

# The Impact of Strategic Planning on Organizational Growth

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*pp 98-104*

This study focused on the impact of strategic planning on organizational growth of MTN Nigeria. The purpose of the study was to examine the impact of strategic planning on organizational growth of MTN Nigeria using Asaba and Warri branch in Delta State, as a focal point. Some organizations do not attach any importance to strategic planning and do not have strategic plan. This could be borne out of lack of appreciation and knowledge of the relevance of strategic planning on organizational growth. The population considered for the study consist of one hundred and fifty (150) personnel from the selected telecommunication firm, while a sample size of one hundred and nine (109) respondents was determined with the use of Taro Yemani formula. The researchers used survey design for the study and spearman rho order correlation coefficient with the aid of statistical package for social sciences ('SPSS) was used to test the hypotheses. The study revealed that, there is significant relationship between situation analysis and increased profit as well as increased market share. The study concluded that strategic planning with the dimension of situation analysis increases profit and market share. Hence, it was recommended that telecommunication firms should conduct situation analysis on regular basis in order to achieve increased profit and market share.

**Keywords:** Strategic planning, organizational growth, market share, increased profit, situation analysis, SWOT.

## INTRODUCTION

Business environment is very dynamic and complex. Regardless of these challenges organizations irrespective of the sizes want to survive and grow. To do this, organizations must adjust and adapt to its environment. The environment of business according to Bryson (2009), have become not only increasingly uncertain in recent years, but also more highly interconnected thus changes in one area of the systems is unpredictably felt throughout the environment. This increased uncertainty and interconnectedness requires a fivefold response from the business organizations. First, these firms must think strategically as never before. Second they must translate their insights into effective circumstances. Third they must develop the rationale necessary to lay the ground work for the formulation and implementation of their strategies. Fourth, they must build coalitions that are large and strong enough to adapt desirable strategies and protect themselves during implementation. And finally, they must build capacity for ongoing management of the strategic change.

Strategic planning can help leaders and management of organizations to think, learn and act strategically. The need for organizations to proactively respond to environmental changes have now become important as it offers the organization a competitive edge in today's business World. Hence every organization regardless of its size must have some form of strategic plan if it must achieve longevity and sustainable growth.

In the word of Gupta (2010), strategic planning articulates corporate goals, delineates corporate policies and defines the business mix of the organization strategic planning as a long-range activity that determines where the organization will be in the future and how it will get there. Therefore, every manager has a responsibility to chart the long term directions, develop strategic moves; techniques or approaches and execute desired results for the organizational growth.

Bryson (2009), refer to the ABC's of strategic planning as (A) where the organization is (B) where the organization wants to be (C) how the organization will get there.

The overall purpose of strategic planning then becomes to develop a continuing commitment to the vision and mission of the organization. Since strategic planning is such a vast topic and a very important element of any organization, it is safe to say it plays a very crucial role in organizational growth. Therefore, this study examined the significant impact of strategic planning on organizational growth, using situation analysis as a

factor.

### Statement of the Problem

Perhaps, the most asked and least answered question in business today is "what can we do to make our business survive and grow? In view of the challenges that business organizations are expose to, it is imperative for them to anticipate challenges, identify their strengths to meet anticipated challenges and take control of available opportunities to achieve growth. Unfortunately, in most organizations, strategic planning is not carried out and implemented properly. Some organizations do not attach any importance to strategic planning and do not have strategic plan. This could be borne out of lack of appreciation and knowledge of the relevance of strategic planning on organizational growth. Byars (2014), lay emphasis on competition as rationale for strategy because business is all about winning. It follows then that, organization that seeks to survive and achieve sustainable growth must play the game of survival strategically because organizations are involve in a game of strategy and not a game of chance.

In an attempt to address this unfortunate development, there is need to critically assess the impact of strategic planning on organizational growth in corporate firms to enable management of business enterprises to appreciate its worth in gaining competitive advantage in the industry.

### Purpose of the Study

The general purpose of this research is to critically assess the impact of strategic planning on organizational growth. The study is guided by the following objectives:

1. To ascertain whether situation analysis leads to increased profit.
2. To ascertain whether situation analysis leads to increased market share.

This study attempted to provide answers to the following questions:

1. To what extent does situation analysis affect increased profit?
2. To what extent does situation analysis increased market share?

### Research Hypotheses

The research hypotheses tested within the context of the study are:

1. There is no significant relationship between situation analysis and increased profit.
2. There is no significant relationship between situation analysis and increased market share.

### Scope of the Study

Content scope: The content scope covers relevant

literature on strategic planning and organizational growth.

Geographical scope: The survey covers the telecommunication firm (MTN Nigeria, Asaba and Warri branch)

Unit of analysis: The unit of analysis was carried out at the organizational level.

**REVIEW OF RELATED LITERATURE**

**Conceptual Framework of Strategic Planning**

Strategic planning has its origin in warfare. The word “strategy is derived from the Greek word strategies (a combination of strato, army and again, to conduct). The Greek term refer to the civil-military officials elected by the citizens of Athens to assume leadership during the time of war. These strategists were expected to prepare and implement overall, top level plans in order to achieve the long-term goal of winning the war (through battles, negotiations, or any other means available, according to the changing situation). They were not directly in charge of daily short-term operations of managing troops to win specific battle. This was (and still is) refer to as tactics another military term, derived from the Greek word tactical, which means the act of disposing and manufacturing forces in combat (from the verb tassein to arrange). From the military root, strategic planning has kept at least two essential characteristics.

To think big, taking into consideration all possible options and paying due attention to the changing environment; and

To focus on a clear, final and firm long-term goal to be achieved.

Although strategic planning in the business world can be traced back much earlier, its extended use started after the second World war. During the 1960s, it became a standard management tool in all big and in many small companies and began to be included in the curricular of all respectable business schools. Since then, the strategic planning approach has been the subject of many theories.

Dooris, Kelley and Trainer (2012), acknowledge that strategic planning is still relatively new as a management practice. The authors identify the period of time between 1950s and 1970s as the time when strategic planning emerged and note that the last several decades have been a born period for strategic planning. As strategic planning has grown into popularity, researchers have devoted more time and attention to defining strategic planning.

Bryson (2009), define strategic planning as a disciplined effort to produce fundamental decisions and actions that shapes and guide what an organization is, what it does, and why it does it.

**Theoretical Framework**

Different authors in the field of strategic planning offer different models of strategic planning. In spite of the differences, the concept and features are basically the same in most literature.

The study adopted the strategic planning model propounded by Byars (2014).

According to Eadie (2015), strategic planning process consists of five basic activities which are:

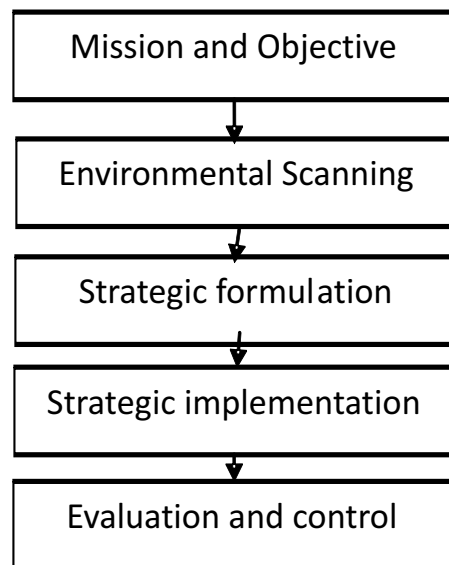
1. Environmental scanning
2. Resource audit to assess strengths and weaknesses
3. Strategic objectives
4. Strategic formulation
5. Implementation

Streib (2012), discuss strategic planning process in terms of its impact on strategic decision making. He detailed five steps in the strategic planning

1. A mission statement that establishes goals and objectives
2. An environmental scan
3. An organizational scan to determine strengths and weaknesses
4. Strategic objectives and implementation
5. Implementation and monitoring

Byars(2014), proposes a five-step process

1. Defining organizational mission
2. Environmental analysis
3. Strategic formulation
4. Strategic implementation
5. Evaluation and control



Figures 2.1: Strategic Planning Process  
Byars, L. (2014). Strategic Management, Planning and Implementation. New York: Harper and Row.

### Attributes of Strategic Planning

1. **Strategic planning is guided by overall sense of direction:** Strategic planning is not just a cold technical undertaking that spells out future objective to be reached and action to be taken. It gives a sense of purpose and direction that is capable of guiding implementation making everyday choices about what action to be taken in order to produce the expected result.
2. **Strategic planning is sensitive to the environment:** Strategic planning is based on the belief that the successful development of an organization is the result of finding the right fit between its internal strengths and weaknesses and the external opportunities and threats stemming from the environment. The main assumption is that, in order to be effective organization must be responsive to their environment which is continuously changing. They must place emphasis on understanding the change and adapting their decisions accordingly.
3. **Strategic planning deals with focal business organization:** It provides answers to such suggestion as what business are we into? What businesses are we ought to be? Who are our customers?
4. **Strategic planning provides a framework for more detailed planning and for day-to-day decisions:** Faced with such decision, a manager can ask "which of the available course of action will be more consistent with our strategy?"
5. **Strategic planning is a top-level activity in the sense that top management must be actively involved:** This is because only top management has access to the information necessary to consider all aspects of the organization. Also, commitment from top management is necessary in order to generate commitment from lower levels.

### Organizational Growth

Growth is something for which most companies strive, regardless of their size. Small firms want to get big, big firms want to get bigger. Indeed, companies have to grow at least a bit every year in order to accommodate the increased expenses that develop over time. With the passage of time, salaries will increase and the costs of employment as well. Even if no other company expenses increase, the two costs will always increase over time. It is not always possible to pass along these increased costs to customers and clients in the form of higher prices. Consequently, growth must occur if the business wishes to keep up.

Organizational growth has the potential to provide small businesses with a myriad of benefits, including things like greater efficiencies from economic of scale, increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits and increased prestige for organizational members. Many firms desire growth because it is seen generally as a sign of success and progress. Organizational growth is in fact used as an indicator of effectiveness for businesses and it is a fundamental concern for many practicing managers.

Organizational growth however, means different things to different organization. There are many parameters a company may use to measure growth. Since the ultimate goal of most companies is profitability, most companies will measure their growth in terms of profit, revenue, and their financial data. Other business owners may use one of the following criteria for assessing their growth: sales, number of employees, physical expansion, success growth, etc.

### Measures of Organizational Growth

Organization measures their growth with different indicators but for the purpose of this study, the measures of organizational growth will be limited to increased profit and increased market share.

#### Increased profit

Profit is an excess of revenue over associated expenses for an activity over a period of time. Terms with similar meaning include earnings, income, and margin. Profit is the engine that drives the business enterprise. Every business should earn sufficient profit to survive and grow over a long period of time. It is the index to economic progress, improve national income and rising standard of living. Profit is the yardstick for judging not just economic, but the managerial efficiency and social objectives. Profit refers to the total income earned by an enterprises during a specified period of time (Porter, 2015)

#### Increased Market Share

Market share is an organization's percentage of sales in a particular industry. Both increase and decrease in sales may affect profit. Managers typically adjust operations and marketing strategies to increase or decrease it as needed. It is the percentage of an industry or market's total sales that is earned by a particular company over a specified period of time

Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company



to its market and its competitors. Investors look at market share increases and decrease carefully because they can be a sign of the relative competitiveness of the company's product. Increased market share can allow an organization to achieve greater scale in its operation and improve profitability (Lipton, 2015).

### **Strategic Planning and Organizational Growth**

Overtime the concept of strategic planning has been embraced worldwide and across sectors because of its perceived contribution to organizational growth. Today, organizations from both the private and public sectors have taken the practice of strategic planning seriously as a tool that can be utilized to fast track firm's growth. Strategic planning is unarguably an important ingredient in the conduct of strategic management. Steiner (2010), note that the framework for formulating and implementing strategies is the formal strategic planning system that has the potential advantages and intrinsic values that eventually translate into organizational growth. It is therefore a vehicle that facilitates firm's growth.

Strategic planning is a process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities. Strategic planning aims at defining and documenting an approach to doing business that will lead to satisfying profit and growth (Ansoff, 2015).

Schendel and Higher (2012), argue that firm's record improve performance once they effectively embrace strategic planning. Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational growth.

According to Bennet (2014), strategic planning requires that an organization develop a vision for itself- how do we see ourselves in the future? Strategic planning has several roles to play in the growth of an organization. In fact, the best managed organization tends to engage in continuous strategic planning. Strategic planning looks at the long-term which is how organizations survive and grow. It has been proven that organizations that focus on long-range planning through strategic planning perform better than organizations that do not engage in strategic planning. However, any organization that is embarking on strategic planning must first decide if it is to be a major, onetime event or a significant though periodic process, or geared towards outlining a change in roles or the way day-to-day operations are run.

### **METHODOLOGY**

The study adopted a survey approach in generating vital information. The targeted population for the study was the staff of MTN Nigeria, since it was not possible to deal with the entire telecommunication industry as a result of the geographical dispersion of the firms and the range of population. The study was limited to MTN Nigeria, Asaba and Warri branch, Delta State which has a population of one hundred and fifty (150) staff (both permanent and casual). To enable the researchers to reach out to the sampled respondents, Taro Yamani's formula was used to determine the sample size of the study as shown

$$n = \frac{N}{1 + N(e)^2}$$

Where

n = sample size

N = population size (150)

e = level of significance (0.05)<sup>2</sup>

$$n = \frac{150}{1 + 150(0.05)^2}$$

$$n = 109.0909 = 109$$

The researchers therefore administered 109 questionnaires (source of primary data) designed in line with the subject matter on the respondents who were selected randomly among the studied population without bias. In response, one hundred and four (104) were returned and used. Secondary data were generated from textbooks and relevant journals. On the analysis of data, spearman rho correlation coefficient was used to determine the relationship between the variables with the aid of SPSS.

### **Testing of Hypotheses and Discussion of Findings**

The null hypotheses stated in this study were tested statistically in this section. The result of the statistical testing was used to make conclusions on whether to accept or reject the null hypotheses. The spearman rank correlation coefficient was used to determine the relationship between the variables with the aid of (SPSS).

**Decision Rule:** if the P-value is less than or equal to the alpha value (p,.05) the null hypothesis (H0)

will be rejected. That means the result is statistically significant. But if the reverse is the case the alternative hypothesis (H1) will be accepted.

**Table 1: Hypothesis One**

H0: There is no relationship between situation analysis and increased profit.

H1: There is a relationship between situation analysis and increased profit.

**Table1: Correlations**

	Situation Analysis	Increase Profit
Situation correlation coefficient	1.000	230
Analysis Sig, (2-tailed)	.	0.019
Correlation coefficient	104	104
Increased Sig. (2 tailed)	230	1000
Profit N	019	-
Total	104	104

Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS Data, 2018

From table 1, result shows that the p. value which is 0.019 is less than the alpha value which is 0.05.

Decision: Since the p-value 0.019 is less than the alpha value 0.05, the null hypothesis was rejected. Hence, there is a significant relationship between situation analysis and increased profit.

**Hypothesis Two**

Ho: There is no relationship between situation analysis and increased market share

H<sub>1</sub>: There is a relationship between situation analysis and increased market share

**Table1: Correlations**

	Situation Analysis	Increase Profit
Situation correlation coefficient	1.000	261
Analysis Sig, (2-tailed)	.	0.007
Correlation coefficient	104	104
Increased Sig. (2 tailed)	104	1000
Profit N	007	-
Total	104	104

Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS Data, 2018

From table 2, we can observe that the P-value which is 0.007 is less than the alpha value 0.05

**Decision:** Since, p-value 0.007 is less than the alpha value 0.05, the null hypothesis will be rejected. Hence, there is a significant relationship between situation analysis and increased market share.

**Summary of Findings**

This study examined the impact of strategic planning on organizational growth in MTN Nigeria, Asaba and Warri branch. In the course of conducting the study, two (2) hypotheses were formulated to address the objectives of the study. The following are the summary of findings:

1. There is no significant relationship between situation analysis and increased profit was tested using the spearman's rank order of correlation coefficient with a 0.05 level of significant. The alpha value is greater than the p-value 0.019, as a result of this and base on the decision rule stated, we then reject the null hypothesis (H0) which states that there is no significant relationship between situation analysis and increased profit in MTN Asaba and Warri branch. This implies that increased profit to a large extent depend on situation analysis as well conducted situation analysis exposes competitors weakness that can be exploited and turned into highly increased profit.
2. There is no significant relationship between situation analysis and increased market share, was tested using the spearman's rank order correlation coefficient with a 0.05 level of significance in which the alpha value is greater than the p-value 0.007, as a result of this and based on the decision stated, we reject the null hypothesis (H0) which states that there is no significant relationship between situation analysis and increased market share in MTN Asaba and Warri branch. It therefore implies that situation analysis leads to increased market share. Management and investors most times try to ascertain whether the company market share is increasing or decreasing as they can be a sign of relative competitiveness of the company's products. Increase market share enable an organization to achieve greater scale in its operations and improve profitability.

**Conclusion**

Having examined the subject matter, the researchers discovered that organizational growth especially in the modern day business strongly depend on effective strategic planning and implementation. This can only be achieved if there is planned and well executed situation analysis, where an organization can discover its strength, weakness, treat and better opportunities to explore for growth. A well explored market opportunity will bring large market share and increased profit. This will certainly enable

organizations to compete favourably in both domestic and global economy and also contribute to the Nigeria economy in the areas of job creation, payment of tax/royalty to federal account, product availability, effective service delivery through large scale production, improved foreign exchange through export and import, etc.

This will strengthen Nigeria economy and place it on a high level among comity of nations as growth is a very strong factor in the post-recession era in Nigeria.

### Recommendations

The following were recommended in this study:

1. MTN Nigeria must incorporate a total and serious commitment to its strategic planning process as a rationale for achieving organizational growth.
2. MTN Nigeria should ensure their plans are realistic and well communicated to all employees especially to the middle-level personnel.
3. Strategic plans agreed upon should be made known to all levels of management and employees in the organization.
4. Management should as much as possible correct situations that produce frustrated attitudes and behaviours stemming from misunderstanding of the strategies adopted by the management of the firm.
5. Management should ensure they scan the environment in order to determine its strategic fit before formulating strategic plans.
6. Management should direct efforts towards adequate plans that have monitoring and controlling mechanisms for both strategic and operational plans.

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