THE EFFECT OF STRATEGIC PLANNING ON INNOVATION WITHIN THE TELECOMMUNICATION INDUSTRY IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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BY

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2018
STUDENT DECLARATION

I, the undersigned, declare that this research project is my original work and has not been submitted to any other institution of higher learning for academic credit other than United States International University-Africa.

Signed: _____________________________ Date: _____________________________

Eva Wambugu (643453)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _____________________________ Date: _____________________________

Prof. Maina Muchara

Signed: _____________________________ Date: _____________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to determine the effect of strategic planning on innovation within the telecommunication industry. The study was guided by three research questions touching on the following aspects: the relationship between strategic environmental scanning and innovation, the relationship between strategy formulation and innovation and the relationship between strategic evaluation and innovation in the telecommunication sector.

The research adopted a descriptive survey research design. The population of the study entailed senior level management, heads of business units and middle management in the telecommunication industries. Primary data for the research was collected through use of questionnaires that comprised of close ended questions. Respondents were required to respond to questions developed from the three research questions to provide substantial data for analysis to derive conclusions. The data was analyzed using SPSS Statistics in terms of percentages, mean, as well as regression and presented in form of tables and figures to elicit the findings in light of the three research questions. Data analysis methods used in the study included both qualitative and quantitative techniques. The study also undertook a regression and correlation analysis of the various variables to determine how the various variables relate to each other. The information was presented by use of tables and figures where necessary for ease of comprehension and analysis.

The study revealed that strategic planning (strategic environmental scanning, strategy formulation and strategy evaluation) accounts for 50% of factors that influence innovation in the telecommunication industry. Strategic environmental scanning has a strong correlation with innovation whereby respondents indicated that customer analysis plays a key role towards innovation. Strategy evaluation also has a strong correlation with innovation whereby respondents agreed that the soft elements (staff, skills, style and shared values) are major contributors when it comes to innovation. Strategy formulation on the other hand has a weak correlation to innovation based on the extent to which respondents agreed that the vision, mission and goal setting are embraced within the organizations.

The study concludes that only two out of the three variables have a strong correlation with innovation. Strategic environmental scanning and strategy evaluation have a strong correlation with innovation while strategy formulation has a weak relationship with innovation in the telecommunication industry.
in Kenya. Strategic environmental scanning and strategy evaluation would lead to an increase in innovation in the telecommunication industry while innovation is not necessarily improved by strategy formulation.

The study recommends that while conducting strategic environmental scanning, organizations should engage more in competitor analysis and market analysis as these are currently done to a low extent in the telecommunication industry. This could lead to more insights for the industry in addition to those attributed to environmental analysis and customer analysis. Organizations should also explore ways in which they can strengthen the systems or improve structure so as to foster innovation within the companies during strategy evaluation. This will provide a different aspect from the soft elements (staff, style, skills and shared values) which had the most impact on innovation from the study. There are opportunities for innovation that may present themselves on the backdrop of the systems and structures that have been set in place. From the study strategy formulation has the weakest correlation to innovation in the telecommunication industry and therefore organizations can focus on ways in which tapping into the process of strategy formulation can improve their innovative strategies. The companies should consider how various components of strategy formulation can positively impact their innovative strategies and capabilities leading to product, process or market innovation.

The study also recommends that further studies should be done to explore other factors that affect innovation in the telecommunication sector. From the study strategic planning (strategic environmental scanning, strategy formulation and strategy evaluation) only accounts for 50% of factors that influence innovation, therefore other researchers can consider evaluation of other factors such as strategy implementation to establish other factors that have an impact on innovation.
ACKNOWLEDGEMENT

First and foremost I would like to thank God for seeing me through this project to completion. I would also like to thank my research project supervisor Dr. Maina Muchara for his guidance and assistance while carrying out the research and directing me accordingly. I would also like to acknowledge the support I have received from family and friends. Thank you all.
DEDICATION

I would like to dedicate this to my family for the encouragement, love and financial support shown throughout the journey.
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<th>Description</th>
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<tr>
<td>PEST</td>
<td>Political Economic Social and Technology</td>
</tr>
<tr>
<td>PMS</td>
<td>Performance Management Systems</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package of Social Science</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength Weaknesses Opportunities &amp; Threats</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background Information

There are many definitions of strategic planning from various researchers as well as methods that can be adopted when undertaking strategic planning. Most definitions emphasize on aligning the organization with its environment towards the future. Bryson (2011) argues that strategic planning is a set of concepts, procedures and tools designed to assist leaders and manager with their tasks. The same author defines strategic planning as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it (Bryson, 2011).

Strategic planning as a concept was introduced by authors such as Ansoff (Ansoff, 1965). The idea was that companies can and should set their long term goals rationally and deliberately: based on that resources and plans to pursue these goals can and must be defined in advance. However, the concept has evolved and changed a lot in terms of its meaning and application (Wolf & Floyd, 2013). Strategic planning refers to the process of setting guidelines and formulating strategies that control the activities being undertaken to achieve an organizations set goals and objectives (Karabulut & Efendioglu, 2010). The company is examined as a system composed of interconnected subsystems and permits managers to look at the organization as a whole. It provides a framework for coordination and control of organization’s activities, decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance (Arasa & K’Obonyo, 2012).

Strategic planning process involves preparing the best way to respond to the circumstances of the organisation's environment (Okumus, Altinay & Chathoth, 2010). According to McIlquham-Schimidt (2010), strategic planning is the process of diagnosing an organization’s external and internal environments, deciding on a vision and mission, developing overall goals, creating and selecting general strategies to be pursued, and allocating resources to achieve the organization’s goals.
Strategic planning can be defined as an attempt to alter a company’s strength relative to that of its competitors, in the most efficient and effective way (Sukley et al., 2012). Strategic planning helps organizations to anticipate future challenges and opportunities (Volberda, 2010). The objective of the strategic planning processes is to design competitive strategies that enable the firm to find a position in the present environment, and to go beyond perceptions of the current situation to distinguish the enterprise into the future (Leon-Soriano et al., 2010). According to Sukley (2012) strategic planning focuses on the direction of the organization and actions necessary to improve its performance. One of the ways that companies can improve performance is through innovation.

Companies innovate through adopting new technologies and management practices that will yield efficiency and ultimately lead to better performance (Johnson, Scholes & Whittington, 2011). The current environment thrives on innovation which is driven by knowledge, employee creativity and the desire to constantly learn research and develop new ideas and processes (Bartes, 2013).

Innovation research in general tends to focus on technological innovation by manufacturing firms where significant financial revenues can result when a firm licenses its own technology to other firms. Licensing agreements are a common form of inter-firm alliance, especially for firms looking to exploit an extensive technology patent portfolio. IBM, for example, received 370 million USD in licensing-based fees and an additional 228 million USD from the sale and transfer of intellectual property in 2009 (IBM, 2010). With this view, innovation studies focus on product and process innovation largely ignoring service innovation and its inherent opportunities (Sánchez, Lago, Ferras, & Ribera, 2011). This narrowed focus likely stems from a traditional view of services as activities with low innovative frequency, and the product-centric orientation of innovation literature that reflects a setting in which manufacturing was the primary economic driver (Papulova & Papula, 2015).

Further research demonstrated peculiar traits that differentiate services from goods: Intangibility, perishability, heterogeneity, simultaneity, transferability and cultural specificity (Carlborg, Kindström, & Kowalkowski, 2014). This uniqueness of services from products poses great challenges to both marketers and strategist since they have nothing to show to
customers. It is regretted that although service innovation is currently being acknowledged as a source of competitive advantage in the service firms (Carlborg, Kindström, & Kowalkowski, 2014), little importance has been attached on service innovation, keenly because of its characteristics. However, according to these characteristics makes them a strategic opportunity and a source of sustained competitive advantage for companies.

According to Robinson and Pearce (2014), the strategic planning process contains four stages as follows: analyzing of the external environment and internal environment, selection of business strategies, implementation of those strategies and, lastly, evaluation of the implementation success of companies' business strategies. A lot of businesses engage themselves in strategic planning by using new ideas, objects, practices and reaching the goals. The organizations strategy can decide the fate of an organization by helping organization to develop innovative products and sustain their competitive advantage.

In Strategic Management itself, which is theory-oriented, Ansoff talks about perception of the environment by the organization according to the level of turbulence (Martinet, 2010). Effective management of emerging issues is fundamental to the success of business organizations. Globalization means that corporate performance in one region of the world directly impacts its regulatory burden, brand image, reputation and financial wellbeing in that region as well as across the globe.

From the PwC’s Communications Review (2017), the past couple of decades have been good ones for the telecom industry in terms of sustained growth and increased efficiency, thanks to the rise of the Internet, the development of new technologies like fiber optics, the advent of faster and more connected computers and mobile devices, and the increasing demand from consumer and business customers for greater connectivity, more data, and faster services. With growing demand for different types of digital services, telecommunication operators have a commercially attractive future if they drastically reinvent themselves for the age of digitization by investing in the right capabilities. These capabilities will aid in reinventing the customer experiences, reimagining their operating model to significantly reduce costs and re-creation of their corporate cultures to instill the agile mind-set that will enable digital transformation (PwC Communications Review, 2017).
It is important for a firm to engage in strategic planning so as to increase the chances of the organizations’ success at achieving its objectives. Though the future is unpredictable, in a turbulent environment strategic planning can help an organization to achieve a particular goal in a systematic way by developing effective strategies and dealing effectively with rapidly changing circumstances (Amin & Majid, 2011).

This study is beneficial to the telecommunication industry because it provides insights into the role of strategic planning towards innovation in the telecommunication industry in Kenya. From the study organizations can identify areas along the strategic planning process that need improvement as strategic planning is essential for organization’s success in business arenas. The effective role of strategic planning in order to improve organizational performance is well documented in the strategic management literature (McIlquham-Schmid, 2010).

1.2 Statement of the Problem

As a concept, strategic planning was introduced by authors such as Ansoff (1965). Ansoff was the most prominent thinker and contributor to strategic planning literature during the 1960s and 1970s (Martinet, 2010). Strategic planning refers to the process of setting guidelines and formulating strategies that control the activities being undertaken to achieve an organization’s set goals and objectives (Karabulut & Efendioglu, 2010) Strategic planning is an important performance driver in all work settings and enhances economic performance and organizational innovation (Song, 2016).

Innovation refers to the transformation of creative ideas in a business. Schumpeter (1934) is credited to have coined the term innovation in the start of the 20th century and defined innovations as organisational, process and product organisation changes that do not only emanate from scientific discovery but also come from a mix of already existing technologies and their application in a new way (Zizlavsky, 2011). Industries are responding to customer’s demand by becoming more innovative in approaching the changed environment (Hax & Majiluf, 2012).
A study by Babtunde and Adebisi (2012) established that the use of strategic environmental scanning in evaluating the environmental forces (opportunities and threats) has helped in seizing the opportunities and avoiding threats and it leads to organization profitability. Among all the strategic planning constituent variables, analysis of business environment exhibits a stronger relationship with firm performance (Arasa & K’Obonyo, 2012). These studies have looked at strategic planning with regards to profitability and firm performance respectively while this study will focus on the relationship between strategic planning on innovation in the telecommunication sector.

According to Emeka, Ejim and Amaka (2015) a well-conceived and formulated strategy matched with a well-structured organization increases productivity. Karel, Adam & Radomír (2013) established that thorough (detailed) strategic planning is definitely a reasonable activity for any company, because enterprises that prepared detailed strategic documents had better results than enterprises without written plans. Carraher, Parnell and Spillan (2009) confirm that retail SMEs with high strategic clarity will outperform those with moderate strategic clarity. These studies have focused on strategy formulation with regards to different components and industries whereas this study will focus on strategy formulation on innovation in the telecommunication industry.

The effect of strategic evaluation is brought out by a study by Mohammed, Gichunge and Were (2017) which revealed that strategic evaluation ascertains the degree of achievement in organizations. From the study internal auditing assisted tour firms in identifying weak areas that needed improvement and those that bench marking activities had positively improved performance. Ongonge (2013) conducted a study whereby ActionAid undertook evaluation and control of strategies by systems to promote effective internal communication and encourage input of external knowledge and perspectives invest in structures and systems that generate and promote innovations, knowledge and alternatives. These studies have focused on other industries such as the hospitality industry and non-governmental organizations whereas this study will focus on the telecommunication industry.
From the above it is evident that hardly any of these studies attempted to analyze the effect of strategic planning with a focus on innovation in the telecommunication industry in Kenya. This study explores the relationship between strategic planning and innovation in this industry in Kenya.

1.3 Purpose of the Study

The aim of this study was to determine the effect of strategic planning on innovation in the telecommunication industry in Kenya.

1.4 Research Questions

1.4.1 What is the relationship between strategic environmental scanning and innovation in the telecommunication sector?

1.4.2 What is the relationship between strategy formulation and innovation in the telecommunication sector?

1.4.1 What is the relationship between strategic evaluation and innovation in the telecommunication sector?

1.5 Importance of the Study

Findings of this study are insightful in towards the need for strategic planning in the telecommunications services market. This study will reveal the variables of strategic planning that are valuable for the telecommunication industry towards innovation. The findings of the study will be useful to various stakeholders:

1.5.1 General Management

Successful management of business is based upon strategic awareness which informs decisions leading to appropriate actions. In order to do this, management must be aware of drivers of change within the organization. The findings of this study can provide guidance to top management in the telecommunication industry on various strategic planning stages that can improve the innovative capability of their organizations.
1.52 Policy Makers (Communications Authority)

The Communications Authority is the main regulator of the telecommunications industry in Kenya. The findings of this study can be adopted to inform policy on how to regulate or liberalize innovation in the telecommunications industry in Kenya. It can help the regulator to identify key issues that they can address towards encouraging innovation in the telecommunication industry.

1.53 Scholars

Scholars will be able to refer to this study on strategic planning in the telecommunication industry in Kenya. Strategic planning within firms is directly linked to the success of the organization and has an effect on companywide measures of productivity and performance. Therefore the study can reveal various components of strategic planning process that are instrumental towards innovation within the telecommunication industry in Kenya.

1.6 Scope of the Study

The study investigated the effect of strategic planning towards innovation in the telecommunication industry in Kenya. The independent variables studied included strategic environmental scanning, strategy formulation and strategy evaluation as components of the strategic planning process.

The study targeted 30 organizations in the telecommunication industry in Kenya. Primary data was collected from the organizations through questionnaires. The study targeted top management employees from organizations within the telecommunication industry in Kenya. Collection of data was carried out between July 2018 and August 2018 with a pilot exercise undertaken between 2 July and 6 July 2018. The respondents were cooperative as the researcher informed them that the study was purely academic in order to dispel any fear that the respondents may have had. This was done to aid in collection of accurate data.
1.7 Definition of Terms

1.71 Planning

Daft (2012) describes planning as the act of determining goals and defining the means for achieving them and planning helps managers think toward the future rather than thinking merely in terms of day-to-day activities.

1.72 Strategic Planning

Strategic planning is concerned with the setting of long-term organizational goals, the development and implementation of plans to achieve these goals, and the allocation or diversion of resources necessary for realizing these goals (Stonehouse & Pemberton, 2012; O'Regan & Ghobadian, 2014).

1.73 Strategy Implementation

According to Lewis (2012) strategy implementation is the procedure of designing systems to ensure that the plans are carried out in the intended manner and periodically adjusted to keep the organization on track to achieve its goals.

1.74 Strategic Innovation

Strategic innovation therefore involves penetration into new markets, creation of value for customers and redefining the existing markets through improving the value of products and services to the customers (Gebauer, Worch and Truffer, 2012).

1.8 Chapter Summary

Chapter one has presented the background information to the research problem, identified the problem statement, stated the purpose of the study and listed the research questions addressed in the research project. It has also presented the rationale, scope, and definition of terms used. Chapter two presents the literature review. It discusses the existing research literature on issues touching on strategic planning components: strategic environmental scanning, strategy formulation and strategy evaluation. The discussion tackles all the research questions posed and provides a firm theoretical background for the study.
Chapter three covers the research methodology. The chapter discusses the research design used in the study, the population, the sampling techniques, data collection methods, research procedure, data analysis methods and contains the chapter summary as well. Chapter four discusses the data analysis, interpretation and presentation of the data collected from the respondents and chapter five presents the summary of findings, conclusion and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter has presented the literature review based on the study research questions. Literature on the relationship between strategic environmental scanning and innovation has been presented first, followed by the relationship between strategy formulation and innovation and finally the relationship between strategic evaluation and innovation. The summary of the entire chapter has been provided at the end.

2.2 Strategic Environmental Scanning and Innovation

Ansoff (1965) laid the foundation for the usefulness of strategic planning. In 1980s the strategic planning focus shifted to a broad range of concepts and techniques aiming at the anticipating and exploiting business opportunities. In dynamic environments where demand constantly shifts, opportunities become abundant and performance should be highest for those firms that have an orientation for pursuing new opportunities because they have a good fit between their strategic orientation and the environment. Environmental scanning is a management tool that uses external information for improving strategic decision-making (Liao, Welsch & Stoica, 2008).

Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization’s internal and external environment (Fitzroy, Hulbert & Ghobadian, 2012). It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment. Environmental scanning allows strategic decision-makers to understand the events in the external environment so they can identify and anticipate environmental change (Coulter, 2013).

Generally speaking, internal environmental factors such as management, employees, culture and financial change are easier to control than external environmental factors. Therefore for this study we shall focus on the external environment specifically the, macro environment, micro environment (market, customer, supplier) and competitors.
2.2.1 Environmental Analysis

The external environment of firms’ affects their ability and the ability of individuals to create or discover opportunities. Environmental analysis facilitates the ability to exploit the resources, acquiring resources, as well as identifying opportunities to create competitive advantage (Hitt, Ireland, & Hoskisson, 2011). Nowadays organizations are facing big challenges to make their knowledge more productive as a competitive resource in a complex and an unpredictable environment (Daud & Yusoff, 2011).

According to Robinson and Pearce (2013), components of external environment analysis include scanning, monitoring, forecasting and assessing; factors which constitute the external environment can be divided into three interrelated subcategories which include the remote environment, industry environment and operating environment. The remote environment contains factors that originate beyond and usually irrespective of any firm’s operating situation such as economic, social, political, technological and ecological factors.

Harvard professor Michel E. Porter propelled the concept of industry environment into the foreground of strategic thought and business action as they highlight the critical strengths and weaknesses of the company (Porter, 2008). The operating environment comprises of factors in the competitive situation that affect a firm’s success in acquiring needed resources or in profitability in marketing its goods and services. Assessing its competitive position improves a firm’s chances of designing strategies that optimize its environmental opportunities (Robinson & Pearce, 2013).

Another tool that sets the stage for analyzing the external environment is a SWOT analysis whereby the categories strengths, weaknesses, opportunities and threats are placed in quadrants. A SWOT analysis is a predecessor to having a strategic plan and is completed by a group of specialists who can measure the organization from a serious perspective (Esra, 2010). According to Kahveci & Meads (2008), one of the significances of a SWOT analysis for an organization is that it aids the organization in using its resources efficiently. It is a way to organize facts so as to make sense of the data and see the implications for an organization.
In addition, another tool that can be used for making these strategic decisions is a P.E.S.T (Political, Economic, Social and Technological) analysis. Kotler (2008) claims that P.E.S.T analysis is a useful tactical tool for understanding market decline or growth, business position, potential and direction for operations. The use of P.E.S.T. analysis can be seen effective for business and strategic planning, marketing planning, product and business development and research reports.

Fairholm (2009) and Drago and Clement (1999), all agree that a leader plays an integral role in the environmental analysis that is required to inform the firm of its current position in the market place as well as its strengths and weaknesses in the market place. Leaders needs to analyze the situation and identify gaps that can be exploited to deliver success to the organization. Leaders are also tasked with the arduous role of seeking out information and then sieving out what is relevant in the decision-making process. Fabbri (2016) confirms that the leaders need to analyze the internal as well as the external environment that the organization is operating in to be able to develop strategies that the firm can employee. It is important for managers to understand the environment in which they operate, since these are a major influence on what their organizations need to do in order to survive and succeed.

Strategic planning relies heavily on strategic surveillance through environmental scanning and special alert controls. It employs the technique of object gap analysis to ensure that operational controls are in place which requires organizational capabilities to facilitate management response to surprising changes. It is necessary for a firm to invest in a strategic plan so as to effectively deal with the changes. Environmental analysis is therefore not a passive exercise, but rather an active and essential input to strategy development, helping the firm and its business units identify attractive opportunities and make decisions on where and how to compete (Fitzroy, Hulbert & Ghobadian, 2012). Successful strategy development requires an understanding of changes in the environment.

2.2.2 Market Analysis

According to Fitzroy, Hulbert and Ghobadian (2012), markets are characterized as comprising buyers, either individual or institutional, with different needs and requirements. Meeting the needs of customers requires developing different types of offers, each focused on the needs of
a different segment. Market segmentation is the process of grouping together actual and potential customers whose needs are similar so that target segments can be selected and appropriate marketing programmes designed.

According to Porter (2008), segmentation permits the firm to focus on those segments in which it has a competitive advantage permitting greater differentiation of the offer and consequently better margins. Customers often play different roles—gatekeeper, influencer, decision maker, buyer and user in a purchase process. Failure to understand these roles may preclude sufficient understanding of sources of value. Different customers also have differing needs and wants depending upon socio-cultural and situational factors, as well as role in purchasing process (Fitzroy, Hulbert & Ghobadian, 2012).

Mohsin, Halim and Ahmad (2012) reported that market orientation allows owner-managers to gather information from the current and potential customers needs to create superior customer values and respond in an entrepreneurial manner. Therefore it enhances a company’s market sensing capabilities, which in turn encourages the development of products, processes and new ideas. The market orientation provides a firm a better understanding of its competitors, customers and environment, which subsequently leads to superior firm performance (Kara, Spillan, & Deshields, 2005).

According to Nwankwo and Gbadamosi (2010), the business culture that produces outstanding performance through its commitment to creating superior value for customers refers to market orientation. The beliefs implicit in this culture are embedded in continuous cross-functional learning about customers latent and expressed needs and about competitors’ capabilities and strategies and also in cross-functionally coordinated action to create and exploit the learning. Every manager in a business must think broadly about firm’s market orientation and the scope of its strategic maneuvers.

Baker and Sinkula (2007) reported that market orientation is positively and significantly associated with new product success, and enhances organizational performance through increasing a firm’s innovativeness. The literature concerning the marketing concept has assumed that the implementation of the market orientation would lead to superior organizational performance (Piercy, Haris & Lane, 2002).
Innovation is widely acknowledged as the production of enhanced or fresh products, new approaches in production methods, and the unearthing of fresh markets and organization of structures. According to Medrano and Olarte-Pascual (2016), innovation can change any part of the value chain. Innovation in business entails various changes in different aspects of the business, this study is focused on the innovation aspect in business product and service, business process innovation and marketing innovation.

2.2.3 Competitor Analysis

According to Fitzroy, Hulbert and Ghobadian (2012), most competitor analysis is undertaken at the business unit level. In undertaking to analyze specific competitors we are making an implicit assumption that the unit in question is engaged in oligopolistic competition since under perfect competition there would be no purpose in the exercise. Since the best competitive strategies are typically pre-emptive, identification is a very important stage that should encompass not only today’s competitors, but also those that could represent a threat tomorrow. A competitor is any entity capable of meeting the same set of customer requirements a company intends to meet.

According to Porter (2011), competition takes place across industries and therefore there is much need for analysis of competitors from all dimensions to be able to get a better picture of the trends and activities. In response to rapid change and the increasing cost of business and product development, more and more firms are moving to organize themselves as network competitors (Fitzroy, Hulbert & Ghobadian, 2012). Critical to an effective competitor analysis is gathering data and information that can help the firm understand its competitor’s intentions and strategic implications resulting from them. Through effective competitive intelligence the firm gains the insights needed to make effective strategic decisions about how to compete against rivals (Hitt, Ireland, & Hoskisson, 2011).

A key driver of organizational inertia is a lack of information about the key competitors of the business and in-depth insight of the scenario regarding competition. Competitor orientation is the extent to which firms are oriented toward and understand the strengths, weaknesses, tactical and strategic capabilities of both current and potential competitors (Porter, 2011). Lack of knowledge of a firm about its competitors can prove detrimental to the firm. Thus in order to
be more competitive, resilient and relevant in the business world enterprises need to prioritize, identify, and minimize their business challenges in today's world (Talib, Ali, & Idris, 2013). Competitor information is key to organizations.

To survive in today's competitive market environment, companies must be capable to meet customers' requirements with emphasis on production of products of high quality, in time delivery and low cost. Businesses should focus on customer needs, focusing on the customers and their needs seems a certain way to succeed and to avoid the worst kind of surprises specially in turbulent environments such as the new competitive landscape, where competitors can come from any line of business or any nation without warning (Meyer & Heppard, 2001). When an organization is competitor and customer oriented, it emphasizes on the search of information and use geared toward meeting customer needs and achieving competitive. Technical turbulence moderates customer and competitor orientations’ impact upon innovation performance (Liu, Luo & Shi, 2003). Dynamic and competitive conditions of the industrial environment require organizations to more intensively explore sources (capabilities) of innovations and accelerate generation of the innovations (Franke, 2007).

2.2.4 Customer Analysis

Customer analysis involves developing a detailed understanding of customers, their needs and values, how these needs may vary within (market segmentation) how they are changing and what the firm can do to introduce change to the market place (Fitzroy, Hulbert & Ghobadian, 2012). Growth comes not from doing the same as competitors, but from being creative, with insight about how to respond to or create marketplace change. Such skills are an important intangible asset. According to Robinson and Pearce (2014), assessing consumer behavior is a key element in the process of satisfying your target market needs. Market research and industry surveys can help to reduce a firm’s chances of relying on illusive assumptions. Patterns can be identified based on the geographic area, demographic, psychographic and buyer behaviors.

Since customers have become more selective and conservative in their buying habits, and larger companies are more forceful in attaining target markets. In order to retain customers’ loyalty and substantial competitive edge in the market; small businesses must focus on meeting customer needs (Carraher, Parnell, & Spillan, 2009). By managing the types of behaviors and
employees display, firms often attempt to shape their image with customers. The customers’ service employees play a vital role for organizations in which success depends on effective customer relations. Verhees and Meulenberg (2004) suggested that customer market intelligence positively affects performance.

Understanding customer value is essential to developing a business model. One of the most important sources of determining customer value is understanding who the customer is. Any person who can influence the decision to purchase the firm’s products and services, not just those who pay, should be viewed as a customer. We should also recognize that customers are always individuals in as much as organizations do not make decisions, people do. We need to clearly understand the needs and dissatisfactions of customers and how these are changing. Such changes open up an opportunities for astute firms (Fitzroy, Hulbert & Ghobadian, 2012).

Pursuit of customer oriented strategies are more likely to provide quality and contribute to customer satisfaction. It is argued that this type of orientation plays a more relevant role in service organizations than in other types of companies (Kelley, 2012; Kim & Cha, 2012; Saura, Contri, Taulet & Velazquez, 2015). Customer orientation has been shown to have a positive impact on performance at both the company (Narver & Slater, 2010; Singh & Ranchhod, 2014) and salesperson (Sujan, Weitz & Kumar, 2014; Donavan & Hocutt, 2012) levels. Customer-oriented employees derive satisfactions from pleasing external and internal customers (Donavan & Hocutt, 2012); additionally, by improving their understanding of customer needs and using this knowledge to design better products and services, customer orientation should directly impact customer satisfaction (Gustafsson, Nilsson & Johnson, 2013).

Customer-oriented firms thus are consistently perceived as offering higher quality physical goods and employee performance (Brady & Cronin, 2011). Similarly, if service employee behaviors are focused on long-term relationships (like high contact intensity, mutual disclosure, and cooperative intentions), and in turn favorably affect customer perception of relational service quality (Crosby, Evans & Cowles, 1990); in that way, while service people pay more attention on customer and put the customer first, they improve their ability to provide satisfactory customer services. In literature, it is argued that this type of orientation plays an even more relevant role in service organizations than in other types of companies (Kelley, 2012; Kim & Cha, 2012).
2.2.4 Innovation

Innovation is one of the strategies that helps a company remain competitive, according to Bartes (2013). The modern business environment prospers on innovation. Organizations have found it essential to innovate and sustain an innovative organization culture (Urbancová, 2013). Innovation is the process denoting either new product, new processes or new services or business practices, it entails the introduction of a fresh or meaningfully enhanced product, process, structural method or marketing method by the enterprise (Quinn, McKitterick, McAdam, & Brennan, 2013). Quinn, et al., (2013) observed that a company is capable of attaining competitive advantage through managing in the present effectively while building innovation for the future concurrently.

Innovation is widely acknowledged as production of enhanced or fresh products, new approach in production methods, and the unearthing of fresh markets and organization of structures. According to Medrano and Olarte-Pascual (2016), innovation can change any part of the value chain. Innovation in business entails various changes in different aspect of the business, this study is focused on the innovation aspect in business product and service, business process innovation and marketing innovation.

Product innovation is the innovation that is concentrated in the product, it can be the introduction of new product into the market, the design modification of conventional products or the application of new ingredients in production of conventional products (Zhan, 2016). Michael (2014) defined product innovations as the recombination of an organization knowledge to create a new product or services in the sector. According to Kanagal (2015), product innovation is necessary for a business to deal with competitive pressures, changing tastes and preferences, short product life cycles, technological advancement, wavering demand patterns, and particular needs of consumers.

Process innovation is a dimension of innovation, described as the introduction of a new technique for accomplishing a task that makes a company stay competitive and fulfill customer need. According to Michael (2014) it is the change that lead to new techniques of delivering existing products to the market. Rochina-Barrachina, Mañez and Sanchis-Llopis (2010) observed that process innovation leads to an increase in organization productivity.
Marketing innovation is another dimension of innovation that is thought as, the efforts and resources concentrated to new sales methods in business, they are regarded to be very significant when it gets to enhancing businesses’ competitiveness (Medrano & Olarte-Pascual, 2016). It involves marketing activities that sought knowledge on customers’ need, this knowledge is then used for aligning product and services to the customer needs in order to create customer satisfaction and retention. Marketing innovation, is an appropriate technique for organizations to create competitive advantage that is sustainable (Ren, Xie & Krabbendam, 2010).

The relationship between innovation and organization performance is receiving attention in the academic world since the arguments of Schumpeter (1934) that continuous innovation activity is the main basis for long term firm success (Rosenbush, Brinckmann & Bausch, 2011). The ability of firms to generate innovations for shortened life cycles and level of competition to generate innovations are important in allowing organizations to maintain competitive advantage and improve performance (Artz, Norman, Hatfield & Cardinal, 2010). On a study on effect of patenting and product innovation on organization performance, Artz, Norman, Hatfield and Cardinal (2010) found that product innovation had a positive and significant impact on organization performance.

Innovation refers to the transformation of creative ideas in a business. Schumpeter (1934) is credited to have coined the term innovation in the start of the 20th century and defined innovations as organizational, process and product organization changes that do not emanate from scientific discovery but also come from a mix of already existing technologies and their application in a new way (Zizlavsky, 2011). Abdi and Ali (2013) define an innovation strategy as a means that promotes the implementation and development of new services and products.

Shqipe, Gadaf and Veland (2013), opined that there are distinctively two types of innovations; these are incremental and radical innovations. An incremental innovation is one that focuses on feature or costs improvements of already existing services, products and processes. On the other hand, radical innovation however focuses on the services, processes and product with unprecedented performance features. Innovations have an effect on corporate performance by producing enhanced market position that shows superior performance and competitive advantage (Gunday, Ulusoy, Kilic & Alpkan, 2011).
There is further evidence of studies focusing on the relationship between innovation and performance of telecoms players. In Vietnam, Daisy and Deqing (2014) found that innovation had a positive and significant effect on customer satisfaction and customer retention. In Nigeria, Oluseye, Ibidunni, and Adetowubo-King (2014) found that innovation strategies had a positive effect on creating new market and expanding market share of telecommunication industry companies. Letangule and Letting (2012) conducted a study on effect of innovation strategies on performance of firms in the telecommunication sector in Kenya. The study concluded that innovation strategies contributed to improved organizational performance among telecommunication firms.

Mathenge (2013) conducted a study on the effect of innovation on competitive advantage of telecommunication companies in Kenya. The study concluded that financial innovation positively affects the competitive advantage of telecommunications companies to a great extent, it focused on firm performance and was limited to the financial innovation strategy. Njoroge, Muathe and Bula (2016) did a research on the influence of technology on the performance of mobile sector in Kenya which found that there is need for mobile telephony firms to invest more in new technologies to address the changes that are needed to improve performance. Onguko and Ragui (2012) researched on the role of strategic positioning on products performance in the telecommunications industry in Kenya and concluded that Safaricom has invested heavily in innovation as compared to other companies in the same industry. A study by Ngugi and Mutai (2014) on determinants influencing growth of mobile telephony in Kenya in Safaricom Limited concluded that innovation positively affect the growth of mobile telephony in Kenya.

2.3 Strategy Formulation and Innovation

Azhar, Ikram, Rashid and Saqib (2013) concur that the leaders are direction setters for an organization and they need to have a clear view of the direction that they would like the organization to take in relation to the strategy formulation and implementation. The leader’s vision provides a basis for strategy formulation and subsequently strategy execution. The vision should be created in conjunction with the team to create buy in from the staff. Everyone should understand the need for change and should contribute their effort to towards achieving
the firm’s vision. Wit and Meyer (2010) confirm that leaders need to inspire and motivate the people to bring about change. Fairholm (2009) declares that leaders are solely responsible for the development of an organizations mission. Loon, Lim, Lee and Tam (2012) add that a transformational leader should ideally influence the employees to strive to archive the organizations mission through encouraging the employees to set aside their self-interests to achieve the common goal of the team. Leaders are tasked with the key role of not only developing a firm’s mission statement but also ensuring that the employees are able to distinguish between the firm’s vision and mission (Azhar et al., 2013).

In the recent past, there has been an increased concentration on strategic leadership and strategic alignment as a way of enhancing organizational performance (Yukl, 2010). Strategic leadership gives a form of purpose and meaning to most organizations (Bateman & Snell, 2009). It is important that in strategic formulation, parameters for strategy audit are provided, articulated, and circulated for those implementing the strategy (Gustafsson, Schöld, Sihvo, & Summitt, 2009). This does not only help the organization create awareness, but lay the background for future performance evaluation. In management “Ansoff” introduced the concept of “strategic planning” in early 70s (Mohamed, Ann & Yee, 2010). Change exists in all form of organizations and occurs not only physically but can also be seen in terms of utilizing resources such as oil, land or water and technology as well. Strategic Planning therefore bridges the gap between where we are, and where we want to go (Alaka, Tijani, & Abass, 2011). Therefore it is important to identify the constituent components of strategic planning as part of strategy formulation which include: the vision statement, mission statement, and goal setting.

2.3.1 Organization’s Vision

A vision statement presents the firm’s strategi intent that focuses the energies and resources of the company on achieving a desirable future. It is often a single sentence designed to be memorable (Robinson & Pearce, 2014). Vision statements can be used to refocus the attention of the investors and the public.
A vision is the foundation of the firm’s mission statement and is a picture of what a firm wants to be (Hitt, Ireland & Hoskisson, 2011). Therefore organizations are able to compete in different situations through strategic efforts towards achieving better performances than their competitors. It is important that owners, top management and employees are all aware of the vision so as to align efforts towards its achievement. Successful management of business development is based upon strategic capability awareness which informs decisions leading to appropriate actions.

The first step of strategic planning is considered as the development of a “vision statement”. It guides and shapes an organization and gives purpose and direction to the organization. It also serves as a motivator for the people inside and outside the organization. The vision statement refers to the future of an organization (Mohamed, Ann & Yee, 2010). Kohles (2012) defined vision integration as the degree to which followers use the vision offered as a guiding framework to understand the uncertainties inherent in daily organizational life. Strategic planning is useful not only because it can help realize the vision or mitigate unforeseen risks but it also has many more benefits (Vel, Creed & Narayan, 2012).

Some scholars have also noted the importance of a clear vision to achieve superior business performance and have also noted the lack of research on this topic (Hamel & Prahalad, 1996; Marcum & Blair, 2011). Shared vision is importance to successful entrepreneurial management (Ruvio, Rosenblatt & Hertz-Lazarowitz, 2010). Organizations utilizing effective vision-driven change strategies can earn and sustain above average profits and competitive advantage (Kantabutra & Avery, 2010).

Vision emphasizes change, an idealized future state and has a longer time span than strategies (James & Lahti, 2011). Grounding the organization’s vision in ideals and values helps leaders convince followers to pursue the future organizational state, and encourages individual and organizational performance (Slack, Orife & Anderson, 2010). In studying factors that resulted in long-term financial success of family businesses, Neff (2011) found that shared vision among the family and management was a crucial variable.
2.3.2 Mission Statement

According to Robinson and Pearce (2014), a mission statement is a message designed to be inclusive of the expectations of all stakeholders for the company’s performance over the long run. It is a broadly framed but enduring statement of a firm’s intent. It describes the firm’s product, market and technological areas of emphasis, and it does so in a way that reflects the values and priorities of the firm’s strategic decision makers. It should establish a firm’s individuality and should be inspiring and relevant to all stakeholders (Hitt, Ireland & Hoskisson, 2011). A mission statement of an organization deals with questions like “what is our business?”, “why are we here?” and “why do we exist?” and refers to the present. It is concerned with the way an organization is managed. The mission statement of an organization should be clear and concise in order to distinguish it from others (Mohamed, Ann & Yee, 2010).

Strategic planning entails development of the vision and mission statements, internal analysis and external analysis to establish long term objectives and development of strategies (David, 2013). Strategic planning for all kind of industries has become absolutely crucial in today’s business environment. As never before there have they been confronted with such substantial increases in both uncertainty and competition without any doubt for the organizations.

A study by Iseri –Say, Scholes and Whittington (2008), reveals that no less than 84 % of managers cite mission statements among the most important management tools they have adopted. Different readings have found that up to 85 % of Western profit focused institutions have their missions inscribed in a form of a statement (Kiliko, Atandi & Awino, 2012) while in Slovenia a study found that mission statements showed up in 44 % of top performing firms’ annual reports (Kieu, 2010).

The owners and employees must be clear and well aware of the organization’s mission as it leads them towards their vision. Karabulut and Efendioglu (2010) conducted a study in Turkish firms and reported that a “mission statement” identifies and define the importance of the process of strategic planning in the organization and has significant impacts on the profitability of the firms. Their study revealed that the mission statement that was correlated (positively influenced) and statistically significant with profitability of the Turkish firms.
2.3.3 Goal Setting

A meta-analysis by Toli, Webb and Hardy (2016) indicates that prompting people to form implementation goals (plans specifying when, where and how they will achieve their goals, along with strategies for dealing with potential setbacks) helps them to successfully reach their goals. Two major conclusions emerge from meta-analyses of the relationship between goal setting and performance is that goals that are difficult and challenging but realistic have a moderately positive effect on performance, compared to easy goals. Second is that clear and specific goals have a moderately positive effect on performance, compared to non-specific goals or do-your-best instructions (Locke & Latham, 2002; Rahyuda, Syed & Soltani, 2014). While it is not entirely clear how goal setting energizes employees to perform, evidence from Harkin, Webb, Chang, Prestwich, Conner and Keller (2015) indicates that the monitoring of progress towards a goal, rather than just the formulation of it, seems to motivate people towards such specific attainment.

Similarly, Klug and Maier (2015) report stronger well-being in relation to successful goal pursuit (making progress) compared with reports of well-being after the goal has been attained. In addition, when employees need to acquire knowledge or skills to perform a task, or when the task is complex, behavioral goals and learning goals tend to have a more positive effect on performance than outcome goals (Porter & Latham, 2013). At its core, goal setting relies on a set of rather simple behavioral hypotheses: workers work harder when they have clear, focused, and challenging goals. But the apparent simplicity of giving goals to managers and employees evolves into complex social behaviors when confronted with organizational realities. For instance, repeated high goals can antagonize or deplete workers (Mawritz, Folger & Latham, 2014; Welsh & Ordóñez, 2014), they can create noxious competition (Poortvliet & Darnon, 2010), and even downright gaming and cheating (Ossege, 2012; Pollitt, 2013).

Furthermore, one of the most challenging issues in the implementation of goal setting is the collective resistance of workers who elaborate astute strategies to retain a measure of control or influence in the goal-setting process, such as regulating their efforts to avoid ratchet effects or balancing work and rewards among team members (Cohn, Fehr, Herrman & Schneider, 2014; Horton, 2010). In the worst cases, goal setting essentially decreases organizational performance (Pollitt & Dan, 2013; Soman & Cheema, 2004).
While the validity of goal-setting theory core results is not put into question, the organizational effects of performance management remain fickle (Arnold & Artz, 2015; Artz et al., 2012). In their review, Franco-Santos, Lucianetti and Bourne (2012) discussed an array of conceptual frameworks that go well beyond agency and goal setting, but found that work is still needed to reconnect individual behavior and organizational effects. Repeated high goals have been found to lead to higher levels of unethical behaviors (Welsh & Ordóñez, 2014).

Deschamps and Mattij (2017) research reveals the importance of goals for motivating workers and to strengthen the culture of performance within the organization. In strategy evaluations, the first step involves determining what to measure (Wheelen & Hunger, 2006). Therefore, setting the objectives in an important component in performance evaluations as it enables the evaluation process to have tangible indicators. According to Gustafsson, Schold, Sihvo and Summitt (2009), objectives in an organization are the conduits through which performance and performance evaluation is conducted. Without clearly stated and articulated objectives, it is difficult for an evaluator to determine what needs to be measured, under what parameters, and in comparison, to what indicators.

Objective and goal setting is also a key role played by leaders during strategy formulation. The goals set act a guide line for the organizations, they need to simple, measurable, attainable, and realistic and time bound (Azhar et al., 2013). Cohn, Herrmann and Schneider (2014) insist that good chief executives of an organization need to set goals and ensure that employees buy into the goals and derive motivation from them. Anderson and Sun (2015) support by suggesting the introduction of shared goals which the leader should ensure are supported by all the employees to foster concentration of the firm’s energy towards attainment of the stated goals.

2.4 Strategic Evaluation and Innovation

Evaluation of performance for organizations enhances the utilization of baselines, and benchmarks (Franco-Santos, Lucianetti & Bourne, 2012). As such, comparing an organizations performance to the industry standard or to the best standards enables the organization to reorganize and realign objectives with best practices which in turn significantly enhances performance.
A study conducted by Melnyk, Stewart and Swink (2014) established the existence of a positive relationship between strategic evaluation and organizational performance. Their study conducted in the USA with 210 organizations sought to measure the impact of metric measurements on performance. The study found that 82% of firms that had well-articulated objectives had better performance that companies that did not have well-articulated objectives.

Evaluation of performance enables an organization to set standards of expected performance. Choi, Poon and Davis (2008) argue that evaluation of performance provides necessary feedback to employees and the organization on areas they need to improve. Therefore evaluation of performance can enables companies to achieve the targeted results by acting on the feedback received in a timely manner.

Variables from McKinsey 7 S model have an impact on performance and achieving desired results and therefore need to be evaluated regularly. The McKinsey 7 S model was developed in the 1980’s by Robert Waterman and Tom Peters and the 7 S in the model are: Strategy, structure, systems, style, staff, skills, and shared values (Waterman & Peters, 2004). These seven interdependent factors are categorized as either "hard" or "soft" elements. "Hard" elements are easier to define or identify and management can directly influence them: These are strategy statements; organization charts and reporting lines; and formal processes and IT systems. "Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful. For the purpose of this study we shall look at Structure, System and the soft elements (staff, style skills and shared values).

2.3.2 Structure

Huber (2011) defines organizational structure as a policy that dictates how activities are apportioned, coordinated and supervised in pursuit of organizational goals. Therefore, a structure comprises of the business hierarchy, division of labor, delegating and communications. According to Muhando (2015), structure is the design of organizations through which the enterprises are administered, including lines of authority and data flow through the lines therefore it specifies roles, procedures, governance mechanism and decision making processes. Organization structure must be congruent with the strategy thus implying,
there must be a ‘fit’ between them. Leaders must consider whether the organizational structure facilitates the free flow of information; co-ordination, and the cooperation between management and other functional areas (Kiptoo & Mwirigi, 2014).

Structure informs “who does what”, and “levels of accountability”. This distinctly indicate that organizational structure is a fundamental factor when looking at how strategic planning can be implemented in organizations. Structures play a major role in delivering the expected results and without proper structures then strategic planning might not see the light in some organization (Kiptoo & Mwirigi, 2014). For instance with regards to communication, information asymmetry is where one party has greater access to material knowledge than the other (Cassar, Ittner & Cavalluzzo, 2015). Low informational asymmetry may assist in the decision-making process as well as in generating more information and providing more expertise (Graham, Harvey & Puri, 2015).

Structure plays a key role in achieving desired results as managers at all levels in the organization may be required to make decisions on business issues at any time, and some of these decisions could be regarded as ‘strategic’ - even though they may not appear so at the time. A manager must be able to identify the strategic issues that must be addressed if the organization is to meet its business objectives (Abdullahi, 2010). The organization’s structure gives a firm the form it needs to fulfill its function in the environment (Nelson & Quick, 2011). The organization structure links the firm’s different functions, at all levels of the organization, in precisely defined quantities. (Chatzoglou, Diamantidis, Vraimaki, Vranakis, & Kourtidis, 2011).

According to (Kiptoo & Mwirigi, 2014), every organization has a unique structure that reflects its current image, reporting relationship and internal politics. In one sense, structure is the arrangement of duties for the work to be done. In another sense, structure is the architecture of business competence, leadership, talent, functional relationships and arrangement (Tian & Tran, 2013). Further organizational structure is defined as the shape; division of labor; job duties and responsibilities; the distribution of power, and decision-making procedures within the company.
It is attestable that organizational structure pinpoints how the roles, powers, responsibilities, and controls are synchronized within the various levels of management. This will entirely depend on the organization’s objectives and the strategies that the organization envisaged to use in delivering the anticipated results (Ahmadi, Salamzadeh, Daraei & Akbari, 2012). For a vertical structure the level of specialization is important since most people in the management team are delegated with tasks that match their qualification and expertise (Nabwire, 2014). A centralized organizational structure saves time by minimizing arguments from the various departments as it takes less time for an employee to decide on what to do in dealing with a particular customer than when the matter should be taken to the top management first (Luoh, Tsaur & Tang, 2014). A decentralized structure on the other hand increases administrative expenses since new methods, techniques can be applied every day, and employees may incur an extra cost as they make decisions on their own.

The functional structure is possibly the most common model in various organizations. In this structure, common organization’s department such as the human resources, accounting are managed independently from each other (Morden, 2011). Divisional organization structure is often made up of a number of parallel teams, which focus on a single service or product line. This type of organizational structure is mostly used in large companies. It is also noted that management in such organizations is not easy and it is not possible to meet the needs of all individuals such as customers, employees, and other stakeholders (Crane & Matten, 2016). A matrix organizational structure is where there is more than one manager to report to. Ideally, it implies that organization’s employees are accountable to at least two bosses (Guadalupe, Li & Wulf, 2013). The structure makes the organization more flexible as well breaking monotony (Goetsch & Davis, 2014).

Another commonly used structure is the product organizational model. In this structure, a business’s production and sales efforts are grouped based on a particular line of goods and services (Goetsch & Davis, 2014). This structure is majorly preferred where there are different product lines with specialized expertise required to make as well as distribute them. Geographic organization structure is where a firm is organized in several geographical units which can be regional, national or international and such units all report to a common central headquarter which is in charge of administering basic functions like planning and marketing.
(Ashkenas, Ulrich, Jick & Kerr, 2015). Some companies cover a broad spectrum of geographic areas and sometimes, it is very important for them to organize the regions where they carry out their operational duties (Huber, 2011).

According the Mckinsey 7s model, organizational structure refers to firm’s hierarchical divisions (Weiss, 2011). To achieve its goals an organization typically breaks down its operations into specific different work groups. Tran and Tian (2013) further describe an organizations structure as the allocation of duties so that work can be effectively carried out. It is the internal differentiation and patterning of relationships, this is achieved through setting limits and boundaries for members in the organization whilst ensuring that they have the necessary resource allocations to allow them to achieve their goals.

Organizations structures are necessary to enable firm’s archive some key objectives (Mullins, 2010). The structure provides benefits such as the control of an organizations resources, monitoring activities of the firm, creating accountability for work undertaken by groups, coordination of different parts of the organization and different work areas. Organizations with highly formalized structures have well defined expectations about behavior of employees, this leads to increased awareness about the organizations as well as, the individual’s goals (Tran & Tian, 2013). Unclear and top heavy organizational structure hinder contribution of employees in the strategy formation process (Pella, Sumarwan & Kibrandoko, 2013).

### 2.3.3 Systems

When organizational process (management process) is aligned with IT (Information Technology) infrastructure, an organization may experience IT-based capabilities or competencies that lead to enhanced process performance and firm performance (Nevo & Wade, 2010). Furthermore, IT-process alignment builds a strong capability which brings firm’s sustained competitive advantage (Wade & Hulland, 2004; Wiengarten, Humphreys, Cao & McHugh, 2013).

One of the systems that are important in today’s business are the Business Intelligence (BI) systems. In today’s changing business environment, business intelligence (BI) systems play critical role in organizations to support decision-making and improve organizational performance (Ramakrishnan, Jones & Sidorova, 2012). Elbashir, Collier and Davern (2008)
used the term business intelligence (BI) to refer to a group of systems for data analysis and reporting, helps top-, middle- and lower-level managers to use relevant and timely information to make better decisions. Over the past decades, BI has become increasingly important in both the business communities and the academia (Chen, Chiang & Storey, 2012).

Many organizations have been investing billions of dollars to implement BI systems to accomplish the task (Anjariny & Zeki, 2011). The IBM Tech Trends Report based on a survey of over 4,000 information technology (IT) professionals from 93 countries and 25 industries, identified BI and business analytics as one of the four major technologies in organizations (IBM, 2011). Moreover, McKinsey Global Institute predicted that a 50 to 60 per cent gap between the supply and demand of persons with business analytical skill, as well as a shortfall of 1.5 million data-savvy managers with the know-how to analyze data to make effective decisions by 2018 (Manyika, Chui, Brown, Bughin, Dobbs, Roxburgh & Byers, 2011).

Systems can also play a key role with regards to evaluation and control. Academics and practitioners to argue for the need of a systematic approach to measure performance that goes beyond the scope of the individual stakeholder, and the need to integrate measures with the strategic planning process, which requires stringent management control systems (Langfield-Smith, Thorne & Hilton, 2012). Without adequate and appropriate management control systems, of which performance measurement system (PMS) is an important element, organizations are at risk of failing (Turner & Weickgenannt, 2009), with retrenchment, downsizing and financial losses. It follows that an adequate and appropriate PMS can protect organizations from potential risks and losses, and improve organizational effectiveness (Fitzgerald, 2007; Turner & Weickgenannt, 2009; Munir, Baird & Perera, 2013).

Competitive markets and business environments have been volatile, turbulent, uncertain, complex, and heterogeneous (Davenport, 2007). Thus, firms have implemented valuable competencies, capabilities in organizational to enhance efficiency and competitive advantage (Bateman & Snell, 2009). A study by Amos (2007) demonstrated that technology alignment with internal organizational processes enhances organizational performance. To achieve competitive advantage and performance, organizations processes must be efficient and effective (Bateman & Snell, 2009). Alignment of organizational processes is key in determining organizations competitiveness, and performance.
A study conducted by Croteau, Solomon, Raymond and Bergeron (2001) established the existence of a positive relationship between internal process alignment and organizational performance. The study further indicated that organizations that had established congruent systems and processes had a 32% production and performance output compared to those that did not have this processes. According to Rowe (2001), process alignment is very important both in product line management and in service industry.

According to Kim and Mauborgne (2004), when an organizational processes are aligned with technology, organizational performance increases. Therefore, the ability for an organization to anticipate changes in industry technologies, and how this technologies could impact the organization is critically important. It is very important for organizations to identify, balance, integrate and align all of the external and internal variables that are likely to have an impact on the organization’s capacity to fulfill performance objectives. This includes the identification of process trends, patterns and possible reactions that may be caused by the internal process alignment with strategy (Yukl, 2010).

2.3.3 Staff, Style, Skills & Shared Values

According to Michalski (2011), the Mckinsey 7-s framework was invented in the 1980s and comprising of soft elements which include staff, style, skills and shared values as one of the categories of the elements. These soft elements can be examined to improve the performance of a company, examine likely future changes and align departments among others uses. For example, according to Abdullahi (2010), a manager must be able to identify the strategic issues facing the organization to enable it to meet its business objectives.

It is important for management and other employees to actively involve themselves with management of strategic issues, if they want a successful future of their enterprise (Mbogo, 2007). According to Çaliskan (2010), toward the end of the twentieth century, management came to accept that people, not markets, products, cash, buildings, or equipment, are the critical differentiators of a business enterprise. All the assets of an organization, other than people, are inert. They are passive resources that require human application to generate value. Further to these, the key to sustaining a profitable company or a healthy economy is the productivity of the workforce.
Ragui and Gichuhi (2013) found human resource practices to be instrumental in strategy implementations, such practices were found to motivate staff and consequently increase strategy implementation level. The people who make up an organization are considered to be one of the most important resources of today’s firms (Çaliskan 2010). The purpose of implementing strategies is that managers and employees collaborate to perform formulated strategic planning (Mumbua & Mingaine, 2015). The soft elements play a key role in ensuring an organizations success. Porter (2013) supports this by claiming that for implementation of strategies successfully, managers should have high interpersonal and human relation skills. Implementation success depends on motivating employees, which is the art of managers. An organization with all the other resources minus effective human resource can accomplish very little of its objectives if any (Ragui & Gichuhi, 2013).

According to Grimm (2010), leadership is a multifaceted process of identifying a goal, motivating other people to act, and providing support and motivation to achieve mutually negotiated goals. Effectiveness of strategy implementation is in part affected by the quality of people involved in the process (Govindarajan, 2009). Quality here forth refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2008). Harrington (2008) finds that a higher level in total organizational involvement during strategy implementation had positive effects on the level of implementation success, firm profits and overall firm success.

An aspect that relies on the soft elements (style and skills) is with regards to management enhancing communication within the organization. According to Beer and Eisenstat (2009), blocked vertical communication has a particularly pernicious effect on a business’s ability to implement and refine its strategy. Taylor (2010) observed that in order to have all workers attaining the necessary understanding of the company vision and goals, provide commitment and actively get involved in translating the strategic plans into implementable activities with measurable results, strong and decisive leadership is needed to drive the course. According to Zaribaf and Bayrami (2010), management’s importance is categorized into three key roles mainly; managing the strategic process, managing relationships and manager training management.
According to Gustafsson, et al., (2009), there exists a positive relationship between organizations human capital alignment with strategy and performance. They argue that when an organization has sufficient levels of skills, competencies and knowledge, the organization records a higher level of performance. The study they conducted in the USA revealed that 82% of organizations (fortune 500) had remarkable performance rate due to recruiting talented employees and aligning them with organizations strategy, and performance objectives.

Loon, Lim, Lee and Tam (2012) assert that leaders are a key ingredient for success of organizations in the current day and age. Azhar et al., (2013) further claim that some organizations leaders are vital in the development of the firm’s values, the firm’s values are used to indicate the firms expected behavior.

A firm’s shared values can be termed as the firm’s corporate culture (Weiss, 2011). In the context of the McKinsey 7s model the study refer to them as a firm’s dominant values beliefs and norms. All organization have a unique way about them, they have a distinct way of handling their matters, and this behavior is shaped by organizational culture (Naranjo-Valencia, Jimenez-Jimenez & Sanz-Valle, 2011). Organizational culture is evident everywhere in the organization and is reflected in verbal and non-verbal communications between organizational members. On occasion, the culture of a company is obvious and clearly visible, as seen in the way a firm handles its customers and the artifacts on display to support this focus on customer service.

Other times, a company’s culture is less obvious and needs to be further probed to be uncovered (Flamholtz & Randle, 2011). Viegas-Pires (2013) suggested that organizational culture needed to be considered when planning. Mullins (2010) refers to organizational climate as the atmosphere in an organization. The right organizational climate ensures that the employees are engaged and focused on productivity in the organization. It reduces the possibility of resistance to change and rules. As a system of shared meaning, it is a critical variable for effective strategy process.
2.5 Chapter Summary

This chapter has presented a review of literature with regards to the three objectives of the study which include the strategic environment scanning, strategy formulation and strategic evaluation. The next chapter presents the research methodology that will be adopted in this study. It details the research design, population and sampling, data collection methods, research procedures and how data collected was analyzed.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter has elaborated on the research methodology that was used to carry out the research project. This has included the population of study, the sampling design, sampling techniques as well as the sample size, data collection methods and also the research procedures and data analysis methods.

3.2 Research Design
A research design is a conceptual structure within which a study is conducted (Mbizi, Hove, Thondhlana & Kakava, 2013). The research used a descriptive survey research design as it sought to present current information about strategic planning and its effect on innovation. According to Cooper and Schindler (2014), a descriptive study determines, who, what, where, and how of a phenomenon which is the objective of this study. In addition, a descriptive study is concerned with finding out the what, where and how of a phenomenon. This descriptive research design is therefore appropriate for this study. The advantage of using the descriptive research survey design for this study was to enable measurement of the relationships between the independent and dependent variables.

The study obtained and described the views of the respondents from the telecommunication companies in Nairobi, in line with establishing the effect of strategic planning on innovation. The study incorporated both quantitative and qualitative research so as to gain a better knowledge and in-depth understanding of the results. The aim of this study was to provide a clear understanding of role strategic planning on innovation in the telecommunication industry.

3.3 Population and Sampling

3.3.1 Population
Target population is a complete set of cases or group members that is the actual focus of the research inquiry, and from which a sample maybe drawn (Saunders, Lewis & Thornhill, 2012). Population can be defined as the total collection of individuals whom researchers seek to make inference on (Gopalsamy, 2013). A population is the total collection of elements about which
one wish to make inferences (Cooper & Schindler, 2014). The population of this study was made up 98 companies from the telecommunication sector based on the Kenya Business Directory as of June 2018 (Kenya Business Directory, 2018). According to Kenya’s Telecommunication report by Business Monitor Intelligence BMI (2018) the major operators include Safaricom, Airtel and Telcom. See Table 3.1 below.

<table>
<thead>
<tr>
<th>Table 3.1: Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
</tr>
<tr>
<td>Major players</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>


3.3.2 Sampling Design

This refers to selecting the target population and selection of the sample (Cooper & Schindler, 2014). The target population in this research was determined by the players in the telecommunication industry in Kenya. Respondents involved in the study included top management, head of business units and middle management based on the Kenya Business Directory as of June 2018 (Kenya Business Directory, 2018).

3.3.2.1 Sampling Frame

The sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population (Cooper & Schindler, 2014). The sampling frame included all top management, head of business units and middle management from organizations in the telecommunication industry in Kenya.

3.3.2.2 Sampling Technique

According to Mugenda and Mugenda (2012), sampling is the process of selecting a study subject from a bigger population. It is essential because the methodology applied is used to determine whether or not the sample of the study is a true representative of the whole population from which it is drawn or not.
Purposive sampling technique was used to select three senior employees of each telecommunication company. Senior employees within the telecommunication companies were targeted because they are conversant the strategic planning process in the organization. A purposive sample is a non-probability sample that is selected based on characteristics of a population and the objective of the study. Purposive sampling is also known as judgmental sampling.

Despite the fact that there are various sections in the different telecommunication industries, this did not affect the composition of the sample as the type of responsibility and work role an employee is involved in does not change the factors under study. Characteristics such as religion or income level were not be considered as they do not impact the study.

3.3.2.3 Sample Size

A sample refers to the segment of the population that is selected for investigation. From the population of 98 telecommunication companies in Kenya the study purposively selected senior employees as they were considered to have relevant information on the effect of strategic planning on innovation in telecommunication companies in Kenya. A sample of 3 senior employees were targeted from 30 telecommunication companies forming a sample size of 90 respondents. This sample was suitable as it provided a good representation from top management from the telecommunication companies in Kenya.

3.4 Data Collection Methods

Primary data for the research was collected through use of questionnaires that comprised both closed and open ended questions that seek to measure the impact of strategic planning towards innovation within the telecommunication industry. According to Cooper and Schindler (2014), data collection involved gathering of facts presented to the researcher from the study’s environment. Respondents were required to respond to questions developed from the three research questions which provided substantial data for analysis to derive conclusions.

The questionnaire was administered through drop and pick method and was self-administered to reduce interviewer bias. Ranking and rating was used to develop scales that were measured to establish significant data for basing valid conclusions on. The rankings were used when
evaluating the respective order of factors. The questionnaire was divided into five sections whereby Section I covered demographic data of the respondents. Section II covered strategic environmental scanning and innovation, Section III covered strategic formulation and innovation, Section IV covered strategic evaluation and innovation and Section V covered product, process and market innovation.

3.5 Research Procedures

The first step was the preparation of the research proposal followed by the determination of the sample and estimation of the budget of costs incurred. The data collection instrument through questionnaires was then developed and a pilot exercise conducted to evaluate its effectiveness. Findings received from the pretest were incorporated into the questionnaire before administering the final copy. The evaluation of the pilot exercise which gave leeway to data collection from the field was done between 2\textsuperscript{nd} July and 6\textsuperscript{th} July 2018.

This was followed by the actual survey after which analysis and interpretation was done. The questionnaire was administered through drop and pick method and was self-administered to reduce interviewer bias. To ensure a high response rate the researcher kept track of the status of completion of the survey sent out to respondents. This enabled the researcher to send reminders to those who had not responded on a weekly basis. The final step was drawing of conclusions and making of recommendations coupled with presentation of the findings.

3.6 Data Analysis Methods

According to Cooper and Schindler (2014), data analysis involved reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. The data was analyzed using SPSS Statistics in terms of percentages, means as well as regression tables and presented in form of tables and figures to elicit the findings in light of the three research objectives. Data analysis methods used in the study included both qualitative and quantitative techniques.

The study used inferential statistics to try to infer from the sample to make judgments of the probability that the observed difference between groups is a dependable one or one that might have happened by chance in this study. The study also undertook a regression and correlation
analysis of the various variables to determine how the various variables relate to each other. The information was presented by use of tables and figures where necessary for ease of comprehension and analysis.

### 3.7 Chapter Summary

This chapter has clearly described the methodology that was used to reach the purpose of the study. The research methodology was presented under the following sections; research design, population, sampling frame, sampling technique, sample size, data collection and data analysis. Chapter four presents the findings and results of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive analysis and inferential statistics were used to analyze the data and discuss the research findings. In this study, a sample of 3 senior management employees from telecommunication companies was selected, thus forming a sample size of 90 respondents whereby 78 respondents filled in the questionnaires making a response rate of 86 percent, as represented in figure 4.1 below, based on Mugenda and Mugenda (2012), the response rate was considered to excellent. See Table 4.1 below.

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and Collected</td>
<td>78</td>
<td>86%</td>
</tr>
<tr>
<td>Non-responded</td>
<td>12</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2 Demographic Information

4.2.1 Gender of the Respondents

The study sought to determine the gender category of the respondent, and therefore requested the respondents to indicate their gender category. From the research findings, the study established that majority of the respondents were male at 69% whereas females comprised of 31% of the respondents. This is an indication that the telecommunication sector’s top management comprises of more male than female employees. See Figure 4.1 below.
4.2.2 Length of Existence of the Organization in the Telecommunication Sector

The study requested the respondent to indicate the length of time that their organization had been in existence. From the findings, majority of the companies as shown by 50% have been in existence for a period of 6-11 years, 15% of the respondents indicated their companies had been in existence for less than five years while 35% of the respondents indicated 12 years and over. This is an indication that the organizations were well established in the sector in terms of the period of existence with the bulk (85%) having been in operation for 6 years and over. See Table 4.2 below.
4.2.3 Length of Employment in the Organization

The study requested the respondents to indicate the number of years they had worked in their organization. From the research findings, most of the respondents, as shown by 85% indicated to have been working in their organizations for between 1-5 years, 10% of the respondents indicated to have been working in their organizations for 6-11 years while 5% indicated to have worked in their organization for a period of above 12 years. This is an indication that there is a high turnover in senior management in the telecommunication industry or expertise is sought from outside the organizations. See Figure 4.3 below.

![Length of Employment in the Organization](image)

Figure 4.3: Length of Employment in the Organization

4.3 Effects of Strategic Planning on Innovation

4.3.1 Environmental Scanning

To address the first research question, respondents were asked a set of statements from which they were to indicate on the scale provided by indicating the extent to which they agreed with the statements on a five-scale rank where; 1 = Very High Extent, 2= High Extent, 3=Moderate Extent, 4=Low Extent and 5=Very Low Extent
From the findings the study revealed that majority of the respondents agreed that customer analysis informs a major part of the organization’s decision making as shown by a mean of 1.8803, the standard deviation of 0.65525 indicates that most companies view customer information as key knowledge towards their decision making.

Competitor analysis is least carried out by the organizations as indicated by a mean of 2.3077 and a standard deviation of 0.65525. The standard deviation for market analysis of 0.80385 is highest indicating that some companies carry out research to a high extent while for other companies research is carried out on a low extent. The findings are indicated in Table 4.2 below.

### Table 4.2: Environmental Scanning

<table>
<thead>
<tr>
<th>Type of analysis</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Analysis</td>
<td>78</td>
<td>2.0171</td>
<td>.66644</td>
</tr>
<tr>
<td>Market Analysis</td>
<td>78</td>
<td>2.0940</td>
<td>.80385</td>
</tr>
<tr>
<td>Competitor Analysis</td>
<td>78</td>
<td>2.3077</td>
<td>.65525</td>
</tr>
<tr>
<td>Customer Analysis</td>
<td>78</td>
<td>1.8803</td>
<td>.56337</td>
</tr>
</tbody>
</table>

#### 4.3.3.1 Environmental Analysis

From the findings the study revealed that majority of the respondents agreed that environmental analysis contributes to strategic planning to a high extent as shown by a mean of 2.0171 and a mode of 2. Respondents agree that environmental analysis greatly informs the firm’s current position with a mean of 1.8590. Management in the telecommunication organizations regularly seek and sieve information from the environment. The information is used by management to make decisions affecting the organization. See Table 4.3 below.
Majority of the respondents, that is, 76% indicated that the organization’s management regularly seeks and sieves information to a high extent and very high extent. This is shown by 46% of respondents indicating that their management regularly seeks and sieves information to a high extent while 30% of respondents indicate that their management regularly seeks and sieves information to a very high extent. Twenty four percent of organization’s management regularly seeks and sieves information to a moderate and low extent indicated by 19% and 5% respectively. See Figure 4.4 below.

![Figure 4.4: Management Regularly Seeks and Sieves Information](image)

Table 4.3: Environmental Analysis

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall environmental analysis</th>
<th>Management regularly seeks and sieves information</th>
<th>Management constantly uses the sieved information</th>
<th>Environmental analysis informs the firm’s current position</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0171</td>
<td>2.0000</td>
<td>2.1923</td>
<td>1.8590</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.66644</td>
<td>.83744</td>
<td>.60426</td>
<td>.86376</td>
</tr>
</tbody>
</table>

a. Multiple modes exist. The smallest value is shown
Majority of the respondents, that is, 80% agree that management constantly uses the sieved information to make decisions to a high extent and very high extent. This is shown by 60% of respondents indicating that their management constantly uses the sieved information to make decisions to a high extent while 10% of respondents indicate that their management constantly uses the sieved information to make decisions to a very high extent. Thirty percent of organization’s management constantly uses the sieved information to make decisions to a moderate extent. See Figure 4.5 below.

![Management Constantly uses the Sieved Information to Make Decisions](image)

**Figure 4.5: Management uses the Sieved Information to Make Decisions**

Majority of the respondents, that is, 80% agree that environmental analysis informs the firm of its current position to a high extent and very high extent. This is shown by 40% of respondents indicating that they agree that environmental analysis informs the firm of its current position to a high extent while 40% of respondents indicate agree that environmental analysis informs the firm of its current position to a very high extent. Twenty percent of respondents agree that environmental analysis informs the firm of its current position to a moderate and low extent indicated by 15% and 5% respectively. See Figure 4.6 below.
4.3.3.2 Market Analysis

From the findings the study revealed that majority of the respondents agreed that market analysis contributes to strategic planning to a high extent as shown by a mean of 2.0940 with a mode of 2.33. Respondents agree management gathers information from the current and potential customers needs to create superior customer values for various market segments to a high extent with a mean of 1.7051. See Table 4.4 below.

Table 4.4: Market Analysis

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Market Analysis</th>
<th>Management segments actual and potential customers</th>
<th>Market research on customers is conducted regularly</th>
<th>Management gathers information to create superior products and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0940</td>
<td>2.1410</td>
<td>2.4359</td>
<td>1.7051</td>
</tr>
<tr>
<td>Mode</td>
<td>2.33</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00(^a)</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.80385</td>
<td>.97667</td>
<td>1.02678</td>
<td>.79133</td>
</tr>
</tbody>
</table>

\(^a\) Multiple modes exist. The smallest value is shown
Majority of the respondents, that is, 71% agree that management segments actual and potential customers based on similar needs to a high extent and very high extent. This is shown by 45% of respondents indicating that their management segments actual and potential customers based on similar needs to a high extent while 26% of respondents indicate agree that their management segments actual and potential customers based on similar needs to a very high extent. Twenty nine percent of respondents agree that their management segments actual and potential customers based on similar needs to a moderate and low extent indicated by 24% and 5% respectively. See Figure 4.7 below.

![Management Segmentation of Actual and Potential Customers Based On Similar Needs](image)

**Figure 4.7: Management Segmentation of Actual and Potential Customers**

Majority of the respondents, that is, 60% agree that market research on customers is conducted regularly to a high extent and very high extent. This is shown by 45% of respondents indicating that market research on customers is conducted regularly to a high extent while 15% of respondents indicate that market research on customers is conducted regularly to a very high extent. Forty percent of respondents agree that market research on customers is conducted regularly to a moderate extent, low extent and very low extent indicated by 26%, 9% and 5% respectively. See Figure 4.8 below.
Majority of the respondents, that is, 90% agree that management gathers information from the current and potential customers needs to create value to a high extent and very high extent. This is shown by 45% of respondents indicating that management gathers information from the current and potential customers needs to create value to a high extent while 45% of respondents indicate management gathers information from the current and potential customers needs to create value to a very high extent. Ten percent of respondents agree that management gathers information from the current and potential customers needs to create value to a moderate extent and low extent indicated by 5% and 5% respectively. See Figure 4.9 below.
4.3.3.3 Competitor Analysis

From the findings the study revealed that majority of the respondents agreed that competitor analysis contributes to strategic planning to a high extent as shown by a mean of 2.3077 with a mode of 2. Respondents agree that the organization explores sources of innovation to gain competitive advantage against competitors to a high extent with a mean of 1.9872. See Table 4.5 below.

Table 4.5: Competitor Analysis

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Competitor Analysis</th>
<th>Market research is conducted on competitors</th>
<th>Company uses competitor information to make decisions</th>
<th>Company explores sources of information to gain competitive advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.3077</td>
<td>2.0385</td>
<td>2.8974</td>
<td>1.9872</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>3.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.65525</td>
<td>.87449</td>
<td>.69487</td>
<td>.90444</td>
</tr>
</tbody>
</table>

For most companies market research is conducted on competitors to a high extent. Majority of the respondents, that is, 71% agree that market research is conducted on competitors to a high extent and very high extent. This is shown by 40% of respondents indicating that market research is conducted on competitors to a high extent while 31% of respondents indicate market research is conducted on competitors to a very high extent. Twenty nine percent of respondents agree that market research is conducted on competitors to a moderate extent and low extent indicated by 24% and 5% respectively. See Figure 4.10 below.
Majority of the respondents, that is, 81% agree that competitor information is used in making decisions to a moderate extent and low extent. This is shown by 67% of respondents indicating that competitor information is used in making decisions to a moderate extent while 14% of respondents indicate competitor information is used in making decisions to a low extent. Nineteen percent of respondents agree that competitor information is used in making decisions to a high extent and very high extent indicated by 14% and 5% respectively. See Figure 4.11 below.
Majority of the respondents, that is, 71% agree that management explores sources of information to gain competitive advantage to a high extent and very high extent. This is shown by 35% of respondents indicating that management explores sources of information to gain competitive advantage to a high extent while 36% of respondents indicate management explores sources of information to gain competitive advantage to a very high extent. Twenty nine percent of respondents agree that management explores sources of information to gain competitive advantage to a moderate extent and low extent indicated by 24% and 5% respectively. See Figure 4.12 below.

![Organisation Explores Sources of Information to Gain Competitive Advantage](image)

**Figure 4.12: Exploration of Sources of Information to Gain Competitive Advantage**

### 4.3.3.4 Customer Analysis

From the findings the study revealed that majority of the respondents agreed that customer analysis contributes to strategic planning to a high extent as shown by a mean of 2.0171 with a mode of 2. Respondents agree that the organization regularly measures customer’s satisfaction to a high extent with a mean of 1.8590. See Table 4.6 below.
Table 4.6: Customer Analysis

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Customer Analysis</th>
<th>Market research is conducted on customers regularly</th>
<th>Business objectives are driven by what customers need</th>
<th>Company regularly measures customers satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0171</td>
<td>2.0000</td>
<td>2.1923</td>
<td>1.8590</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00a</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.66644</td>
<td>.83744</td>
<td>.60426</td>
<td>.86376</td>
</tr>
</tbody>
</table>

a. Multiple modes exist. The smallest value is shown.

Majority of the respondents, that is, 70% agree that market research on customers is conducted regularly to a high extent and very high extent. This is shown by 44% of respondents indicating that market research on customers is conducted regularly to a high extent while 26% of respondents indicate market research on customers is conducted regularly to a very high extent. Thirty percent of respondents agree that market research on customers is conducted regularly to a moderate extent and low extent indicated by 26% and 4% respectively. See Figure 4.13 below.

![Market Research on Customers is Conducted Regularly](image.png)

**Figure 4.13: Market Research on Customers**
Majority of the respondents, that is, 86% agree that business objectives are driven by what customers need to a high extent and very high extent. This is shown by 65% of respondents indicating that business objectives are driven by what customers need to a high extent while 31% of respondents indicate business objectives are driven by what customers need to a very high extent. Four percent of respondents agree that business objectives are driven by what customers need to a moderate extent. See Figure 4.14 below.

![Business Objectives are Driven by What Customers Need](image)

**Figure 4.14: Customer Needs as Drivers of Business Objectives**

Majority of the respondents, that is, 77% agree that they regularly measures customer’s satisfaction to a high extent and very high extent. This is shown by 46% of respondents indicating that they regularly measures customer’s satisfaction to a high extent while 31% of respondents indicate they regularly measures customer’s satisfaction to a very high extent. Some respondents agree that they regularly measures customer’s satisfaction to a moderate and low extent indicated by 19% and 4% respectively. See Figure 4.15 below.

![Company Regularly Measures Customers Satisfaction](image)

**Figure 4.15: Customers Satisfaction**
4.3.2 Strategy Formulation

To address the second research question, respondents were asked a set of statements from which they were to indicate on the scale provided by indicating the extent to which they agreed with the statements on a five-scale rank where; 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree and 5 = Strongly Disagree

From the findings the study revealed that majority of the respondents agreed that the vision greatly influences compared to goal setting as shown by a mean of 1.7479 and with a standard deviation of 0.56647. For some companies goal setting was carried out to a high extent while in some to a very low extent which is indicated by the standard deviation of 0.82219 showing a greater dispersion in the responses compared to vision and mission. The findings are indicated in Table 4.7 below.

Table 4.7: Strategy Formulation

<table>
<thead>
<tr>
<th>Components</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>78</td>
<td>1.7479</td>
<td>.56647</td>
</tr>
<tr>
<td>Mission</td>
<td>78</td>
<td>1.9744</td>
<td>.58051</td>
</tr>
<tr>
<td>Goal Setting</td>
<td>78</td>
<td>1.8718</td>
<td>.82219</td>
</tr>
</tbody>
</table>

From the findings the study revealed that majority of the respondents agreed that the vision contributes to strategic planning to a high extent as shown by a mean of 1.7479 with a mode of 1. Respondents agree that the vision statement guides and gives purpose to the organization to a high extent with a mean of 1.7308. See Table 4.8 below.
Table 4.8: Vision

<table>
<thead>
<tr>
<th></th>
<th>Overall Vision</th>
<th>Vision statement is inspirational and represents the organization's identity</th>
<th>The vision statement guides and gives purpose to the organization</th>
<th>The vision statement presents the firm's strategy intent that focusses resources on achieving the desirable future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N</strong></td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td>1.7479</td>
<td>1.6410</td>
<td>1.7308</td>
<td>1.8718</td>
</tr>
<tr>
<td><strong>Mode</strong></td>
<td>1.00&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td><strong>Std. Deviation</strong></td>
<td>.56647</td>
<td>.58051</td>
<td>.69643</td>
<td>.76207</td>
</tr>
</tbody>
</table>

<sup>a</sup> Multiple modes exist. The smallest value is shown

Majority of the respondents, that is, 95% either agree or strongly agree that the vision statement is inspirational and represents the organization’s identity. This is shown by 54% of respondents indicating that they agree that their vision statement is inspirational and represents the organization’s identity while 41% of respondents strongly agree that the vision statement is inspirational and represents the organization’s identity. Five percent of respondents are uncertain as to whether the vision statement is inspirational and represents the organization’s identity. See Figure 4.16 below

![The Vision Statement is Inspirational and Represents the Organization's Identity](image-url)

Figure 4.16: The Extent to which the Vision Statement is Inspirational
Majority of the respondents, that is, 86% either agree or strongly agree that the vision statement guides and gives purpose to the organization. This is shown by 45% of respondents indicating that they agree that their vision statement guides and gives purpose to the organization while 41% of respondents strongly agree that the vision statement guides and gives purpose to the organization. Fourteen percent of respondents are uncertain as to whether the vision statement guides and gives purpose to the organization. See Figure 4.17 below.

![The Vision Statement Guides and Gives Purpose to the Organization](image)

**Figure 4.17: The Extent to Which the Vision Statement Guides the Organization**

Majority of the respondents, that is, 77% either agree or strongly agree that the vision statement presents the firm's strategy intent that focusses resources on achieving the desirable future. This is shown by 41% of respondents indicating that they agree that the vision statement presents the firm's strategy intent that focusses resources on achieving the desirable future while 36% of respondents strongly agree that the vision statement presents the firm's strategy intent that focusses resources on achieving the desirable future. Twenty three percent of respondents are uncertain as to whether the vision statement presents the firm's strategy intent that focusses resources on achieving the desirable future. See Figure 4.18 below.
From the findings the study revealed that majority of the respondents agreed that the mission statement contributes to strategic planning to a high extent as shown by a mean of 1.9744 with a mode of 2. Respondents agree that the company’s mission statement sums up the organization's reason for being to a high extent with a mean of 1.6410. See Table 4.9 below.

Table 4.9: Mission

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Mission</th>
<th>Company Mission statement sums up the organization's reason for being</th>
<th>Mission statement explains what our business culture is like</th>
<th>Staff able to recite mission statement without making a mistake</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>1.9744</td>
<td>1.6410</td>
<td>1.7949</td>
<td>2.4872</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.58051</td>
<td>.58051</td>
<td>.87325</td>
<td>.86405</td>
</tr>
</tbody>
</table>

Figure 4.18: The Extent to Which the Vision Statement Presents the Firm's Strategy Intent

The Vision Statement Presents the Firm's Strategy Intent That Focusses Resources on Achieving the Desirable Future
Majority of the respondents, that is, 95% either agree or strongly agree that the company's mission statement sums up the organization's reason for being. This is shown by 54% of respondents indicating that they agree that the company's mission statement sums up the organization's reason for being while 41% of respondents strongly agree that the company's mission statement sums up the organization's reason for being. Five percent of respondents are uncertain as to whether the company's mission statement sums up the organization's reason for being. See Figure 4.19 below.

![Figure 4.19: The Company's Mission Statement Sums up the Organization's Reason for Being](image-url)

Majority of the respondents, that is, 81% either agree or strongly agree that the mission statement explains the business culture. This is shown by 36% of respondents indicating that they agree that the mission statement explains the business culture while 45% of respondents strongly agree that the mission statement explains the business culture. Twenty three percent of respondents are uncertain as to whether the mission statement explains the business culture while 5% disagree. See Figure 4.20 below.
Majority of the respondents, that is, 55% either agree or strongly agree that staff are able to recite the mission statement without making a mistake. This is shown by 45% of respondents indicating that they agree that staff are able to recite the mission statement without making a mistake while 10% of respondents strongly agree that staff are able to recite the mission statement without making a mistake. Thirty one percent of respondents are uncertain as to whether staff are able to recite the mission statement without making a mistake while 14% disagree. See Figure 4.21 below.
Figure 4.21: Staff are Able to Recite the Mission Statement

From the findings the study revealed that majority of the respondents agreed that goal setting contributes to strategic planning to a high extent as shown by a mean of 1.8718 with a mode of 1. Respondents agree that the organization has clearly stated and articulated objectives to a high extent with a mean of 1.6923. See Table 4.10 below.

Table 4.10: Goal Setting

<table>
<thead>
<tr>
<th></th>
<th>Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall Goal Setting</td>
</tr>
<tr>
<td>N</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>1.8718</td>
</tr>
<tr>
<td>Mode</td>
<td>1.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.82219</td>
</tr>
</tbody>
</table>

Majority of the respondents, that is, 76% either agree or strongly agree that the organization has clearly stated and articulated objectives. This is shown by 21% of respondents indicating that they agree the organization has clearly stated and articulated objectives while 55% of respondents strongly agree that the organization has clearly stated and articulated objectives. Twenty four percent of respondents are uncertain as to whether the organization has clearly stated and articulated objectives. See Figure 4.22 below.
Majority of the respondents, that is, 71% either agree or strongly agree that the organizational goals are simple, measurable, attainable, realistic and time bound. This is shown by 40% of respondents indicating that they agree that the organizational goals are simple, measurable, attainable, realistic and time bound while 31% of respondents strongly agree that the organizational goals are simple, measurable, attainable, realistic and time bound. Thirty percent of respondents are uncertain as to whether the organizational goals are simple, measurable, attainable, realistic and time bound. See Figure 4.23 below.
Majority of the respondents, that is, 70% either agree or strongly agree that the leaders have processes to monitors progress towards goals. This is shown by 24% of respondents indicating that leaders have processes to monitors progress towards goals while 46% of respondents strongly agree that leaders have processes to monitors progress towards goals. Twenty four percent of respondents are uncertain as to whether the leaders have processes to monitors progress towards goals while 5% disagree that their leaders have processes to monitors progress towards goals. See Figure 4.24 below.

![Bar chart showing the percentage of respondents' agreement with processes to monitor progress towards goals.](image)

**Figure 4.24: Availability of Processes of Monitoring Progress towards Goals**

### 4.3.3 Strategy Evaluation

To address the third research question, respondents were asked a set of statements from which they were to indicate on the scale provided by indicating the extent to which they agreed with the statements on a five-scale rank where; 1 = Strongly Agree, 2= Agree, 3=Uncertain, 4=Disagree and 5=Strongly Disagree

The study revealed that most organizations agree that the soft elements, that is, staff, style skills and shared values play a major role with a mean of 2.0256 in the strategic planning process. This is closely followed by systems with a mean of 2.0598 as they build a strong capability in supporting the important process of strategic planning within the organization. The findings are indicated in Table 4.11 below.
### Table 4.11: Strategy Evaluation

<table>
<thead>
<tr>
<th>Elements</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>78</td>
<td>2.1538</td>
<td>.81418</td>
</tr>
<tr>
<td>Systems</td>
<td>78</td>
<td>2.0598</td>
<td>.74969</td>
</tr>
<tr>
<td>Soft elements <em>(staff, style, skills, shared values)</em></td>
<td>78</td>
<td>2.0256</td>
<td>.80541</td>
</tr>
</tbody>
</table>

From the findings the study revealed that majority of the respondents agreed that structure contributes to strategic planning to a high extent as shown by a mean of 2.0171 with a mode of 2. Respondents agree that the organization has clearly stated and articulated objectives to a high extent with a mean of 1.8590. See Table 4.12 below.

### Table 4.12: Structure

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Structure</th>
<th>Organizational structure is guided by a policy</th>
<th>Organizational structure comprises of business hierarchy, division of labor, delegating and communication</th>
<th>Organizational structure plays a major role in delivering expected results</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0171</td>
<td>2.0000</td>
<td>2.1923</td>
<td>1.8590</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.66644</td>
<td>.83744</td>
<td>.60426</td>
<td>.86376</td>
</tr>
</tbody>
</table>

*a. Multiple modes exist. The smallest value is shown*

Majority of the respondents, that is, 57% either agree or strongly agree that organizational structure is guided by a policy. This is shown by 36% of respondents indicating that they agree that the organizational structure is guided by a policy while 21% of respondents strongly agree
that the organizational structure is guided by a policy. Thirty three percent of respondents are uncertain as to whether their organizational structure is guided by a policy while 5% disagree that their organizational structure is guided by a policy. Five percent also strongly disagree that their organizational structure is guided by a policy See Figure 4.25 below.

![Organizational Structure is Guided by a Policy](image)

**Figure 4.25: Structure is Guided by a Policy**

Majority of the respondents, that is, 77% either agree or strongly agree that the organizational structure comprises of business hierarchy, division of labour, delegation and communication. This is shown by 51% of respondents indicating that they agree that the organizational structure comprises of business hierarchy, division of labour, delegation and communication while 26% of respondents strongly agree that the organizational structure comprises of business hierarchy, division of labour, delegation and communication. Nineteen percent of respondents are uncertain as to whether the organizational structure comprises of business hierarchy, division of labour, delegation and communication while 4% disagree. See Figure 4.26 below.
Majority of the respondents, that is, 72% either agree or strongly agree that the organizational structure plays a major role in delivering expected results. This is shown by 41% of respondents indicating that the organizational structure plays a major role in delivering expected results while 31% of respondents strongly agree that the organizational structure plays a major role in delivering expected results. Nineteen percent of respondents are uncertain as to whether the organizational structure plays a major role in delivering expected results while 9% disagree. See Figure 4.27 below.

Figure 4.26: Components of Structure

Figure 4.27: Importance of Organizational Structure in Delivering Expected Results
From the findings the study revealed that majority of the respondents agreed that structure contributes to strategic planning to a high extent as shown by a mean of 2.0598 with a mode of 1.67. Respondents agree that organizational processes are aligned with technology to a high extent with a mean of 1.7179. See Table 4.13 below.

Table 4.13: Systems

<table>
<thead>
<tr>
<th></th>
<th>Overall Systems</th>
<th>Organization has congruent systems and processes set in place</th>
<th>Organizational processes are aligned with technology</th>
<th>Systems build a strong capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0598</td>
<td>2.3205</td>
<td>1.7179</td>
<td>2.1410</td>
</tr>
<tr>
<td>Mode</td>
<td>1.67</td>
<td>2.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.74969</td>
<td>.84506</td>
<td>.92438</td>
<td>.73369</td>
</tr>
</tbody>
</table>

Majority of the respondents, that is, 71% either agree or strongly agree that the organization has congruent systems and processes set in place. This is shown by 46% of respondents indicating that they agree that the organization has congruent systems and processes set in place while 15% of respondents strongly agree that the organization has congruent systems and processes set in place. Twenty nine percent of respondents are uncertain as to whether the organization has congruent systems and processes set in place. See Figure 4.28 below.
Majority of the respondents, that is, 86% either agree or strongly agree that the organizational processes are aligned with technology. This is shown by 35% of respondents indicating that they agree that the organizational processes are aligned with technology while 51% of respondents strongly agree that the organizational processes are aligned with technology. Twenty three percent of respondents are uncertain as to whether the organizational processes are aligned with technology while 9% disagree. See Figure 4.29 below.

Majority of the respondents, that is, 75% either agree or strongly agree that their systems build a strong capability. This is shown by 60% of respondents indicating their systems build a strong capability while 15% of respondents strongly agree that their systems build a strong capability. Nineteen percent of respondents are uncertain as to whether their systems build a strong capability while 5% disagree. See Figure 4.30 below.
From the findings the study revealed that majority of the respondents agreed that soft elements (staff, skills, style & shared values) contributes to strategic planning to a high extent as shown by a mean of 2.0171 with a mode of 2. Respondents agree that leaders stimulate the subordinates to challenge their own value systems and improve individual performance to a high extent with a mean of 1.8590. See Table 4.14 below.

Table 4.14: Soft Elements (Staff, skills, style & Shared Values)

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Soft Elements (Staff, skills, style &amp; Shared Values)</th>
<th>Leaders promote flexibility and have the ability to anticipate, envision and maintain flexibility</th>
<th>Leaders empower others to create strategic change as necessary</th>
<th>Leaders stimulate the subordinates to challenge their own value systems and improve individual performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0171</td>
<td>2.0000</td>
<td>2.1923</td>
<td>1.8590</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00(^a)</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.66644</td>
<td>.83744</td>
<td>.60426</td>
<td>.86376</td>
</tr>
</tbody>
</table>

\(^a\) Multiple modes exist. The smallest value is shown
Majority of the respondents, that is, 76% either agree or strongly agree that the leaders promote flexibility and have the ability to anticipate, envision and maintain flexibility. This is shown by 40% of respondents indicating that they agree that the leaders promote flexibility and have the ability to anticipate, envision and maintain flexibility while 36% of respondents strongly agree that the leaders promote flexibility and have the ability to anticipate, envision and maintain flexibility. Twenty-four percent of respondents are uncertain as to whether the leaders promote flexibility and have the ability to anticipate, envision and maintain flexibility. See Figure 4.31 below.

![Bar Chart](https://via.placeholder.com/150)

**Figure 4.31: Extent to Which Leaders Promote and Maintain Flexibility**

Majority of the respondents, that is, 77% either agree or strongly agree that the leaders empower others to create strategic change as necessary. This is shown by 62% of respondents indicating that leaders empower others to create strategic change as necessary while 15% of respondents strongly agree that the leaders empower others to create strategic change as necessary. Eighteen percent of respondents are uncertain as to whether the leaders empower others to create strategic change as necessary while 5% disagree. See Figure 4.32 below.
Majority of the respondents, that is, 77% either agree or strongly agree that the leaders stimulate the subordinates to challenge their own value systems and improve individual performance. This is shown by 41% of respondents indicating that leaders stimulate the subordinates to challenge their own value systems and improve individual performance while 36% of respondents strongly agree that the leaders stimulate the subordinates to challenge their own value systems and improve individual performance. Fourteen percent of respondents are uncertain as to whether the leaders stimulate the subordinates to challenge their own value systems and improve individual performance while 4% and 5% disagree and strongly disagree respectively. See Figure 4.33 below.
To address the third research question, respondents were asked a set of statements from which they were to indicate on the scale provided by indicating the extent to which they agreed with the statements on a five-scale rank where: 1 = Strongly Agree, 2= Agree, 3=Uncertain, 4=Disagree and 5=Strongly Disagree.

According to the findings on innovation most companies engage in market innovation which is shown by a mean of 2.0085 and a standard deviation of 0.59816. This is closely followed by process innovation with a mean of 2.0171 and lastly product innovation with a mean of 2.1709. The findings are indicated in Table 4.15 below.

### Table 4.15: Innovation

<table>
<thead>
<tr>
<th>Type of Innovation</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>78</td>
<td>2.1709</td>
<td>.78357</td>
</tr>
<tr>
<td>Process</td>
<td>78</td>
<td>2.0171</td>
<td>.61463</td>
</tr>
<tr>
<td>Market</td>
<td>78</td>
<td>2.0085</td>
<td>.59816</td>
</tr>
</tbody>
</table>
From the findings the study revealed that majority of the respondents agreed that product innovation contributes to strategic planning to a high extent as shown by a mean of 2.0171 with a mode of 2. Respondents agree that Product innovation is increasingly important for the company's future success to a high extent with a mean of 1.8590. See Table 4.16 below.

**Table 4.16: Product Innovation**

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Product Innovation</th>
<th>Organization introduces new products into the market often</th>
<th>Product innovation creates competitive advantage in our organization</th>
<th>Product innovation is increasingly important for the company's future success</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0171</td>
<td>2.0000</td>
<td>2.1923</td>
<td>1.8590</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00a</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.66644</td>
<td>.83744</td>
<td>.60426</td>
<td>.86376</td>
</tr>
</tbody>
</table>

a. Multiple modes exist. The smallest value is shown

Majority of the respondents, that is, 59% are either uncertain or disagree that their organization introduces new products into the market often. This is shown by 36% of respondents indicating that they are uncertain as to whether their organization introduces new products into the market often while 23% of respondents disagree that their organization introduces new products into the market often. Forty two percent of respondents are either agree or strongly agree that their organization introduces new products into the market often as indicated by 21% and 21% respectively. See Figure 4.34 below.
Figure 4.34: Organization’s Introduction of New Products into the Market

Majority of the respondents, that is, 81% either agree or strongly agree that the product innovation creates competitive advantage in our organization. This is shown by 60% of respondents indicating that they agree that the product innovation creates competitive advantage in our organization while 21% of respondents strongly agree that the product innovation creates competitive advantage in our organization. Fourteen percent of respondents are uncertain as to whether the product innovation creates competitive advantage in our organization while 5% disagree. See Figure 4.35 below.

Figure 4.35: Product Innovation Role in Creating Competitive Advantage
Majority of the respondents, that is, 72% either agree or strongly agree that product innovation is increasingly important for the company's future success. This is shown by 21% of respondents indicating that they agree that product innovation is increasingly important for the company's future success while 51% of respondents strongly agree that product innovation is increasingly important for the company's future success. Nineteen percent of respondents are uncertain as to whether product innovation is increasingly important for the company's future success while 9% disagree. See Figure 4.36 below.

![Figure 4.36: Importance of Product Innovation for the Company's Future Success](image)

From the findings the study revealed that majority of the respondents agreed that process innovation contributes to strategic planning to a high extent as shown by a mean of 2.0171 with a mode of 2. Respondents agree that process innovation is increasingly important for the company's future success to a high extent with a mean of 1.7692. See Table 4.17 below.
Table 4.17: Process Innovation

<table>
<thead>
<tr>
<th></th>
<th>Overall Process Innovation</th>
<th>Organizations regularly introduces new techniques for accomplishing tasks</th>
<th>New techniques increase organization productivity</th>
<th>Process innovation is increasingly important for the company's future success</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0171</td>
<td>2.1923</td>
<td>2.0897</td>
<td>1.7692</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.61463</td>
<td>.68486</td>
<td>.90001</td>
<td>.66299</td>
</tr>
</tbody>
</table>

Majority of the respondents, that is, 75% either agree or strongly agree that the organizations regularly introduce new techniques for accomplishing tasks. This is shown by 65% of respondents indicating that they agree while 10% of respondents strongly agree that the organizations regularly introduce new techniques for accomplishing tasks. Nineteen percent of respondents are uncertain while 5% disagree. See Figure 4.37 below.

Figure 4.37: Introduction of New Techniques for Accomplishing Tasks
Majority of the respondents, that is, 76% either agree or strongly agree that new techniques increase organization productivity. This is shown by 50% of respondents indicating that new techniques increase organization productivity while 26% of respondents strongly agree that new techniques increase organization productivity. Fourteen percent of respondents are uncertain as to whether new techniques increase organization productivity while 10% disagree. See Figure 4.38 below.

![New Techniques Increase Organization Productivity](image)

**Figure 4.38: Importance of New Techniques to Organization Productivity**

Majority of the respondents, that is, 87% either agree or strongly agree that process innovation is increasingly important for the company's future success. This is shown by 51% of respondents indicating that they agree that process innovation is increasingly important for the company's future success while 36% of respondents strongly agree. Thirteen percent of respondents are uncertain as to whether the process innovation is increasingly important for the company's future success. See Figure 4.39 below.

![Process Innovation is Increasingly Important for the Company's Future Success](image)

**Figure 4.39: Importance of Process Innovation for the Company's Future Success**
From the findings the study revealed that majority of the respondents agreed that market innovation contributes to strategic planning to a high extent as shown by a mean of 2.00085 with a mode of 2. Respondents agree that process innovation is increasingly important for the company's future success to a high extent with a mean of 1.8974. See Table 4.18 below.

**Table 4.18: Market Innovation**

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Overall Market Innovation</th>
<th>Organization commits efforts and resources to new sales methods in business</th>
<th>Organization aligns products and services to customer needs</th>
<th>Market innovation is increasingly important for the company's future success</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0085</td>
<td>2.1410</td>
<td>1.8974</td>
<td>1.9872</td>
</tr>
<tr>
<td>Mode</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.59816</td>
<td>.73369</td>
<td>.63634</td>
<td>.90444</td>
</tr>
</tbody>
</table>

Majority of the respondents, that is, 85% either agree or strongly agree that the organization aligns products and services to customer needs. This is shown by 59% of respondents indicating that they agree that the organization aligns products and services to customer needs while 26% of respondents strongly agree. Fifteen percent of respondents are uncertain as to whether that the organization aligns products and services to customer needs. See Figure 4.40 below.

**Figure 4.40: Alignment of Products and Services to Customer Needs**
Majority of the respondents, that is, 75% either agree or strongly agree that the organizations commit efforts and resources to new sales methods in business. This is shown by 60% of respondents indicating that they agree that the organizations commit efforts and resources to new sales methods in business while 15% of respondents strongly agree that the organizations commit efforts and resources to new sales methods in business. Nineteen percent of respondents are uncertain as to whether the organizations commit efforts and resources to new sales methods in business. See Figure 4.41 below.

![Organizations Commit Efforts and Resources to New Sales Methods in Business](image)

**Figure 4.41: Organizations Commitment of Resources to New Sales Methods in Business**

Majority of the respondents, that is, 71% either agree or strongly agree that market innovation is increasingly important for the company's future success. This is shown by 35% of respondents indicating that they agree that market innovation is increasingly important for the company's future success while 36% of respondents strongly agree that market innovation is increasingly important for the company's future success. Thirty percent of respondents are uncertain as to whether market innovation is increasingly important for the company's future success. See Figure 4.42 below.

![Market Innovation](image)
4.5 Correlation

Pearson’s correlation shown below explains the relationship between the independent variables, strategic environmental scanning, strategy formulation and strategy evaluation and the dependent variable, innovation. From the Tables 4.19 and 4.21 below, there is a strong relationship between both strategic environmental scanning (0.651) and strategy evaluation (0.646) respectively with innovation. The correlation between strategy formulation and innovation at 0.37 indicates that there is a weak relationship as seen in Table 4.20.

The factors considered under strategic environmental scanning were environmental analysis, customer analysis, competitor analysis and market analysis. These factors influence innovation in the telecommunication industry whereby the study reveals a strong relationship between environmental scanning and innovation with a correlation value of 0.651. See Table 4.19 below.
Table 4.19: Strategic environmental scanning and innovation

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Environmental Scanning</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Scanning</strong></td>
<td>Pearson Correlation: 1</td>
<td>.651**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed): .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N: 78</td>
<td>78</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Pearson Correlation: .651**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed): .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N: 78</td>
<td>78</td>
</tr>
</tbody>
</table>

The factors considered under strategy formulation were the vision, the mission and goal setting in the telecommunication industry. These factors have little influence on innovation in the telecommunication industry as shown by the study which reveals a weak relationship between strategy formulation and innovation with a correlation value of 0.387. See Table 4.20 below.

Table 4.20: Strategy formulation and innovation

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Strategy Formulation</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy Formulation</strong></td>
<td>Pearson Correlation: 1</td>
<td>.387**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed): .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N: 78</td>
<td>78</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Pearson Correlation: .387**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed): .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N: 78</td>
<td>78</td>
</tr>
</tbody>
</table>
The factors considered under strategy evaluation were strategy, structure and soft elements (staff, skills, style and shared values). These factors have influence on innovation in the telecommunication industry whereby the study reveals a strong relationship between strategy evaluation and innovation with a correlation value of 0.646. See Table 4.21 below.

### Table 4.21: Strategy evaluation and innovation

<table>
<thead>
<tr>
<th></th>
<th>Strategy Evaluation</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.646**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>78</td>
<td>78</td>
</tr>
</tbody>
</table>

### 4.6 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions.

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table 4.9 below the value of adjusted R squared was 0.497, an indication that there was variation of 49.7% on innovation due to strategic environmental scanning, strategy formulation and strategy evaluation at 95% confidence interval. This shows that a 49.7% change in innovation is caused by strategic environmental scanning, strategy formulation and strategy evaluation. R is the correlation coefficient which shows the relationship between the study variables. From the findings shown in the table below there was a strong positive relationship between the study variables as shown by 0.719. See Table 4.22 below.
Table 4.22: Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.719$^a$</td>
<td>.516</td>
<td>.497</td>
<td>.40380</td>
</tr>
</tbody>
</table>

As per table 4.23 below, the established regression equation becomes (\(Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3\)) becomes:

\(Y = 0.476 + 0.466X_1 - 0.146X_2 + 0.431X_3\)

Where:

Y is the dependent variable innovation

\(X_1\) – Strategic environmental scanning

\(X_2\) – Strategy formulation

\(X_3\) – Strategy evaluation

The regression equation illustrated in Table 4.10 establishes that holding strategic environmental scanning, strategy formulation and strategy evaluation at a constant then innovation in the telecommunication sector would stand at 0.476. The findings presented also showed that with all other variables held at zero, a unit change in strategic environmental scanning would contribute to a 0.466 change in innovation, and a unit change in strategy formulation will contribute to a -0.146 change to innovation, while a unit change in strategy evaluation will contribute to 0.431 change in innovation. Strategic environmental scanning and strategy evaluation were statistically significant (p value <0.05). This implies that within the telecommunication industry they influence innovation.

Table 4.23: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.476</td>
<td>.210</td>
<td></td>
<td>2.269</td>
</tr>
<tr>
<td>Strategic environmental Scanning</td>
<td>.466</td>
<td>.122</td>
<td>.412</td>
<td>3.804</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>-.146</td>
<td>.119</td>
<td>-.136</td>
<td>-1.231</td>
</tr>
<tr>
<td>Strategy Evaluation</td>
<td>.431</td>
<td>.118</td>
<td>.466</td>
<td>3.655</td>
</tr>
</tbody>
</table>
4.7 Chapter Summary

Chapter four has mainly described the research findings on the survey on to investigate effect of strategic planning on innovation in the telecommunication sector. The study established that strategic environmental scanning and strategy evaluation were significant to innovation while there was a weak relationship strategy formulation and innovation. In chapter five these results will be discussed and relevant conclusions and recommendations made about innovation in the telecommunication industry.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of key data findings, conclusions drawn from the findings highlighted and recommendations. The recommendations given are with regards to the effect of strategic planning on innovation in the telecommunication sector and areas of improvement. The research will assist in further studies on the influences of innovation in the telecommunication sector.

5.2 Summary

The purpose of the study was to establish the effect strategic planning on innovation in the telecommunication industry in Kenya. The specific research questions of the study were to examine the effect of strategic environmental scanning on innovation in the telecommunication industry in Kenya, the effect of strategy formulation on innovation in the telecommunication industry in Kenya and the effect of strategy evaluation on innovation in the telecommunication industry in Kenya.

The study adopted descriptive research design. The target population of the study comprised of telecommunication industries listed on the Kenya Business Directory as of June 2018 (Kenya Business Directory, 2018). The sampling frame of the study was top management (reports to CEO), head of business units and middle management in the telecommunication companies in Kenya. Selecting a sample is more efficient when it comes to collecting data from a large population. Purposive sampling technique was used to select three senior employees of each telecommunication company. Senior employees within the telecommunication companies were targeted because they are conversant the strategic planning process in the organization. The criteria chosen was a sample of 3 senior employees from each organization, thus forming a sample size of 90 respondents. Primary data was obtained through self-administered questionnaires from respondents.
The questionnaire contained both open-ended and close-ended questions for ease of collecting quantitative and qualitative data. Pre-testing was done by administering the questionnaire to 5 respondents who were not included in the actual study. The questionnaire was tested for validity and reliability. The data was analyzed using Statistical Package for Social Sciences (SPSS). Data was presented using tables, and pie charts and figures for ease of communication to the reader.

The first objective of the study was to examine the effect of strategic environmental scanning on innovation in the telecommunication industry in Kenya. The study revealed that the respondents agreed that there is a strong relationship between strategic environmental scanning and innovation in the telecommunication industry. The companies invest time in scanning the environment majorly on customer analysis and environmental analysis compared to market analysis and competitor analysis.

The second objective of the study was to examine the effect of strategy formulation on innovation in the telecommunication industry in Kenya. The study revealed that there is a weak relationship between strategy formulation and innovation. From the study the vision is what most companies can relate to compared to the mission and goal setting within the companies.

The third objective of the study was to examine the effect of strategy evaluation on innovation in the telecommunication industry in Kenya. The study revealed that the respondents agreed that there is a strong relationship between strategy evaluation and innovation in the telecommunication industry. Evaluation of the soft elements (staff, style, skills and shared values) is a major contributor to innovation which is closely followed by systems and lastly structure.

5.3 Discussions

5.3.1 Effect of Strategic Environmental Scanning on Innovation

The study revealed that strategic environmental scanning influences innovation in the telecommunication sector. This is in line with Arasa and K’Obonyo (2012) findings in that business environment analysis exhibits a stronger relationship with firm performance compared to other strategic planning constituent variables in their study. From their study,
Babtunde and Adebisi (2012) established that the use of strategic environmental scanning in evaluating the environmental forces such as opportunities and threats has aided in improving an organization’s profitability by exploiting opportunities and avoiding threats.

Amongst the activities related to scanning the environment, customer analysis plays a key role when it comes to innovation. The respondents agree that management in their organizations regularly evaluates key data relating to their customers i.e. demographics, population, sources of funding etc. According to Robinson and Pearce (2014), evaluating consumer behavior provides insights towards the process of satisfying customer needs. Respondents also agreed that their organizations business objectives are driven primarily by what the customers need and they regularly measure customer satisfaction. Organizations in the telecommunication sector prioritize their customer needs as this forms a large basis of their innovative strategies. Understanding the needs and dissatisfactions of customers and how these are evolving may open up opportunities for an organization (Fitzroy, Hulbert & Ghobadian, 2012). Customer’s perception is important to organizations in the telecommunication industry as it is majorly a service industry and the feedback sought provides insights into what their customer need.

Environmental analysis as one of the activities that are carried out under strategic environmental scanning is fairly influential when it comes to innovation. The respondents agree that management in their organizations regularly seeks and sieves information from the environment relevant to the organization and constantly uses the sieved information from the environment to make decisions. Environmental analysis enhances a firm’s ability to exploit the resources, acquiring resources, as well as identification of opportunities that can help a firm lay the foundation for establishing a competitive advantage (Hitt, Ireland, & Hoskisson, 2011). Respondents also agreed that the information gathered helps the firm in establishing its current position in the market place as well as determining its strengths and weaknesses. Evaluating its competitive position enhances a firm’s possibility of designing strategies that help a firm achieve maximum efficiency in exploiting environmental opportunities (Robinson & Pearce, 2013). Assessing the environment is important to the companies as it informs them of trends that they could exploit leading to innovative strategies.
The study revealed that the level of engagement in competitor analysis is lowest when carrying out strategic environmental scanning compared to environmental analysis, market analysis and customer analysis. The respondents agreed that organizations in the telecommunication industry engaged in carrying out research to gather information related to competitors across the industries to a low extent. Businesses should focus on customer needs, focusing on the customers and their needs seems a certain way to succeed and to avoid the worst kind of surprises specially in turbulent environments such as the new competitive landscape, where competitors can come from any line of business or any nation without warning (Meyer & Heppard, 2001).

The study also revealed that organizations in the telecommunication sector to a low extent regularly use competitor information to make decisions and explore sources of innovation to gain competitive advantage against competitors. This could imply that the organizations are strategy driven and focus on their own path without paying too much attention to competitors and therefore may not view it as a value addition exercise. Alternatively, those who may seek or see the need for competitor information may not have the resources available to enable them to get much value out of it, for example information gathered on competitor may be dated. A major factor that contributes to organizational inertia is little or no information about the key competitors. For organizations to be more competitive, resilient and relevant in the turbulent world of business they need to prioritize, identify, and minimize their business challenges in today’s world (Talib, Ali, & Idris, 2013).

When it comes to market analysis, organizations vary on the extent to which this is carried out in their organizations. Some carry it to a very high extent while some engage in it to a very low extent which was indicated by the greatest standard deviation compared to the other activities. Respondents agreed that their management engaged in activities such as grouping together actual and potential customers whose needs are similar so that target segments can be selected and appropriate marketing programs designed. Mohsin, Halim and Ahmad (2012) stated that market orientation allows owner-managers to gather information from the current and potential customers needs to create superior customer values and respond in an entrepreneurial manner.
Respondents also agreed that their organizations gathered information on the current and potential customers needs to enable creation of superior customer values for various market segments. Organizations within the telecommunication sector majorly fall in the service sector and therefore they focus on the customers experience that they are able to give their clients. Customers want value and this may require different sets of solutions for the different segments.

Alternatively the customers may require combined solution sets and therefore it is important for the companies to profile the customers into segments to enable them to cater for their needs appropriately. The market orientation provides a firm a better understanding of its competitors, customers and environment, which subsequently leads to superior firm performance (Kara, Spillan, & Deshields, 2005). Strategic environmental scanning is important in the telecommunication industry as it provides them with the necessary insights on trends and developments in their sector. These insights lead to innovations with regards to the products, process and market.

5.3.2 Effect of Strategy Formulation Scanning on Innovation

The study revealed that among the three variables (strategic environmental scanning, strategy formulation and strategy evaluation) only strategy formulation has a weak relationship with innovation in the telecommunication sector. The study focused on three components of strategy formulation, that is, vision, mission and goal setting with regards to the extent in which they are embraced within organizations in the telecommunication sector. Respondent’s responses varied on their knowledge of the organizations strategy formulation components, that is, vision, mission and goal setting. Azhar et al. (2013) state that leaders are direction setters for an organization and they need to have a clear view of the direction that they would like the organization to take in relation to the strategy formulation and implementation.

The respondents view the vision as the most relatable amongst the three components. This means that the vision statement is inspirational and represents the organizations identity and highest aspirations, it guides, shapes and gives purpose to the organization and it presents the firm’s strategic intent that focuses the energies and resources of the company on achieving a desirable future. Mohamed, Ann and Yee (2010) concur that the vision statement refers to the
future of an organization. In addition, James and Lahti (2011) state that vision emphasizes change, an idealized future state and has a longer time span than strategies. Therefore the vision is broader and guides the strategies.

From the study goal setting follows vision as the next relatable component of strategy formulation in the telecommunication industry. The respondents agree that their organization have clearly stated and articulated objectives, the objectives set are simple, measurable, attainable, realistic and time bound. Deschamps & Mattijs (2017) study revealed the importance of goals towards motivating workers and strengthening the culture of performance within the organization. Therefore the establishment of goals in this case would motivate workers and hence positively influence innovation. The respondents agreed that their leaders have set processes set in place to monitor progress towards the objectives. According to Gustafsson, et al., (2009) objectives in an organization are the conduits through which performance and performance evaluation is conducted.

From the study, the mission statement ranks least as the most relatable in terms of strategy formulation in the telecommunication companies. Respondents agree that their mission statement sums up the organizations reason for being, it also explains what their business culture is like and they are able to recite the whole mission statement without making a mistake. The mission statement of an organization should be clear and concise in order to distinguish it from others (Mohamed, Ann & Yee, 2010).

The vision, mission and goal setting components of strategy formulation are well adopted in the telecommunication organizations as the respondents agree that these have been established in their organizations. However, the correlation analysis between strategy formulation (based on these factors) and innovation indicated that there is a weak relationship between strategy formulation and innovation. This implies that strategy formulation has very little effect on innovation within the telecommunication sector. This may be attributed to the fact that the strategy formulation process equips the organization with a guide that sets the initial direction based on the available information. However the initial path may change due to change and turbulence in today’s society and therefore even if innovative strategies were initially set as part of the strategy formulation process, these may be disrupted by change and hence little influence on innovation. The telecommunication sector is heavily relies on technology and
therefore a change could impact the direction of the company abruptly interfering with previously set innovative strategies. Therefore the initial goals and strategies would need to be revised to accommodate the new landscape.

5.3.3 Effect of Strategy Evaluation on Innovation

The study revealed that strategy evaluation influences innovation in the telecommunication sector. A study conducted by Melnyk, Stewart and Swink (2014) concurs on the positive influence of strategy evaluation on organizations. The study established the existence of a positive relationship between strategic evaluation and organizational performance. Choi, Poon and Davis (2008) argue that evaluation of performance provides necessary feedback to employees and the organization on areas they need to improve.

Amongst the activities related to strategy evaluation, the soft elements (staff, skills, style and shared values) are the most influential when it comes to innovation. The respondents agree that the soft elements in their organizations, that is, staff, style skills and shared values are the most influential with regards to innovation. This is largely due to leaders promoting flexibility and having the ability to anticipate, envision and maintain flexibility, leaders empowering others to create strategic change as necessary and leaders stimulating the subordinates to challenge their own value systems and improve individual performance. According to Çaliskan (2010), towards the end of the twentieth century, management came to accept that people, not markets, products, cash, buildings, or equipment, are the critical differentiators of a business enterprise.

The study also revealed that systems influence innovation in the telecommunication sector. The respondents agree that their organizations have congruent systems and processes set in place, the organizational processes are aligned with technology and their systems build strong capabilities (evaluation, control, enhanced process performance & enhanced firm performance). According to Munir (2013), adequate and appropriate Performance Management Systems (PMS) can protect organizations from potential risks and losses, and improve organizational effectiveness. A study by Amos (2007) also demonstrated the positive impact of systems on organizations. The study revealed that technology alignment with internal organizational processes enhances organizational performance. In the same way technology alignment can aid in innovative strategies within the telecommunication industry.
From the research structure also positively influences innovation. The respondents agree that their organizational structure is guided by a policy that dictates how activities are apportioned, coordinated and supervised in pursuit of organizational goals, it also comprises of the business hierarchy, division of labor, delegating and communications as well as plays a major role in delivering expected results. According to Mullins (2010), organizations structures are necessary to enable firm’s archive some key objectives. Structures allow efficiency by allocating tasks in a manner that enhances accountability.

5.4 Conclusion

5.4.1 Effect of Strategic Environmental Scanning on Innovation

The study revealed a significant relationship between strategic environmental scanning and innovation in the telecommunication sector. The study also established that a unit increase in strategic environmental scanning would lead to an increase in innovation in the telecommunication sector. The study concluded that strategic environmental scanning would lead to an increase in innovation in the telecommunication sector.

5.4.2 Effect of Strategic Environmental Scanning on Innovation

The study established a weak relationship between strategy formulation and innovation in the telecommunication sector. The study also revealed that a unit increase in strategy formulation would lead to a negative change in innovation in the telecommunication sector. The study concludes that innovation is not necessarily improved by strategy formulation.

5.4.3 Effect of Strategy Evaluation on Innovation

The research found a significant relationship between strategy evaluation and innovation in the telecommunication sector. The study found that a unit increase strategy evaluation would lead to an increase in innovation in the telecommunication sector. The study concludes that strategy evaluation would lead to an increase in innovation in the telecommunication sector.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.5.1 Effect of Strategic Environmental Scanning on Innovation
Companies in the telecommunication sector should consider putting in the same amount of effort to the four aspects of environmental scanning, that is, environmental analysis, market analysis, customer analysis and competitor analysis. The organizations consistently engage in customer and environmental analysis but engage lowly when it comes to competitor analysis. Focus on this may add more insights into the individual companies on areas in which they may exploit through innovation. Market analysis is also not consistently done amongst all organizations in the telecommunication sector. The companies that do not engage highly in this should consider utilizing it as part of gathering research and insights into the market needs.

5.5.5.2 Effect of Strategy Formulation on Innovation

Strategy formulation is weak amongst telecommunication companies with relation to innovation. Companies can focus on factors that will aid in improving their innovative strategies through tapping into the process of strategy formulation. The companies should consider how various components of the strategy formulation can better impact their innovation strategies and capabilities which can lead to product, process or market innovation.

5.5.5.3 Effect of Strategy Evaluation on Innovation

Strategy evaluation most impacts innovation in the telecommunication sector through the soft elements that is staff, style, skills and shared values. Companies should look into ways that they can strengthen the systems or improve structure so as to foster innovation within the companies.

5.5.2 Recommendations for Further Research

The study sought to establish the effect of strategic environmental scanning on innovation in the telecommunication sector. It was revealed that strategic planning accounts for only 50% of the factors that influence innovation in companies in the telecommunication sector. This implies that there are other factors within strategic planning that affect innovation in the telecommunication sector. Other researchers could look into other factors that may influence innovation such as strategy implementation to give more insights into ways in which the organizations can enhance innovation.
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PwC’s Communications Review/ July 2017. Insights for telecom, cable, satellite, and Internet executives


To Whom It May Concern

United States International University

P.O. Box 14634 - 00800

Nairobi, Kenya

Dear Respondent,

I am student at the United States International University currently undertaking my Masters of Business Administration (MBA) degree.

I am conducting a study to determine the effect of strategic planning on innovation within the telecommunication industry in Kenya

Kindly respond to the below questions to the best your knowledge. The responses collected will only be used for this study. Your assistance in this study will be highly appreciated.

Thank you for your cooperation and time.

Yours Sincerely,

Eva Wambugu
APPENDIX I: QUESTIONNAIRE

Section I: General Information

1. Name of institution…………………………………………………………………………………

2. Age
   a. 18-25 [ ]
   b. 26-35 [ ]
   c. 36-45 [ ]
   d. 46-55 [ ]
   e. Above 55 [ ]

3. Gender
   a. Male [ ]
   b. Female [ ]

4. Highest level of Education (tick one)
   a. Doctorate
   b. Masters [ ]
   c. Bachelors [ ]
   d. Secondary [ ]
   e. Others (Please specify) ________________________________

5. How long has the organization been in existence?
   a. 1 - 5 years [ ]
   b. 6 – 11 years [ ]
   c. 12 years and over [ ]

6. What are your main functional roles?
   a. Top Management (reports to CEO) [ ]
   b. Head of Business Unit [ ]
   c. Middle Management [ ]

7. How many years have you worked in the company?
   a. 1 - 5 years [ ]
   b. 6 – 11 years [ ]
   c. 12 years and over [ ]
Section II: Strategic environmental scanning and innovation

Using a scale of 1-5 tick the appropriate answer from the alternatives provided for the extent to which the components influence strategic planning. 1=Very High Extent, 2=High Extent, 3=Moderate Extent, 4= Low Extent and 5= Very Low Extent

<table>
<thead>
<tr>
<th>Strategic environmental scanning</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Environmental analysis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management regularly seeks and sieves information from the environment relevant to the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management constantly uses the sieved information from the environment to make decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental analysis informs the firm of its current position in the market place as well as its strengths and weaknesses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>b) Market analysis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management groups together actual and potential customers whose needs are similar so that target segments can be selected and appropriate marketing programs designed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market research on customers is conducted regularly within the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management gathers information from the current and potential customers needs to create superior customer values for various market segments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>c) Competitor analysis</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Our organization carries out research to gather information related to competitors across the industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our company regularly uses the competitor information to make decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our organization explores sources of innovation to gain competitive advantage against competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>d) Customer analysis</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management regularly evaluates key data relating to our customers i.e. demographics, sources of funding etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our business objectives are driven primarily by what our customers need</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our company regularly measures customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section III: Strategy formulation and innovation

Indicate the extent to which you agree with the following statements by using a scale of 1 to 5 where: 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree and 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>Strategic components</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Vision</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The vision statement is inspirational and represents the organizations identity and highest aspirations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The vision statement guides, shapes and gives purpose to the organization</td>
<td></td>
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<td>The vision statement presents the firm’s strategic intent that focuses the energies and resources of the company on achieving a desirable future</td>
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<tr>
<td><strong>b) Mission</strong></td>
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<tr>
<td>Our mission statement sums up the organizations reason for being</td>
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<tr>
<td>The mission statement explains what our business culture is like</td>
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<tr>
<td>I am able to recite the whole mission statement without making a mistake</td>
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<td><strong>c) Goal Setting</strong></td>
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<td>Our organization has clearly stated and articulated objectives</td>
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<tr>
<td>Our organizations objectives set are simple, measurable, attainable, realistic and time bound</td>
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<tr>
<td>Our leaders have processes set in place to monitor progress towards the objectives</td>
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**Section IV: strategic evaluation and innovation**

Using a scale of 1-5 tick the appropriate answer from the alternatives provided for each of the variables where; 1 = Strongly Agree, 2= Agree, 3=Uncertain, 4=Disagree and 5=Strongly Disagree

<table>
<thead>
<tr>
<th>Statement</th>
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<th>2</th>
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<tbody>
<tr>
<td><strong>a) Structure</strong></td>
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<td>Our organizational structure is guided by a policy that dictates how activities are apportioned, coordinated and supervised in pursuit of organizational goals.</td>
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<tr>
<td>Our organizational structure comprises of the business hierarchy, division of labor, delegating and communications.</td>
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<td>Our organizational structure plays a major role in delivering expected results</td>
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<td><strong>b) Systems</strong></td>
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<tr>
<td>Our organization has congruent systems and processes set in place</td>
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<td>Our organizational processes are aligned with technology</td>
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<td>Our systems build a strong capability <em>(evaluation, control, enhanced process performance &amp; enhanced firm performance)</em> that support the important process of strategic planning within the organization.</td>
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<tr>
<td><strong>c) Staff/Style/Skills/Shared Values</strong></td>
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<td>Our leaders promote flexibility and have the ability to anticipate, envision and maintain flexibility</td>
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<td>Our leaders empower others to create strategic change as necessary</td>
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<td>Our leaders stimulate the subordinates to challenge their own value systems and improve individual performance.</td>
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**Section V: Innovation**

Using a scale of 1-5 tick the appropriate answer from the alternatives provided for each of the variables where; 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree and 5 = Strongly Disagree

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<tr>
<td><strong>Product</strong></td>
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<td>Our organization introduces new products into the market often</td>
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<td>Product innovation creates competitive advantage</td>
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<td>Product innovation is increasingly important for our company’s future success</td>
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<td><strong>Process</strong></td>
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<td>Our organization regularly introduces new techniques for accomplishing tasks</td>
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<td>The new techniques increase organization productivity</td>
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<td>Process innovation is increasingly important for our company’s future success</td>
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<tr>
<td><em>The new processes have enhanced internal service delivery</em></td>
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<td><em>Employee satisfaction level has been going up as the company introduces innovative processes</em></td>
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<td><strong>Market</strong></td>
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<td>Our organization commits efforts and resources to new sales methods in business</td>
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<tr>
<td>Our organization aligns products and services to customer needs</td>
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<td>Market innovation is increasingly important for our company’s future success</td>
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THANK YOU