Journal of International Business, Innovation and Strategic Management
Volume 6, Issue 1, 2022, ISSN (Online): 2617-1805

Journal of International Business, Innovation and Strategic Management
2022: 6 (1): 97 - 112
ISSN: 2617-1805

STRATEGY FORMULATION AND PERFORMANCE OF SELECTED INFORMATION AND COMMUNICATION TECHNOLOGY FIRMS IN KENYA

*Ann Kimotho & [1] Paul Kariuki
*Masters Student, School of Business and Entrepreneurship,
Jomo Kenyatta University of Agriculture and Technology, Kenya
[1]Lecturer, School of Business and Entrepreneurship,
Jomo Kenyatta University of Agriculture and Technology, Kenya
*Corresponding Author Email address: annmaina1024@gmail.com

To Cite this Article:
Kimotho, A. & Kariuki, P. (2022). Strategy Formulation and Performance of Selected Information and Communication Technology Firms in Kenya. *Journal of International Business, Innovation and Strategic Management*, 6 (1), 97 - 112

ABSTRACT

Strategy formulation involves the creation of a range of plans for the efficient balancing of internal business environment and external business environment. It entails focusing on the organizations mission, vision and objectives that are achievable through strategies development and setting policy guidelines. Despite the policy and strategy pronouncements, there are various constraints that are currently facing the growth and expansion of Information Communication Technology (ICT) firms in the country especially amongst ICT providers. ICT Firms have been noted by a number of researchers to be facing several performance challenges including failure in US, Europe, Australia and other parts of the globe. Kenya faces similar performance challenges, despite the remarkable growth of ICT sector coupled by opportunities created by government strategies on ICT. The main purpose of this study was to establish the effects of strategy formulation on performance of selected information and communication technology firms in Kenya focusing on strategic direction. For the purposes of this study, a descriptive research design was adopted. The target population constituted 344 ICT service providers located in Nairobi where 298 employees in top management, middle management and Lower level employees were targeted. Out of this, a sample size of 148 was targeted. The sample was determined through stratified random procedures. The study findings showed that strategic direction positively and significantly affected performance of ICT Firms ($\beta = 10.864$; P-Value < 0.05). This implies that an increase in implementation of strategic direction practices during strategy formulation significantly improved firm performance. The study recommends that ICT companies to continue investing in strategies since they have the highest influence on performance which is achieved through organizational vision, mission and goals. Managers should consider adopting organizational direction strategies as a competitive strategy since findings indicate that it was only moderately used.

Key Words: *Strategy Formulation; Strategic Direction; Organizational Performance; ICT Firms*

BACKGROUND OF THE STUDY

Strategy formulation is very vital for organizational growth. Today, strategy is a concept used to denote a general programme of actions of an enterprise in a bid to achieve its objectives. Strategy can be viewed as the process of deciding what will constitute the objectives of an organization, the changes that are expected in the objectives, the resources that are expected to be used in other to achieve the objectives and the polices that will govern the acquisition, use and disposition of the resources (Chandler, 2016; Stoner, Freeman & Gilbert 2017). David's strategy formulation framework that helps strategists generate feasible alternatives, evaluate those alternatives, and choose a specific course of action. Strategies can be identified, evaluated and selected by this framework that includes three stages: input stage, matching stage, and decision stage (David, 2007). The study adopted David's strategy formulation framework since it helps analysts in understanding the methodology and techniques to determine most appropriate alternative strategy(s) for the organisation.

A clear vision provides the foundation for developing a comprehensive mission statement, (David, 2018). Mission leads an organization from "what do we want be become"? To "How do we become what we want to be"? This is like asking the question, what is our business? Asking the question, what is our business? Is synonymous with asking the question, what is our mission? (Appleby, 2017). A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and above all, for the design of managerial structures (Drucker, 2016). Strategy formulation phase, which consists of conducting a situational analysis using various tools to analyze the internal and external business environment, developing a mission and vision, setting of organizational objectives, generating options and then choosing the most viable one to implement. Strategy formulation requires that a firm develop a mission (Wit & Meyer , 2010; Pearce & Robinson, 2007).

Wit and Meyer (2010) refer to the firm's mission as a set of fundamental principles that define the firm in terms of its purpose, core values and beliefs. Pearce and Robinson (2007) alternatively describe a firm's mission as a broad description of the firm's intent, which dictate show the firm wants to be perceived by its stakeholders. Strategy formulation involves the creation of a range of plans for the efficient balancing of internal business environment and external business environment (Ndirangu, 2018). It entails focusing on the organizations mission, vision and objectives that are achievable through strategies development and setting policy guidelines. Organizations that institutionalize sustainable strategic management position the formulation, implementation and evaluation of their strategies on analysis and understanding of their business environment, the principles they hold that support sustainability and the interests of their stakeholders (Anderson, Covin & Slevin, 2019).

According to Odongo and Owuor (2016), high performing strategies are linked to ventures geared towards the success in the industry. The activities could be emphasis on satisfaction of customer and customer support, extensive and intensive advertisement and good leadership qualities. An organization's strategy formulation process whether official or not is a means by which the organization decisions and actions are determined. This eventually regulates the usefulness of the organization to the stakeholders, customers and other interested parties. A bad strategy negatively affects an organization's overall performance. A good strategy formulation process may in itself become a source of competitive advantage (Liang, Marler & Cui, 2017).

STATEMENT OF THE PROBLEM

Despite the policy and strategy pronouncements, there are various constraints that are currently facing the growth and expansion of ICT in the country especially amongst ICT providers. Duncombe and Heeks (2019) notes that these range from financial, human resources, to infrastructural development and maintenance among others. The concept of performance has always been present in management literature covering various aspects such as efficacy, efficiency, competitiveness, relevance and financial viability (Daft 2017). Marmouse (2017) highlighted that; organization's performance represents the manner in which the company is organized to reach its objectives and the way it manages to reach them. Peansupap and Walker (2015) Information and communication technology is at the core of many business functions, operations, products and services. Today, organizations worldwide spend over 50% of their new investment funds on IT and related communications. How organizations manage these large investments is of critical importance to organizational efficiency and effectiveness. Further, IT is often the link between the business model and the critical drivers of success. Many organizations have been unsuccessful with their IT-based investments because of poor alignment of strategy formulation with the business (Bjork, 2019).

ICT Firms have been noted by a number of researchers to be facing several performance challenges including failure in US, Europe, Australia and other parts of the globe. Previous studies from the year 2000 capture ICT firm failures to be between 70% to 86% resulting in massive wastage of resources (British Computer Society, 2016; Mueller-Jacobs & Tuckwell, 2015). Dalcher and Genus (2018) reported estimates of wastage due to IT project failures at $150 billion per annum in the US and $140billion in Europe. In Australia, 30-40 percent of ICT Firms projects experience some form of escalation, with cost overruns averaging 43-189 per cent; 30-40 per cent of projects resulting in no perceptible benefits; and 80-90 per cent of ICT investments failing to meet their performance objectives (Public Accounts Committee, 2017). In 2018, a report released by Oxford University in the UK found that large ICT firms were twenty times more likely to run out of control than other large infrastructure projects. According to Flyvbjerg and Budzier (2019), one in six ICT projects reported an average cost overrun of 200% and a schedule overrun of almost 70%. Notably some of the biggest challenges of ICT firms projects are cost overruns and schedule overruns placing ICT projects failure rate at 70%

(Kyunguti & Makau, 2018). Kenya faces similar performance challenges, despite the remarkable growth of ICT sector coupled by opportunities created by government strategies on ICT (Kabutu, 2018).

Studies that were done locally to shade some light on the subject under study included; Gakuo (2015) who conducted a study on the impact ICT at Nairobi Water & Sewerage Company and observed that its investments substantially increased the average organizational performance in achieving various milestones, overall revenue increment, enhancing research and development and product innovation. Katana (2016) studied electronic procurement adoption: the case of Kenya Ports Authority and showed that firms that acquire extensive IT resources are able to create better competitive advantage. Kinuthia (2015) researched on the relationship between IT investment and performance of NGOs in Kenya and concluded that IT was crucial in the efforts to improve performance and Waruguru (2017) explored the influence of ICT on performance of the airline industry in Kenya concluded that ICT improved performance of the company to a large extent. These studies had not quite given detailed insights and analysis of the issues that were addressed in this study therefore leaving a knowledge gap. The purpose of this study was to determine the strategy formulation and its relationship with performance in ICT Firms in Kenya.

OBJECTIVES OF THE STUDY

The study established the effect of strategy formulation on performance of selected information and communication technology firms in Kenya. Specifically, the study determined the effect of strategic direction on performance of selected information and communication technology firms in Kenya

THEORETICAL FRAMEWORK

The study was anchored on the Organizational Information Theory developed by Karl Weick. A key component of Weicks theory is the information afforded by the organizations environment, which explaining the impact of behaviors within the project teams or organization. This theory is about the complexity of information management within an organization builds upon general systems theory and phenomenology (Meyer & Allen, 1991). Additionally, the organization must both interpret the information and coordinate that information to make it meaningful for the members of the organization and its goals so as to impact on its performance.

In this regard, organization information theory explains how organizations use information found within the environment to interpret and adjust to change. The organization engages in a series of cycles that serve as means to reduce uncertainty about the message. The idea of sense making is also a theme within organization information theory. When an organization interprets information, there is already a frame of reference in a place and this is enough information for an organization to change course.

CONCEPTUAL FRAMEWORK

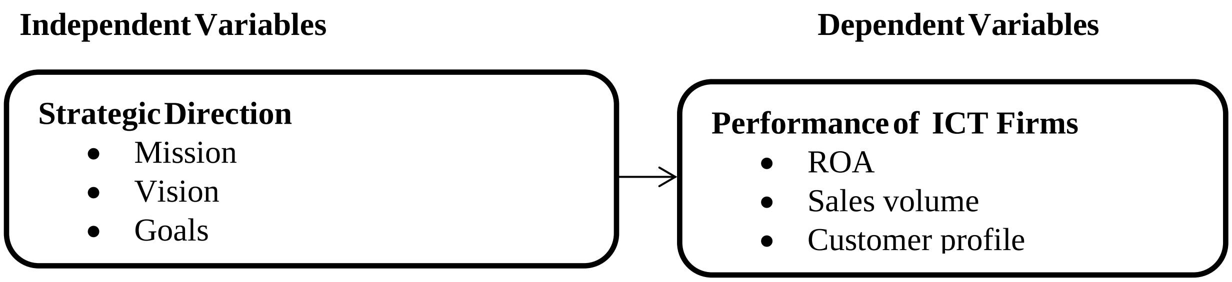

Figure 1: Conceptual Framework

Strategic Direction

Strategic direction is also commonly known as strategic intent. It is short statement stating where the organization wants to be in future. This is the vision of the top management of an organization in future (Hamel & Prahalad, 1989). Strategic direction is a statement of direction and intention. The concept is meant to sustain competitive advantage of a firm. In public organizations, it is the means through which superior performance is sustained by undermining the limitations of a firms resources and capabilities. According to Brand (2003), strategic direction comes about when organization pursues ambitious goals and focuses on competitive strategies to arrive at the goals. This is possible where current organization's capabilities and resources are not aligned and seems improbable to drive the organizations to the goals. This gap between the current resources and capabilities and the required resources to achieve the intended goals compels the organizations to pursue and acquire such resources. Strategic direction is assessed through vision, mission and objectives (Brand, 2012).

According to Pearce and Robinson (2009) leaders help their company embrace change by setting forth their strategic intent- a clear sense of where they want to lead the company and what results they expect to achieve. They do this by concentrating simultaneously and very clearly on two very different issues: vision and performance. Chapman (2004) says that the objective is for everyone in the organization to understand the strategy and specifically how what they are doing will contribute to overall delivery. The first component of strategic direction consists of determining the firm's purpose or vision. This means that strategic leaders must articulate a clear and realistic statement about why the firm exists and what is distinctive about it.

This statement will then empower members of the organization to develop and execute strategies that are in line with the vision of the firm (Rowe, 2001). David (2011) states that a vision statement that answers the question ―What do we want to become? Developing a vision statement is often considered the first step in strategic planning, preceding even development of a mission statement. According to Prokesch (1997) the purpose and vision of an organization aligns the actions of people across the whole organization. A real vision is very active and all the people in the organization understand the vision and live it. It is also filled with drive and energy and people are proud to talk about their organization's purpose and vision.

Nel (2008) warns that the biggest trap that leadership in organizations fall to is when they are so sure of their vision and direction that they fail to see new opportunities. Therefore, when an organization's strategic leadership fails to continuously address the full spectrum of issues that may have an effect on the performance of the organization it is likely that the organization will encounter challenges for which it is not prepared. It is therefore expected of leadership in the organization to provide certainty together with uncertainty. According to Hill and Jones (2007) a company's mission describes what it is that the company does. An important first step in the process of formulating a mission is to come up with a definition of the organization's business. Essentially, the definition answers these questions. What is our business? What will it be? What should it be? The responses guide the formulation of the mission. To answer the question, what is our business.

A company should define its business in terms of three dimensions, who is being satisfied? (What customer groups), what is being satisfied? (What customer needs) and how customer's needs are being satisfied? (by what skills, knowledge or distinctive competencies). Dess, Lumpkin, and Eisner, (2008) state that effective mission statements incorporate the concept of stakeholder management suggesting that organizations must respond to multiple constituencies if they are to survive and prosper. Customers, employees, suppliers, and owners are the primary stakeholders but others may also play an important role. Mission statements also have the greatest impact when they reflect an organization's enduring overarching strategic priorities and competitive positioning. Mission statement scan also vary in length and specificity.

David (2011) argues that mission statements are enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of a firm's operations in product and market terms. It addresses the basic question that faces all strategists: What is our business? A clear mission statement describes the values and priorities of an organization. Developing a mission statement compels strategists to think about the nature and scope of present operations and to assess the potential attractiveness of future markets and activities. A mission statement broadly charts the future direction of an organization. A mission statement is a constant reminder to its employees of why the organization exists and what the founders envisioned when they put their fame and fortune at risk to breathe life into their dreams.

According to David (2007) objectives can be defined as specific results that an organization seeks to achieve in pursuing its basic mission. Objectives are essential for organization success because they state direction; aid in evaluation, create synergy, reveal priorities, focus coordination and provide broad basis for effective planning, organizing, motivating and controlling activities. Hill and Jones (2007) are of the view that a goal is a precise and measurable desired future state that a company attempts to realize. In this context, the purpose of goals is to specify with precision what must be done if the company is to attain its mission and vision.

According these researchers, well constructed goals have four main characteristics: They are precise and measurable-Measurable goals give managers a yardstick or standard against which they can judge their performance; Address crucial issues-To maintain focus, managers should select a limited number of major goals to assess the performance of the company. The goals that are selected should be crucial or important ones; They are challenging but realistic-They give all employees an incentive to look for ways of improving the operations of an organization. If a goal is unrealistic in the challenges it poses, employees may give up; a goal that is too easy may fail to motivate managers and other employees; Specify a time period in which they should be achieved when that is appropriate. Time constraints tell employees that success requires a goal to be attained by a given date, not after that date. Deadlines can inject a sense of urgency into goal attainment and act as motivators, however not all goals require time constraint. Hill and Jones (2007) further state that well constructed goals provide a means by which the performance of managers can be evaluated.

Organizational Performance

Organizational performance is a single most important determinant of success of a business. This in turn reflects its ability to effectively formulate and implement strategies that achieve institutional objectives (Almatrooshi et al., 2016). Tomal and Jones (2015) define organizational performance as the actual results or output of an organization as measured against that organization's intended outputs. Effective performance measures enable management to measure how well they are doing with respect to meeting set goals, customer's satisfaction, whether processes are in control and what needs to be improved which enables managers to make more intelligent decisions. Business model effectiveness and organizational leadership as reflected in the relationship between a manager and subordinates and managers' skills are also key to successful firm performance.

Strategy formulation influences the way strategies are implemented which affects firm performance. Silva (2014) described the essence of leadership as a conditional relationship that exists between a manager and his or her follower's. Successful leadership must be flexible to accommodate change and overcome any hurdles in the quest to achieve organizational objectives. The effectiveness of an organization is also largely dictated by the efficiency of each of its individual employees which is a function of the organization's leadership (Mastrangelo et al. 2014.). Given the complexity in measuring organizational performance. Scholars have come up with both qualitative/subjective and quantitative/objective measures of organizational performance. Objective measures rely on quantifiable financial variables but miss operating issues that are more complex to evaluate with an indicator. Performance measured on financial metrics is also difficult to compare among firms that do not use the same accounting or operating practices (Jiménez and Fuentes, 2013).

EMPIRICAL LITERATURE REVIEW

Several authors have studied strategic direction concept from various perspectives: Brady and Walsh (2008) examined the process by which organizations set strategic direction. The study collected data using individual in depth semi-structured interviews with members of professional service organizations. The study found that agent-based approach of setting strategic direction was common process in certain kind of firms than the traditional text-book trickle down approach.

Odita and Bello (2015) did a study on the relationship between strategic intent and organizational performance in the banking industry. The study was a cross-sectional survey which used self-reporting questionnaires. The sample size of the study was 201. The study found that strategic intent and its dimensions (mission, vision and objectives) significantly and positively relate with organizational performance. Further, the strategic direction was found to account for 34% of variance in performance. Dimensions of strategic intent such as mission (47%), vision (19%), and objectives (58%) were found to explain varying extents of performance.

Jooste and Fourie (2009) conducted a research on the role of strategic leadership in effective strategy implementation: perception of South African strategic leaders. The primary objective of the research was to investigate the perceived role of strategic leadership in strategy implementation in South African organizations. The universe of this study was all the strategic leaders in South Africa. The target population was the strategic leaders of the South African Financial Mail Top 200 companies (2006), while the sample was five randomly selected directors of these organizations. The research instrument used was a structured, self-administered mail questionnaire. The structured mail questionnaire was emailed to the 930 randomly selected directors of the Financial Mail Top 200 companies.

Mapetere, Mavhiki, Nyamwanza, Sikomwe and Mhonde (2002) looked at the strategic role of leadership in strategy implementation in Zimbabwe state owned enterprises. The study aimed to explore the link between active leadership involvement and strategy implementation success in State Owned Enterprises in Zimbabwe. The study was conducted with a total of 188 respondents randomly selected from four State Owned Enterprises. The data was gathered through an interview and a self-administered open ended questionnaire. The study revealed a relatively low leadership involvement in strategy implementation leading to partial strategy success. The study concluded that leadership should be able to craft a vision for any strategic programme, design effective communication strategies as well as to role model behaviour changes that are consistent with new strategies.

RESEARCH METHODOLOGY

This study used a descriptive survey design which has been seconded by Burns and Grove (2003) in describing the current issues. This study targeted 344 ICT firms registered to operate in Nairobi County (Communicationa Authority, 2020). The top management employees, totaling to 298 employees were targeted as indicated. A sample size of 148 was targeted by the study and sampled through stratified random procedures. Primary data obtained from the study respondents as well as secondary data on performance of the ICT firms was used.

The primary data was gathered by use of structured questionnaires and captured through a 5-point Likert scale type. The data collected was then analyzed using quantitative methods. The quantitative data was analyzed using descriptive statistics where the responses from the questionnaires were tallied, tabulated and analyzed in mean and standard deviation using Statistical Package for Social Sciences (SPSS V 24). Further, correlation and a univariate regression analysis was conducted to determine the relationship between the study variables. The following univariate regression model was used:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \varepsilon}$$

Where:

Y = Performance of ICT Firms; $\mathbf{X_1}$ **=** Strategy Direction; ε =Error term; $\boldsymbol{\alpha}$ = constant; $\boldsymbol{\beta}$ = Coefficient of the independent variable

RESEARCH FINDINGS AND DISCUSSIONS

Response Rate

The total number of respondents targeted by the study was 148 and thus the same number of questionnaires were administered out of which 130 were completely answered and returned recording a response rate of 88%. Therefore, the instruments were regarded as responsive and formed the basis for data analysis. Mugenda (2008) explained that response rate of 50% was deemed adequate, 60% was good, and 70% was excellent. Similarly, Babbie (2010) stated that a response rate of 70% was very good.

The high response rate was due to the procedures of data collection where the researcher first notified the sampled responses prior to collecting the data, used questionnaires that were distributed by the researcher and also through the follow up calls that were made to ensure the respondents didn't forget to fill the questionnaires.

Pilot Test Results

Before using the questionnaire, it was pilot tested for reliability and validity. A pilot test was conducted using 14 respondents who were given the draft questionnaire and their responses were used to establish the reliability of the questionnaire. Internal consistency was adopted as the measure of reliability. A Cronbach's alpha test was established then compared against a threshold of 0.7. The reliability test results in Table 1 indicate that the two variables had Cronbach Alpha values above 0.7 hence they were reliable. In addition, Exploratory Factor Analysis (EFA) was adopted to test the construct validity of the questionnaire where a threshold of 0.4 loading was adopted. All the constructs also had factor loadings above 0.4 as recommended Mugenda and Mugenda (2009).

Table 1: Cronbach's Alpha Results

Variables	Cronbach's Alpha
Strategic direction	.856
Performance of selected ICT firms	.932

Description of Strategic Direction among ICT Firms in Nairobi County, Kenya

The study established the extent to which strategic direction has been achieved among ICT firms in Nairobi County, Kenya. The study findings indicated in Table 2 indicated that among the ICT firms, strategic direction efforts guide necessary activities to adapt to the environmental issues to actualize ICT initiatives (M = 4.02; SD = 1.01), analysis of organization vision is an essential prerequisite of efficient performance (M = 3.63; SD = 1.15), analysis of mission capabilities provides the firms with information to prompt them to action strategic direction initiatives (M = 4.00; SD = 1.04) and analysis of organizational goals generates information that guides their actions to actualize strategic initiatives (M = 3.97; SD = 1.08).

It was also established that the firms believed that involvement of their employees in strategic conversations helps them to develop practices that demonstrate increased social responsibility towards internal stakeholders to a moderate extent (M = 3.02; SD = 1.23) and also indicated that the purpose and vision of an organization aligns the actions of people across the whole organization to a moderate extent (M = 3.17; SD = 1.22). Overall, there was an agreement that strategic direction is provided by the top management in the ICT firms (M = 3.64). This agrees with Pearce and Robinson (2009) who indicated that leaders help their company embrace change by setting forth their strategic direction which helps shape performance.

Table 2: Descriptive Statistics of Strategic Direction

Statement	Mean	Std Dev
Strategic direction efforts guide necessary activities to adapt to the environmental issues to actualize ICT initiatives	4.02	1.01
Analysis of organization vision is an essential prerequisite of efficient performance	3.63	1.15
Analysis of mission capabilities provides information to prompt us to action strategic direction initiatives.	4.00	1.04
Analysis of Organizational goals generates information that guides our actions to actualize strategic initiatives.	3.97	1.08
Involvement of our employees in strategic conversations helps us to develop practices that demonstrate increased social responsibility towards internal stakeholders	3.02	1.23
The purpose and vision of an organization aligns the actions of people across the whole organization	3.17	1.22
Average	**3.64**	**1.12**

Key: *M = Mean; SD = Standard Deviation*

Organizational Performance

To establish the organizational performance, the respondents were requested to rate the following statement using a Likert scale. There was an agreement that pprofitability offers clues about the ability of the ICT companies to undertake risks and to expand their activity (M = 4.03 ; SD = 1.93), there has been an increase in ROA as a result of effective strategy formulation (M = 3.84 ; SD = 1.79), there has been an improvement in sale volume due to effective strategy formulation (M = 3.74 ; SD = 1.58) and that the customer satisfaction index has improved due to effective strategy formulation (M = 3.65 ; SD = 1.36).

Table 3: Descriptive Statistics of Firm Performance

Statement	Mean	Std Dev
Profitability offers clues about the ability of the ICT companies to undertake risks and to expand its activity	4.03	1.93
There has been an increase in ROA as a result of effective strategy formulation	3.84	1.79
There has been an improvement in sale volume due to effective strategy formulation	3.74	1.58
The customer satisfaction index has improved due to effective strategy formulation	3.65	1.36
Average	**3.82**	**1.66**

The percentage change in Return on Assets (ROA) for the last 3 years was also established as shown in Table 4. The study results indicated that in the year 2018, 23% of the firms had a reduction in their ROA by more than 50% but as at the year 2020, the number had decreased to 10%. Similarly, the number of firms whose ROA had decreased by less than 50% decreased from 18% to 11% in the year 2020.

As at the year 2020, the number of firms whose ROA had increased by more than 50% were 31% compared to 25% in the year 2018 to imply an improvement in firm performance.

Table 4: Percentage Change in Firm Performance (ROA)

	Decreased by more than 50%	Decreased by less than 50%	Increased by less than 50%	Increased by more than 50%
2018	23%	18%	34%	25%
2019	16%	15%	40%	29%
2020	10%	11%	48%	31%

The average change in sales volume for the last 3 years was also established as shown in Figure 2. The results indicated that on average, the ICT firms showed an increase in sales volume by an average of 37% which further increased by an average of 49% and lastly 56% in the year 2020. The increase in sales volume can be attributed to the increase in adoption of IT especially during the Corona Virus (COVID-19) pandemic.

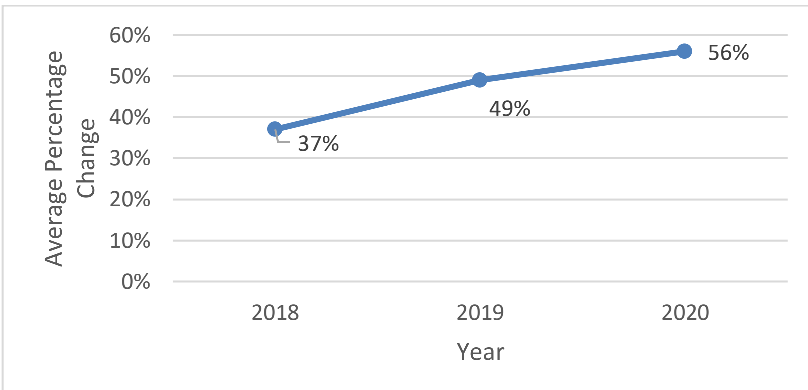

Figure 2: Average Percentage Change in Sales Volume

The average change in the number of repeat customers was also established for the last 3 years as shown in Figure 3. The results indicated that for the last 3 years, there has been an increase in the average number of repeat customers from 43% in the year 2018 to 67% in the year 2020.

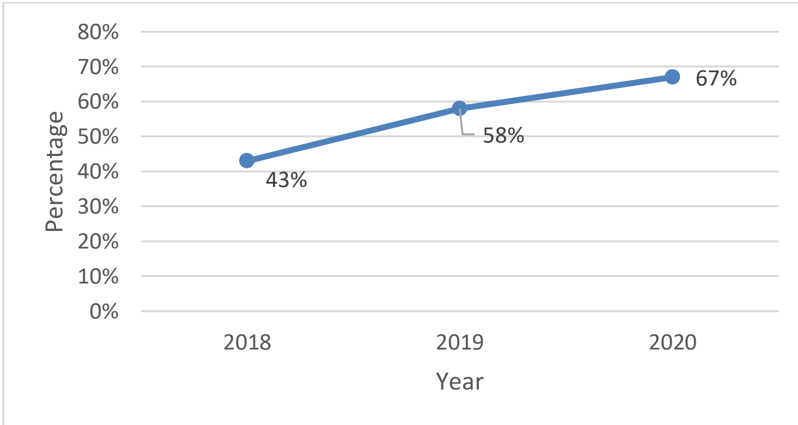

Figure 3: Average Percentage Change in the number of repeat customers

Correlation Analysis

The study used Pearson Correlation analysis to determine the relationship between trategy formulation and performance of selected information and communication technology firms in Kenya. Table 5 gives the findings of the correlation analysis. The results indicate that strategic direction has a positive and significant influence on firm performance (r = 0.551; P-Value < 0.05). This implies that accomplishing more strategic direction practices during strategy formulation results to improved firm performance. In their study, Brady and Walsh (2008) also established those strategic directions significantly improved firm performance.

Table 5: Correlation Analysis

		Strategic Direction	Organizational Performance
Strategic Direction	Pearson Correlation	1	
Organizational Performance	Pearson Correlation	0.551	1
	Sig. (2-tailed)	0.000	
	N	130	

Regression Analysis

The study conducted a multiple regression analysis to test the effect of strategy formulation on firm performance. The summary of the model is as shown in Table 6.

Table 6: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.551	0.304	0.298	10.14903
Predictors: (Constant), Strategic Direction			

The model had a coefficient of determination (R^2) of 0.304 which implies that is 30.4% of the variation in the dependent variable (performance of ICT Firms) was explained by the independent variable, strategic direction. The remaining percentage of the variations can be accounted for by other variables other than those discussed in this study. This also implied that there existed a strong positive relationship between the variables. The Analysis of Variance (ANOVA) technique was used to test the model significance, the study results are as tabulated in Table 7.

Table 7: ANOVA Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	5756.233	1	5756.233	55.884	.000
Residual	13184.37	128	103.003		
Total	18940.6	129			
Dependent Variable: Organizational Performance					
Predictors: (Constant), Strategic Direction					

The ANOVA statistics showed a valid regression model at ($F = 55.884$, $P < 0.05$). This implies that the independent variable was a good predictor of performance of ICT firms. Moreover, the research employed a univariate regression analysis to assess the model of the study. The results are as tabulated in Table 8. The results indicated that strategic direction has a positive and significant influence on firm performance ($\beta = 10.864$; P-Value < 0.05). This implies that an increase in implementation of strategic direction practices during strategy formulation significantly improved firm performance by 10.864 units. In their study, Odita and Bello (2015) also established those strategic directions significantly improved firm performance.

Table 8: Regression Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	-25.539	6.275		-4.07	0.000
Strategic Direction	10.864	1.453	0.551	7.476	0.000
Dependent Variable: Organizational Performance					

CONCLUSION

Results as discussed indicate that well implemented strategic directions have the potential to improve organizational performance which depends on the mission and vision of the organization. The following conclusions can be drawn in light of the findings above; Majority of ICT firms in Kenya have adopted strategies to remain competitive in the market. On input activities it was concluded that input activities had a significance influence on performance of selected information and communication technology firms in Kenya.

RECOMMENDATIONS

The study recommends that ICT companies to continue investing in strategies since they have the highest influence on performance which is achieved through organizational vision, mission and goals. Firms with good strategic direction can generate more innovative ideas and products because of the close relationship with customers which enable them to meet their needs before competitors. ICT firms should also focus more on aligning strategic direction to achieve organizational performance. Managers should consider adopting organizational direction strategies as a competitive strategy since findings indicate that it was only moderately used.

AUTHOR CONTRIBUTIONS

Ann Kimotho wrote the concept paper as well as the paper. She sought permissions from relevant institutions and collected, cleaned and analyzed the data under the guidance and supervision of Dr. Paul Kariuki. Dr. Paul Kariuki further proofread the final work to ensure it was in line with academic standards before sharing for publication.

ACKNOWLEDGEMENT

I express my most sincere appreciation to all who assisted me to improve this document. I recognize my supervisor Dr. Paul Kariuki for his guidance, advice and concern which have resulted to this work. I wish to recognize my friends and classmates who participated in the discussions and for sharing their experiences that led me to finalize the entire project.

CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest regarding the publication of this Manuscript. In addition, the ethical issues; including plagiarism, informed consent, misconduct, data fabrication and/ or falsification, double publication and/or submission, redundancy has been completely observed by the authors.

REFERENCES

Almatrooshi, B., Kumar, S. & Farouk,S. (2016) Determinants of Organizational Performance: A Proposed Framework, International Journal of Productivity and Performance Management, 65(6). 844-859.

Anderson, B. S., Covin, J. G. and Slevin, D. P. (2019). Understanding the relationship between entrepreneurial orientation and strategic learning capability: an empirical investigation. Strategic Entrepreneurship Journal, 3(3), 218-240.

Appleby, R.G. (2017). Modern Business Administration, London: Pitman Publishing Company.

Babbie, E. R. (2010). The practice of social research. Cengage learning.

Bjork, BC. (2019). Information technology in construction: domain definition and research issues.

Burns, G. & Grove, K. (2004). *Research methodology: An introduction*. Juta and Company Ltd.

Chandler, A.D. Jr (2016), Strategy and Structure; Cambridge: Mass M.I.T. Press D.

Daft, R. (2006). Organization Theory and Design. Cengage Learning.

Daft, R. L. (2017). Management Orlando, The Dryden Press.

David (2011) states that a vision statement that answers the question

David R. F. (2005). Strategic Management: Concepts and Cases. 10th edition. Pearson Edu.

David, F. R. (2018). Strategic Management, (Fourth Edition), Macmillan, New York.

Drucker, P. F. (2016). Management, Butterworth-Heinemann, Oxford.

Flyvbjerg, B. & Budzier, A. (2019). Why your IT project may be riskier than you think. Harvard Business Review, 89(9), p. 3.

Hamel, G. & Prahalad, C. K. (1989). Strategic intent. Harvard Business Review, 67(3), 63- 76.

Kabutu, F.R., (2018). An investigation into the achievement of junior secondary school students taught integrate science using the cooperative learning strategy in Nigeria. European Journal of Physics and Chemistry,7(2), 63-73.

Katana, W. (2016): Electronic Procurement Adoption: The Case of Kenya Ports Authority. (Unpublished master's thesis). Nairobi University, Kenya.

Kinuthia, J., (2015). Information Technology Investment and Performance of NGOS in Kenya, (unpublished Master's Thesis). University of Nairobi, Nairobi.

Kyunguti, E. M., & Makau, G. (2018). Factors influencing implementation of business process management systems among tour operators in Kenya. International Journal of Social Sciences and Entrepreneurship,1(13), 37-57.

Liang, X., Marler, J., and Cui, Z. (2017). Strategic Human Resource Management in China: East Meets West. Academy of Management Perspectives, 26(2), 55-70.

Mapetere, D, Mavhiki, S, Nyamwanza, T, Sikomwe, S, Mhonde, C. (2012). Strategic Role of Leadership in Strategy Implementation in Zimbabwe's State-Owned Enterprises. International Journal of Business and Social Sciences. 3 (16)

Marmouse, C. (2017), Performance, în Encyclopédie, Les Editions d'Organisation, Paris.

Meyer, J. P. and Allen, N. J. (1991). A Three-Component Conceptualization of Organizational Commitment, Human Resource Management Review,1 (1):61-89.

Mueller-Jacobs, S. & Tuckwell, L. (2015). Common Causes for Failure in Major ICT enabled Programs and Projects.

Ndirangu, K. S. (2018). Strategic Responses Adopted by Kenolkobil Limited to Changes in the Business Environment in Kenya. Research Thesis.

Nel, C. and Beudeker, N. (2009). Revolution: How to create a high-performance organization. Cape Town: The Village of Leaders Products.

Peansupap, V. & Walker, D. H. T. (2015) Factors affecting ICT diffusion: a case study of three large Australian construction contractors. Engineering Construction and Architectural Management, 12 (1), 21-37.

Pearce, J.A. and Robinson, R.B. (2009). Strategic Management: Formulation, Implementation, and Control , 11th Ed, New York: McGraw Hill.

Rowe, W.G. (2001). Creating wealth in organizations: The role of strategic leadership. Academy of Management Executive, 15(1): 81 – 95.

Stoner, J. A. E.; Freeman, R. E. and Gilbert, Jr. D. R. (2017). Management; New Delhi; Prentice –Hall of India.

Waruguru, I., (2017). Influence of information and communication technology on Performance of aviation industry - a case of Kenya Airways Ltd.(Unpublished Master's thesis). University of Nairobi, Kenya.