The Relationship Between Strategic Planning and the Effectiveness of Marketing Operations

Ajabge Akintunde Musibau, Solomon Oluyinka, and Choi Sang Long

Abstract—Professionals and management experts have viewed the phrase “Organizational Planning” as one function of management that is indispensable in any corporate environment. Informally speaking also, individuals carry out this planning function on a day-to-day basis whether consciously or unconsciously, however, it is apparent to be the only means through which inadequate human and material resources can be thoughtfully and efficiently distributed to meet varying needs and wants of the community. Planning precedes other functions of management process such as organizing, staffing, leading and controlling. This study seeks to investigate the relationship that is inherent between these two terminologies “Strategic Planning and Marketing Operations” and how they reflect on the performance of government owned and managed companies especially in Power Holding Company of Nigeria (PHCN) as a case scenario. Questionnaires were distributed to staff of PHCN and the data was analyzed using mean score analysis and correlation. The research findings revealed that strategic planning contributes substantially to the effectiveness of marketing operations in public corporations. Future authors should incorporate sufficient organizations such as public and private industries to enhance generalization of findings. This study concludes with a few recommendations to professionals, academics and policy makers.

Index Terms—Nigeria, Strategic planning, Strategic marketing, Organizational performance, Public corporations.

I. INTRODUCTION

For the past 50 years of post colonial freedom, it is inherent that the business environment in Nigeria has witnessed a turbulent sociopolitical and economic turnaround. As a result of these changes, strategic marketing planning (SMP) became imperative. Organizational planning has been found to be an indispensable function in any company, be it large, medium or small scale industries and seems to be the only means through which scarce resources can be judiciously allocated to meet the different needs and wants of the society [1]. As students or management practitioners we all know that organizational planning is distinctively divided into three: short-term, medium-term and long-term plans. The essence of this study is to evaluate the importance of strategic marketing planning in organizational performance. That is to show how strategic marketing planning enables practicing managers to improve organizational performance. However, marketing strategy deals with adopting the marketing mix-functions to environmental forces. It evolves from the interaction of the fundamentals of marketing mix and the environmental variables [2].

The purpose of the marketing strategy is to verify the nature, strength, way, and interaction between the marketing mix essentials and the environmental factors in specific conditions [3]. McDonald [4] argued that the objective of the development of an organizations’ marketing strategy is to set up, build, defend, and maintain its competitive edge. Decision making judgment is imperative in coping with environmental uncertainty and ambiguity in strategic marketing[5]. This investigation also intends to point out the benefits of adopting Strategic marketing Planning in Public Corporations like Power Holding Company of Nigeria (PHCN), Nigerian Telecommunications Plc (NITEL), and Water Corporation of Nigeria. National Communication Commission (NCC) and others. Findings from this research will serve as an eye opener to organizations (public or private) that are yet to embark on planning strategically and also as an encouragement to corporations already involved to intensify more effort on it. The limitation of this research is financial, lack of free access to public information, employee biases and yet the study was believed to be valid. The researcher limited the study to one sample size PHCN because it is one of the largest public corporation in the country and believed that whatever information received from there will be representative enough.

II. POWER HOLDING COMPANY OF NIGERIA (PHCN)

Electricity power development in Nigeria commenced towards the end of the last century when the first power generating plant was built and installed in the city of Lagos in the year 1898. From this date until 1950, the pattern of electricity generation was set up at various towns. Some managed by the colonial administration and some by the native authority. In 1950, ordinance number 15 came into effect which brought under control all the independently managed electricity body under one ownership and control. Electricity Corporation of Nigeria (ECN) was formed to take care of generation, transmission, distribution, and sales of electricity to all customers in Nigeria. During the year, 1962 the Niger Dam Authority was established by act...
of parliament to oversee the construction and maintenance of dams, also with the responsibility to generate electricity by means of water power(hydro-electricity), improve navigation and promote fishing and irrigation activities in the agricultural sector. Furthermore, the Kanji Dam was constructed in 1968 and subsequently merged with existing hydro-plants and electricity generating bodies in 1972 by decree No 24 to become the Power Holding Company of Nigeria.

The decree stipulated that the authority is to develop, maintain an efficient and effective coordination of an economical system of electricity supply to all parts of the federation. These are done through the functional divisions of NEPA such as generation, transmission, distribution, marketing, corporate and finance and administration headed by an executive director reporting to the Managing Director who takes charge of the day to day affairs across the country [6]. Currently, the corporation is on the verge of being finally privatized and commercialized to enhance efficiency and effectiveness in its operations. It is currently called Power Holding Company of Nigeria (PHCN), the corporation has been unbundled into six independent organizations and efforts are on to sell off government stakes to private equity investors and bidding is currently ongoing [7]. As at 2005, the staff strength of NEPA was 35000 and the customer base was well over 20 million.

According to Carlos Pascual, a US envoy who led an Obama assembled energy delegation to inspect current state of facilities in Nigeria reported that Nigeria has currently made important strides in its power sector reforms process, especially as regards revising tariffs to allow for cost recovery, unbundling the distribution sector and in incentivizing the pricing structure for gas to power projects by independent power producers [8].

III. BACKGROUND OF STRATEGY

Strategy has its origin from the military; it is used to describe a set of programmes that involves development that will make sure that an army not only gains an upper hand in a battle, but also goes on to win the war. Though, the significance of the word, “strategy” can be found in other activities such as games, management and so on. Hence, one learn of game plan, management strategy etc. Kotler and Connor [9] opined that marketing is a most imperative activity which assists to service organizations to meet their business challenges and accomplish set goals and objectives. Service in this sense is used to describe a company that “does something” for someone and does not “make something” for someone [10]. The word is used by industries to meet the needs and wants of consumers. Nwokah [11] demonstrated in his study that organizations that emphasize so much on its marketing orientation perform creditably well in terms of business performance than those companies that do not consider market orientation in their strategic planning decisions.

IV. THEORIES

Strategic planning process involves a step of systematic approach which originate from the beginning with a focus on implementation. An essential factor that determines the kind of formal strategic planning an organization adopts is the level at which the planning is required. Thompson and Strickland [12] reported that a special and functional level comes with three approaches;

- Corporate level - Here strategic planning is concerned with primarily defining what set up of business the organization should be.
- Business level - Focuses on the competition within a particular industry or product or market.
- Functional level - Focus on the planning as oriented towards allocation and utilization of resources in research and development, production, marketing, finance and personnel.

Empirical study suggest that performance oriented corporations will foresee and deal with environmental instability through strategic planning [13],[14]. It was further argued that they will exhibit flexibility in strategically planning decision options about how they will adapt when situation changes, in a preliminary or “ex-ante” position [15]. Corporations that are flexible are found to be well prepared to cope with environmental instability, enhancing the control of their strategic planning on performance. The concept known as strategic group has contributed much to what is presently known about the business strategy-performance nexus [16],[17],[18],[19]. Though every company adopts varied and distinctive approach, strategic group evaluations recognize clusters of industries employing a uniform broad strategy. It comprises of businesses in a specified industry that seek to execute similar competitive strategies. Results from these organizations can help expose the strategic characteristics connected with high performance in a particular trade without emphasizing a single business unit [20].

V. THE CONCEPT OF STRATEGIC MARKETING PLANNING

The term “strategic marketing planning” is also regarded as corporate strategic planning, perspective planning, and corporate planning. It is a practice that charts the essential long range goals and the different approaches of a company to fulfillment of its objectives in the long run. It involves taking interactive and overlapping decisions to arrive at the development of an effective strategy for a firm. Strategic marketing planning is a disciplined approach to business management, involving a critical look at the whole business, deciding which way the company will head, and what actions management will take, so that the company will get there or rather achieve the set goals. Hence, questions such as; what do we set out for? Where are we? Where should we be? What is our strength? What are our weaknesses? All these are required to be adequately answered. Rudd et al [21] indicated that corporations that adopt strategic planning predict unfavorable circumstances and apportion capital consequently. Sun [22] in his current study of raffles hotel in Singapore emphasized on the need for organizations to be consistent in their management strategies if they must succeed in the present turbulent business environment. Sun, reflected this as a result of the strategic manner (in early year 2000) in which raffles hotel envisioned the future.
competition in the industry and created products (like Swiss hotel-brands) that was geared towards satisfying its customers in the future. By being flexible, substitute decision options are painstakingly thought out and adopted, which may be deployed as and when specific opportunities or threats occur within the surroundings. As this process occurs prior to the impact of turbulence, flexibility in the organization is anticipatory and preparatory in nature [15]. Hence, flexible organizations will adapt rapidly to environmental change as it occurs through the exploitation of the appropriate alternative decision options generated in their strategic plans, giving a potentially valuable route to superior performance. However, operational flexibility is organizational ability to rapidly adjust market offerings, product/service mix and production capacity. Organizations that are capable of doing this despite environmental turbulence perform moderately better than organizations that have not implemented the policy [23], [24], [25]. Organizations interested to enjoy the benefits of operational flexibility must deliberately plan resource allocation in order to make best use of financial reimbursement. Consequently companies planning this resource investment and preparing the organization for speedy transformation will make possible a positive impact on performance [26].

Peter Drucker [27], an erudite management scholar, revealed that corporate strategic planning is a courteous process of engaging in entrepreneurial (risk taking) decision analytically and with the greatest knowledge of their futurity; and organizing systematically, the zeal necessary to implement these decisions against the expectations through organized systematic feedbacks. The major characteristics of strategic marketing planning that distinguish it from other types of planning include:

- The time horizon; General, marketing strategies has long term horizon.
- Impact; It has a long run impact on the organization.
- Pattern of decision; most strategies require a pattern of decision over time in a consistent manner.
- Derivativeness; Marketing strategies planning embraces a wide range of activities ranging from allocation of resources to day to day operations.

Brooksbank, [28] in his article gave a comprehensive definition of marketing as, a company-wide commitment to providing customer satisfaction. He further highlighted that, it involves a managerial process of regular analysis of the firms’ competitive situations, leading to the development of marketing objectives, and the formulation and implementation of strategies, tactics, organizations, and control for their achievement. High performing organizations make a greater use of basic strategic tools such as strengths, weaknesses, opportunities and threats (SWOT) analysis, when conducting their marketing analysis and developing marketing plans [29], [30]. Firms that are successful in their operations are found to adopt a long-term overall perspectives, for instance Hooley and Jobber [31], discovered that the top performing industries were more likely to plan with longer time horizons than their less-successful counterparts, adopting a more proactive approach by attempting to mould the future to their best advantage through the use of scenario-planning techniques.

VI. STRATEGIC MANAGEMENT AND STRATEGIC MARKETING PLANNING

Since it seems difficult to discuss strategic marketing planning without a mention of strategic management, it will be worthwhile to make a clear distinction between these two concept; Firstly, in a simple language, strategic marketing planning is clearly a vital activity which fall within the ambit of strategic management. Conceptually, strategic marketing planning is really the process by which an organization’s top management matches the organizations capabilities or strength with relevant environment opportunities and threats; it is basically the process of adapting the organization to its environment. Considering this definition with the earlier definition on strategic marketing planning, one concludes that strategic marketing planning and management are two inseparable concepts. Brooksbank [28] reported that successful companies have a greater knowledge and appreciation of marketing processes, concepts, tools and techniques-displaying a greater expertise and consistency in their application. They also recognize that marketing is not just a business function, but also a business philosophy which should guide majority of the activities of the organization. Notably, they are characterized by a high level of inter-functional co-operation that, to a large extent, facilitates the adoption of a marketing-oriented business philosophy and enhances a greater and cohesive overall planning strategy. In essence, successful companies adopt a marketing approach which revolves around the three core principles of customer focus, competitive advantage, and environmental sensitivity.

VII. PERFORMANCE IN ORGANISATIONS

Although previous authors consider results that indicate that companies that are able to develop a balanced mix of strategic orientations perform better (efficiency and effectiveness). The idea that orientations have synergetic effects on performance has been presented before [32],[33] but not studied by simultaneous application of customer, technology and entrepreneurial orientation that complement each other. However, in [34], empirical findings reveal that most of the software companies able to develop a balanced mix of strategic orientations perform better in terms of efficiency and organization effectiveness.

One of the significance of strategic marketing planning is that organizations that adopt it perform than those that do not adopt it. Although organizations perform, yet there is little consensus as to what constitute a valid set of performance criteria [35]. However, efficiency and effectiveness have been clearly distinguished as performance domains;

VIII. EFFICIENCY

Efficiency refers to an input-output ration of comparison. It is the extent to which output of an organization exceeds the inputs employed in producing that output. In this way scarce organizational resources are well allocated.
IX. EFFECTIVENESS

Effectiveness according to the early writers referred to the degree to which the goals of organizations are attained. Bernard for example defined effectiveness as the condition of an organization in which specific desired ends are attained. Modern writers however incorporated both the economic and non-economic results as part of organizational goals that should be attained. Having thoroughly examined the concept of strategic marketing planning and the organizations; these two concepts will take us to look at the relevance of strategic marketing planning on organizational performance of a public corporation such as the Power Holding Company of Nigeria (PHCN).

- One of the largest merits of strategic marketing planning is that, it generates flexible, diverse thinking and responses to an extent that is more restricted, single thrust manner or which may not be possibly done by conventional planning.
- It improves the manager’s skill of effectively managing uncertainties, since it enables the manager to prepare alternative scenario of the future.
- It allows for comprehensive consideration of both local and international environmental factors.

X. RESEARCH METHODOLOGY

A total of 35 questionnaires were sent out and 25 were returned, representing 71.4% return rate. The questionnaires encompassed various levels of management ranging from top, middle, and low level management staff. For simplicity and suitability to accurately capture the respondents’ perception, a weighting scale of 1-4 was assigned to the Likert scale for respondents rating; Strongly Agree – 4, Agree – 3, Disagree – 2 and Strongly Disagree – 1. Mean Score (MS) analysis was used to analyze the ranking of the various responses. The four point Likert scale was used to calculate the mean score for each response, which in turn was used to determine the relative ranking of different variables by assigning ranks to the mean scores, with low mean scores assigned low ranks and high scores allocated high ranks.

XI. RESULTS AND DISCUSSIONS

Figure 1 shows the Gender distribution of the respondents for Male (80%) and Female (20%), meaning that the majority of our respondents who participated in the interview are male. From this it can also be deduced that the upper echelon of the decision makers of the Power Holding Company of Nigeria is dominated by the male. As indicated on the pie chart (Fig2), the Age distribution showed below 30 years (4%), 31-40 years (36%), 41-50 years (32%) and 50 years and above (28%). The majority of the participants of the exercise are between the active working age of 31-40. This indication also means that those involved in implementation of the strategic planning decisions in the corporation falls between the active and vibrant labour force. Figure 3 also shows the Educational Qualification distribution of the respondents, WASC/GCE/SSCE (4%), NCE/OND (16%), HND/BSC (64%), MBA/MSC (8%), and Professional Qualification (8%), while the Designation (Fig4) showed Lower Level Management (4%), Middle Level Management (24%), and Top Level Management (72%). From the results as indicated on the bar chart, it will be inferred that a higher percentage of the top management staff of PHCN participated in the interview, hence the result would be regarded as been valid.
TABLE 1: RANKING OF SIGNIFICANT FACTORS IN MARKETING STRATEGIC PLANNING (N = 25)

<table>
<thead>
<tr>
<th>Factors</th>
<th>M</th>
<th>SD</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing strategic by top management</td>
<td>3.80</td>
<td>0.408</td>
<td>1</td>
</tr>
<tr>
<td>Public Corporation (PHCN) marketing strategic planning for 3 years</td>
<td>3.80</td>
<td>0.408</td>
<td>2</td>
</tr>
<tr>
<td>Impact of Market strategic planning</td>
<td>3.36</td>
<td>1.150</td>
<td>3</td>
</tr>
<tr>
<td>Long run objectives dependent on Marketing Strategic Planning</td>
<td>3.24</td>
<td>0.970</td>
<td>4</td>
</tr>
<tr>
<td>Benefits in Marketing Strategic Adoption</td>
<td>3.20</td>
<td>1.000</td>
<td>5</td>
</tr>
<tr>
<td>Profit Dependent On Implementation Of Marketing Strategic Planning</td>
<td>3.04</td>
<td>1.172</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 1 shows the ranking of significant factors in marketing strategic planning. The table shows that marketing strategic planning by top management ranked highest with a mean score of 3.80 while Profit dependent on implementation of Marketing Strategic Planning ranked lowest with a mean score of 3.04. Considering the hypothesis adopted by the researcher and the outcome of the mean score, standard deviation and the ranking coefficients, the two most important variables in Public Corporation Planning as represented by PHCN are; marketing strategic planning by top management and Public Corporation Planning for three years. This means that organizations that adopt a marketing strategic planning of at least a period of three years would perform better than those that do not. Other variables are also very important in determining long run company performance although they rank lower than the earlier mentioned two.

Table 2 shows Inter correlation, Means, and Standard Deviation for Strategic Market Planning in Public Corporation (PHCN). The result shows a strong correlation between each factor with a minimum of 0.82 and highest of 1.00. The hypothesis adopted by the researcher and the result obtained are analyzed in the table 2. However, the factors considered in the research to determine their relevance to overall company performance indicates that there is a strong relationship between those variables, and hence, contributing to the total performance objectives of management of Power Holding Company of Nigeria. The study concludes that for any corporation whether public or private to succeed in the present competitive business environment, the top management must consistently engage in planning strategically to arrest future environmental turbulence.

TABLE 2: INTERCORRELATION, MEANS, AND STANDARD DEVIATION FOR STRATEGIC MARKET PLANNING IN PUBLIC CORPORATION (PHCN)

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Public Corporation (PHCN) Marketing Strategic Planning for 3 years</td>
<td>-</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>3.90</td>
<td>0.408</td>
</tr>
<tr>
<td>2. Marketing Strategic Planning by Top Management</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>3.90</td>
<td>0.408</td>
</tr>
<tr>
<td>3. Impact of Market Strategic Planning</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>3.90</td>
<td>0.408</td>
</tr>
<tr>
<td>4. Benefits in Marketing Strategic Adoption</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
<td>0.9</td>
<td>3.90</td>
<td>0.408</td>
</tr>
<tr>
<td>5. Long run objectives dependent on Marketing Strategic Planning</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
<td>3.90</td>
<td>0.408</td>
</tr>
<tr>
<td>6. Profit dependent on implementation of Marketing Strategic Planning</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.90</td>
<td>0.408</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
a. List wise N=25

Alfadly [36] and Ajagbe, [37] advised that organizations should systematically review their service offering and access the extent to which the offering satisfies customer wants. The analysis as they suggested should involve all staff who deal with customers and include service feedback with customers. Culture of continuous improvements of organizational performance is a leading practice of successful service providers. As it was evident from the findings of [34] majority of software companies studied utilized several orientations simultaneously. Although customer orientation alone appears as viable orientation, the evidence suggests that firms combining it with other orientations have higher learning capability and perform somewhat better. It is therefore worthy to note that marketing strategic planning is highly valued and widely applied by most successful and best managed organizations. The central dynamics of this concept is the conviction that, notwithstanding uncertainty and the pace of change, the forewarned corporation can help influence the course of events and reshape, its strategies, policies, and mission. It makes an organization to be proactive and consistent with expectations, which guides strategic marketing planning to positively affect public performance. For strategic marketing planning to yield positive results, the strategic decision makers should not fail to utilize the information at their disposal effectively. It is essential to note therefore that; first, even the best strategic marketing planning systems will fail to produce the desired results whenever this is not given the due considerations. Second, strategic marketing planning

XII. IMPLICATIONS FOR MANAGERS

The findings of [36] and Arajbe, [37] advised that organizations should systematically review their service offering and access the extent to which the offering satisfies customer wants. The analysis as they suggested should involve all staff who deal with customers and include service feedback with customers. Culture of continuous improvements of organizational performance is a leading practice of successful service providers. As it was evident from the findings of [34] majority of software companies studied utilized several orientations simultaneously. Although customer orientation alone appears as viable orientation, the evidence suggests that firms combining it with other orientations have higher learning capability and perform somewhat better. It is therefore worthy to note that marketing strategic planning is highly valued and widely applied by most successful and best managed organizations. The central dynamics of this concept is the conviction that, notwithstanding uncertainty and the pace of change, the forewarned corporation can help influence the course of events and reshape, its strategies, policies, and mission. It makes an organization to be proactive and consistent with expectations, which guides strategic marketing planning to positively affect public performance. For strategic marketing planning to yield positive results, the strategic decision makers should not fail to utilize the information at their disposal effectively. It is essential to note therefore that; first, even the best strategic marketing planning systems will fail to produce the desired results whenever this is not given the due considerations. Second, strategic marketing planning
should not be confused with strategic thinking, because the purpose of planning is to craft winning strategies, not make thick planning books. Third, managers should avoid a home run mentality that undue expectation or an immediate and big pay-off from planning in reality, the pay-off usually comes gradually.

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