

**AN EXPLORATION OF THE TYPES OF INNOVATION THAT ARE PREDOMINANT IN
TANZANIA BEVERAGE MANUFACTURING COMPANIES: A CASE OF COCA-COLA
KWANZA LIMITED DAR ES SALAAM**

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Abstract

The aim of this study was to explore the types of innovation that are predominant in Tanzania beverage manufacturing Companies with evidences from Coca-Cola kwanza limited Dar es Salaam. The study was guided by innovation management theory evolution map, Schumpeter's innovation theory of profit and scientific management theory. The study employed the descriptive research design with a cross sectional method and quantitative approach. The target population was 700 employees and the sample size was 255. The primary data was collected through administered questionnaires. The data was analyzed by using descriptive statistics and Likert scale analysis. The findings of the study have indicated that beverage industries like Coca-Cola Kwanza Ltd invested their time on innovation to increase performance with the mean scale agreement of 4.25, and use new product and new market innovation as the types of innovations with the collaborations of external partners such as suppliers and customers with the agreement scale of 4.08 and 4.00 respectively that increases innovation performance. The study recommended that beverage industries like Coca-Cola kwanza Ltd should have organizational structure that support innovation on the daily activities involving all their employees and to wide-up collaboration with more external partners on the improvement of innovation performance such as university/ higher learning institutions and research centers.

Key Words: Innovation, Predominant, Beverage, Manufacturing Companies, Coca-Cola Kwanza

1.0 Introduction

Innovation is a process of numerous combinations such as science, technology, economics, and management, as it's far to attain novelty and extends from the emergence of the concept to its commercialization in the design of production, exchange, consumption (Kogabayev and Maziliauskas, 2017). Innovation gets to be the pivotal factor for surviving and sustaining a business in the long term. The scenario of innovation management could be performed in a very particular way among developed, developing, and under-developed countries (Islam and Basar, 2022). The management of innovation and change is vital to organizations, and organizations face increased demands to develop and monitor new knowledge (Mardani et al., 2018).

Management innovation, that is, the implementation of new management practices, processes and structures that represent a significant departure from current norms has over time dramatically transformed the way many functions and activities work in organizations (Baum & Whiteman, 2018). Many of the practices, processes and structures that we see in modern business organizations were developed during the last 150 years by the creative efforts of management innovators (Birskinshaw, 2006)

The situation of innovation management could be performed in an actual precise way among developed and developing countries. For bringing innovation, organizations have proper layout, exercise strategies, structure processes, and integrate the system (Islam and Basar, 2022). This exercise or the process may differ from country to country according to the economical circumstantial of the countries.

Globally managing innovation has only become more difficult with faster technology change and diffusion (Hoerlsberger, 2019). Often the context of an innovation management plays a greater role in a successful outcome than the merit of the underlying idea and poor performance of firms in the digital world is due to poor management of innovation (Tidd and Bessant, 2018) The benefits of innovation are increasingly recognized in the innovation management as the trend towards innovation collaboration across organizational boundaries intensifies (Martinez et al., 2014). Today's fast paced business environment requires firms to explore the use of external sources of technology and ideas to augment advances in information and communication technology have made companies more aware of externally generated scientific knowledge and they are starting to recognize that external research and development (R&D) can create significant value (Martinez et al., 2014)

Due to increasing market ambiguity, firms are being compulsory to innovate in order to maintain

business profitability (Pantano et al., 2020). Universally in this century, market, the products are not the only sources for innovation. We are also seeing social media and the digital marketplace innovating at warp speed, in turn creating opportunities for even more product innovation (Baum & Whiteman, 2018). Beverage companies are changing as a result and creating space for new and different innovation. In recent years, there has been an increased interest, by both policymakers and academics, to understand the processes of innovation that underlie corporate success and international competitiveness of firms and states (Kamaruddeen, Yusof and Said, 2010).

This is especially true for developing countries, as the knowledge intensity of production increased worldwide and competitiveness of firms active on world markets became increasingly determined by their ability to innovate (Goedhuys, 2007). However, the focus on innovation policy particularly in Africa (developing countries) is a relatively recent phenomenon (Islam and Basar, 2022). For decades in Africa, the debate about the role of science and technology in promoting development has centred on the supply-side that took its inspiration from the linear model of science (Pantano et al., 2020). In the conception of economic growth, innovation flows from basic science in a relatively smooth progression from the laboratory to the market. In developing countries, there are lacking in managing the entire innovation process. As innovation management is complex, they need to focus on installing new technologies, time management, and effective strategies to develop as an innovation-friendly organization (Islam and Basar, 2022).

According to Nasir and Ahmad (2015), in Africa innovation in the beverage sector is a complex process, from raw material consumption up to the final product and supplied to consumers. There is importance of a reformulation of strategies during the innovation process in East Africa. This necessitates agility in the ways of working, support from the top management as well as collaboration with external partners innovating for affluent markets, this shows the time-consuming nature of getting to know resource constrained environments and finding the right partners, as well as the agility needed for innovation (Hyvärinen, Keskinen and Levänen, 2020). In the Global Innovation Index of 2017, we can observe that Tanzania has gained 27 positions (to No 96 of 127 countries in the list) in one year making it among the countries that have improved most in Sub-Saharan Africa (Baum & Whiteman, 2018). This is a positive trend, but how could

innovation be enhanced and especially how could beverage manufactures increase their innovation capacity? On 1 July 1 2020, the World Bank announced that the Tanzanian economy had been upgraded from low to lower-middle income status (Maganga, 2021). This is through industrialization as stated in the Tanzania Development Vision 2025 (“TDV 2025”). Research and Development in strategic areas will promote innovation for economic development and technology transfer and therefore help realize the industrialization vision. The government of Tanzania is aware of the significant contribution of the research and development to the economic transformation. Therefore, through the Tanzania Commission for Science and Technology (“COSTECH”), the government asset the direction and priority areas for research in Science, Technology and Innovation(STI) which will serve the purposes of development dynamics to propel the drive of socio-economic transformation (DIT and SUZA, 2017). These priority areas are grouped into 15 sectors and 5 subsectors. The pertinent sectors include health, education, food quality, safety and nutrition, water and sanitation, land management and human settlements, energy, industry and manufacturing, mining, transport and logistics, agriculture, national heritage, tourism, climate change and ecosystem, forestry, and wildlife. According to (DIT and SUZA, 2017) innovation ecosystem in Tanzania is currently coordinated by the Ministry of Education, Science and Technology under the Directorate of Science, Technology and Innovation. The main functions of this directorate are to formulate and review science, technology, innovation and research policies, guidelines and standards and monitor their implementation, to promote innovations and application of science and technology in the country, to create conducive environment for science, technology and innovation research in the country, to develop professional staff on science and technology in liaison with relevant ministries/sectors, establish and oversee the institutes of science and technology in the country, to formulate and coordinate the implementation of national innovation system, stimulate industry and private sectors to increase its investment in S&T development and Innovation, to establish and operationalize the National Research fund management; Along that, in Tanzania innovation hubs provide members with opportunities to design solutions for local businesses through community empowerment, openness, and experimentation but the managing and balancing the innovation activities is insufficient (Mwantimwa et al., 2021). Product innovation in the beverage industry like Coca-cola Kwanza Ltd, can be produced by introducing new flavors, expand existing product lines and change the product packaging so as to enhance the attractiveness to customers. Biotechnology is one of the important innovations in

the food and beverage technology as it can solve the problem of food shortages seen a positive impact on society in which is still very challenging in management (Said et al., 2013)

Despite Innovation being a key issue and could be used as a common label for firms to improve products, services, to satisfy customer needs better than competitors, reduce company costs and increase profit, yet the ways in which Coca-Cola manage innovation is not well known though its performance is not adequate to the expectations. The management's at the companies generate innovation strategies as a response to competitive pressures to innovate and reduce costs. Therefore, organizations need to be able to select from a more diverse field of innovation modes. But regardless of its importance, management innovation remains poorly managed and poorly understood. In Tanzania most firms have no formal types of innovation and process for fostering management innovation. Moreover, academic research provides surprisingly little help. While studies of the diffusion of existing management innovations are common, there is limited literature on the types of innovation, the collaboration of external partners in innovation activities performance in the beverage manufacturing industries. Hence this study explored the types of innovation that are predominant in Tanzania beverage manufacturing Companies with evidences from Coca-Cola kwanza limited Dar es Salaam.

2.0 Literature review

Theoretically, this study was guided the innovation management theory evolution map, Schumpeter's Innovation theory of profit and Scientific management theory.

Innovation Management Theory Evolution Map

This theory was developed to guide corporate innovation managers to take note of existing fundamental innovation management theories, how it evolved through the past few decades and which theories are best suited to solve specific corporate innovation management challenges (Bouwer, 2018). Innovation management theory cannot be bought as a tangible product at the local supermarket. Academic theory is a virtual construct that attempts to explain phenomena that have been observed in the real world. The theory also emphasizes the need of the implementation of innovation management frameworks, it was necessary to measure and obtain metrics on the progress with innovation management implementation programs so as to develop innovation maturity & competitiveness models in the firms and value Innovation, this is the application of innovation management theory to strategically plan the launch, delivery and growth of new technologies in the market (Bouwer, 2018).

Schumpeter's Innovation theory of profit

The Innovation Theory of Profit was proposed by Joseph. A. Schumpeter, who believed that an entrepreneur could earn economic profits by introducing successful innovations. In other words, innovation theory of profit posits that the main function of an entrepreneur is to introduce innovations and the profit in the form of reward is given for his performance (Abdallah and Sowa, 2007).

The innovation theory of profit posits that the entrepreneur gains profit if his innovation is successful either in reducing the overall cost of production or increasing the demand for his product. Often, the profits earned are for a shorter duration as the competitors imitate the innovation, thereby ceasing the innovation to be new or novice. Earlier, the entrepreneur was enjoying a monopoly position in the market as innovation was confined to him and was earning larger profits. But after some time, with the others imitating the innovation, the profits started disappearing. This theory attributes to companies the ability to transform the economy by generating innovations, placing these firms at the core of the innovation process (Śledzik, 2013).

According to (Abdallah and Sowa, 2007), the innovation theory of profits has been criticized on the following grounds; It ignores the element of uncertainty, in addition to innovations, there are many other factors which give rise to profits, in modern enterprises, it is the entrepreneur who bears the risk, not the capitalist as Professor Schumpeter believes.

The innovation theory does not take into consideration the element of uncertainty as an important factor giving rise to profits. The main emphasis should be placed on uncertainty and not on innovation because even in absence of innovations, the entrepreneur would be able to earn profits if he/she can predict the future with a fair degree of certainty in so far as the changes in the demand and supply conditions are concerned. Besides innovations, there are several other factors which give rise to profits, for example, existence of monopoly, chance profits etc.

The theory also does not consider profits as the reward for risk taking. According to Prof. Schumpeter as cited by Abdallah and Sowa, (2007), the entrepreneur is never the risk bearer. The one who gives credit comes to grief if the undertaking fails. This, however, is not correct, for we know that in the modern industrial organization, it is the entrepreneur and not the capitalist who bears the entire risk of business. Lastly, it has also been said that the function of the entrepreneur is not only to introduce innovations but also to organize the business in the most efficient manner by coordinating the activities of the various factors of production.

Scientific management theory

American mechanical engineer Frederick Taylor, who was one of the earliest management theorists, pioneered the scientific management theory (Giannantonio, and Hurley-Hanson, 2011). He and his associates were among the first individuals to study work performance scientifically. Taylor's philosophy emphasized the fact that forcing people to work hard wasn't the best way to optimize results. Instead, Taylor recommended simplifying tasks so as to increase productivity (Hidyat, 2015). This is possible in an organization or firms when there is a formal practice of engaging stakeholders or employees on innovation and innovativeness.

According to Taylor, money was the key incentive for working, which is why he developed the "fair day's wages for a fair day's work" concept. Since then, the scientific management theory has been practiced worldwide. The resulting collaboration between employees and employers evolved into the teamwork that people now enjoy (Becker et al., 2015). Therefore these theories helped the research to explore the types of innovation that are predominant in Tanzania beverage manufacturing Companies.

According to the OECD and European Commission (2005), innovation is “the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.”

Many studies classify innovation differently. Nevertheless, most of the authors classify innovations as follows: products, processes, marketing and organizational innovation

(Chetty and Stangl,2014).

On the study of complementary relationship between types of innovation in SMEs done by Mahmutaj, Rocheska and Krasniqi (2021) it was revealed that types of innovation introduced by the firms are presented in percentage. 92% of innovations developed by interviewing firms where

product innovation, followed by 63%, organizational innovations, then 50% process innovation and only 33% of them introduced marketing innovations. The product innovation has resulted in organizational innovation. The respondents stated that the development of the product led to changes in organizational structure. In some cases, new employees have been hired, while in other cases, a completely new department has been established to implement the product innovations successfully.

Also the study done by Jong, (2020) on which factors contribute to innovative performance a case study applied to the food and beverage industry using correlation analysis revealed that relationship of new market or market orientation with the innovative performance.

A study by (Martinez et al., 2014) on an Open innovation strategies in the food and drink industry: determinants and impact on innovation performance in United Kingdom and Italy.

The result indicate that the most important source of innovation is suppliers in which 93% of firms use this as their external source of knowledge, followed closely by customers (i.e., retailers) and consumers. These findings underline the strong reliance of food and drinks companies on suppliers of scientific inputs and machinery by (Garcia Martinez and Briz, 2013; Traill and Meulenber, 2012) as cited by (Martinez et al., 2014)

3.0 Methodology

This study employed the descriptive research design with a cross sectional method. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.” In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothar, 2009). Moreover, quantitative approach was used for data collection and analysis. Quantitative approach makes use of questionnaires, to gather data that is revised and tabulated in numbers, which allowed the data to be characterized by the use of statistical analysis.

The study focused on the employee at Coca-cola Kwanza as a target population. In this study the target population included the management and staff working at Coca cola Kwanza Limited, Dar es Salaam which totaling to 700 (HR Document - August, 2022). The sample was calculated using the Taro Yamane’s statistical formula. Therefore the sample size for this study was 255 employees in which 10% is administrative or management and the rest are other staff. This study employed Simple Rando Sampling (SRS) to obtain sample size. This is because every respondent has an equal chance of being chosen so as to make generalizations’ from the research findings to attain the study objectives. Primary data were obtained by administering questionnaires of collecting quantitative evidence.

In this study, data were collected, coded and then entered in software (SPSS version 22) whereby frequency and percentage were used to analyze the demographic characteristics of respondents. Also Likert scale analysis. Likert items are used to measure respondents’ attitudes to a particular question or statement (Jamieson, 2004). To analyze the data usually coded as follows. 1.= Strongly disagree 2. = Disagree 3. = Neutral 4. = Agree 5. = Strongly agree Likert-type data is ordinal data, therefore the most appropriate measure is the mode the most frequent responses. Also the best way to display the distribution of responses i.e. (% that agree, disagree etc.) for this study was a bar chart. The validity of the data collection method was corroborated by using the Likert Scale that ensures the topic’s applicability with respondents’ understanding and is judged by the creator of the response item. Furthermore, the Cronbach Alpha (α) of more than 0.7 was yielded for all items in the questionnaire thus the instruments were reliable.

4.0 Results

Innovation and its types on beverage industries

The findings were presented in table 1 using mean Likert scale. The findings infer that respondents agree that the beverage industries invested their time on innovation to increase performance with the mean scale agreement of 4.25, while their perceptions were neutral on how the management is balancing innovation activities.

Also the results on the same table show that beverage manufacturing industries use new product and new market innovation as the types of innovations on manufacturing with the mean scale agreement of 3.89 and 3.96 respectively.

Table 1: Innovation and its types

Statements	N	Minimum	Maximum	Mean scale agreement
Company invests time and on innovation	255	2	5	4.25
Management balancing innovation activities	255	1	5	2.97
New product innovation	255	2	5	3.89
New market innovation	255	2	5	3.96
New method of production	255	1	5	2.59
Organization structure innovation	255	1	5	2.69
Number of respondents	255			

Source: Constructed by author using field data (2022)

5.0 Discussion and Findings

This study found that respondents were agreeing that those beverage industries invest on innovation to increase the performance on business. Despite of industries invest on innovation but their employees were neutral or they don't know on how the management balancing innovation to enhance performance. Also study revealed that the types of innovation used by beverage industries and to enhance their performance were new product and new market innovations. This conformed that new product and new market were the most innovations types applied by the beverage industries.

The findings presented in table 1 have been supported by the theories giuidded this study and other previous studies. For instance, Mahmutaj, Rocheska and Krasniqi (2021) found that any new development is known as innovation. There would be no progress without invention, and with no innovation, there can be no progress. If people and technology don't progress, they will quickly become irrelevant and outdated in a larger scheme of things. Technological innovation strives to improve an existing product, thus is to provide a new product or process with new technological features to set it apart from the competition. When the new updates are introduced to the market, they are regarded as innovations, benefiting the broader public and the company.

Moreover, these findings correspond to the findings of study done by (Islam and Basar, 2022) on "A comparative study on Innovation management processes in the context of developing and developed countries" found that " the types of innovation which were more likely applied industrial production on developing countries are new product and new market innovations. This is due new market involve the promotion of organization and organizational products and services through social networks as Facebook, Myspace, creativity works-sharing on YouTube, collaborative websites like Wikipedia, and micro blogging sites as Twitter.

6.0 Conclusions

The study concluded that manufacturing industries investing on innovation but they only use two types of innovation to enhance their performance such as new product and new market innovation, therefore this study recommended that Coca-Cola kwanza. Moreover, the study recommended that there is collaboration between external partners and beverage industries on improving the innovation performance, but this collaboration deal only with two external partners such as suppliers and customers.

7.0 Recommendations

The study found beverage manufacturing industries investing on innovation but they only use two types of innovation to enhance their performance such as new product and new market innovation, therefore this study recommended that Coca-Cola kwanza ltd should enlarge even their whole organization structure supporting the innovations. On the other hand the study indicated that there is collaboration between external partners and beverage industries on improving the innovation performance, but this collaboration deal only with two external partners such as suppliers and customers. This may require Coca-Cola kwanza Ltd to involve more external partners on the improvement of innovation performance such as university/ higher learning institutions and research centers.

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