STRATEGIC MANAGEMENT INTENSITY AND INNOVATION IN THE TELECOMMUNICATION COMPANIES IN KENYA

BY

JAMES KIMANI MWAURA

A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER 2015

DECLARATION

STUDENT'S DECLARATION

This project is my original work and has not been presented for award of any degree in any other University.

JAMES KIMANI MWAURA

Signature: _________________ Date: _______________________

D61/64664/2013

SUPERVISOR'S DECLARATION

This project has been submitted with my approval as university supervisor.

Signature: _____________________ Date: __________________________

PROF. BITANGE NDEMO

School of Business

University of Nairobi

DEDICATION

I would like to dedicate this research work to my family who are my pillars and sources of great inspiration. My parents Daniel Mwaura and Margaret Wambui for their continuous prayers for God's wisdom upon me to be the best I can. To my wife Catherine Wambui, and children Ryan Mwaura and Immaculate Wambui, who have been patient with me and supported me during my studies. God bless you.

ACKNOWLEDGEMENT

First and foremost, I give thank the Almighty God for granting me peace, knowledge and sanity of mind that has enabled me to undertake this research work. It is through His abundance grace that has brought this research work this far.

I am greatly indebted to my supervisor, Prof. Bitange Ndemo, for his patience, support and professional guidance, encouragement and his availability. I also greatly thank my project moderator Prof. Zachary B. Awino for his thorough check to make this project a success. My sincere gratitude also goes to the staffs of the University of Nairobi for their support and assistance. I cannot forget their excellent ideas, co-operation and encouragement.

Finally, I appreciate the most important people who encouraged me in the adventure of academics and have been my anchor. They include my family who relentlessly stood by me even when I barely had time for them while pursuing this course. Their understanding and their moral support went a long way in making this a success.

ABSTRACT

There is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context. The problem with strategy implementation is the de facto success rate of the intended strategies. It was not clear how strategic management practices scanning intensity, planning flexibility, planning horizon and control attributes influenced innovation. This study sought to establish the relationship between intensity of implementing strategic management practices and innovation in a sample of 15 telecommunication companies in Kenya. A sample of 30 employees from the telecommunication companies was surveyed using questionnaires and results analyzed using Statistical Package for Social Sciences program. The study found that the telecommunication companies in Kenya have moderately adopted strategic management intensity in their operations and strategic management intensity has moderate effect on innovation in the telecommunication companies in Kenya. From the study, explicit tracking of the policies and tactics of competitors are used by the firms. This is in order to gather information about their business environment as well as special marketing research studies, gathering of information from suppliers and other channel members, forecasting sales, customer preferences, technology, routine gathering of opinions from clients and trade magazines, government publications, news media. Shifts in economic conditions are easily changed, the market entry of new competition, shifts in customer needs and preferences as well as modifications in supplier strategies and the emergence of a new technology, political developments that affect the industry, the emergence of an unexpected threat, the emergence of an unexpected opportunity and changes in government regulations. The study recommends that the telecommunications companies should pay attention to various forces of the environment in which they operate in by looking at such issues of getting information. For the telecommunications companies to enhance their innovations they need to focus on issues of planning flexibility which involve shifts in economic conditions, market entry of new competition, shifts in customer needs and preferences as well as modifications in supplier strategies and the emergence of a new technology, political developments that affect the industry, the emergence of an unexpected threat, the emergence of an unexpected opportunity and changes in government regulations. The firms could realize increment in innovations by measuring performance against subjective strategic criteria.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS & ACCRONYM

CCK	Communications Commission of Kenya
MIS	Management Information System
MNCs	Multinational Corporations
RBV	Resource- Based View
SPSS	Statistical Package for Social Sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objective (Chakravarthy, 2007). It is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies, plans, projects and programs. Strategic management seeks to coordinate and integrate the activities of the various functional areas of a business in order to achieve long-term organizational objectives. Strategic management is the highest level of managerial activity.

Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies. In the field of business administration, it is useful to talk about "strategic alignment" between the organization and its environment or "strategic consistency." According to Arie (2007), there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context. Strategic Management should accomplish its very own shift of emphasis by moving from 90:10 concern with strategy formulation relative to implementation to a minimum of 50:50 proportion with each (Grundy, 2008). Studies have shown firms giving very little effort to implementing strategies whereas equal energies should be used so as to achieve the intended goals.

To successfully implement the intended strategies firms must deploy good management practices which shall then be used to vehicle the adopted strategy in a competitive environment. What importance, value and energy a firm's management has put to implement these practices demonstrates the intensity of their strategic management implementation (Chakravarthy, 2007). Innovation has been used in this study as one output of good performance (competitiveness). To develop a more comprehensive picture of how a firm's strategic management practices influence its performance and innovation by extension, the researcher wishes to examine the relationship between the strategic management intensity and innovation in a sample of four companies in the cellular sector of telecommunication industry in Kenya.

1.1.1 Definition of Strategic Management Intensity

Intensity relates to the strength of strategic management culture within business. As such, strategic management intensity is defined by Chandler (2000) as the rigorous managerial activities geared towards achieving the organizational goals are implemented.. Accordingly to strategic management intensity seeks to provide solutions to these issues by maintaining a long term focus to anticipate and deal with issues facing the organization with a view of long term growth, profitability and survival. Strategic management intensity can also be defined as an extent in which the strategic management processes are performed and strategic management resources are utilized with an intention of enhancing its performance (Pearce & Robinson 2009).

To Mildeová (2005) strategic management intensity can be considered as a distinctive characteristic of the company department, organisation or a particular sector perceived as a complex technical economical-social system (Mildeová, 2005). Strategic management intensity seeks to provide solutions to these issues by maintaining a long term focus to anticipate and deal with issues facing the organization with a view of long term growth, profitability and survival. is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented.

Lamb, Robert & Boyden (2004) posit that strategic management intensity assesses whether the strategy has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. Strategic management helps in the formulation of effective organizational goals (Lamb, Robert & Boyden, 2004). The effective formulation and implementation of strategic management techniques can lead an organization to the path of success. The pitfalls in the strategic planning can be overcome with successful implementation of strategic management techniques.

An effective strategic management process is imperative for gaining sustainable competitive advantage in the market (Thompson & Strickland 2005). While various schools of strategic thought exist, at the normative level there is general agreement in the literature on the strategic process, the process of designing and implementing strategy. The strategic process can be divided into three main areas of activity: strategic formulation, strategic implementation and strategic evaluation (Thompson & Strickland, 2005), although Mintzberg, (2003), would argue that this division into three areas is more convenient than realistic and consequently promote a holistic view of the entire process.

1.1.2 Concept of Innovation

The term innovation refers to both radical and incremental changes in thinking, things, and processes or in services (Mckeown, 2008). In many fields, for example in the arts, economics, business and government policy, something new must be substantially different to be innovative. In economics, the change must increase value, customer value, or producer value. Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy. Schumpeter (1936, 1950) viewed innovations as representing improvement in terms of product or process utility and as a result create greater buyer interest and overall economic activity. Chandler (2000) indicates that some innovations are built on existing products, services, or procedures, and are incremental in nature. Others involve greater degrees of difference and are more radical than incremental. Some innovators aim to be first, others aim for second place.

Innovations can be characterized as incremental/radical, first mover/late mover and imitative/inventive. The three categories are not mutually exclusive. However, each point to a different feature of innovation and reveals insights not found as readily in the other two (Berry, 2000). Business is about identifying the sustainability of the revenue streams, the long-term competitiveness of the company's products and understanding where every penny goes and making sure that it is adding value (Carrie, 2008). Despite innovation absorbing real and substantial costs, and the clarity of organizational objectives in terms of innovation has led to an increased emphasis on the evaluation of return on investment. According to Christensen and Raynor (2008), corporate leaders should put up a wall between the innovation and the existing hierarchy (Anthony and Christensen, 2008).

Different aspects of intensity can help businesses to evaluate their operations to enhance their innovation culture, including ideation, focus, commitment and persistence. Strategic management intensity in innovation is a multifaceted concept. The approach of organizations to strategic management intensity in innovation includes linked characteristics like holistic awareness, concentration, intuition, experience and re-experience, patience, insight, contradiction and integration. Chan (2009) argues that strategic management intensity increases with the rising complexity of business processes. Moreover, Andreeva and Kianto (2011) confirm the influence of strategic management intensity on the organisational innovation performance.

1.1.3 Strategic Management Intensity and Innovation

Most innovations simply build on what is already there, requiring modifications to existing functions and practices, but some innovations change the entire order of things, making obsolete the old ways. The development of the growing firm has been subject to a considerable amount of academic speculation with notable observations on how organizational dynamics change as organizations grow being made by a number of researchers over the past 20 years (O'Gorman, 2001). As a result, it is maintained that cessation stems from the firm's failure to establish a suitable business platform. In contrast, those firms that secure their position in a market place by successfully constructing an appropriate business platform become more viable and less vulnerable to changes in their competitive environment (Chakravarthy, 2007).

Prashantham (2008) argue that the strategic management-intensive firms have a workforce with highly qualified and engaged in strategic management work. The ability or willingness of managers to devote sufficient time to issues that concern the strategic direction and development of a firm influence sustained growth (Beaver and Price, 2004). Whilst managerial behaviour is conducive to initial managerial success, growth, in the medium to long term, is dependent upon the ability of the owner-manager to manage the firm effectively at both an operational and strategic level. According to Andreeva and Kianto (2011) strategic management intensities have innovations and general management skills to operate successful businesses (Beaver and Price, 2004).

Fast growing strategic management practices in firms are more likely to have developed or acquired managerial practices in areas like human resource management, finance and marketing. A firm's innovation strategy can be described as a vector of firm choices spanning the domains of technology development and commercialization. Innovation and new business development can be initiated by independent individuals or by existing enterprises. Innovativeness of a firm indicates strong influence on the organizational status. Innovative firms stress the importance of strategic management by giving their managers training, placing greater emphasis on adopting innovative organizational structures and greater emphasis on total quality management.

1.1.4 Telecommunication Industry in Kenya

Kenya's earliest telecommunications connections to the outside world were the submarine cables linking Zanzibar, Mombasa, and Dar es Salaam laid by the Eastern & South African Telegraph Company in 1888. Internally, the construction of a telegraph net work began with a 200-mile coastal line linking the port city of Mombasa with Lamu. Extension into the interior of the country began in 1896 in conjunction with the building of the railway system, forming a dual "backbone" for Kenya's communications infrastructure. The extension of the telegraph line even overtook railway construction, reaching Nairobi in 1898 and Kampala and Entebbe in Uganda in 1900. Telephone service soon followed. In 1908, the public telephone network began service in Nairobi, the capital, and in Mombasa. In Nairobi that year, eighteen telephone subscribers were connected (Communication Commission of Kenya, 2009).

The Telecommunication industry comprises of telephone communication, Communication through the internet, audio and visual media, postal communications, fax etc. Specifically, the mobile industry has grown tremendously over the last decade, rising from a few thousand in the 1990s to over 14 million subscribers currently. The types of mobile phones and services available have also changed drastically. In Kenya, though there are few service providers, there is stiff competition and rivalry in this industry hence a careful analysis for and current prospective investor is necessary for success. The telecommunications sector in Kenya made good progress after the unbundling of the Kenya Post and Telecommunications Corporation, but has halted its progress in liberalization and privatization in recent years.

The licensing of eight regional operators has not materialized, while the overall government objective for the telecoms sector is to optimize its contribution to the development of the Kenyan economy as a whole by ensuring the availability of efficient, reliable and affordable communication services throughout the country. Privatization process of Telkom Kenya was postponed after nullifying the latest round of bidding. Provision of VSAT services continues to be limited to the incumbent Telco. The mobile telecommunication industry is one of the fast growing industries in the recent times. In 2008 the industry recorded the first billion customers in the world and after another 3 years a second billion was achieved.

Telecommunications development has been affected by, and is a subject of, the socioeconomic environment under which it operates. The ensuing telecommunications reforms are a political response to address national socioeconomic needs. The impact of competition in the telecommunication industry has resulted in rapid expansion and growth of the sector (Communication Commission of Kenya, 2009). The business environment in the country has drastically changed resulting in telecommunication companies going global thus increasing competition in the industry. Innovation is remarkable and prices have dipped significantly from the previous Ksh.20 per minute to Ksh.3 per minute due to competition. A notable feature in the Kenyan market since sector reforms in 1999 is the fast expansion and uptake of cellular services. Cellular has grown from under 7,000 customers to over 22 million according to the Communication Commission of Kenya (2011).

1.2 Research Problem

The question of managing both internal and external changes and still remains competitive as a business. These changes have been assumed to be forcing organizations to adapt their practices in order to remain competitive. These adaptive efforts may be due, to a great extent, to the rapid diffusion of new technologies that created conditions for the so called knowledge revolution (Hitt, Ireland and Lee, 2000), which brought strategic management practices to a new prominence. The management of such changes is one of the ways companies uses to increase their competitiveness and enhance their growth in the new organizational landscapes, since managing in a global marketplace, introducing new technology, developing organizational knowledge, improving customer service or product quality or reducing product/service costs are some of the strategic management practices.

According to Mintzberg (2003), strategic management in the telecommunication sector demand that organizations should have effective systems in place to counter unpredictable events that can sustain their operations and minimize the risks involved through innovations. Oke (2002) also reveals that the management of high performing companies was visibly and tangibly committed to new product development and explicitly formulated and communicated the firm's new product development strategy. Many of the challenges faced by managers during earlier periods were similar to those faced by managers today. Competition in the telecommunication sector in Kenya is growing more intense and fierce. This has pushed firms to deploy strategic management practices that lead to innovation as a source of competitive advantage. Locally, Kioko (2012) carried out an analysis of competitive strategies effects on the market share of independent petroleum companies in Kenya; Ogutu and Samuel (2011) did a study on strategies adopted by multinational corporations to cope with Competition in Kenya; Thagana (2013) conducted a study on strategic management intensity and competitive advantage of commercial banks in Kenya while Nthiga, Iravo and Kahoro (2014) studied the influence of competition intensity on strategic response of multinational corporations: a study of multinational corporations in Kenya.

In Kenya it is not clear how strategic management intensity influences innovation. This is despite the fact that the telecommunication industry environment has been affected adversely by the changing operating environment calling for adoption of innovation strategies to enhance a competitive edge in the markets. The strategic management practices included in this paper namely; scanning intensity, planning flexibility, planning horizon and control attributes have been selected on the basis of their potential for influencing innovation. The knowledge on how various strategic management practices affects innovation of the company would be important as it would enlighten the companies’ management as well as other stakeholders in the industry on the approaches to take. This study sought answers to the following research question: What is the level of strategic management intensity in the telecommunication companies in Kenya? What is the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya? What are the challenges of strategic management intensity and innovation among the telecommunication companies in Kenya?

1.3 Research Objectives

1. To determine the level of strategic management intensity among the telecommunication companies in Kenya.
2. To establish the relationship between strategic management intensity and innovation among telecommunication companies in Kenya.
3. To assess the challenges facing strategic management intensity and innovation among the telecommunication companies in Kenya.

1.4 Value of the Study

The study findings would be of great importance to the management of telecommunication companies in Kenya as it would give insights to the management of the telecommunication companies on the relationship between strategic management intensity and innovation and the ultimate goal of ensuring strategic management intensity and innovation in the firms. The insights highlighted in this study would help managers to assess their organizational situations as far as the existence, dominance and implementation of strategic management practices, thereby intervening accordingly to enhance their organization competitive advantage in the market.

Through this study, the government, through the newly established Communications Authority, will be able to know whether regulating the telecommunication companies is instilling confidence and security in the sector to amass strategic management intensity and innovation in the firms. The research would contribute to the regulators endeavors in the implementation of strategic management practices and decisions that can help telecommunication companies gain and sustain competitive advantage in the industry.

The study would be of great importance to future scholars and academicians as there is inadequate literature in the field of strategic management intensity and innovation in telecommunication companies, especially in the developing countries. This study would form the basis for future researches as it will provide literature basis. The results of the study would be important to the practitioners and academicians both in the private and public sector by contributing to the existing body of knowledge in the area of strategic management in general and strategic management intensity and innovation in particular.

1.5 Chapter Summary

This study focuses on investigating the relationship between strategic management intensity and innovation in the telecommunication companies in Kenya. This chapter gives a brief introduction of the study by defining the concepts of strategic management intensity and innovation. It also gives the relationship between strategic management intensity and innovation. The chapter also looks at the nature of telecommunication industry in Kenya and its orientation to adopt strategic management intensity and innovation.

The other sections covered in this chapter include research problem and research objectives. The chapter finally gives the value of this study outlining the key beneficiaries of the findings. The next chapter involves a review of available literature on the strategic management intensity and innovation. The chapter thus delves much on uncovering the documented information regarding the relationship between strategic management intensity and innovation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter delves into the literature on the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya. The theoretical and empirical underpinning of relationship between strategic management intensity and innovation is covered in this chapter. The specific areas covered here include strategic management, innovations, strategic management intensity and innovation, environment scanning, planning flexibility, planning horizon, control attributes and challenges of strategic management intensity and innovation.

2.2 Theoretical Foundations

Strategic management seeks to provide solutions to these issues by maintaining a long term focus to anticipate and deal with issues facing the organization with a view of long term growth, profitability and survival. The resource-based view of the firm (RBV) has emerged in recent years as a popular theory of competitive advantage. Business firms operate in a complex, uncertain environment and tend to form simplified models in order to cope with this environment and make competitive strategic decisions. Following David (2005) and Mohd Khairuddin Hashim (2005), among the common strategic management theories noted and applicable in this study are the Rogers Innovation Diffusion Theory, Porter's model of generic strategies and the resource-based view theory.

2.2.1 Rogers Innovation Diffusion Theory

Rogers' Diffusion of Innovation Theory (Rogers, 1995) seeks to explain how new ideas or innovations are adopted, and this theory proposes that there are five attributes of an innovation that effect adoption: relative advantage, compatibility, complexity, trialability and observability. Relative advantage is the degree to which an innovation is perceived as being better than the idea it supersedes. Current research evidence indicates that if a potential user sees no relative advantage in using the innovation, it will not be adopted (Greenhalgh et al, 2004). Compatibility is the degree to which an innovation fits with the existing values, past experiences, and needs of potential adopters (Greenhalgh et al, 2004). Complexity is the degree to which an innovation is perceived as difficult to understand and use.

Furthermore, Rogers suggested that new innovations may be categorized on a complexity-simplicity continuum with a qualification that the meaning (and therefore the relevance) of the innovation may not be clearly understood by potential adopters. When key players perceive innovations as being simple to use the innovations will be more easily adopted (Greenhalgh et al, 2004). Trialability is the degree to which an innovation may be experimented with on a limited basis. Because new innovations require investing time, energy and resources, innovations that can be tried before being fully implemented are more readily adopted. Finally, observability is the degree to which the results of an innovation are visible to the adopters. If there are observable positive outcomes from the implementation of the innovation then the innovation is more adoptable.

As Lundblad and Jennifer (2003) argues, for diffusion of innovation theory in organizations, the only system state defined by the theory is what type of decision-making process is in place for adopting and implementing innovations, identified as optional, collective, authority, and contingent innovation-decisions. The theory describes the innovation-decision process within organizations, but not to the level of addressing whether and how the characteristics of an innovation interact to affect its adoption within organizations, or whether organizational type, size, or industry affects adoption.

2.2.2 Porter's Model of Generic Strategies

Porter's model outlines the primary forces that determine competitiveness within an industry and illustrates how those forces are related. The model suggests that in order to develop effective organizational strategies, managers must understand and react to those external forces within an industry that determine an organization's level of competitiveness within an industry. The new era of rapid, systemic and radical change requires more flexible, systemic and dynamic approaches to strategy formulation. Porter (2008) identifies five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. The composition of the five forces varies by industry and that an organization needs a separate strategy for every distinct industry.

Porter's (1998) generic strategies comprise of low cost, differentiation, focus and combination strategies. These are commonly conventional as a strategic typology for all organizations. Porter (1985) asserts that an organization is mostly concerned with the amount of competition within its industry. He asserts that low cost and differentiation are distinct ends of a continuum and that may for no reason be related to one another has sparked a great deal of theoretical debate and empirical research. Empirical research using the MIS database by Miller & Dess (2010) suggests that the generic strategy framework could be enhanced by viewing cost, differentiation and focus as three dimensions of strategic positioning other than as three discrete strategies.

The idea that pursuing multiple sources of competitive advantage is both feasible and desirable has also been supported by other researchers (White, 2008). Thus today, corporate strategy formulation should be a combination of different currently practiced approaches described above – judgmental designing, intuitive visioning, and emergent learning; it should be about transformation as well as perpetuation; it has to involve individual cognition and social interaction, co-operative as well as conflictive; it must include analyzing before and programming after as well as negotiating during; and all of this must be in response to what can be a demanding environment.

2.2.3 Resource-Based Theory

The resource-based View theory (RBV) is a business management tool used to determine the strategic resources available to a company. The fundamental principle of the RBV is that the basis for a competitive advantage and profitability of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort.

Resource based theory states that organizations must strategically monitor utilization of resources in key strategic units in order to effectively monitor and control execution of various action tasks that leads towards achievement of organization strategies. This theory therefore is significant to this study as it defines the purpose of the firms is to attain competitive advantage over the competitors through capitalizing upon internal resources and competencies and their relative strengths. Though achieving a competitive advantage is a difficult job but sustaining the competitive advantage is more challenging than attaining it. The resources and capabilities need to be continuously upgraded and improved to ensure sustainable competitive advantage over the competitors and new entrants in the long run.

2.3 Strategic Management Intensity

Strategic management intensity is a critical function of organizational growth and development since its primary purpose is to provide a basis upon which an organization can respond to the dynamics of the market in which it operates (Chandler, 2000). Strategic management intensity is the extent to which a firm depends on its strategic management as a source of competitive advantage. Davenport and Smith (2000) assert that strategic management-intensive companies will allocate more resources to strategic management.

Prashantham (2008) links the strategic management-intensive firms with the majority of workforce being highly qualified and engaged in strategic management work. He considers strategic management intensity as inherent within the organisational strategic management-intensive activities. By addressing each element of the strategic management process in the order listed, the firm evaluates and re-evaluates situations as they develop; always checking to be sure the company has positioned itself optimally in the business environment.

Concurrent with this assessment, objectives are set. These objectives should be parallel to a time-line; some are in the short-term and others on the long-term. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organization gives itself in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.

2.4 Innovation in Firms

Innovation is generic, encompassing both education and training, formal and informal processes. The term innovation refers to both radical and incremental changes in thinking, things, and processes or in services (Simpson, Siguaw and Enz, 2006). The innovation strategy needs to specify how the importance of innovation will be communicated to employees to achieve their buy-in and must explicitly reflect the importance that management places on innovation. In the current world, innovation performance is a crucial determinant of competitiveness and organization at progress.

According to Chandler (2000) innovations of firm create new jobs, generate new wealth for firm. Motivated by the increasing competition in global markets, companies have started to grasp the importance of innovation, since swiftly changing technologies and severe global competition rapidly erode the value added of existing products and services. Thus, innovations constitute an indispensable component of the corporate strategies for several reasons such as to apply more productive manufacturing processes, to perform better in the market, to seek positive reputation in customers' perception and as a result to gain sustainable competitive advantage. Particularly over the last two decades, innovativeness has turned into an attractive area of study for those researchers who tried to define, categorize and investigate its performance impacts, especially due to its practical relevance.

Innovations provide firms a strategic orientation to overcome the problems they encounter while striving to achieve sustainable competitive advantage (Hitt et al., 2001; Kuratko et al., 2005). Innovation is considered as developments and new applications, with the purpose of launching newness into the economic area. It can be conceived as the transformation of knowledge to commercial value. Innovation has great commercial importance due to its potential for increasing the efficiency and the profitability of companies. Actually, the key reason for innovativeness is the desire of firms to obtain increased business performance and increased competitive edge.

2.5 Relationship between Strategic Management Intensity and Innovation

Management strategies and practices that are tailored towards imitation rather than innovation will not assist any firm in gaining mileage in a competitive environment. The management process in the firm is unique and bears little or no resemblance to management practices, processes, constructs or models developed by previous research to explain the management function in their medium-sized counterparts (O'Gorman, 2001). The management function within a small venture differs significantly from that of a large organization. The majority of these differences concern the lack of specialist expertise, managerial time and resources.

Changes in management and organizational structure were consistent features of high growth firms, concluding that high performing firms "were significantly more likely to have introduced professional managers into the firm". Nevertheless, small firm heterogeneity dictates that a plethora of management styles and organizational structures can be adopted to manage growth successfully. The management skills and experience of the entrepreneur are persistently cited to be key determinants of growth (Simon and Hitt, 2003) and that sustained growth is ultimately governed by the introduction and subsequent capabilities of management.

Whilst research has been relatively quick to endorse these practices as mechanisms by which a firm can assist the growth process, there little understanding of why these management practices are utilized by growth firms to achieve superior performance (Packham, 2002). In addition, differences between industries and markets imply that it is difficult to state with any certainty whether these management practices can be generalized across these boundaries or are contextually specific to a particular region, industrial sector or market. Such difficulties with establishing a causal relationship also dictates that research must also consider the heterogeneity of management development within the context of the growth firm. Thus, much in the way owner-manager(s) govern the strategic direction of the firm, they also play a significant role in determining what management practices are implemented by the owner-management team to facilitate growth.

2.5.1 Environment Scanning

Environmental scanning refers to the managerial activity of learning about events and trends in the organization's environment (Miller, 2003). Environmental scanning is congruent with the entrepreneurial process (Miller, 2003). Scanning provides managers with information about events and trends in their relevant environments, which facilitates opportunity recognition. Today scanning is important to managers for more benign, yet similar reasons. Scanning provides managers with information about events and trends in their relevant environments, which facilitates opportunity recognition (Grant, 2000).

In addition, scanning is a method of 'uncertainty absorption,' although the uncertainty absorption component of scanning is a two-edged sword. Thus, scanning can help managers cope with uncertainty, but only if they realize that uncertainty can only be reduced, not eliminated. Managers must remain vigilant, regardless of the degree of rigor in their scanning practices. Scanning is less likely to be a critical strategic management function for conservative firms. Conservative firms are usually located in industries that compete in stable environments (Covin, 2001). Innovative managers may also realize that scanning is their bridge to remaining competitive. A firm in a turbulent environment must be continually innovative to remain competitive, which requires extensive scanning to recognize and exploit environmental change.

2.5.2 Planning Flexibility

According to Covin (2001) planning flexibility refers to the capacity of a firm's strategic plan to change as environmental opportunities/threats emerge. Flexibility is a complex and multidimensional concept that is difficult to define satisfactory suggest that flexibility is the ability to change direction quickly or deviate from a predetermined course of action, or as Evans (2001) defines it, ability to do something other than that which was originally intended. Chakravarthy (2007) conceptualized that strategic flexibility suggests the ability to take some action in response to external environmental changes and thus can be viewed as a strategic capability. Flexible planning systems allow firms to adjust their strategic plans quickly to pursue opportunities and keep up with environmental change.

Kukalis (2009) theorized that firms in highly complex environments need flexible planning systems because of the frequency of change in their business environments. Newman (2003) observed that 'the establishment of advanced plans tends to make administration inflexible; the more detailed and widespread the plans, the greater the inflexibility. Rhyne (2005) observed that 'one of the hallmarks of good strategies is the willingness of the drafters to encompass the likelihood of change and consequent uncertainties.' Similarly, Koontz (2008) wrote, 'effective planning requires that the need for flexibility be a major consideration in the selection of plans.

Johnson and Scholes (2003) made important distinction between proactive flexibility and reactive flexibility. Flexibility in the strategic planning process or like others called it "planning flexibility" has been considered as a primary component of strategic flexibility as well as a valuable strategic tool for companies faced in complex and uncertain markets (Barringer and Bluedorn, 2009). What innovative behavior does imply is that the pace of this process must be accelerated and made more flexible because the essence of innovation is capitalizing on environmental change (Turock, 2001).

2.5.3 Planning Horizon

A firm's planning horizon is the time frame for planning strategic activities and for accomplishing strategic goals. This time frame is often 5 years, but the appropriate horizon depends on the industry. According to Rhyne (2005), the planning horizon for individual firms can vary from less than one year to more than fifteen years. The rationale for a given planning horizon is that it should be long enough to permit planning for expected changes in strategy and yet be short enough to make reasonably detailed plans available. Conservative firms are not predisposed to continually look for opportunities to introduce new products or services as a result of environmental change (Covin, 2001). Firms achieve reliability of production in part through long-term planning and forecasting, which are compatible with a relatively long-term planning horizon

A reliance on a long-term planning horizon may engender a reluctance to deviate from a long-term view of the future despite short-term environmental change, which runs counter to the proactive nature of the innovation process. In addition, innovative firms operating in turbulent environments must survive the short term to get to the long term. As a result, a reliance on long-term planning would not be practical (Rhyne, 2005). A relatively 'short' average planning horizon (less than 5 years) may be optimal for innovative firms. A short planning horizon, coupled with intensive environmental scanning and a high degree of organizational and planning flexibility, provides an innovative firm with the capacity to quickly recognize environmental change and develop appropriate product and service innovations (Newman, 2003).

2.5.4 Control Attributes

Firms are unable to successfully implement their chosen strategies unless they exercise effective strategic control. The purpose of a control system is to make sure that business strategies meet predetermined goals and objectives. In the context of this study, this means that the control systems of firms that are rigorous in implementing strategic management practices must stimulate innovation, proactiveness, and risk-taking. Two forms of control are particularly relevant to this discussion. These are strategic controls and financial controls (Turock, 2001).

Strategic controls base performance on strategically relevant criteria as opposed to objective financial information (Chandler, 2000). Examples of strategic control measures include customer satisfaction criteria, new patent registrations, success in meeting target dates for new product or process introductions, and the achievement of quality control standards. These characteristics of strategic controls are important to sustain the innovation process because long time-lags frequently intervene between innovative initiatives and their eventual pay-off (Kanter, 2009).

2.6 Challenges of Strategic Management Intensity and Innovation

The discipline of management has been useful in addressing management challenges for more than a century. The services firm literature has long argued that the nature of goods and services are not the same and that services face a unique set of challenges. Many of the challenges faced by managers during earlier periods are similar to those faced by managers today. Among the challenges that managers continue to face are: Increasing worker productivity, meeting the challenge of international competition, replacing obsolete work methods and equipment with newer, more expensive equipment, developing and introducing new products, maintaining employee motivation and morale (Dess et al, 2005).

In an emerging economy, such as the Kenyan telecommunication industry, the fast-changing environment poses serious challenges to the theoretical development and strategic management choices of firms (Hoskission et al. 2000). Hult and Ketchen (2001) show that as a component of positional advantage, market orientation positively affects firm performance, but they note that the potential value of market orientation should be considered together with other important firm capabilities, such as entrepreneurship and organizational learning. Matsuno, Mentzer, and Özsomer (2002) also find that entrepreneurship in combination with market orientation positively affects firm performance. Im and Workman (2004) find that a customer orientation is the driving force of new product success, despite its negative effect on new product novelty.

Organizations can cope with environmental challenges by successfully integrating technical or administrative changes into their organizational structure that improve the level of achievement of their goals. Accordingly, innovations are done in general to meet such production and marketing goals as improvement in product quality, reduction in production cost, increase in market share, creation of new markets, and increase in production flexibility (Quadros et al., 2001). Business leaders face the challenge of achieving a flow of service innovation that will enhance performance and ensure long-term survival. This study sought to document the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya.

2.7 Empirical Review

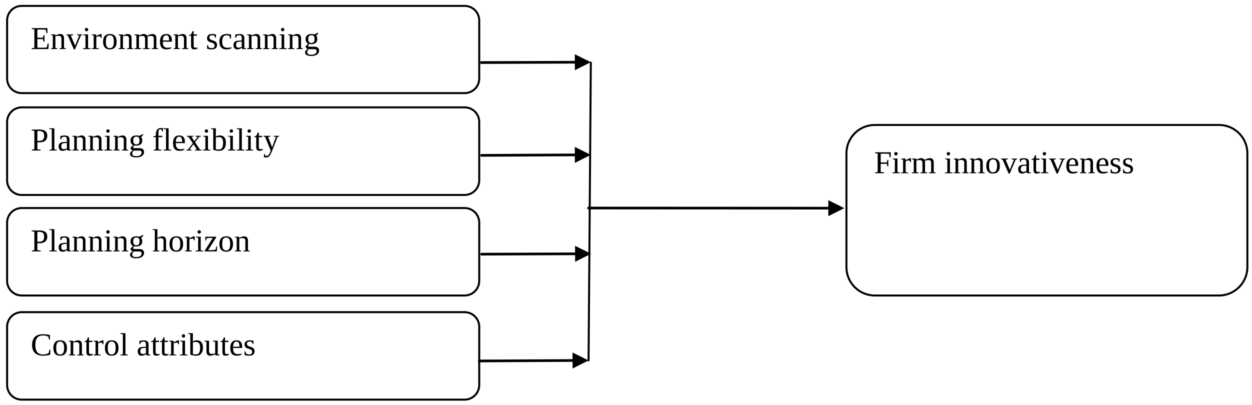
Various studies have been conducted in Kenya with regard to management intensity and innovation of organizations in Kenya. Kioko (2012) carried out an analysis of competitive strategies effects on the market share of independent petroleum companies in Kenya and found that most independent petroleum companies in Kenya used product differentiation and market differentiation strategies to counter industry competition. Ogutu and Samuel (2011) did a study on strategies adopted by multinational corporations to cope with Competition in Kenya and concluded that MNCs cope with competition by employing product and market differentiation. Another study was conduct by Mokaya et al. (2012) on Market positioning and organizational performance in the Airlines industry in Kenya and these researchers arrived to a conclusion that a firm’s competitive positioning in the market plays a pivotal role in development and choice of its marketing strategy.

Thagana (2013) conducted a study on strategic management intensity and competitive advantage of commercial banks in Kenya. The target population of this study was the 44 commercial banks in Kenya. Primary data was collected using a questionnaire while secondary data was obtained from annual reports of the companies. Quantitative data collected was analyzed by descriptive analysis. Tables and figures were used to summarize responses for further analysis and facilitate comparison. The study found that explicit tracking of the policies and tactics of competitors are used by the firms to gather information about their business environment. It was deduced that shifts in economic conditions are easily changed as well as modifications in supplier strategies and the emergence of a new technology. Considerable emphasis are placed on managing business strategies and firm investments at the top management level and board of director's level. The study recommended that the commercial banks should pay attention to various forces of the environment in which they operate in by looking at such issues like tracking of the policies and tactics of competitors. Commercial banks need to focus on issues of planning flexibility which involve shifts in economic conditions. Commercial banks also need to employ more resources to enhance positive contribution towards gaining competitive advantage.

Nthiga, Iravo and Kahoro (2014) studied the influence of competition intensity on strategic response of multinational corporations: a study of multinational corporations in Kenya. The data for this study was collected using a questionnaire that contained measurement of competition intensity and strategic response. The questionnaire consisted of a Likert type scale that ranged from 5-strongly agree to 1-strongly disagree. The study was conducted by administering questionnaires to 165 multinational corporations out of 213 total population, from which 141 were received representing a 85.4% response rate. Data was analyzed using descriptive statistics and further binary logistic regression analysis was conducted. The results showed that competition intensity significantly influenced the strategic response of multinational corporations. The study concluded that competition intensity in an industry determines strategic choices of multinational corporations. From the foregoing it is evident that there has been no known study that has concentrated on investigating the relationship between strategic management and innovation among the telecommunication companies in Kenya hence the need for the current study.

2.8 Conceptual Framework

To guide the study, the interrelationship between variables discussed in the literature review is presented in the conceptual framework model shown in Fig. 2.1. A conceptual framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. The independent variables of this study are environment scanning, planning flexibility, planning horizon and control attributes while the dependent variable of the study was firm innovativeness.



Independent Variables **Dependent Variable**

Figure 2.1: Conceptual Framework

Source: Author, 2015

2.9 Chapter Summary

The second chapter presented a review of the relevant literature covering the relevant areas of the research. The research has drawn materials from several sources which are closely related to the theme and the objectives of the study. It starts with a theoretical review on strategic management intensity and innovation among the telecommunication companies. As such the study was grounded on Rogers Innovation Diffusion Theory, Porter's model of generic strategies and the resource-based view theory. The chapter delved in depth on the relationship between strategic management intensity and innovation among the telecommunication companies.

The chapter further presents the review on strategic management intensity, innovation in firms and the link between strategic management intensity and innovation where the aspects reviewed include environment scanning, planning flexibility, planning horizon and control attributes. The chapter reviews the challenges of strategic management intensity and innovation and finally the conceptual framework is presented. The next chapter is the research methodology which sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. The research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

Research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The research study adopted a descriptive research design. The design is chosen since it is more precise and accurate since it involves description of events in a carefully planned way. A descriptive survey enables the researcher obtain quantitative data which he can analyse using descriptive and inferential statistics.

The underlining concept is to select several targeted cases where an intensive analysis identified the possible alternatives for solving the research questions on the basis of the existing solution applied in the selected case study. This research design also portrays the characteristics of a population fully and according to Mugenda and Mugenda (2003), descriptive research determines and reports the way things are. The research design was mainly quantitative with the aim of determining the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya.

3.3 Population

Target population refers to an entire group of individuals who have common observable characteristics (Mugenda and Mugenda, 2003). The population comprised all the telecommunication companies in Kenya. According to Communications Authority of Kenya, formerly CCK, (2014), the total number of telecommunication companies operating in Kenya by December 2014 was 15.

For the purpose of this study, the 15 telecommunication companies were selected to investigate the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya. Mugenda and Mugenda (2003) explain that the target population should have some observable characteristics, to which the study intends to generalize the results of the study. The companies used in the study are shown in Appendix III.

3.4 Data Collection

Data for the study was gathered through primary data collection methods using a quantitative approach to investigate strategic management intensity and innovation among the telecommunication companies in Kenya. A study of empirical and theoretical secondary data pertinent to the study was undertaken through a review of scholarly books and journals, internet sources, professional journals and government publications. The research instrument was divided into 4 sections, requiring responses to various dimensions based on the Likert type scale for purposes of enabling easy rating /ranking of answers, coding and data analysis; and a closing open ended section.

The first section A, consisted of a brief background regarding the background information of firms in the telecommunication industry which are the subjects of the study. The second section, B focused on the various dimensions of strategic management intensity and innovation among the telecommunication companies in Kenya. The third section, C, focused on effects of various aspects of strategic management and how they affect innovation in the telecommunication companies in Kenya. The fourth section, D was a semi structured section on challenges and strategic measures (initiatives) adopted by firms to cope with the influence of operating environment.

The respondents were two (2) business unit heads designated as general managers and functional heads from each of the firms who are responsible for strategic management and innovation among the telecommunication companies in Kenya. As such a total of 30 respondents was involved in this study. The respondents were selected because they have functional knowledge and overall responsibility for their operational areas and would be intimately involved in developing strategies and innovations for achieving competitive advantage.

3.5 Data Analysis

Data analysis involves examining what had been collected and making deductions and inferences. The goal of data analysis is to produce findings that relate to the problem motivating the research and to provide insights that contribute to decision-making process. Before processing the responses, the completed questionnaires were edited for completeness and consistency. A descriptive analysis and content analysis was employed. The data was then coded to enable the responses to be grouped into various categories.

Descriptive statistics were used to summarize the data. This included percentages and frequencies. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. The content analysis was used to analyze the respondents' views about the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya.

3.6 Chapter Summary

This chapter detailed the methodology for the study, highlighted the research design, and method. It also looked at the tools to be used in gathering data, data collection procedure and data analysis. This chapter is a pre-requisite to chapter four (presentation of results) as it offers the research an opportunity to underline the research framework and offer the results creditworthiness. The process of identifying a suitable sample was also described.

The modality of collecting research data has been espoused and the methods to be used to analyze these data and draw conclusions were explained. The results are analysed using descriptive analysis to give findings on the relationship between strategic management intensity and innovation among the telecommunication companies in Kenya. The next chapter provides the data analysis, presentation and interpretation of the results of the study as set out in the research methodology.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter provides the data analysis, presentation and interpretation of the results of the study as set out in the research methodology. The purpose of the study was to investigate the relationship between strategic management intensity and innovation in the telecommunication companies in Kenya. The data was gathered from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, structured and unstructured types of questions were included. The data obtained was fed into SPSS version 21.0 and used to compute the ratios used as proxies to measure the relationship between strategic management intensity and innovation in the telecommunication companies in Kenya.

4.2 Questionnaire Return Rate

Response rate refers to the extent to which the final data set includes all sample members and is calculated from the number of people with whom interviews were completed divided by total number of people in the entire sample. This includes those who declined to participate and the unavailable. The study targeted the business unit heads designated as general managers and functional heads from the 15 telecommunication companies since they are more conversant with the relationship between strategic management and innovation among the telecommunication companies in Kenya. As such the study involved 30 respondents were sampled from the target population in collecting data with regard to the relationship between strategic management and innovation among the telecommunication companies in Kenya. The questionnaire return rate results are shown in Table 4.1.

Table 4.1: Response Rate

Response	**Frequency**	**Percentage**
Responded	26	86.7
Not responded	4	13.3
Total	**30**	**100.0**

From the study, 26 out of 30 sampled respondents filled in and returned the questionnaire contributing to 86.7%. This commendable response rate was made a reality after several personal calls were made and visits to remind the respondent to fill-in and return the questionnaires as well as explaining the importance of their participation in this study hence, kept reminding the respondents to fill in the questionnaires through frequent phone calls and picked the questionnaires once fully filled. This response rate was good and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The questionnaires that were not returned were due to reasons like, the respondents were not available to fill them in at that time and with persistence follow-ups there were no positive responses from them. The response rate demonstrates a willingness of the respondents to participate in the study.

4.3 Background Information

The study involved the management staffs currently serving in the telecommunication companies in Kenya. In order to get the background information on the relationship between strategic management and innovation among the telecommunication companies in Kenya, the demographic data of the respondents was investigated in the first section of the questionnaire. The study found it fundamental to find out the broad information of the respondents since it structures the information under which the study can fairly obtain the pertinent information. The analysis relied on this information of the respondents so as to classify the different results according to their knowledge and responses. They are presented in this section under gender, age bracket, department, designation, working experience in years and highest level of education.

4.3.1 Gender of the Respondents

In this study the respondents sampled were expected to comprise both male and female staffs working in the telecommunication companies in Kenya. As such, The question of gender was considered important in the study primarily because it could help the researcher get a balanced view from both males and females. Table 4.2 shows the distribution of the respondents by gender.

Table 4.2: Gender of the Respondents

Gender	Frequency	Percent
Male	16	62
Female	10	38
Total	**26**	**100**

Accordingly, 62% of the respondents were males while 38% of them were females. The findings show that the telecommunication companies in Kenya have both male and female staffs; however the majority of them are males. The findings imply that the views expressed in these findings are gender sensitive and can be taken as representative of the opinions of both genders as regards to the relationship between strategic management and innovation among the telecommunication companies in Kenya.

4.3.2 Age Category

This study sought to investigate the composition of the respondents in terms of age brackets. This aimed at understanding how the respondents were distributed across the various age brackets and consequently their opinions on the topic of study. Table 4.3 and figure 4.1 show the results of the findings on the age brackets of the respondents.

Table 4.3: Age Brackets of the Respondents

Age Bracket	Frequency	Percentage
21-30 Years	3	13
31-40 years	5	21
41-50 years	10	38
Above 50 years	7	28
Total	**26**	**100**

Table 4.4 shows that majority 38% of the respondents indicated that their ages fell between 41 and 50 years 28.0% of the respondents recapped that they were aged above 50 years, 21 % of them indicated that they were aged between 31 and 40 years, while 13.0% of the respondents were between 21 to 30 years of age. From the results depicted in table 4.4, the

respondents were well distributed in terms of age and that they are active in technological advancements and productivity and hence can contribute constructively in this study on the relationship between strategic management and innovation among the telecommunication companies in Kenya.

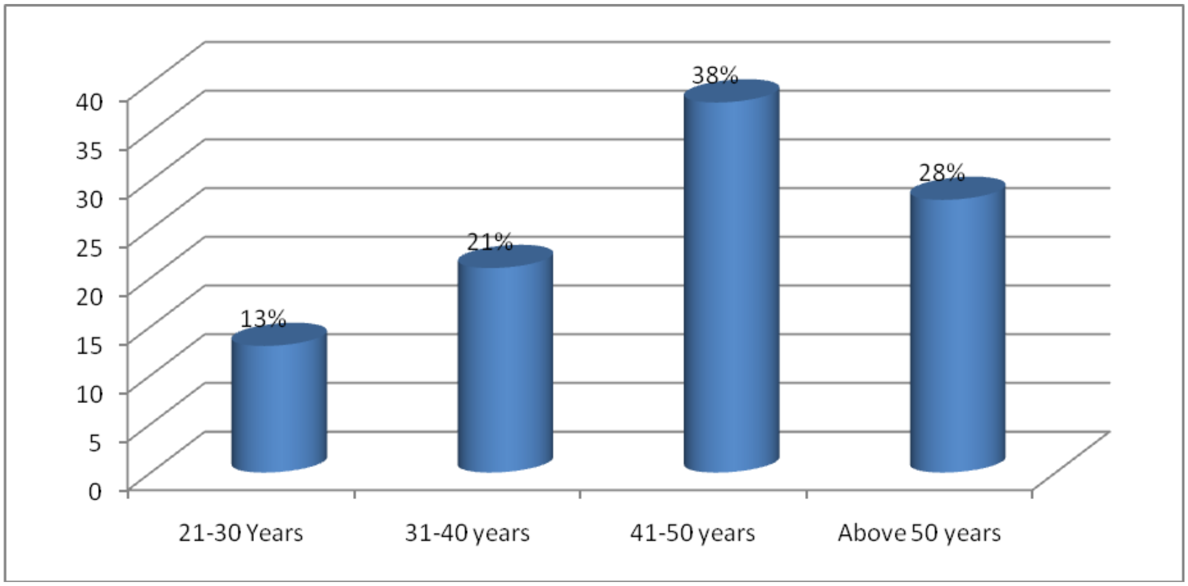


Figure 4.2: Age Brackets of the Respondents

4.3.4 Departments of the Respondents

Strategic management and innovations affect organizations across various departments. It was therefore important to ensure that questionnaires were distributed and returned from various departments within the telecommunication companies in Kenya. This was to ensure that all the aspects of the relationship between strategic management and innovation among the telecommunication companies in Kenya are captured in the study. The results are as depicted in table 4.4.

Table 4.4: Respondents' Departments

Department	Frequency	Percentage
Human resource	5	19.0
Finance	11	42.9
Procurement	5	19.0
Operations	4	14.3
Marketing	1	4.8
Total	**26**	**100.0**

From the results shown in table 4.7 and figure 4.2, 42.9% of the respondents were working in the finance departments, 19.0% of them were working in the human resource departments, 19.0% worked in procurement department, and 14.3% worked in the operations department, while 4.8% worked in marketing departments. This implies that all departments that were targeted by the study were involved and that the findings are not biased hence representative of the various departments' views on strategic management and innovation among the telecommunication companies in Kenya.

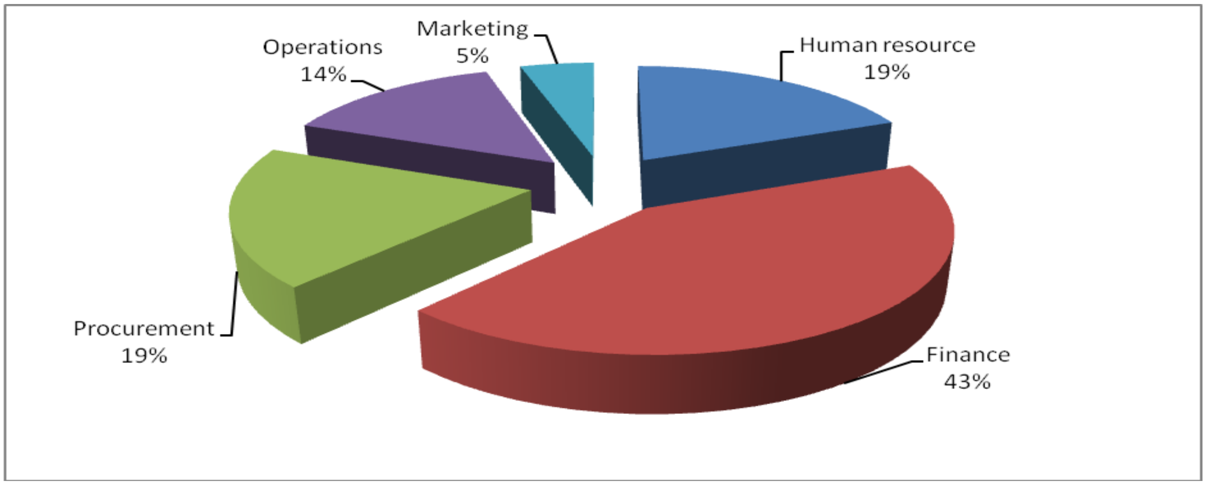


Figure 4.3: Respondents' Departments

4.3.5 Designation of the Respondents

The study targeted to collect data from the staffs comprising of top, middle and low level management ranks. Accordingly, the study included heads of managers, assistant managers and supervisors as well as other general staffs. This was relevant to assess the distribution of the respondents across the management levels.

Table 4.5: Designation of the Respondents

Category	Frequency	Percentage
Managers	3	10.3
Assistant managers	11	41.0
Supervisors	7	25.6
General staffs	6	23.1
Total	**26**	**100.0**

According to Table 4.5, 41.0% of the respondents indicated that they were assistant managers, 25.63% of them were supervisors, 23.1% of them indicated that they were general staffs and 10.3% of the respondents comprised of managers. These findings show that the respondents that participated in the study were mainly those involved in the formulation and implementation of the decisions concerned with strategic management and innovation among the telecommunication companies in Kenya.

4.3.6 Length of Continuous Service with the Organization

The length of continuous service/working in an organization determines the extent to which one is aware of the issues sought by the study. The study therefore sought to establish the length of time that the respondents had been working in telecommunication companies in Kenya. The results on this question are presented in Table 4.6.

Table 4.6: Respondents' Duration of Work in Telecommunication Companies in Kenya

Duration	Frequency	Percentage
0-5 yrs	5	19.0
5-10 yrs	8	31.0
10-15	13	50.0
Over 15 yrs	0	0.0
Total	**26**	**100.0**

From the respondents' duration of work in the telecommunication companies in Kenya demonstrated in Table 4.6, 50.0% of them indicated that they had worked in the telecommunication companies in Kenya for 10 to 15 years, 31.0% of them had been working in the telecommunication companies in Kenya for 5 to 10 years, while 19.0% had worked in the telecommunication companies in Kenya for 0 to 5 years. For that reason, majority of the respondents had enough experience on the relationship between strategic management and innovation among the telecommunication companies in Kenya.

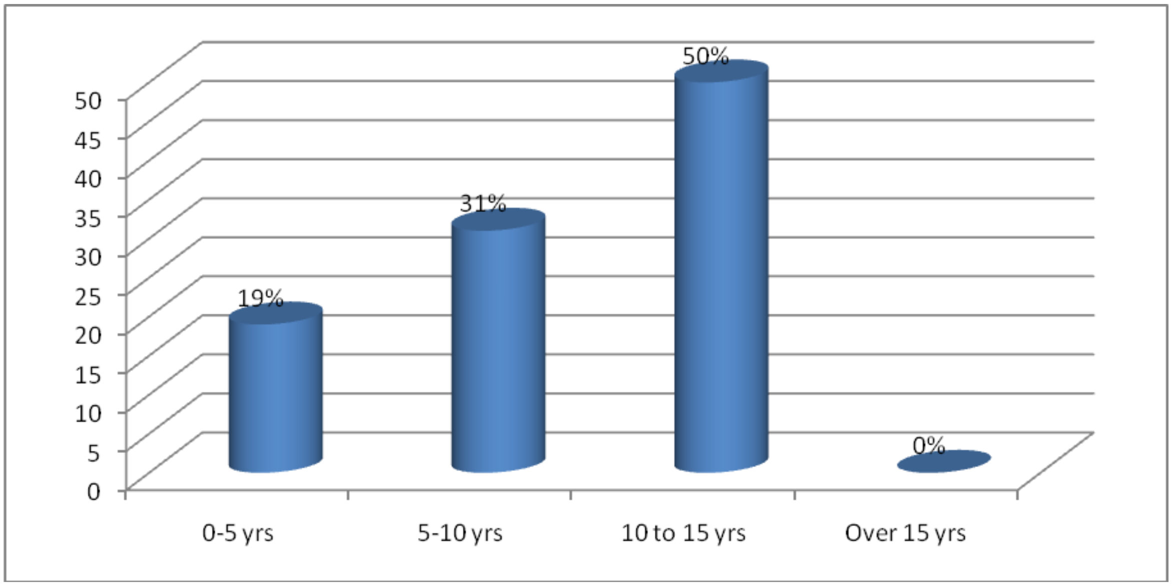


Figure 4.4: Working Experience in Telecommunication Companies in Kenya

4.3.7 Highest Formal Qualification

The telecommunication companies in Kenya employ staffs in different work stations hence different academic qualifications. The target population comprised of people in different responsibilities and qualification requirements hence different academic qualifications. The study thus sought to establish the highest academic qualifications attained by the respondents. This difference might contribute to differences in the responses given by the respondents.

Table 4.7: Level of Education

Level of Education	Frequency	Percent
Graduate	11	40.5
Post graduate level	13	50.0
Certificate/Diploma	2	9.5
Total	**26**	**100.0**

The outcome depicted in table 4.7 show that majority of the respondents had at least an undergraduate degree and hence understood the information sought by this study, that is, 40.5% of the respondents had acquired a graduate degrees level of education, 50.0% of the respondents indicated that they had acquired a post graduate level of education, while 9.5% of the respondents indicated that they had acquired other levels of education such as ICPAK and Higher Diplomas. These outcomes mean that majority of the respondents had at least a graduate degree and hence understood the information sought by this study. These findings further imply that all the respondents were academically qualified and also familiar with their duties and could dispense them effectively in terms of professional work ability and performance.

4.4 Strategic Management Intensity and Innovation

The first objective of the study was to determine the level of strategic management intensity among the telecommunication companies in Kenya. As such the respondents were required to indicate their opinion on the level of strategic management intensity in the telecommunication companies in Kenya.

Table 4.8: Level of Strategic Management Intensity in the Telecommunication Companies

Extents	Frequency	Percent
Great extent	8	29.4
Moderate extent	15	56.9
Least extent	4	13.7
Total	**26**	**100.0**

As shown in Table 4.8, majority (56.9%) of the respondents indicated that the telecommunication companies in Kenya have adopted strategic management intensity to a moderate extent, 29.4% of the respondents indicated that the telecommunication companies in Kenya have adopted strategic management intensity to a great extent, while 13.7% of them indicated that the telecommunication companies in Kenya have adopted strategic management intensity to a little extent. This is an implication that the telecommunication companies in Kenya have moderately adopted strategic management intensity in their operations.

The study also sought to establish the extent to which strategic management intensity affects the innovation in the telecommunication companies in Kenya. The results are as depicted in Table 4.9.

Table 4.9: Extent to which Strategic Management Intensity affects Innovation

Extent of Strategic Management Intensity on Innovation	Frequency	Percent
To a very great extent	1	4.9
To a great extent	8	29.4
To a moderate extent	15	56.9
To a little extent	2	8.8
Total	**26**	**100.0**

From the study, 56.9% of the respondents indicated that strategic management intensity affects the innovation in the telecommunication companies in Kenya to a moderate extent, 29.4% of the respondents indicated to a great extent, 8.8% of the respondents indicated to a little extent, while 4.9% of the respondents indicated that strategic management intensity affects the innovation in the telecommunication companies in Kenya to a very great extent. This is an indication that strategic management intensity has moderate effect on innovation in the telecommunication companies in Kenya.

The study required the respondents to rate how innovation is being measured in the telecommunication companies in Kenya using the likert scale of 1-5 with very low =1, low =2, moderate =3, high= 4, very high =5.

Table 4.10: Rating on how Innovation is Measured in Telecommunication Companies

Description	Mean	Std. Dev
Development of new products and Services	4.1500	0.8511
Exploits identified/recognized opportunity	3.8800	1.0932
Quickly recognizes new opportunities	3.6300	0.9922
Flexibility and easily adopts to changes in the environment	4.0800	0.7694
Constantly come up with new methods of production that are cost effective	3.9200	0.8763
Allow interaction of individuals and groups of multiple levels within the organization when formulating strategies.	3.6300	0.7640
Risk taking behavior	3.8300	1.2251
Always pro-active and take the a 1st step	3.4600	1.2634
Encourage and reward innovative behavior.	3.6800	1.4597
Have short term (5years) strategic goals	3.2300	1.0828
Proper and regular business controls that are able to measure the business position against pre-determined goals and objectives	3.3750	1.3601

From the study, majority of the respondents indicated that innovation is being measured in the organizations using development of new products and services to a large extent as shown by a mean of 4.1500, flexibility and easily adopts to changes in the environment to a large extent as shown by a mean score of 4.0800, constantly come up with new methods of production that are cost effective to a large extent as shown by a mean of 3.9200, exploits identified/recognized opportunity to a large extent as shown by a mean of 3.8800, risk taking behavior to a large extent as shown by a mean of 3.8300, encourage and reward innovative behavior to a large extent as shown by a mean of 3.68, quickly recognizes new opportunities to a large extent as shown by a mean of 3.6300 as well as allow interaction of individuals and groups of multiple levels within the organization when formulating strategies to a large extent as shown by a mean of 3.6300.

They however indicated that the organizations are always pro-active and take the a 1st step to a moderate extent as shown by a mean of 3.4600, proper and regular business controls that are able to measure the business position against pre-determined goals and objectives to a moderate extent as shown by a mean of 3.3750 and have short term (5years) strategic goals to a moderate extent as shown by a mean of 3.2300. This result is consistent with similar findings reported by Khandwalla (2007) that innovation can be measured by investigating a firm's tendency towards flexibility, risk-taking, opportunity recognition, leadership, passion and proactiveness among other dimensions of innovativeness.

4.5 Effects of Strategic Management on Innovation

To establish the relationship between strategic management intensity and innovation among telecommunication companies in Kenya, the respondents were required to indicate the extent to which environmental scanning affects the innovation in their companies. The results are shown in Table 4.11.

Table 4.11: Extent to which Environmental Scanning affects Innovation of the Firms

Environmental Scanning effects on Innovation	Frequency	Percent
To a little extent	3	11.5
To a moderate extent	12	44.8
To a great extent	8	31.3
To a very great extent	3	12.5
Total	**26**	**100.0**

From the study, 44.8% of the respondents indicated that environmental scanning affects the innovation in the telecommunication companies to a moderate extent, 31.3% of them indicated to a great extent, 12.5% of the respondents indicated that environmental scanning affects the innovation in the telecommunication companies to a very great extent while 11.5% of the respondents opined that environmental scanning affects the innovation in the telecommunication companies to a little extent. The results imply that environmental scanning has a significant effect on the innovation of the telecommunication companies.

The study sought to establish how the respondents would rate the extent to which various scanning devices are used by the firms to gather information about their business environment.

Table 4.12: Scanning Devices Used by Telecommunication Firms to Get Information

Description	Mean	Std. Dev
Routine gathering of opinions from clients	3.5912	2.57058
Explicit tracking of the policies and tactics of competitors	4.1300	1.67944
Forecasting sales, customer preferences, technology, etc.	3.6900	1.62101
Special marketing research studies	3.9500	0.99909
Trade magazines, government publications, news media	3.5400	1.38247
Gathering of information from suppliers and other channel members	3.9500	0.99909

Majority of the respondents indicated that explicit tracking of the policies and tactics of competitors are used by the telecommunication firms to gather information about their business environment to a large extent as shown by a mean score of 4.1300, special marketing research studies to a large extent as shown by a mean score of 3.9500, gathering of information from suppliers and other channel members to a large extent as shown by a mean score of 3.9500, forecasting sales, customer preferences, technology to a large extent as shown by a mean score of 3.6900, routine gathering of opinions from clients to a large extent as shown by a mean score of 3.5912 and trade magazines, government publications, news media to a large extent as shown by a mean score of 3.5420. As noted by Miller (2003) there exist corresponding analyses on the micro-level with regard to suppliers, customers and competitors representing the micro environment of a company are analyzed within the industry analysis which is congruent with the entrepreneurial process.

Further, the study sought to establish how often the organizations collect information to remain abreast of changes in various areas. The responses are as depicted in Table 4.13.

Table 4.13: Areas where Information is Collected to Remain Abreast of Changes

Description	Mean	Std. Dev
Economic trends	3.5900	4.57058
Technological trends	3.9500	0.99909
Demographic trends	3.4500	1.69
Customer needs and preferences	3.6250	1.002
Competitor strategies	3.5885	1.775
Supplier strategies	3.5310	1.638

From the study, technological trends are used to collect information to remain abreast of changes in various areas to a large extent as shown by a mean score of 3.9500, customer needs and preferences are used to a large extent as shown by a mean score of 3.6250, economic trends are used to a large extent as shown by a mean score of 3.5900, competitor strategies are used to a large extent as shown by a mean score of 3.5885 and supplier strategies are used to a large extent as shown by a mean score of 3.5310, while demographic trends are used to a moderate extent as shown by a mean score of 3.4500. These results are supportive of the general notion that scanning provides information about events and trends in their relevant environments, which facilitates opportunity recognition and firms that compete in these industries must adopt short planning horizons and develop scanning mechanisms that focus on detecting shifts in environmental trends that provide opportunities for new products and services as Grant (2000) contends.

Planning flexibility is another aspect of strategic management that affects innovation in the telecommunication companies in Kenya. With this regard the respondents were required to indicate the extent to which planning flexibility affects innovation in their telecommunication companies.

Table 4.14: Extent to which Planning Flexibility Affects Innovation in the Companies

Extent of Effects of Planning Flexibility of Innovation in Telecom Companies	Frequency	Percent
To a little extent	2	5.2
To a moderate extent	12	37.5
To a great extent	12	47.9
To a very great extent	1	9.4
Total	**26**	**100.0**

According to the results depicted in Table 4.14, majority of the respondents (comprising 47.9%) reiterated that planning flexibility affects innovation in the telecommunication companies to a great extent, 37.5% of them indicated to a moderate extent, 9.4% of the respondents recapped that planning flexibility affects innovation to a very great extent while 5.2% of them indicated that planning flexibility affects innovation in the telecommunication companies in Kenya to a little extent. The study sought to establish how difficult it is for telecommunication firms to change its strategic plan to adjust to each of various contingencies/possibilities. A scale of 1-5 was provided such that where 1= very difficult and 5 = very easily was provided.

Table 4.15: Difficulty of Changing Strategic Plans to Adjust to Possibilities

Description	Mean	Std. Dev
The emergence of a new technology	3.9300	1.459
Shifts in economic conditions	4.2300	1.695
The market entry of new competition	4.1200	1.564
Changes in government regulations	3.6800	1.459
Shifts in customer needs and preferences	4.0625	.99791
Modifications in supplier strategies	3.9549	1.13394
The emergence of an unexpected opportunity	3.6875	1.35247
The emergence of an unexpected threat	3.7744	1.13228
Political developments that affect the industry	3.9023	1.03621

The respondents reiterated that shifts in economic conditions are easily changed as shown by a mean score of 4.2300, the market entry of new competition is easy as shown by a mean score of 4.1200, shifts in customer needs and preferences are easy as shown by a mean score of 4.0625, as well as modifications in supplier strategies shown by a mean score of 3.9549, the emergence of a new technology shown by a mean score of 3.9300, political developments that affect your industry shown by a mean score of 3.9023, the emergence of an unexpected threat shown by a mean score of 3.7744, the emergence of an unexpected opportunity shown by a mean score of 3.6875 and changes in government regulations shown by a mean score of 3.6800. The findings concur with Kukalis (2009) findings that firms in highly complex environments need flexible planning systems because of the frequency of change in their business environments.

A planning horizon is the length of the future time period that decision-makers consider in planning. In the light of this statement, the respondents were required to indicate the extent to which planning horizon affects the innovation in the telecommunication companies.

Table 4.16: Extent to which Internationalization affect Performance of the Companies

Effects of Internationalization affect Performance	**Frequency**	**Percentage**
To a very great extent	20	75.5
Great extent	5	20.3
Moderate extent	1	4.2
Total	**27**	**100**

Results presented in Table 4.16 reveal that just above three quarters of the respondents (comprising 75.5%) agreed that planning horizon affects the innovation in the telecommunication companies to a very great extent. Further, 20.3 percent of them indicated that planning horizon affects the innovation in the telecommunication companies to a great extent, while 4.2% of the respondents indicated that planning horizon affects the innovation in the telecommunication companies to a moderate extent.

Strategic management can be broken down into the five phases shown below. The study sought to establish the extent to which each of various categories of employees is involved in each of these phases of the strategic management process in the telecommunication firms.

Table 4.17: Involvement of Employees in Phases of Strategic Management Process

Description	Mean	Std. Dev
a. Goal Formation	3.3750	1.20416
Top Management	4.1504	1.40831
Middle Management	3.3875	1.35247
Lower-level Management	3.3250	1.27622
Rank-and-file Employees	3.6875	1.25
b. Scanning the Business Environment		
Top Management	3.8571	1.2500
Middle Management	3.3750	1.36015
Lower-level Management	3.6875	1.00862
Rank-and-file Employees	3.5489	1.17722
c. Strategy Formulation		
Top Management	3.9023	1.0362
Middle Management	3.6875	1.25
Lower-level Management	3.4782	0.81977
Rank-and-file Employees	3.0625	.99791
d. Strategy Implementation		
Top Management	3.9875	1.35247
Middle Management	3.7744	1.13228
Lower-level Management	3.6023	1.03621
Rank-and-file Employees	3.0000	1.31656
d. Strategy Implementation		
Top Management	4.2782	1.13394
Middle Management	3.9549	1.17722
Lower-level Management	3.5489	0.81977
Rank-and-file Employees	3.4600	1.263

From the study, the top management are involved in goal formation phases of the strategic management process in the telecommunication firms to a great extent as shown by a mean score of 4.1504, as well as the middle management to a great extent as shown by a mean score of 3.6875, rank-and-file employees are involved in goal setting to a moderate extent as shown by a mean of 3.3875 as well lower-level management to a moderate extent as shown by a mean of 3.3250.

On scanning the business environment, top management are involved to a great extent as shown by a mean score of 3.8571, lower-level management are also involved to a great extent as shown by a mean score of 3.6875 and rank-and-file employees are involved to a great extent as shown by a mean score of 3.5489, while middle management are involved to a great extent as shown by a mean score of 3.3750. Top management employees are greatly involved in strategy formulation as shown by a mean score of 3.9023, as well as middle management as shown by a mean score of 3.6875, while lower-level management and rank-and-file employees are moderately involved in strategy formulation as shown by mean scores of 3.4782 and 3.0625 respectively.

On strategy implementation, top management are involved to a great extent as shown by a mean score of 3.9875, middle management are involved to a great extent as shown by a mean score of 3.7744, as well as lower-level management involved to a great extent as shown by a mean score of 3.6023, while rank-and-file employees are involved to a moderate extent as shown by a mean score of 3.0000. Majority of the respondents indicated that top management are involved to a great extent strategy implementation as shown by a mean score of 4.2782, middle management are involved to a great extent strategy implementation as shown by a mean score of 3.9549 as well as lower-level management as shown by a mean score of 3.5489, while rank-and-file employees are involved to a moderate extent strategy implementation as shown by a mean score of 3.4600. The results confirm Kukalis (2009) and Rhyne (2005) findings that firms achieve reliability of production in part through long-term planning and forecasting, which are compatible with a relatively long-term planning horizon through involvement of employees from various categories.

Control attributes also affects innovations in the telecommunication companies in Kenya. In this regard the respondents were required to indicate the extent to which control attributes affects innovations in the telecommunication companies.

Table 4.18: Extent to which Control attributes affects Innovations in Tele-Companies

Extent	**Frequency**	**Percentage**
Very great extent	12	44.4
Great extent	13	51.9
Moderate extent	1	3.7
Little extent	0	0.0
Total	**26**	**100.0**

From the findings, 51.9% of the respondents said that control attributes affects innovations in the telecommunication companies to a great extent, 44.4% said to a very great extent while 3.7% of the respondents indicated that control attributes affects innovations in the telecommunication companies in Kenya to a moderate extent.

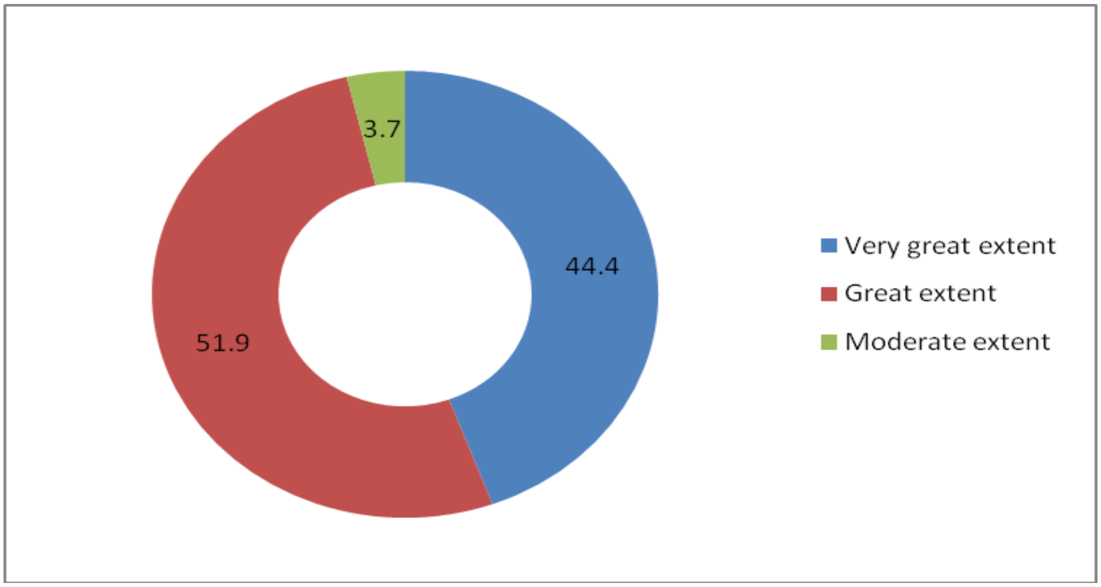


Figure 4.5: Extent to which Control attributes affects Innovations in Tele-Companies

The study sought to establish how important are the various aspects in making sure that the firm's employees and business strategies meet predetermined objectives. A scale of 1-5 where 1= very important and 5 = not important was provided.

Table 4.19: Important Aspects in Meeting Predetermined Objectives

Description	Mean	Std. Dev
Face-to-face meetings between top managers and business unit or functional area personnel	3.0371	1.00862
Informal face-to-face meetings between top managers and business unit or functional area personnel	3.0209	1.17722
Measuring performance against subjective strategic criteria such as improvements in customer satisfaction or progress on product innovations	3.2782	0.81977
Objective strategic criteria such as return on assets	3.0423	1.0362
Return on investment	3.0000	.96609
Cash-flow	3.0000	1.31656
Strong emphasis on the marketing of tried and true innovation	3.0625	.99791

From the study, measuring performance against subjective strategic criteria such as improvements in customer satisfaction or progress on product innovations is moderately important in making sure that the firm's employees and business strategies meet predetermined objectives as shown by a mean score of 3.2782, strong emphasis on the marketing of tried and true innovation is moderately important as shown by a mean score of 3.0625, objective strategic criteria such as return on assets is moderately important as shown by a mean score of 3.0423, face-to-face meetings between top managers and business unit or functional area personnel is moderately important as shown by a mean score of 3.0371, informal face-to-face meetings between top managers and business unit or functional area personnel is moderately important as shown by a mean score of 3.0209, return on investment is moderately important as shown by a mean score of 3.0000 and cash-flow is moderately important as shown by a mean score of 3.0000. This result reaffirms Turock (2001) findings that the control systems of firms that are rigorous in implementing strategic management practices must stimulate innovation, proactiveness, and risk-taking. Further strategic controls base performance on strategically relevant criteria as opposed to objective financial information (Chandler, 2000).

4.6 Challenges and Measures to Challenges facing Strategic Management Intensity

In its third objective the study sought to assess the challenges facing strategic management intensity and innovation among the telecommunication companies in Kenya. Accordingly the respondents were required to indicate the extent to which they face various challenges in strategic management that affect the innovativeness of the telecommunication firms.

Table 4.20: Challenges in Strategic Management and Innovativeness of Telecom Firms

Challenges faced	No extent	Little extent	Moderate extent	Large extent	Very large	Mean	Std dev
Increasing worker productivity	1.9	19.2	17.3	36.5	25	3.6346	1.12073
Meeting the challenge of international competition	0	11.5	17.3	38.5	32.7	3.9231	0.9871
Replacing obsolete work methods and equipment with newer	11.5	9.6	11.5	44.2	23.1	3.5769	1.27335
Expensive equipment	0.0	4.2	45.8	37.5	12.5	3.5833	.77553
Developing and introducing new products	18.8	10.4	35.4	35.4	0	3.2972	1.6102
Maintaining employee motivation and morale	0	27.1	6.8	41.4	22.6	3.5423	1.1772

From the results shown in Table 4.20, majority of the respondents indicated that meeting the challenge of international competition affects the innovativeness of the telecommunication firms to a great extent as shown by a mean score of 3.9231, as well as increasing worker productivity shown by a mean score of 3.6346, expensive equipment shown by a mean score of 3.5833, replacing obsolete work methods and equipment with newer shown by a mean score of 3.5769 and maintaining employee motivation and morale shown by a mean score of 3.5423. On the other hand they recapped that developing and introducing new products affects the innovativeness of the telecommunication firms to a moderate extent as shown by a mean score of 3.2972. According to Quadros et al., (2001) organizations face various challenges of achieving a flow of service innovation that will enhance performance and ensure long-term survival. Dess et al, (2005) posit that increasing worker productivity, meeting the challenge of international competition, replacing obsolete work methods and equipment with newer, more expensive equipment, developing and introducing new products, maintaining employee motivation and morale.

4.7 Chapter Summary

Chapter four provides the data analysis, presentation and interpretation of the results of the study as set out in the research methodology. The chapter presents the research findings and the subsequent discussions which take cognition of the pre-stated objectives of the study, that is; to determine the level of strategic management intensity among the telecommunication companies in Kenya; to establish the relationship between strategic management intensity and innovation among telecommunication companies in Kenya; and to assess the challenges facing strategic management intensity and innovation among the telecommunication companies in Kenya. The chapter also discusses the findings in comparison with relevant theory and literature as established by other authors in the same field of study.

The data was collected through structured questionnaire specifically designed to generate data relevant to the research objectives and analyzed through content analysis. The study collected information from the management staffs (categorized as managers, assistant managers, supervisors and general staffs) in charge of various key functions as human resource, finance, procurement, operations and marketing departments. Descriptive analysis was used in this study since the research instrument used was structured questionnaire hence the data collected was quantitative. The specific sections covered include strategic management intensity and innovation; effects of strategic management on innovation and challenges and measures to challenges facing strategic management intensity.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the final chapter in this study which gives the summary of the findings, conclusions, recommendations of the study based on the objective of the study and suggestions for further findings. It comes after identifying the background, problem at hand and the objectives in chapter one, literature review was done in chapter two, chapter three set out the methodology that the study used to collect data and chapter four analyzed the data obtained from the study. The chapter finally presents the suggestions for further studies. The study sought to determine the level of strategic management intensity among the telecommunication companies in Kenya; To establish the relationship between strategic management intensity and innovation among telecommunication companies in Kenya; and to assess the challenges facing strategic management intensity and innovation among the telecommunication companies in Kenya. The chapter finally presents the suggestions for further studies.

5.2 Summary of Findings

The study found that that the telecommunication companies in Kenya have moderately adopted strategic management intensity in their operations. According to the results, strategic management intensity has a moderate effect on innovation in the telecommunication companies in Kenya. The study found that telecommunication organizations emphasis on research and development, technological leadership, and products and services to a moderate extent. It was also found that innovation is being measured in the organizations using development of new products and, flexibility and easily adopts to changes in the environment, constantly come up with new methods of production that are cost effective, exploits identified/recognized opportunity, risk taking behavior encourage and reward innovative behavior, quickly recognizes new opportunities as well as allow interaction of individuals and groups of multiple levels within the organization when formulating strategies. On the other hand the organizations are always pro-active and take the a first step to a moderate extent, proper and regular business controls that are able to measure the business position against pre-determined goals and objectives.

With regard to environment scanning, the respondents indicated that explicit tracking of the policies and tactics of competitors are used by the firms to gather information about their business environment to a large extent, special marketing research studies to a large extent, gathering of information from suppliers and other channel members to a large extent, forecasting sales, customer preferences, technology to a large extent, routine gathering of opinions from clients to a large extent and trade magazines, government publications, news media to a large extent. From the study, technological trends are used to collect information to remain abreast of changes in various areas to a large extent, customer needs and preferences are used to a large extent, economic trends are used to a large extent, competitor strategies are used to a large extent and supplier strategies are used to a large extent, while demographic trends are used to a moderate extent.

On planning flexibility, the study found that shifts in economic conditions are easily changed, the market entry of new competition is easy, shifts in customer needs and preferences are easy, as well as modifications in supplier strategies, the emergence of a new technology, political developments that affect your industry, the emergence of an unexpected threat, the emergence of an unexpected opportunity and changes in government regulations. With regard to planning horizon, board of directors placed higher emphasis on managing business strategies and firm investments that have various planning horizons with 1 to 3 years, top Management placed higher emphasis on 1 to 3 years, to the middle management, 3 to 5 years is given high emphasis, while lower level management give high emphasis on less than 1 year. Strategic management can be broken down into the five phases.

From the study, the top management are involved in goal formation phases of the strategic management process in the telecommunication firms to a great extent, as well as the middle management to a great extent, rank-and-file employees are involved in goal setting to a moderate extent as well lower-level management to a moderate extent. On scanning the business environment, top management are involved to a great extent, lower-level management are also involved to a great extent and rank-and-file employees are involved to a great extent, while middle management are involved to a great extent. Top management employees are greatly involved in strategy formulation, as well as middle management, while lower-level management and rank-and-file employees are moderately involved in strategy formulation. On strategy implementation, top management are involved to a great extent, middle management are involved to a great extent, as well as lower-level management involved to a great extent, while rank-and-file employees are involved to a moderate extent. From the study, the top management are involved to a great extent strategy implementation, middle management are involved to a great extent strategy implementation as well as lower-level management, while rank-and-file employees are involved to a moderate extent strategy implementation.

The study further found that, measuring performance against subjective strategic criteria such as improvements in customer satisfaction or progress on product innovations is moderately important in making sure that the firm's employees and business strategies meet predetermined objectives, strong emphasis on the marketing of tried and true innovation is moderately important, objective strategic criteria such as return on assets is moderately important, face-to-face meetings between top managers and business unit or functional area personnel is moderately important, informal face-to-face meetings between top managers and business unit or functional area personnel is moderately important, return on investment is moderately important and cash-flow is moderately important. The study finally found that meeting the challenge of international competition affects the innovativeness of the telecommunication firms to a great extent as well as increasing worker productivity, expensive equipment, replacing obsolete work methods and equipment with newer and maintaining employee motivation and morale. In addition, developing and introducing new products affects the innovativeness of the telecommunication firms to a moderate extent.

The research finding established that adequate and early planning and including all stakeholders for strategy implementation should be done in order to avoid unnecessary delays, people issues, process issues and cost issues. The research therefore concluded that given the changes in the environment brought globalization, technology and competition; organizations have to adjust their way of doing things by adopting new strategies while ensuring effective strategic implementation. This therefore clearly shows that there is no one single approach to strategic management and therefore its practices keep evolving from time to time depending with the changes in the environment.

5.3 Conclusions

From the foregoing study findings, the study concludes that telecommunication companies in Kenya have moderately adopted strategic management intensity in their operations. The study concludes that strategic management intensity has a moderate effect on innovation in the telecommunication companies. Accordingly, the firms emphasize on research and development, technological leadership, and products and services. Innovation is being measured in the organizations using development of new products and services, flexibility and adopting to changes in the environment, constantly coming up with new methods of production that are cost effective, exploiting identified/recognized opportunity, risk taking behavior, encouraging and rewarding innovative behavior, quickly recognizing new opportunities as well as allow interaction of individuals and groups of multiple levels within the organization when formulating strategies. The organizations are always pro-active and take the a 1st step, proper and regular business controls that are able to measure the business position against pre-determined goals and objectives and have short term strategic goals.

The study concludes that explicit tracking of the policies and tactics of competitors are used by the firms to gather information about their business environment as well as special marketing research studies, gathering of information from suppliers and other channel members, forecasting sales, customer preferences, technology, routine gathering of opinions from clients and trade magazines, government publications, news media. Others include technological trends, customer needs and preferences, economic trends, competitor strategies and supplier strategies demographic trends. The study also concludes that shifts in economic conditions are easily changed, the market entry of new competition, shifts in customer needs and preferences as well as modifications in supplier strategies and the emergence of a new technology, political developments that affect the industry, the emergence of an unexpected threat, the emergence of an unexpected opportunity and changes in government regulations.

The study further concludes on planning horizon that, board of directors placed higher emphasis on managing business strategies and firm investments that have various planning horizons with 1 to 3 years, top Management placed higher emphasis on 1 to 3 years. The top management are involved in goal formation phases of the strategic management process in the telecommunication firms, as well as the middle management, rank-and-file employees and lower-level management. On scanning the business environment, top management are involved, lower-level management are also involved, rank-and-file employees and middle management. Top management employees are greatly involved in strategy formulation as well as middle management, lower-level management and rank-and-file employees. On strategy implementation, top management are involved, middle management are involved as well as lower-level management and rank-and-file employees. The top management middle management, lower-level management and rank-and-file employees are involved in strategy implementation.

The study also conclude that measuring performance against subjective strategic criteria such as improvements in customer satisfaction or progress on product innovations strong emphasis on the marketing of tried and true innovation, objective strategic criteria such as return on assets, face-to-face meetings between top managers and business unit or functional area personnel, informal face-to-face meetings between top managers and business unit or functional area personnel, return on investment and cash-flow are important in making sure that the firm's employees and business strategies meet predetermined objectives. From the regression analysis, of the four variables (control attributes, planning horizon, planning flexibility and control attributes) that affect the innovation in the telecommunications companies, environment Scanning has the highest positive effect, followed by control attributes and then planning flexibility, while planning horizon decreases the innovations in the companies.

5.4 Recommendations

The study recommends that Managers and executives need to improve on communication and awareness of strategy and focus on building competencies in the organization during strategy implementation phases to increase the chances of successful implementation, their visibility, importance and credibility. Managers and executives should genuinely realize the importance of SWOT analysis which is critical in enable them understand changes in the environment. They also need to make the process of strategy formulation and implementation all inclusive so as to avoid resistance from employees.

The study recommends that the telecommunications companies should pay attention to various forces of the environment in which they operate in by looking at such issues like tracking of the policies and tactics of competitors, information from suppliers and other channel members, forecasting sales, customer preferences, technology, routine gathering of opinions from clients and trade magazines, government publications and news media.

The study also recommends that for the telecommunications companies to enhance their innovations they need to focus on issues of planning flexibility which involve shifts in economic conditions, market entry of new competition, shifts in customer needs and preferences as well as modifications in supplier strategies and the emergence of a new technology, political developments that affect the industry, the emergence of an unexpected threat, the emergence of an unexpected opportunity and changes in government regulations.

The study also recommends that since planning horizon is found to affect the innovations in a negative way, the firms in this industry need to employ more resources to enhance positive contribution towards innovation. This would be in areas of research and development, employee training and development as well as relooking at their corporate governance structures.

The study finally recommends that the firms could realize increment in innovations by measuring performance against subjective strategic criteria such as improvements in customer satisfaction or progress on product innovations strong emphasis on the marketing of tried and true innovation, objective strategic criteria such as return on assets.

5.5 Recommendations for Further Studies

The same study should be carried in other organizations in a different sector or industry such the banking sector, insurance sector among others to compare the findings. This would be a modest attempt to enhancing formulation of policies regarding strategic management intensity has moderate effect on innovation among organizations in Kenya.

Further studies can be conducted with an aim of establishing the effects of the specific strategic management intensity factors on the performance of the organizations in Kenya.

The specific intention would be to establish how firms endure the challenges and make a difference in their activities.

5.6 Limitations of the Study

The researcher was likely to encounter various limitations that might have hindered access to information sought by the study. The main limitation of study was its inability to include more organizations in the country. This was a study focusing on strategic management intensity and innovation in the telecommunication companies in Kenya. The study could have covered more organization across country so as to provide a more broad based analysis. The study countered this problem by carrying out the study in telecommunication companies across the various sectors and serve as a representative.

The respondents approached were likely to be reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about them or their enterprises. The researcher handled the problem by carrying an introduction letter from the University and assured them that the information they give would be treated confidentially and it would be used purely for academic purposes.

There were likely to be cases of acquiescence bias, where some staff would answer questions with an incline that does not represent the absolute truth. The answers could therefore be misinterpreted or falsified. The data collected was therefore likely to be inaccurate. The researcher therefore found it necessary to insist to the respondents to only give the real scenario in the organization. The researcher overcame this problem by urging the respondents to be truthful by writing the right information.

5.7 Chapter Summary

This study is organized in five chapters. Chapter five is the closing chapter in this study on the relationship between strategic management intensity and innovation in the telecommunication companies in Kenya. This chapter summarizes the whole study process from the introduction to the end of data analysis.

This chapter presents the summary of findings based on the results, the conclusion and recommendations for policy and practice as well as recommendations for further research.

The Chapter has summarized the study findings, made deductions from the findings and drawn recommendations in line with the findings and conclusions. The chapter also makes suggestions for further studies. In addition, the limitations of the study were clearly pointed out.

REFERENCES

Aliouat, B. (2007). *The effects of strategic alliance on competition in supply management. Montreal*: The international conference of strategic management.

Ansoff, I. (1957). *Implanting Strategic Management*, 2nd edition, London, Prentice Hall

Arie, D. A. (2007). *Managing Brand Equity*: Capitalizing on the Value of a Brand Name. New York: The Free Press.

Barringer, B. R. and A. C. Bluedorn (2009). The relationship between corporate entrepreneurship and strategic management, *Strategic Management Journal*, Issue, 20, pp. 421–427.

Chakravarthy, B. S. (2007). On tailoring a strategic planning system to its context: Some empirical evidence, *Strategic Management Journal*, 8(6), pp. 517–534.

Communication Commission of Kenya (2013), *Annual Report 2012/2013*-Communications Commission of Kenya.

Cooper, D.R. and Schindler, P.S. (2003), *Business Research methods.* Seventh edition. New York: Irwin/ McGraw-Hill

Denscombe, M. (2007). *The Good Research Guide for Small Scale Social Research Projects*. New Delhi: Viva Books Private Limited.

Evans, M. G. (2001). *Leadership and motivation*: A core concept. Academy of Management Journal, 13: 91-102.

Grant A (2000). *Strategic brand management*: new approaches to creating and evaluating brand equity. New York, N.Y.: Free Press

Grundy, T. (2008). Strategy Implementation and Project Management, *International Journal of Project Management*, Vol. 16 No.1, pp. 43–50.

Johnson, G. and Scholes, K. (2003), *Exploring Corporate Strategy, 3rd ed*, Prentice-Hall International, Hemel Hempstead.

Judge, W. Q. and C. P. Zeithaml (2002). Institutional and strategic choice perspective on board involvement in the strategic decision process, *Academy of Management Journal*, 35, pp. 766–794.

Koontz, H. (2008). A preliminary statement of principles of planning and control, *Academy of Management Journal*, 1(1), pp. 45–61.

Kukalis, S. (2009). The relationship among firm characteristics and design of strategic planning systems in large organizations, *Journal of Management*, 15, pp. 565–579.

Mckeown, Max (2008). *The Truth about Innovation.* Pearson / Financial Times. ISBN

Miller, D. and P. Friesen (2003). Strategic-making and environment: The third link, *Strategic Management Journal*, 4(3), pp. 221–235.

Mintzberg, H. (2003). The Pitfalls of Strategic Planning, Carliformia *Management Review*, Vol 36: 32-47.

Mugenda, O.M., & Mugenda, A.G. (2003). *Research Methods:* Quantitative & Qualitative Approaches. Acts Press. Nairobi. Kenya.

Newman, W. H. (2003). *Administrative Action*: *The Techniques of Organization and Management* (2nd ed.). Prentice-Hall, Englewood Cliffs, NJ.

Oke, A., & Goffin, K. (2001), *Innovation management in the service sector, Management Focus,* summer issue.

Pearce J.A. & Robinson R.B., (2009), *Management; Strategy Formulation, Implementation and Control,* Irwin, Homewood, Illinois, 8th edition.

Rhyne, L. C. (2005). The relationship of informative usage, characteristics to planning system sophistication: An empirical examination, *Strategic Management Journal*, 6(4), pp. 319–337.

Thagana, J.N. (2013) strategic management intensity and competitive advantage of commercial banks in Kenya. Unpublished MBA project, University of Nairobi.

Thompson J.L. & Strickland, A. (2005). *Strategic Management*: Concepts and Cases, 10th Edition, Irwin.

Turock, A. (2001). Strategic innovation, *Executive Excellence*, Vol. 19(9): 9-10.

Vijay, V. (2009).*Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards.* Oxford University Press: New York.

Zikmund, H. (2009). *Synthesizing Research*; A guide for Literature Reviews (3 rd edn) Sage: Thousand Oaks

Nthigah, P., Iravo, M. & Kahoro, J. (2014). Influence of competition intensity on strategic response of multinational corporations: a study of multinational corporations in Kenya. *Global Business and Economics Research Journal*, 3(5): 1-14.

APPENDICES

Appendix I: Introductory Letter

Appendix II: Questionnaire

This research is in partial fulfillment of requirements for a degree in Masters of Business Administration from the University of Nairobi and I will be most grateful if you could kindly complete this questionnaire. This questionnaire consists of two parts; kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided. Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided. The information given here will only be used for purposes of this study and will be treated with utmost confidentiality. Your cooperation will be highly appreciated. Thank you.

SECTION A: GENERAL INFORMATION

1. Name of the Company...
2. Please indicate your gender

   Male [ ] Female [ ]

3. In which age group do you belong?

   Below 20 years [ ] 41-50 years [ ]

   21-30 years [ ] Above 51 years [ ]

   31-40 years [ ]

4. Your department:

   Human resource [ ] Finance [ ]

   Procurement [ ] Operations [ ]

   Marketing [ ] Other (Specify……………) [ ]

5. What is your designation?

   Manager [ ] Assistant manager [ ]

   Supervisor [ ] General staff [ ]

   Other (Specify……………………) [ ]

6. What is your work experience (in years) in this Company?

   0-5 yrs [ ] 5-10 yrs [ ]

   10-15 [ ] Over 15 yrs [ ]

7. To date, what has been your highest formal qualification?

Certificate/ Diploma	[ ]	Undergraduate	[ ]
Post graduate level	[ ]	Other (Specify……………)	[ ]

SECTION B: STRATEGIC MANAGEMENT INTENSITY AND INNOVATION

8. With regard to this Firm, how would you rate the level of strategic management intensity in this Company in Kenya?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

9. To what extent does strategic management intensity affect the innovation in this telecommunication Company?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

10. Rate how innovation is being measured in your organisation using the likert scale of 1-5 with Very low =1, Low =2, Moderate =3, High= 4, Very high =5.

Description	**1**	**2**	**3**	**4**	**5**
Development of new products and Services					
Exploits identified/recognized opportunity					
Quickly recognizes new opportunities					
Flexibility and easily adopts to changes in the environment					
Constantly come up with new methods of production that are cost effective					
Allow interaction of individuals and groups of multiple levels within the organization when formulating strategies.					
Risk taking behavior					
Always pro-active and take the a 1st step					
Encourage and reward innovative behavior.					
Have short term (5years) strategic goals					
Proper and regular business controls that are able to measure the business position against pre-determined goals and objectives					

SECTION C: EFFECTS OF STRATEGIC MANAGEMENT ON INNOVATION

11. To what extent does environmental scanning affect the innovation in this Company?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

12. Rate the extent to which the following scanning devices are used by your firm to gather information about its business environment. Use a scale of 1-5 where 5 is to a very large extent,4 is to a great extent,3 is medium extent,2 is small extent and 1 is no extent at all.

Description	**1**	**2**	**3**	**4**	**5**
Routine gathering of opinions from clients					
Explicit tracking of the policies and tactics of competitors					
Forecasting sales, customer preferences, technology, etc.					
Special marketing research studies					
Trade magazines, government publications, news media					
Gathering of information from suppliers and other channel members					
Others (Specify……………………………………………)					

13. How often do you collect information to remain abreast of changes in each of the following areas? Use a scale of 1-5 where 5= very frequently and 1 = rarely.

Description	1	2	3	4	5
Economic trends					
Technological trends					
Demographic trends					
Customer needs and preferences					
Competitor strategies					
Supplier strategies					

PLANNING FLEXIBILITY

14. To what extent does planning flexibility affect the innovation in this telecommunication Company?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

15. How difficult is it for your firm to change its strategic plan to adjust to each of the following contingencies/possibilities? Use a scale of 1-5 where 1= very difficult and 5 = very easily.

Description	**1**	**2**	**3**	**4**	**5**
The emergence of a new technology					
Shifts in economic conditions					
The market entry of new competition					
Changes in government regulations					
Shifts in customer needs and preferences					
Modifications in supplier strategies					

The emergence of an unexpected opportunity					
The emergence of an unexpected threat					
Political developments that affect your industry					

PLANNING HORIZON

16. A planning horizon is the length of the future time period that decision-makers consider in planning. In the light of this statement, to what extent does planning horizon affect the innovation in this telecommunication Company?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

17. At each of the following hierarchical levels in your firm, what degree of emphasis is placed on managing business strategies and firm investments that have the following planning horizons? **Scale:** 1 represents Very little emphasis and 5 represents very much emphasis

Length of Planning horizon of business Strategy	**1**	**2**	**3**	**4**	**5**
a. Board of Directors					
Less than 1 year					
1 to 3 years					
3 to 5 years					
More than 5 years					
b. Top Management					
Less than 1 year					
1 to 3 years					
3 to 5 years					
More than 5 years					
c. Middle Management					
Less than 1 year					
1 to 3 years					
3 to 5 years					
More than 5 years					
d. Lower Level Management					
Less than 1 year					
1 to 3 years					
3 to 5 years					
More than 5 years					

18. Strategic management can be broken down into the five phases shown below. To what extent is each of the following categories of employees involved in each of these phases of the strategic management process in your firm? Use a scale of 1-5 where 5= very great extent and 1 = not at all.

Description	**1**	**2**	**3**	**4**	**5**
a. Goal Formation					
Top Management					
Middle Management					
Lower-level Management					
Rank-and-file Employees					
b. Scanning the Business Environment					
Top Management					
Middle Management					
Lower-level Management					
Rank-and-file Employees					
c. Strategy Formulation					
Top Management					
Middle Management					
Lower-level Management					
Rank-and-file Employees					
d. Strategy Implementation					
Top Management					
Middle Management					
Lower-level Management					
Rank-and-file Employees					
d. Strategy Implementation					
Top Management					
Middle Management					
Lower-level Management					
Rank-and-file Employees					

CONTROL ATTRIBUTES

19. To what extent does planning horizon affect the innovation in this telecommunication Company?

To a very great extent	To a great extent	To a moderate extent	To a little extent	To no extent

20. How important is each of the following in making sure that your firm's employees and business strategies meet predetermined objectives? Use a scale of 1-5 where 5= very important and 1= not important.

Description	1	2	3	4	5
Face-to-face meetings between top managers and business unit or functional area personnel					
Informal face-to-face meetings between top managers and business unit or functional area personnel					
Measuring performance against subjective strategic criteria such as improvements in customer satisfaction or progress on product innovations					
Objective strategic criteria such as return on assets					
Return on investment					
Cash-flow					
Strong emphasis on the marketing of tried and true innovation					

SECTION D: CHALLENGES AND STRATEGIC MEASURES TO CHALLENGES

21. To what extent do you face the following challenges in strategic management that affect the innovativeness of the firm? Use a scale of 1-5 where 5 is to a very large extent,4 is to a great extent,3 is medium extent,2 is small extent and 1 is no extent at all.

Challenges	1	2	3	4	5
Increasing worker productivity					
Meeting the challenge of international competition					
Replacing obsolete work methods and equipment with newer					
Expensive equipment					
Developing and introducing new products					
Maintaining employee motivation and morale					
Other (specify……………………………………………)					

22. What other information would you like to share about strategic management intensity and innovation among telecommunication companies in Kenya?

……………………………………………………………………………………………

……………………………………………………………………………………………

23. In your opinion, what do you think should be done to enhance strategic management intensity and innovation among telecommunication companies in Kenya?

……………………………………………………………………………………………

……………………………………………………………………………………………

………………………………………………………………………………………………

THANK YOU!!!

Appendix III: List of Selected Telecommunication Companies in Kenya

1. Access Kenya
2. Airtel Kenya
3. CallKey Networks
4. Faiba/Jamii Telecoms limited
5. Insight Technologies
6. iWay Africa
7. Jambo Telekom
8. Liquid Telecom (Formerly KDN)
9. MTN Business
10. Orange Kenya
11. Safaricom Kenya Limited
12. Swift Global (Kenya) Limited
13. Tangerine Limited
14. Wananchi Group
15. Zuku Kenya Limited