

Transformational leadership and innovation in deposit taking SACCOs

Abstract

With the drive for enhanced financial inclusion of the population through encouraging savings and investments in a bid to spur economic growth and attain the Sustainable Development Goals (SDGs), the critical role played by Savings and Credit Cooperative Societies (SACCOs) in developing countries in this endeavor cannot be gainsaid. It is worth noting that the extent to which such entities will contribute to economic development depends on the leadership paradigm utilized in guiding their operations and the extent to which they are innovative in their undertakings. This may further depend on the moderating effects of various factors, among them competitor orientation, especially in developing countries like Kenya, where the SACCO sector has grown tremendously with many deposit-taking SACCOs licensed to operate by the government. This study sought to establish the influence of transformational leadership on innovation in Deposit Taking SACCOs as moderated by competitor orientation in developing countries with a focus on Kenya. The study utilized descriptive and correlation research designs where 49 respondents, drawn from all the 7 Deposit-taking SACCOs in the Western region of Kenya, were targeted. Structured questionnaires were employed for data collection. The study used descriptive and inferential statistics to analyze data. Findings revealed that transformational leadership had a positive and significant influence on innovation. Further, competitor orientation had a positive but insignificant moderating effect on the relationship between transformational leadership and innovation. The study recommends that managers utilize transformational leadership practices in their undertakings to encourage innovation that ensures firm competitiveness. They should also focus on competitor orientation to support the firms' innovative efforts.

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