



THE EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN NGOS IN MOGADISHU SOMALIA

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ABSTRACT

This paper examines the effect of strategic management practices on organizational performance in NGOs Mogadishu-Somalia. The first objective of this study was how strategy formulation effect on organizational performance. The second objective of this study was how strategy implementation effect on organizational performance. The third objective of this study was how strategy evaluation effect on organizational performance. The research design is descriptive. The sampling procedure of this study was used non-probability purposive sampling or judgmental sampling. The sample size of this study was 50 and was selected the target population 100. This research was employed quantitative data collection method whereby data was gathered by the use of closed ended questionnaires which were self-administered. The data collected was analyzed using the software called Statistical Package for the Social Sciences (SPSS) version 20 and results was shown in terms of frequency distribution and percentages. A regression model was applied to determine the relationship between strategy formulation, strategy implementation and strategy evaluation as the independent variables and organizational performance of NGOs as the dependent variable. Based on the findings of this study, the following conclusions were drawn. The results reveal that strategy formulation, strategy implementation and strategy evaluation have significant and positive effects on organizational performance in the selected telecom companies in Mogadishu Somalia. The study recommended that managers of NGOs should apply strategic management practices so as to increase their performance.

1.0 INTRODUCTION

Nowadays, the need for thinking strategically and the belief that practicing strategic management yields positive effects on the organizations' performance has been widely recognized (Joyce, P.; Woods, A., 2011). According to (Dess, G; Lumpkin, G; Eisner, A., 2007), strategic management in an organization must become a process and a single path guiding actions throughout the organization. It consists of organizational analysis, decisions and actions creating and sustaining competitive advantage. These authors define four key attributes for strategic management: directed towards the overall organization objectives, includes multiple stakeholders in decision-making, requires incorporating short and long term perspectives and, involves the recognition of trade-offs between effectiveness and efficiency. This concept explains the organization as a system in which economic resources were applied effectively with the company's functional activities coordinated around

generating profit. Strategic management brings considerable benefits not only to for-profit businesses and government, but also to NGOs (Allison, M; Kaye, J., 2005). Strategic management can have a fundamental effect on NGOs beyond the potential funding benefits (Crittenden, W. F; Crittenden, V. L., 2000). Strategic management can help NGOs build and enhance relationships with key stakeholders such as donors and partners and establish collaborations with external organizations (Abzug, R; Webb, N. J., 1999). Strategic management can be applied in different areas, such as: general management, projects management, marketing management, operations management, financial management, human resource management, information technology, management science, planning and resource allocation and, efficiency and effectiveness (Armstrong, 1993). According to, (Toma, J. D, 2010) claims strategic management as the formulation, implementation, and evaluation of counter-functional decisions which make it possible for



an organization to achieve its goals. According to, (Nag, R; Hambrick, D. C; Chen, M. J., 2007) identify seven key components of the concept of strategic management: performance, firms, strategic initiatives, environment, internal organization, managers/owners and resources. Over the last years economic and social changes and developments have increased the importance of strategic management practices a real revolution in the NGOs in the field of management (Kocel,T., 2007). . According to John M. Bryson, strategic management is “a management technique which shows what an organization does, the reason for its being and its future goals“Strategic Management for the Future”, which has come up in recent years, is a new management technique that examines the development, planning, implementation, monitoring and control of effective strategies for the organizations to reach their goals (Porter, L. W; McKibbin, L. E, 1988). . Strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s performance objectives (Pearce II, J. A; Robinson Jr, R. B., 2011). Strategic management is a youthful discipline. Its origins date back to the 1960s, with its roots to be found mainly in the seminal publications by (Chandler, A., 1962).

Organizational performance is analysis of a company’s actual output or results as measured against its intended outputs or goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial, market and shareholder value, and in some cases, production capacity performance may be analyzed. Another way of looking at performance could be the level of customer satisfaction, employee loyalty, levels and trends of revenue from operations, the profitability of the organization or its surpluses, effectiveness and efficiency in cost control, quality management and levels of wastages. (Ali, A; Abrar, M; Haider, J, 2012)

1.2 General objective

The general objective of the study was to determine the impact of Strategic Management Practices on Organizational Performance in Mogadishu, Somalia.

1.2.1 Specific objectives

- To describe the impact of Strategy Formulation on Organizational Performance in Mogadishu, Somalia.
- To identify the impact of Strategy Implementation on Organizational Performance in Mogadishu, Somalia.

- To investigate the impact of Strategy Evaluation on Organizational Performance in Mogadishu, Somalia.

2.0 LITERARUE REVIEW

2.1 The Resource Based Theory of Competitive Advantage

Resource-Based View (RBV), firms are modeled as a collection of resources and RBV is a strategic perspective that relates to the competitive advantage of a given firm to the tangible or intangible resources owned or controlled by the organization (Kamboj, S., 2015).

2.2 Strategic Management practice

Strategic management has been linked to several theories. For example, profit-maximizing and competition theory explain how organizations are based on profit-oriented activities. The ability of organizations to adapt with environmental changes in their strategies is manifested in survival-based theory, which some scholars have equated it to contingency theory. Meanwhile, resource-based theory (RBV) postulates strategic management as an important internal resource in gaining competitive advantage and achieving higher organization performance (Barney, J., and Clark, D. , 2007).

Strategic management has been defined differently by scholars due to their variety of backgrounds and context of studies. It is a process that generally encompasses three main aspects namely, formulation, implementation and evaluation (David, F. , 2012).

The concept of strategic management refers to the process of formulation, implementation and the evaluation of strategic actions which will enable a firm to achieve its objectives. The study of strategic management practices therefore emphasizes the monitoring and evaluation of environmental opportunities and the constraints in light of the company’s strengths and weaknesses (Garg, A; Goyal, P. , 2012). Taiwo and Idunnu (2010) examined the impact of strategic management practices on organizational performance and survival. The study evaluated the strategic management-performance relationship in organization and the extent to which s strategic management affected performance of First Bank of Nigeria.

2.2.1 The Effect of Strategy formulation on organizational Performance

Strategy formulation includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. It is



achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative (Wheelen & Hunger, 2008).

Strategy formulation is long range planning and is concerned with developing a corporation's mission, vision and policies. A re-examination of an organization's mission and objectives must be done before alternative strategies can be generated and evaluated (Wheelen & Hunger, 2006).

2.2.2 The Effect of Strategy Implementation on organizational Performance

According to (Anyieni, A. G., 2013) strategy implementation refers to the process of allocating resources in order to support the chosen strategies. The process consists of various management activities that are necessary to put the strategy in motion, instate strategic controls that can monitor the progress and ultimately achieve organizational goals. According to (Parnell, J. A., 2010), strategy implementation refers to the action stage of the strategic management process. (Rinaldo, A. A; Solimun, F., 2017) define strategy implementation as a series of sub activities that re primarily administrative with the aim of determining how resources of the organization should be mobilized to accomplish its strategy in a cohesive manner. According to (Sushil, M., 2018), the implementation process of strategy covers the entire managerial activities such as the aspects of motivation, compensation, control process and managerial activities. Despite formulating consistent strategy being a difficult task for any management team, making the strategy a success and implementing it throughout the entire organization is even more difficult.

2.2.3 The Effect of Strategy evaluation on organizational Performance

Strategy evaluation done continuously enables a company to bench mark its progress more effectively. Successful strategies combine patience with willingness to promptly take corrective actions when necessary. Strategy evaluation should provide a true picture of what is happening and it should not dominate decisions instead it should foster mutual understanding, trust and common sense (David, 2009)

Strategy evaluation simply put is an appraisal of how well the organization has performed. Evaluation checks if the productivity has increased, profit margins, earnings per share and return on investment have gone up and if the firm's assets have increased (David, 2009).

2.3 Organizational Performance

In general, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Barney, J. B., 2002).

2.4 Empirical Literature Review

According to, (Willy, M., 2015) examined the influence of strategic management practices on the performance of Floriculture Firms in Kenya, the specific objectives were strategy formulation, implementation and evaluation on performance. A descriptive survey design was used with a target population of 21 floricultural firms, out of which 10 firms were selected by simple random sampling, and 5 respondents from each of the 10 firms purposively chosen. the researcher found that strategy formulation, implementation, evaluation and control had significant influence on the performance of flower firms to a moderate extent.

According to (Ibrahim, A. I., 2017) examined the effect of strategic management practices on performance of public health institutions in Mandera County. The specific objective of this study was to investigate the effect of to establish the effect of strategy formulation on performance of public health institutions, to determine the impact of strategy implementation on performance of public health institutions and to find out the effect of strategy evaluation on performance of public health institutions in Mandera County. Correlation analysis showed that environmental analysis, strategy formulation, strategy implementation and strategy evaluation are significantly and positively related to performance of public health institutions in Mandera County. Based on the findings the study concluded that environmental analysis, strategy formulation, strategy implementation, strategy evaluation affects performance of public health institutions

3.0 RESEARCH METHODOLOGY

The study was used a descriptive study, the purpose of descriptive research is to describe an accurate profile of persons, events or situations. In addition to, this study was used quantitative approach. Quantitative is any data collection technique (such as a questionnaire) or data

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is to describe an accurate profile of persons, events or situations. In addition to, this study was used quantitative approach. Quantitative is any data



collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data (Saunders, 2009). Was conducted through questionnaires.

The regression model indicated as shown as Follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:-

Y = represents the dependent variable, organizational performance

$\beta_0 \dots \beta_4$ are the Regression Coefficient

X1 = strategic resource management

X2 = organizational innovation

X3 = core competency

X4 = quality management practices

ϵ = Stochastic term

4.0 RESEARCH FINDINGS AND DISCUSSION

The gender distribution who participated in the study were male and female have equal opportunities in NGOs who comprised of 50% of the sample population were male while the female respondents represented 50% of the population. The information depicted below showed that male and female employees were same in NGOs.

To estimate the age of the respondents, there were three main age categories used in the study. An analysis of the data revealed that 72% which is majority of the respondents were between 18 to 25 years old, 20% of the respondents were between the ages of 26 to 33 years old. The last category revealed that 8.0% of the respondents were between the ages of 34-41 years old. The study shows that majority of the employees lie between 18 to 25 years of age while the least lie between 18 to 41 years in NGOs.

The marital status analysis indicated, 72% of the respondents were married, 28% of the respondents were single. This study shows that majority of the employees in NGOs are married.

The majority of the workforce have a graduate degree and they represent 6% of the sample respondents have Diploma. This follows 86% of the employees who have a bachelor's degree. 80% have master's degree. The table below shows that majority of the employees in NGOs hold a graduate degree.

According to the study about work experience, 50% of the employees have been with the organization for a period of 0 – 2 years, while 42% of the employees have been with the organization for a period of 3 – 5 years. and 8.0% of the employees have been with the organization for a period of 6 – 8 years. The table

implies that majority of the employees have been with NGOs organization 50% that the period is 0-2 years.

4.1 Study Variables Findings

The following presents the findings on the various study variables.

4.1.1 Strategy formulation

The research wanted to examine the influence of strategy formulation on organizational performance in NGOs in Mogadishu Somalia. Table 4.4.1 summarizes respondents' level of agreement on strategic resource management affects organizational performance. The respondents agreed that having strategy formulation on increase organizational performance. As shown by grand mean of 3.77.

4.1.2 Strategy implementation

The study sought to examine the influence of strategy implementation on organizational performance in NGOs in Mogadishu Somalia, table 4.4.2 summarizes respondents' level of agreement on strategy implementation affects organizational performance. The respondents agreed that having strategy implementation on increase organizational performance. As shown by grand mean of 3.33.

4.1.2 Strategy Evaluation

The research wanted to examine the influence of strategy evaluation on organizational performance in NGOs in Mogadishu Somalia. Table 4.4.1 summarizes respondents' level of agreement on strategic resource management affects organizational performance. The respondents agreed that having strategy formulation on increase organizational performance. As shown by grand mean of 4.08.

4.3 Organizational performance

A number of questions were asked to assess how strategic management practices affects organizational performance in NGOs in Mogadishu Somalia. Table 4.5.1 respondents agreed that Performance affects organizational performance, as shown grand mean of 3.91.

4.4 Regression Analysis

Regression analysis was carried out to determine the relationship of all the study variables when combined. The findings show an adjusted R square of (0.885), implying that about (88%) variability in organizational performance is attributed to strategic formulation, strategy implementation and strategy evaluation as shown in Table 4.7.1 The remaining (12%) variability on organizational performance was attributed to other factors that were not examined by this study.



Table 4. 7. 1: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941 ^a	.885	.878	.231

a. Predictors: (Constant), Strategy Evaluation, Strategy Formulation, Strategy Implementation

From the ANOVA table 4.7.2, (the model involving constant, strategy formulation, strategy implementation, strategy evaluation) is significant in predicting how strategy formulation, strategy implementation, strategy evaluation determine

organizational performance of NGOs in Mogadishu Somalia. The regression model achieves a degree of fit as reflected by an R² of 0.885 (F = 118.151; P = 0.000 < 0.05).

Table 4. 7. 2: Anova ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	18.955	3	6.318	118.151	.000 ^b
Residual	2.460	46	.053		
Total	21.415	49			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Strategy Evaluation, Strategy Formulation, Strategy Implementation

From the coefficient model results on how strategy formulation, strategy implementation, strategy evaluation determine organizational performance of NGOs in Mogadishu Somalia. The regression equation was that: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$ and the regression equation became: $Y = -2.286 + 0.774X_1 + 0.121X_2 + -0.46X_3$. This indicates that there was positive and significant effect of strategic management practices on organizational performance in NGOs in Mogadishu- Somalia.

There was positive and significant effect of strategy formulation and organizational performance (β

= 0.774; t = 2.441; p < 0.05). There was positive and significant effects strategy implementation and organizational performance ($\beta = 0.121$; t = 9.648; p < 0.05). There was no positive and significant effect of strategy evaluation and organizational performance ($\beta = -0.46$; t = -337; p > 0.05) as shown table 4.7.3.

The researcher concluded that strategic management practices have positive significant on organizational performance of NGOs in Mogadishu- Somalia

Table 4. 7. 3: Coefficient Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.286	.936		2.441	.019
Strategy Formulation	.774	.080	.900	9.648	.000
Strategy Implementation	.121	.125	.115	.967	.339
Strategy Evaluation	-.046	.136	-.051	-337	.738

a. Dependent Variable: Organizational Performance

5.0 RECOMMENDATION

The findings of this study which was the effect of financial incentives on employee performance in

commercial bank in Mogadishu Somalia., Therefore researcher recommended the following

- 1) To obtain and sustain strategic management practices, top managers of NGOs should try to



increase organizational performance by managing each dimension of its core competence i.e. shared vision; cooperation and empowerment .

- 2) Top managers should find out how strategy formulation generates strategic management practices to increase organizational performance of NGOs in Mogadishu.
- 3) Top managers should find out how strategy implementation generates strategic management practices to increase organizational performance of NGOs in Mogadishu.
- 4) Top managers should find out how strategy evaluation generates strategic management practices to increase organizational performance of NGOs in Mogadishu.

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