Innovative Strategies and Organizational Performance: A Case of Telkom Kenya Limited

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Abstract: This study sought to examine the effect of innovative strategies on organizational performance at Telkom Kenya Limited. The study was guided by these specific objectives: to determine how product innovative strategies affect the performance of Telkom Kenya Limited, to assess the extent to which process innovative strategies affect the performance of Telkom Kenya Limited and to examine how market innovative strategies affect the performance of Telkom Kenya Limited. The study was based on the innovation diffusion theory. The Descriptive survey design was used where a sample of 125 respondents consisting of top management, middle and low management employees were selected through stratified sampling and simple random sampling methods. The study utilized a structured questionnaire as the main data collection instrument. The Statistical Package for Social Sciences (SPSS) was used to help the researcher to analyze the data statistically. Results from the study showed that market innovative strategies were the first and most significant independent variable in this research, ($t=7.249; \ p<0.05; \ Beta=0.635$). Process innovative strategies were the second significant variable in predicting organizational performance ($t=4.184; \ p=0.000; \ Beta=0.336$) while product innovative strategies were the third variable predicting organizational performance ($t=-3.660; \ p=0.000; \ Beta=-0.337$). The study recommends that the organization should review their product innovative strategies to promote the production of high quality products. It also recommends that process innovative strategies to ensure the organization acquires the latest software to enhance customer service should be formulated and implemented. It is also recommended that market innovative strategies that promote the production of products in line with market realities should be fully implemented to ensure the organization is profitable.

Key words: Innovative Strategies, Product Innovative Strategies, Process Innovative Strategies, Market Innovative Strategies, Organizational Performance

I. INTRODUCTION

Organizations exist for the sole purpose of achieving their set objectives. Organizations need to be proactive in their everyday operations to accomplish these goals. A plan of action is planned by an organization to accomplish an ultimate target according to a strategy (Krach, 2016). Strategies are intended to assess how resources can be structured to meet the organization’s needs. The tactics are therefore intended to identify and convey the specific role of the company and also decide how to incorporate talents, abilities and resources to achieve a competitive advantage. One of the corporate capabilities that can be used to achieve competitive advantage is technology (Muhura, 2012).

The company intends to increase its revenues or market share through service or product advancement according to creative strategies. These techniques should notify the task, task executor and segments correctly and accurately of the unmet needs and the technique to be used to get the highest growth. Organizations need to know their unmet consumer needs and the multiple market segments that exist in order to formulate successful innovation strategies. Therefore, companies aim to provide creative product strategies, process strategies and business strategies to satisfy the needs of consumers.

Globally, in the United States, innovation has been identified as the engine of performance. Innovative methods that could ensure an improvement in the output of American organizations include having the priorities right, regulatory reforms, offering the right incentives, and even financing innovative activities, according to Schulz (2017). In China, Rodriguez (2017) the power of innovation has grown, leading to some of the world’s largest corporations choosing to be headquartered in the region. Moreover, the global e-commerce share of China is over 40 percent, making it greater than the share of Germany, the United Kingdom, France and the United States. The Chinese government has played a key role in this, as a plan based on green growth and scientific innovation has been developed.

Regionally, in Ghana, Kyei and Bayoh (2017) postulate that in the telecommunications sector, high competition has driven companies to implement innovative strategies to increase their efficiency. The main
determinants of organizational success in the sector are technologies such as marketing, process and service developments. In Nigeria, Ogbo, Okechukwu and Ukpere (2012) note that the performance of organizations has been improved through innovative activities in the telecommunications sector, especially in the area of infrastructural growth. However, considering their crucial position in success, most of the industry's stakeholders have not adopted innovation strategies.

Locally, in Kenya, The profitability of the telecommunication industry has been significantly affected by creative techniques such as cost control, environmental analysis and response to change (Njoroge, 2015). Therefore, telecommunications organizations are encouraged to create conditions that enable and boost developments, as they can really benefit from this. This, along with the government regulator, will create an atmosphere that promotes imaginative solutions to ensure that organizations receive substantial investment.

Under the Kenya Communications Act (KCA), the telecommunication sector in Kenya was formally established in 1998. In order to promote healthy competition in the communication field, the Communications Authority of Kenya (CA) has been set up to advise on communication policies. The Authority is also responsible for regulating competition, controlling telecommunications organizations' operations in order to ensure that they comply with the regulations and also licensing all facilities and systems in the field (www.ca.go.ke). In Kenya, there are different telecommunications organizations: Liquid Telecom, Safaricom, Airtel, Kenya Telkom, among others. The Communications Commission of Kenya (CCK) has been recognized by the national Information Communication and Telecommunication (ICT) policy as the regulator of the ICT sector in the country, according to Waema (2007).

As a telecommunication operator, Telkom Kenya Limited was founded in 1999. It was formerly part of the Kenya Posts and Telecommunications Corporation, which was divided into Kenya's Communications Board, Kenya's Postal Corporation and Kenya's Telkom. The organization provides corporations, individuals and micro-enterprises in Kenya with integrated telecommunications solutions. Telkom Kenya is also responsible for maintaining the infrastructure used in Kenya by different internet service providers in Kenya. In 2007, the company was privatized by the Kenyan government in an attempt to improve its profitability and efficiency. This saw a 51 percent stake in Telkom Kenya being purchased by France Telecom. In 2008, under the Orange brand, the company introduced a mobile network. The CCK issued the 3G license to the organization in 2010 (www.telkom.ke).

France Telecom's Telkom Kenya stake was bought by Helios in 2015. Helios decided to own 40 percent of the joint venture in 2016 and this was approved by the Kenyan government (www.telkom.ke). Telkom Kenya Limited uses the strategy of mergers and acquisitions to boost its efficiency and protect its market in the region, according to Anyanzwa (2016). The company is also working through creative means to develop consumer-centered, efficient communication solutions to meet customer needs.

**Statement of the Problem**

Innovative techniques should notify the task, task executor, and segments appropriately and accurately of the unmet needs and the methodology to be used to achieve the highest growth. The implementation of new techniques could ensure an increase in the development and distribution of goods and services, according to Schulz (2017). Therefore, telecommunications organizations are encouraged to create environments that enable and enhance creativity, as this will really help them (Njoroge, 2015).

A variety of challenges have been faced by Telkom Kenya Limited, leading to many strategic transitions involving ownership. The extended period of transition in acquisitions has seen a pause in obtaining and updating to the new tech alternatives to boost its operations. In addition, the revision of new plans to improve internal capacities in line with business demands has been influenced by the shift in top management. As there is strong competition from other telecommunication organizations in the region, the economic crunch has also affected the revenues of the company. It was therefore important to find out whether the adoption of innovative strategies at the Telkom Kenya Limited had been implemented to transform its productivity or was it that it did not achieve its intended purposes. This study sought to provide data that might help Telkom Kenya Limited to identify flaws in the adoption of its innovative strategies and their execution.

**Objectives of the Study**

The main objective of this study was to examine the effect of innovative strategies on organizational performance at Telkom Kenya Limited, Nairobi County, Kenya while its specific objectives were:

- To determine how product innovative strategies affect the performance of Telkom Kenya Limited, Nairobi County, Kenya.
- To assess the extent to which process innovative strategies affect the performance of Telkom Kenya Limited, Nairobi County, Kenya.
To examine how market innovative strategies affect the performance of Telkom Kenya Limited, Nairobi County, Kenya.

Significance of the Study
The research would help Telkom Kenya Limited's management as it would assist them in making decisions to formulate and execute creative studies in an attempt to improve their results. It would also be essential for the Government of Kenya, particularly in the telecommunications sector's policy making. For other telecommunication organizations in the world, the results would be useful as they could find the recommendations helpful in implementing creative strategies. Furthermore, since it will act as a reference point for potential studies, the thesis would be useful to scholars and researchers.

Conceptual Framework
The study was guided by the following conceptual framework.

**Independent Variables**
- Product innovative strategies
  - Feature additions
  - Product line expansion
- Process innovative strategies
  - Tools
  - Techniques
- Market innovative strategies
  - New markets
  - New methods

**Dependent Variable**
- Organizational performance
  - Profitability
  - Sales

The conceptual framework showed that the independent variable was reviewed under the dimensions of product innovative strategies under the constraints of feature additions, product line expansion, process innovative strategies under the constructs of tools and techniques; market innovative strategies under the sub-variables of new markets and new methods. By means of arrows, these independent variables could influence the dependent variable organizations performance under the parameters of profitability and sales. According to the conceptual framework the product innovative strategies like adding extra features in the current products could lead to an increase in sales thus boosting the profitability of the organization. In addition, expanding the product line could also increase the organization profits. The process innovative strategies where the organization acquires the right tools and equips its employees with the right techniques could lead to profitability. Further, the adoption of market innovative strategies like venturing into new markets and using new marketing methods could lead to an increase in sales.

II. LITERATURE REVIEW

**Theoretical Framework**

**Innovation Diffusion Theory**
This theory was introduced by Rogers in 1962. The theory describes why, when, and how a market is likely to spread fresh ideas or technologies. The theory emphasizes the creative life cycle of five phases of a product or process. The five stages check the acceptance by customers of a concept or commodity, according to the theory. This is accomplished because the phases clearly illustrate to what level the concept or product is embraced and also provides space for changes to be made depending on the point. The first step is the period of invention, which is the initial period in which the concept or product is brought to the market. Innovators are the first people to consider the
concept or buy the product because they are willing to take the risk and set the trend among other customers (Wejnert, 2002).

The second stage is the early adopters, as stipulated by Rogers (1962), where the community is larger than the innovators, as they already know the latest concept or product. Typically, this community is not afraid to invest in a new concept or product. The third stage is the early majority, which is a community that tends to wait before embracing the concept or product to see the reaction of other users. This community makes the concept or product very famous as they buy in large numbers, creating a huge demand for the idea or product. The fourth group is the late majority composed of consumers who only consent to buy a product after several individuals have bought it and the popularity is diminishing. This is because they are waiting for feedback from those who purchased the item early to make sure the purchase will not lead to a loss. The fifth stage in the theory is the laggards. The laggard group does not like improvements or developments and therefore buys a product only if it is not on sale. This is because they wait for the price of the commodity to be decreased as the commodity is about to exit the market (Rogers, 2003).

He speculates, according to Mulder (2012), that in order to stay competitive and perform better, companies concentrate on marketing their goods to the five classes by providing products identical to various groups in an attempt to spread risks. In addition, Rogers (1995) points out that there are also five steps in the decision-making process of diffusion of innovation. When a concept or product is first presented to a person, the first stage is the information stage. People are not motivated by innovation at this point, but are eager to find out more. The second stage is the process of persuasion in which a person becomes interested in innovation and searches for all relevant innovation knowledge to find out more. The person makes a decision at the third stage by weighing the advantages and disadvantages of the invention in order to determine whether or not to embrace it. The fourth stage in the decision-making process is the period of implementation in which the individual uses the innovation to a varying degree as they verify its utility. The fifth stage is the validation stage in which the individual agrees to continue to use the invention after ensuring that they have made the correct decision to purchase it (Rogers, 2003).

This theory was important to this study because it showed how creative strategies could be implemented by Telkom Kenya Limited that led to the development of products and services that varied to take care of its customers' different needs depending on their point. This meant designing products with the latest technologies that would be popular among innovators while ensuring that, through products and services that were about to leave the telecommunications sector, the laggards still had a share of the market. The theory was also important because it stressed the value of implementing creative methods that promoted the introduction of thorough promotion of new goods and services, as this would lead to encouraging more customers to purchase and use goods as they would validate that they made the right decision.

### Empirical Studies

#### Market Innovative Strategies and Organizational Performance

A study by Karabulut (2017) found that creative market strategies had a positive impact on organizational efficiency, especially in the context of internal business processes and financial performance. The study suggested that business improvement techniques should be implemented by companies as they are essential for sales growth and penetration. In another study, Karlsson and Tavassoli (2015) showed that there was a positive relationship between strategies for market innovation and organizational performance. The study concluded that a positive impact on its productivity was the introduction of market innovation strategies in the organization. The study recommended that complex market innovation strategies should be adopted for organizations to experience a productive future. In addition, Atalay and Sarvan (2013) found that there was no association between strategies for business innovation and organizational efficiency. This was clarified by the fact that there were no well-organized strategies for most automotive organizations. The study suggested that companies should ensure that they have well-coordinated marketing innovation campaigns in order to experience improved efficiency and gain a competitive edge. Further, Rajapathirana and Hui (2018) showed that there was a clear positive relationship between strategies for business disruption and organizational efficiency. The study concluded that strategies for business innovation induced market success that contributed to improved organizational results. The study suggested that organizations should ensure that they have a culture that promotes innovation and allocate sufficient funds, especially for strategies for market innovation, as they have a direct effect on results. On top of this, Mburu (2016) established that there was a positive relationship between strategies for business disruption and competitive advantage. The research concluded that strategies for consumer innovation contributed to increased market share and increased customer loyalty. The study suggested that companies should adopt their market innovation strategies in order to achieve greater market share.
III. RESEARCH METHODOLOGY

The study adopted a descriptive survey design that enabled the researcher to collect a large amount of data in a highly economical way from a sizeable population (Cooper & Schindler, 2010). The study targeted Telkom (K) Ltd's permanent workers in all 19 branches in Nairobi County with a total of 1140 employees. A sample size of 125 respondents was selected to take part in the study. For the corporate level staff, the researcher used purposeful sampling as the study was only interested in respondents with expert information that was reliable data for the study. The investigator would pick 34 percent of workers under the functional level by simple random sampling, while 60 percent of respondents under the support level have been selected using simple random sampling. The researcher used a questionnaire as the research instrument. The researcher sought data collection permission for Catholic University of East Africa and also from Telkom (K) Ltd. A drop and pick data collection procedure was adopted in the study. The data was coded and classified in terms of their similarities and then tabulated. Data analysis was done by the use of SPSS (Statistical Package for Social Sciences) V25 programme. Descriptive statistics such as percentages, means and standard deviation was used to analyze quantitative data and results presented in form of pie charts, graphs and frequency tables. Inferential statistics (regression analysis) was used to determine the degree of association between independent and dependent variables.

IV. RESULTS AND DISCUSSION OF FINDINGS

Market Innovative Strategies and Organizational Performance

The researcher sought to establish the effect of market innovative strategies on organizational performance at Telkom Kenya Limited. Results from the study are shown below.

<table>
<thead>
<tr>
<th>Items</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative strategies to allow the organization to relate to a current product in new way are adopted</td>
<td>-</td>
<td>17</td>
<td>32</td>
<td>44</td>
<td>8</td>
</tr>
<tr>
<td>Innovative strategies to relate current products to a new market segment have been adopted</td>
<td>-</td>
<td>4</td>
<td>18</td>
<td>53</td>
<td>24</td>
</tr>
<tr>
<td>Innovative strategies to educate customers on the various products have been adopted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Innovative strategies to enable the organization compete with dynamic markets have been adopted</td>
<td>-</td>
<td>41</td>
<td>37</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Products which are in line with market realities have been produced</td>
<td>-</td>
<td>13</td>
<td>28</td>
<td>53</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Research data, 2020

The findings shown in Table 1 show that the majority of respondents (44%) agreed that creative methods were implemented to enable the company to connect in a different way to a current product, while 32 % of respondents did not agree or disagree with the assertion. 53 % of respondents also accepted that creative methods had been implemented to connect existing goods to a new consumer segment, while 18 % of respondents did not agree or disagree with the declaration. Moreover, 55 percent of the respondents agreed that innovative strategies were adopted to inform consumers about the different goods, while 41 percent of respondents disagreed that innovative strategies were adopted to allow the company to compete with competitive markets. 53 % of the respondents agreed that goods were generated that were in line with market realities, while 28 % of the respondents did not agree or disagree with the assertion. This demonstrates that Telkom Kenya Limited has adopted numerous innovative market strategies to boost organizational efficiency, even though respondents feel that no innovative strategies have been adopted to enable the company to compete with competitive markets.

These results are in tandem with those of Karlsson and Tavassoli (2015) who found that for organizations to experience a productive future they should adopt complex market innovation strategies.
Regression Model

The nature of relationship between independent variables (product innovative strategies, process innovative strategies, market innovative strategies) and dependent variable (organizational performance) was assessed through a regression analysis as shown below.

**Table 2: Model summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.603(a)</td>
<td>.364</td>
<td>.350</td>
<td>.74496</td>
</tr>
</tbody>
</table>

a  Predictors: (Constant), product innovative strategies, process innovative strategies, market innovative strategies

Source: Research data, 2020

The summary of results presented in table 2 shows the 60.3 percent R value (multiple correlation coefficients) suggests that a relationship exists between the independent variables and the dependent variable. The R square (coefficient determination) value of 36.4% of the variance in the dependent variable is clarified by the independent variables in the organizational output variability model is accounted for by the organization's explanatory variable, while the remaining percentage may be attributed to the spontaneous fluctuation on other unspecified variable Thus, at p<0.05, the model was important.

**Coefficients**

**Table 3: Model of Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.566</td>
<td>.277</td>
<td>5.652</td>
<td>.000</td>
</tr>
<tr>
<td>Market innovative strategies</td>
<td>.759</td>
<td>.105</td>
<td>.635</td>
<td>7.249</td>
</tr>
</tbody>
</table>

a  Dependent Variable: Organizational Performance

Source: Research data, 2020

The model results showed that the first and most important independent variable in this study was market innovative strategies (t = 7.249; p < 0.05; beta = 0.635). This meant that a unit change in market innovative strategies leads to an increase of 0.635 units in the organizational performance. The results concur with Karabulut (2017), who founded that market innovative strategies have a positive impact on organizational performance. Karlsson and Tavassoli (2015), who established that there was a positive relationship between market innovative strategies and organizational efficiency, further support them. The findings, however, are contradicted by those of Atalay and Sarvan (2013), who found that there was no correlation between market innovative strategies and organizational performance.

**Summary of Findings**

**Market Innovative Strategies and Organizational Performance**

Coefficient results showed that the first and most important independent variable in this study was market innovative strategies (t = 7.249; p < 0.05; beta = 0.635). Most respondents (44 percent) agreed that innovative strategies were adopted to enable the company to appeal to a current product in a new way, while 53 percent of respondents also agreed that innovative strategies were adopted. Furthermore, 55 percent of the respondents agreed that innovative strategies were adopted to educate consumers on the different goods, while 41 percent of respondents disagreed that innovative strategies were adopted to allow the company to compete with competitive markets. In addition, 53 percent of the respondents accepted that goods were produced that were in line with market realities.

**V. CONCLUSION**

The findings of the study led to conclusions that market innovative strategies positively and significantly influence organizational performance. It was also concluded that the respondents accepted that innovative strategies were adopted to allow the company to relate in a new way to a current product and that innovative strategies were adopted to relate current products to a new market segment. Another conclusion was that the respondents rather accepted that creative methods have been implemented to educate consumers on the different goods and that goods have been developed that are in line with consumer realities.

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Recommendations

It is recommended that market-innovative tactics should be completely implemented to build awareness among consumers, as this will increase organizational efficiency. It is also recommended that, in order to ensure the company is sustainable, business-innovative methods that encourage the development of goods in accordance with business realities should be completely enforced.

VI. REFERENCES