategic investment, establishment of partnerships, or the innovation of new products or services. Transforming is continuous redefinition of organizational structures, cultures, and processes in an attempt to stay competitive and replenish capabilities over time. In combination, these processes provide continuous adaptation and evolution needed for survival in extremely dynamic sectors.

Dynamic capabilities depend heavily, however, on internal governance structures and organizational culture that allow flexibility, experimentation, and quick decision-making (Pundziene et al., 2023; Meirelles & Camargo, 2021). Firms with decentralized decision making, effective incentive systems, and sharing of knowledge are more likely to achieve dynamic capabilities. These structures foster every employee to suggest ideas, participate in problem-solving, and advocate change initiatives (Chari et al., 2023). An open learning culture and acceptance of managed risk-taking create a healthy breeding ground for dynamic capabilities to emerge and be employed. However, bureaucratic and static organizational structures could stifle the need for flexibility and responsiveness and therefore result in less-

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

than-optimal competitive performance. It is also important to note that dynamic capabilities are not merely about internal operations but also consist of managing external networks and relationships (Pereira et al., 2022). Nowadays, businesses compete within systems in which dealing with suppliers, customers, regulators, and even competitors cannot be evaded. Dynamic capabilities enable firms to reconfigure these external links, create strategic alliances, and leverage complementary assets that enhance innovation and responsiveness (Zahra et al., 2021). Ecosystem orchestration in this way enhances the firm's ability to sense and appropriate new opportunities outside its boundaries.

Strategic management in this regard relies on the dynamics of the dynamic and operating capabilities to provide business performance. Operational capabilities are needed to offer current goods or services at low cost with an emphasis on maintaining the customers, thereby strengthening short-run competitiveness. Dynamic capabilities, however, drive strategic renewal and discovery in order to facilitate firms to change their business models, move into new markets, or develop game-changing innovations (Teece, 2023). The two sets of capabilities are required but with distinct roles: operational capabilities bring in the firm's current position, while dynamic capabilities allow long-term survival and growth in situations involving uncertainty and change. Dynamic capabilities have also been linked to increased organizational resilience, which is increasingly important following economic shocks, pandemics, or geopolitical tensions (Wandera & Njeru, 2021). Firms with high dynamic capabilities have the ability to shift strategy rapidly, reconfigure resources, and establish processes to buffer shocks and capture nascent opportunities and are thus well-positioned to sustain long-term competitive advantage (Cristofaro & Lovallo, 2023). This not only aids in firm survival but also in sustained value creation for stakeholders.

Theoretical conceptualization of dynamic capabilities has also encouraged methodological innovation in the measurement and evaluation of these constructs by researchers. Traditionally, conceptualized as intangible and non-measurable, researchers have built models with a perspective to operationalizing dynamic capabilities in terms of measures like frequency of strategic decisions, research and development expenditure, reallocation adjustability of resources, and capability in knowledge management systems (Chari et al., 2023; Pereira et al., 2022). These measurement techniques are used to bridge the gap between the abstraction of theory and practice implementation so that the firms can identify capability strengths and weaknesses and establish supportive interventions. More often than not, dynamic capabilities theory is a useful expansion of the Resource-Based View that offers a more process-oriented and dynamic understanding of how firms gain and sustain competitive advantage in uncertain environments. With the emphasis on sense-making of dynamic market volatility, opportunity exploitation through resource mobilization, and recombinant of organizational resources and structures, dynamic capabilities provide a conceptual framework for coping with complexity and uncertainty in modern-day business (Teece, 2023; Zahra et al., 2021). The theory emphasizes the relevance of plural forms of governance, efficacious culture, and cooperative ecosystem drive as drivers of such capabilities. It also underscores their very centrality in facilitating innovation, strategic renewal, and resilience. With increasingly disruptive markets and mounting competitive pressure testing firms to evolve, the dynamic capabilities approach remains a vital resource for managers and scholars seeking to understand and direct sustainable firm performance into the 21st century.

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

Conceptual Framework

This study was guided by the following conceptual framework that shows a diagrammatic representation of the relationship between the variables. This is shown in Figure 1.

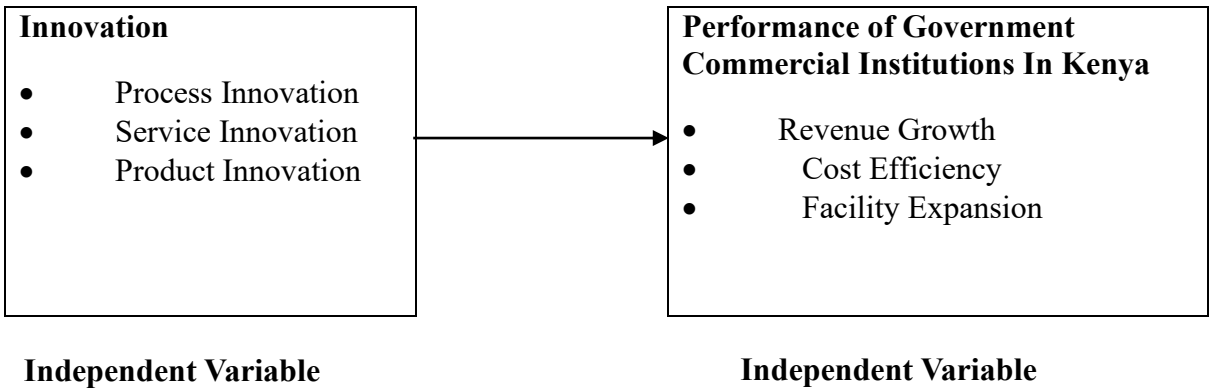

Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

Research Design

Descriptive research design was used in the observation and analysis of real-world phenomena without the manipulation of the variables. This type of design is suitable to evaluate how financial management impacts the performance of state-owned enterprises (SOEs) in Kenya. It allowed the use of both quantitative and qualitative data in order to achieve financial strategy and organizational effectiveness.

Research Philosophy

The research assumes a postpositivist philosophy where empirical evidence is highly regarded and it is admitted that human behavior is complex and can't be precisely predicted. The philosophy is suitable for supporting a systematic and critical analysis of the impact of turnaround strategies on the performance of SOEs in Kenya through quantitative data analysis.

Target Population

The study targets strategic-level managers in Kenya's 34 state-owned commercial corporations. Strategic-level managers are responsible for creating and implementing turnaround strategies. Focusing on 7 managers per organization ensures comprehensive insights per institution, eradicating the effects of variations in managerial levels.

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

Sampling Frame

The sampling frame is the 34 SOEs that are commercial. This focus on the strategic-level managers preserves data relevancy and integrity since these are the leaders guiding institutional change and financial decisions critical to turnaround.

Sample and Sampling Techniques

Purposive sampling technique is applied, wherein participants are selected based on their strategic-level positions and direct participation in the decision-making process. This preserves data from expert informants with experience in turnaround strategy and financial management.

Sample Size

It uses Krejcie & Morgan's formula to estimate a 148 managers' final sample from 34 institutions. A stratified random sampling method was employed—12 institutions gave 5 managers each, and 22 institutions gave 4 managers each. The method is employed for ensuring diversity, reliability, and generalizability of findings.

Data Collection Tools and Techniques

Closed-ended questions structured questionnaires were applied in collecting primary data. These were confidential and hand-delivered to maximize the response rate. The method was anonymous and privacy-preserved to ensure honest responses. It will utilize the Variance Inflation Factor (VIF) to test multicollinearity in the linear regression model. Multicollinearity is observed when there are substantial correlations among independent variables, which inflate the standard error of the regression coefficients and make results inaccurate (Kothari, 2019). VIF measures how much the variance of an estimated coefficient is inflated due to multicollinearity.

Data Presentation and Analysis

The study will use descriptive statistics (mean, standard deviation, frequency, percentage) to display data and identify trends (Field, 2018). SPSS Version 25 will be used to analyze variable relationships, and hypothesis testing will be conducted at a significance level of 5% (Pallant, 2020). Frequency tables will be used to display data, and ANOVA will be employed to test differences in performance between groups performing with different turnaround strategies (Siedlecki, 2020). Multiple regression will compare the effect of various turnaround programs on company performance (Mueller & Knapp, 2018). R-squared (R^2) measure will assess the model's fit in predicting performance outcomes (Mugenda & Mugenda, 2020).

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

RESULTS OF THE STUDY

Descriptive Statistics

Table 1: Innovation Central Tendency Measures

Statement	Mean	Median	Mode	Skewness	N
The Company has embraced a culture of innovation, fostering creative thinking and encouraging employees to generate new ideas and solutions.	4.30	4.00	4	0.871	27
Through innovation initiatives, the Company has successfully developed and launched groundbreaking products/services that have disrupted the market and attracted a significant customer base.	3.79	5.00	5	-0.850	27
The implementation of innovative processes and technologies has streamlined operations, improved efficiency, and reduced costs, contributing to increased profitability.	3.49	4.00	4	-0.472	27
By investing in research and development, the Company has continuously introduced innovative features and enhancements to its existing products/services, staying ahead of competitors and meeting evolving customer demands.	4.30	4.00	4	0.871	27
The Company's commitment to innovation has resulted in numerous patents and intellectual property, solidifying its position as a leader in its industry.	3.69	4.00	5	-0.672	27
Innovation has enabled the Company to enter new markets and expand its customer base, driving revenue growth and market share.	3.70	4.00	4	-0.554	27
The Company actively promotes collaboration and cross-functional teamwork to foster innovation, harnessing the collective expertise and perspectives of its employees.	3.79	4.00	5	-0.915	27

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

Through a structured innovation framework, the Company encourages experimentation, risk-taking, and learning from failures, creating an environment that nurtures continuous improvement and breakthrough ideas	4.40	4.00	4	0.399	27

The descriptive statistics provided in Table 1 offer insights into the central tendency measures related to innovation within government commercial institutions in Kenya, focusing on various aspects of innovation culture, initiatives, and outcomes. Across all dimensions of innovation measured, the mean values indicate a generally positive perception and engagement with innovation within the organizations. For instance, the mean scores range from 3.49 to 4.40, suggesting that, on average, participants perceive the company's approach to innovation favorably across different aspects. These mean values reflect a generally high level of endorsement for the innovative practices and initiatives implemented within the organizations. The median values further reinforce the positive perception of innovation, with most dimensions having a median score of 4.00. This indicates that the middlemost response falls within the category of agreement or strong agreement with statements related to innovation. Additionally, the mode values, which represent the most frequently occurring response, also align closely with the median and mean values, indicating a consistent pattern of responses across participants. The skewness values in the innovation central tendency measures illustrate a mix of slightly positive and negative skews across the various innovation aspects. Positive skewness is noted in the company's culture of innovation (0.871), as well as in the introduction of structured frameworks for fostering innovation (0.871) and encouragement of cross-functional teamwork (0.399). These positive skews suggest that although many respondents rated these areas positively, a small subset rated them below the mean, possibly indicating areas for improvement in fully embedding innovation culture. Negative skewness is observed in the company's efforts to streamline operations (-0.850), foster competitive R&D investments (-0.672), and promote intellectual property development (-0.915), indicating that most ratings were on the higher end, showing general satisfaction in these areas. The descriptive statistics suggest that government commercial institutions in Kenya have embraced a culture of innovation and have implemented various initiatives to foster creativity, generate new ideas, and develop groundbreaking products or services. These efforts have resulted in streamlined operations, improved efficiency, and reduced costs, contributing to increased profitability.

Dispersion Measures

Table 2: Innovation Dispersion Measures

Statement	Std. Deviation	Variance	Range	N
The Company has embraced a culture of innovation, fostering creative thinking and encouraging employees to generate new ideas and solutions.	0.461	0.213	1	27
Through innovation initiatives, the Company has successfully developed and launched	1.255	1.574	4	27

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

groundbreaking products/services that have disrupted the market and attracted a significant customer base.				
The implementation of innovative processes and technologies has streamlined operations, improved efficiency, and reduced costs, contributing to increased profitability.	1.365	1.862	4	27
By investing in research and development, the Company has continuously introduced innovative features and enhancements to its existing products/services, staying ahead of competitors and meeting evolving customer demands.	0.461	0.213	1	27
The Company's commitment to innovation has resulted in numerous patents and intellectual property, solidifying its position as a leader in its industry.	1.351	1.826	4	27
Innovation has enabled the Company to enter new markets and expand its customer base, driving revenue growth and market share.	1.013	1.026	3	27
The Company actively promotes collaboration and cross-functional teamwork to foster innovation, harnessing the collective expertise and perspectives of its employees.	1.333	1.778	4	27
Through a structured innovation framework, the Company encourages experimentation, risk-taking, and learning from failures, creating an environment that nurtures continuous improvement and breakthrough ideas.	.493	.243	1	27

The dispersion measures presented in Table 2 provide insights into the variability or spread of responses regarding innovation within government commercial institutions in Kenya. These measures offer a detailed understanding of the extent to which participants' perceptions diverge or cluster around the mean, indicating the level of consensus or diversity in their responses. The standard deviation (Std. Deviation) measures the average deviation of individual responses from the mean. A higher standard deviation suggests greater variability among responses, while a lower standard deviation indicates more uniformity. In this table, the standard deviation values range from 0.461 to 1.365, with the highest value observed for the "The implementation of innovative processes and technologies" variable. This indicates relatively higher variability in participants' perceptions regarding the implementation of innovative processes and technologies compared to other aspects of innovation. The variance measures (Variance) complement the standard deviation by quantifying the dispersion of responses around the mean. Variance values represent the squared deviations of individual responses from the mean. Higher variance values indicate greater dispersion among responses. In this table, variance values range from 0.213 to 1.862, with the highest value observed for the "The implementation of innovative processes and technologies" variable, consistent with the pattern observed in the standard deviation. The range provides a simple measure of dispersion by calculating the difference between the highest and lowest values of responses for each aspect of innovation. A

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

wider range suggests greater variability among responses, while a narrower range indicates more uniformity. In this table, the range values range from 1 to 4, with the highest range observed for the "The implementation of innovative processes and technologies" variable, indicating a broader spread of responses regarding this aspect of innovation compared to others. The dispersion measures indicate varying degrees of variability among participants' perceptions regarding different aspects of innovation within government commercial institutions in Kenya. While some aspects exhibit relatively low dispersion, others show greater variability, reflecting the diverse range of opinions and experiences regarding innovation implementation and its impact on organizational performance.

Inferential Statistical Findings and Tests of Hypothesis

The Relationship between Innovation and Performance

Table 3: Innovation Goodness of Fit Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.670	.656	.268

a. Predictors: (Constant), Process Innovation, Service Innovation, Product Innovation

Regression Results for Innovation and Performance

Table 4: Innovation Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.473	.346		-1.367	.174
	Process Innovation	-.337	.075	-.923	-4.460	.000
	Service Innovation	-.127	.027	-.357	-4.692	.000
	Product Innovation	.201	.040	.564	5.036	.000

a. Dependent Variable: Organizational Performance

Hypothesis one

$H0_1$: There is no statistically significant relationship between innovation and the performance of government commercial institutions in Kenya.

The regression results below Table 5: Innovation Regression Results are strong support that innovation has a statistically significant relationship with organizational performance in government commercial institutions in Kenya. Specifically, three dimensions of innovation—process innovation, service innovation, and product innovation—were analyzed to determine their respective effects on performance. The evidence is that there is a negative and statistically significant relationship between process innovation and organizational performance (β = -0.337, p = 0.000). This means that while process innovation in private firms is generally aimed

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

at streamlining efficiency and reducing costs, implementing it in public agencies can be met with systemic barriers such as bureaucratic inflexibility, low change capacity, or inconsistency with established workflow. These can serve as barriers to performance rather than enhance it, especially in environments where process modifications are resisted or poorly facilitated changes. Similarly, service innovation also had a negative significant correlation with performance (β = -0.127, p = 0.000), which means that the efforts to innovate customer interface or service delivery channels may not be paying off. It could be because of the intangibility of services, a poor approach to implementation, or the failure to incorporate user feedback during innovation. Conversely, product innovation was a strong and positive determinant of organizational performance (β = 0.201, p = 0.000). This indicates that innovation directed at the core offerings of such institutions in terms of new service portfolios, online platforms, or compact products has a measurable and positive effect on performance. Product innovation is most likely to generate visible outcomes that are easier to measure by the stakeholders in terms of increased service adoption, enhanced market penetration, or better customer satisfaction. Such outcomes further generate revenue boost and overall organizational performance.

The regression equation representing the relationship is:

$$Y = -0.473 - 0.337X_1 - 0.127X_2 + 0.201X_3$$

Where:

Y = Organizational Performance

X_1 = Process Innovation

X_2 = Service Innovation

X_3 = Product Innovation

Because all p-values are less than the provided critical value of 0.05, we reject null hypothesis (H_{01}) which stated: "Innovation has no statistically significant relationship with the performance of government commercial institutions in Kenya." The evidence clearly indicates that innovation, despite its significance, is not always positive across all directions. The positive contribution of product innovation opposes the negative effects of process and service innovations under this context. These findings demonstrate the contextuality of innovation in public sector contexts. Product innovation appears simpler to implement and measure, with tangible returns that attract internal and external constituencies alike. It is more likely to enjoy enhanced resource support and organizational sponsorship due to its tangible contribution to institutional goals. On the other hand, process and service innovations require deeper structural changes, extensive training, and cultural change within institutions—factors that are likely to be underdeveloped or opposed in public institutions. These are Njoroge's (2016) findings, where he emphasized that innovation strategies should be aligned with the broader institutional environment and organizational goals. He noted that public institutions need carefully to align their innovation strategy to match operation realities and stakeholder expectations. As Muturi et al. (2019) advocated for strategic, targeted innovations—particularly those that concern core service and product delivery functions—to advance institutional performance. They argued that even though innovation is essential, success is in the hands of meticulous design, stakeholder engagement, and constant support from the leadership. As a summary, innovation in general

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

has a strong connection with organizational performance, yet not all innovations are useful. These results stress the significance of embarking on a more modest and strategic innovation effort in public agencies, particularly by demanding product innovation with guarded testing and management of the risks associated with process and service innovations. The results also underscore the significance of capacity building, enabler leadership, and the development of robust implementation frameworks capable of translating innovative intent into performance improvement.

CONCLUSION

In conclusion, innovation seems to emerge as a major driver of successful turnaround strategies, particularly in today's fast-paced and dynamic organizational environments. Not only is it a vehicle for adaptation but also a building block for strategic renewal and long-term competitiveness. However, success with innovation relies on the presence of an effective organizational culture that promotes creativity, experimentation, and continuous improvement. This requires formalized systems, good systems, and continuous expenditure on research and development to enable organizations to properly respond to evolving markets and emergent risks.

Apart from this, innovation also needs to be institutionalized through mass participation at all levels of the organization. Its success is based on inclusive cross-functional working and elimination of silos that have the propensity to suppress creativity. Unfortunately, most organizations still suffer from inconsistency in the perception and practice of innovation, with the consequent variable outcomes. This calls for constant interventions for the improvement in communication, availability, and alignment of innovation programs with overall institutional goals.

Innovation in the Kenyan public sector is not an option but a survival and improved service delivery imperative. While these institutions grapple with constraining resources, bureaucratic opposition, and increased public expectations, they also have only one opportunity to leverage innovation as a means of fostering inclusive growth and increased efficiency in operations. Lastly, only strategic alignment of innovation—along with restructuring, modernization, and repositioning—will be the make, or break factor for the resilience, relevance, and long-term sustainability of organizations. For innovation to truly take root, it has to be reinforced by resilient leadership, based on stakeholder engagement, and grounded in a crystal-clear and compelling vision for change.

RECOMMENDATIONS

In order to boost innovation as a prime driver of organizational rejuvenation, Kenyan government commercial institutions must make institution building of strong innovation systems a core priority. This entails establishing institutionalized innovation hubs that serve as hubs for idea generation, experimentation, and deployment. These hubs must be complemented by long-term investments in research and development (R&D) aimed at remaining competitive with shifting market trends and technological developments. Further, strategic partnerships involving academic institutions and industry players can bridge the practice gap, bringing new

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

ideas and abilities into public sector innovation projects. By locating innovation in regular institutional processes, organizations can be more effectively positioned to build a culture of continuous improvement, experimentation, and adaptability—virtues required in a volatile context.

Also, imperative is the imbedding of innovation in organizational culture and decision-making. Innovation does not have to be an episodic event or a function of one department but should be imbedded in all levels and functions of the firm. Allowing bottom-up innovation, with suggestions from front-line workers to be considered and acted upon, has the ability to release creativity and solutions that are locally useful and practical. Leadership should also actively foster innovation by establishing a culture of experimentation and failure with safety nets. This may be achieved through reward systems, challenges for innovation, and knowledge-sharing networks that fuel innovative thinking at the departmental level.

Aside from these, purpose and outcome measurability must also drive the inclusion of innovation in organizational strategy. Innovation initiatives have to be aligned with institutional goals and mandates for public service if they are to be significant and sustainable. Metrics related to performance that directly relate to innovation—e.g., process gains, delivery improvement, or stakeholder satisfaction—should be monitored to measure impact and revise strategies continuously. This approach guarantees that innovation becomes tangible organizational value and not only a good theoretical conception.

Finally, institutions must build in-house capabilities for long-term innovation sustainability. This involves scaling up staff in innovation management, data analysis, digital skills, and design thinking. Building platforms for cross-functional working and enabling teams with tools and independence for innovation can significantly increase responsiveness and efficiency of delivery of service. Through a systematic, inclusive, and meaning-driven strategy for innovation, Kenyan public organisations can become adaptable, future-oriented organisations able to address contemporary challenges and provide enduring public value.

REFERENCES

Abiola, T., & Amadi, G. (2021). Post-COVID recovery strategies and organizational resilience in sub-Saharan Africa. *African Journal of Business Management, 15*(3), 71–82. https://doi.org/10.5897/AJBM2021.9205

African Development Bank (AfDB). (2023). *Turnaround strategies and institutional reforms in African public enterprises: Case studies from Ghana, Uganda, and Tanzania*. AfDB Publications.

Barney, J. B. (2020). *Resource-based theory: Creating and sustaining competitive advantage* (2nd ed.). Oxford University Press.

Chari, S., Nguyen, H., & Arikan, I. (2023). Measuring dynamic capabilities: A review and research agenda. *Journal of Management Studies, 60*(1), 56–87. https://doi.org/10.1111/joms.12810

Cristofaro, M., & Lovallo, M. (2023). Dynamic capabilities and strategic renewal: A systematic literature review and future research agenda. *Management Decision, 61*(2), 327–349. https://doi.org/10.1108/MD-10-2021-1393

Field, A. (2018). *Discovering statistics using IBM SPSS statistics* (5th ed.). Sage Publications.

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

Gujarati, D. N., & Porter, D. C. (2020). *Basic econometrics* (6th ed.). McGraw-Hill Education.

Jepchumba, S., & Wagude, J. (2020). Financial stabilization versus strategic renewal in Kenyan state corporations: A review of approaches and outcomes. *Journal of Public Administration and Policy Research, 12*(1), 8–17.

Kothari, C. R. (2019). *Research methodology: Methods and techniques* (4th ed.). New Age International Publishers.

Meirelles, D. D. S., & Camargo, A. A. B. (2021). Dynamic capabilities and organizational culture: A conceptual framework. *RAE-Revista de Administração de Empresas, 61*(2), 1–14. https://doi.org/10.1590/S0034-759020210207

Mueller, R. O., & Knapp, T. R. (2018). *Regression analysis and linear models: Concepts, applications, and implementation*. SAGE Publications.

Mugenda, O. M., & Mugenda, A. G. (2020). *Research methods: Quantitative and qualitative approaches*. ACTS Press.

Mureithi, D., & Cheruiyot, T. (2023). Digital innovation and performance in Kenya's public institutions: A case of state-owned enterprises. *Journal of African Management Studies, 9*(1), 45–62.

Muriithi, J., & Njoroge, M. (2022). Managing multicollinearity in regression analysis: A review of techniques. *Journal of Quantitative Social Research, 5*(2), 45–58.

Muturi, W., & Odollo, J. (2019). Modernization and performance of public sector institutions in Kenya. *International Journal of Economics, Commerce and Management, 7*(6), 122–139.

Mwangi, P., & Kamau, D. (2021). Addressing multicollinearity in economic research: A case of performance modeling. *East African Journal of Statistics and Data Science, 3*(1), 33–42.

Mwangi, R., & Okech, T. C. (2023). Strategic agility in a VUCA world: The role of Kenyan parastatals in national development. *Journal of Strategic and International Studies, 10*(2), 101–115.

Nyatsumba, V., Kaizer, M., & Pooe, R. (2022). Navigating uncertainty: Resilience and innovation in African public enterprises. *African Journal of Public Sector Innovation, 6*(4), 58–75.

Obonyo, C., & Awuor, D. (2022). Institutional recovery and context-sensitive strategies in Kenya's public enterprises. *East African Journal of Public Sector Management, 5*(2), 33–50.

Otieno, J., & Atambo, W. (2022). Leadership cognition and turnaround success in Kenyan state corporations. *Journal of Leadership and Governance, 6*(1), 25–40.

Pallant, J. (2020). *SPSS survival manual* (7th ed.). Open University Press.

Pereira, V., Temouri, Y., & Malik, A. (2022). Dynamic capabilities, internationalization and sustainability: A review and research agenda. *International Business Review, 31*(6), 101983. https://doi.org/10.1016/j.ibusrev.2022.101983

Pretorius, M. (2020). Strategic turnaround in emerging markets: Integrating innovation and organizational renewal. *South African Journal of Business Management, 51*(1), 1–10. https://doi.org/10.4102/sajbm.v51i1.1925

Pundziene, A., Sinkunaite, G., & Jucevičienė, P. (2023). Rethinking organizational resilience through dynamic capabilities and agile governance: A systematic literature review. *Technological Forecasting and Social Change, 185*, 122015. https://doi.org/10.1016/j.techfore.2022.122015

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF

Siedlecki, S. L. (2020). Statistical significance and meaningfulness: Interpreting the results of quantitative research. *Clinical Nurse Specialist, 34*(3), 113–115.

Teece, D. J. (2023). *Dynamic capabilities and strategic management: Organizing for innovation and growth* (2nd ed.). Oxford University Press.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal, 18*(7), 509–533. https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509: AID-SMJ882>3.0.CO;2-Z

Wambugu, M., & Kariuki, J. (2023). Integrating innovation into turnaround frameworks: Lessons from East Africa. *Journal of Strategic Change, 32*(2), 134–150. https://doi.org/10.1002/jsc.2609

Wandera, E., & Njeru, A. (2021). Dynamic capabilities and organizational resilience among manufacturing firms in Nairobi City County, Kenya. *International Journal of Business and Social Science Research, 9*(3), 1–11. https://doi.org/10.47742/ijbssr.v9n3p1

Zahra, S. A., Sapienza, H. J., & Davidsson, P. (2021). Entrepreneurship and dynamic capabilities: A review, model and research agenda. *Journal of Management Studies, 58*(5), 1040–1078. https://doi.org/10.1111/joms.12608

Article DOI: 10.52589/BJMMS-WN2YP8AF
DOI URL: https://doi.org/10.52589/BJMMS-WN2YP8AF