

THE EFFECT OF STRATEGIC PLANNING ON EFFECTIVENESS OF ACADEMIC ENTERPRISE

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Abstract

Strategic planning is considered very crucial in educational organizations. Strategic planning has direct impact on educational output. The objective of this study is to examine the effect of strategic planning on academic enterprise. To achieve this objective, questionnaire was used and financial data was collected. The results of this research indicated that strategic planning affects the effectiveness of academic enterprise.

Keywords: Strategic planning, effectiveness of educational enterprise, academic leaders

Introduction

Postulating with the fact that no organization exists in a vacuum, it becomes clear that every organization operates in a milieu that constitutes the world in which it exists and competes (Chuang and Liao, 2008). Changes in this world will surely affect organizations, since they are operating as an open system to their environments (Osterman, 2000). Therefore, organizations must be aware of any changes that occur in the environment and effectively respond to them. To keep any organization adaptable to external changes requires the lead time that only creative strategic planning with a pervasive outward orientation can provide. Since the single most important facet of strategic planning is external environment analysis, and achieving and maintaining “a productive fit between the organization’s external environment (economic, competitive, social, political, legal, and technological) and its internal situation (structure, systems and procedures, climate, physical, financial, and human resources)” is its purpose (Koch et al., 2004:14). If the adaptation process is not performed successfully, certainly currently high-performing companies could readily become low-performing and cease to exist, taking into account that “strategic planning for business is profoundly important as it goes to the heart of what a business does and why it does it” (Sall, 2004; Iqbal, et al., 2004: 72; Camarinha-Matos, 2002: 29).

Methodology

The objectives of this study represented in measuring the presence or absence of strategic planning in all academic levels in universities and to explore empirically whether universities are ready to start successful strategic planning by investigating the necessary infrastructure crucial for its successful implementation.

To accomplish the objectives of this research, the study was conducted in two private universities in Jordan. The targeted subjects were the leadership in these universities including the head, deputies, deans and heads of divisions. These leadership positions counted 28 leaders. A questionnaire was used as tool to collect information. The questionnaire composed of different parts. The first part is concerned with advantages of strategic planning in educational organizations, while the second part is concerned with the strategic planning infrastructure and the third part concerned with organizational behavioral effectiveness. The questionnaire used five point Likert scale. The data entered to SPSS version 19 and analyzed using descriptive statistics.

Results and Discussion

Reliability Measurement

The common used reliability coefficient “Cronbach’s Alpha “(Cronbach 1951) is used to test the internal reliability of: (1) Strategic planning measurement instrument, (2) Strategic planning infrastructure measurement instrument, and (3) Organization’s behavioral effectiveness measurement instrument.

Table 1 shows the results of the test. Based on the results of the reliability test, it can be concluded that measurement instruments are significantly reliable in measuring [1] strategic planning (0.85), [2] strategic planning infrastructure (0.91), and [3] organizational behavioral effectiveness/performance (0.95).

Table 1: The results of reliability test applied to measurement instruments

No.	Dimension	Cronbach Alpha
1	Strategic planning	0.85
2	Strategic planning infrastructure	0.91
3	Organizational behavioral effectiveness	0.95

Strategic planning practices in: to what extent do they make use of strategic planning?

Results of this study reveals that, out of the (2) academic universities included in the sample on which this study is based only (39%) of the responding organizations is classified as full strategic planners, while (61%)

is classified as non-strategic planners (Table 2). This high percentage of non-strategic planners gives us a warning sign/benchmark on the reality of strategic planning practices which prevail in academic universities. This is due to the low percentage of organizations which are employing strategic planning compared to others which are not using it (39versus61%).

Table (3) shows the planning time horizon coverage of plans developed by universities. According to the figures which are presented in this table, it could be seen that the majority (78%) of academic leaders lies in and is divided equally between two classes. Namely, they are strategic planners and budget planners. Also, from this table, one can see that (18%) of the sample elements is not preparing any type of written plan. This finding is really unusual; especially if one knows that the capital investments in such organizations amount to tenths and hundreds of millions of JDs, and are classified as one of the active academic corporations in the country. This fact suggests the question “I-low could this kind of corporations contribute positively and constructively to the development and welfare of the education of the country? Furthermore, the researcher found that (4%) of the surveyed leaders developed a written plan for less than one year time period. More specifically, only three months. Their only justification for this matter is that the university work tends to be seasonal in nature. But, is this an adequate justifying reason?.

Table (2): Categorization of leaders into planning classes

Class		No.	%
Code	Name		
1	Non-strategic planners	17	61
2	Incomplete strategic planners	0	0
3	Full strategic planners	11	39
Total		28	100

Table (3): Time horizon of plans developed

Code	Time horizon	No.	%
0	No writer plan prepared	5	18
1	Less than one year	1	4
2	One year	11	39
3	Three years and more	11	39
Total		28	100

Strategic planning infrastructure

Four factors are selected to measure the readiness to initiate successful and effective strategic planning. These are: (1) Recognition of and belief in strategic planning, (2) Management commitment to strategic planning, (3) Effective information system, and (4) Full and total

participation. Results of analyzing these factors are presented in this Part of the article.

Recognition of and belief of strategic planning

The researcher prime interest here is exploring leaders' attitudes hold toward strategic planning. More specifically, the main purpose is to find out the degree to which leaders are aware of and recognize the importance and merits of strategic planning. To do so, managers are provided with a 15-item list of a selected set of strategic planning advantages. Every manager is asked to indicate his attitude toward each item in terms of a 5-point agreement Likert scale in which 1 represents "very low" while 5 represents "very high". Results which are related to this factor are summarized in table (4). A Likert mean is obtained and results are sorted according to their degree of importance score from the highest to the lowest mean as it is expressed by leaders.

Based on the data which are shown in table (4), the first immediate impression one could arrive at when looking at it is that, leaders hold a very strong and positive overall attitude toward strategic planning, given that the mean scores on all of the fifteen strategic planning advantages are above (4). The means ranges from 4.54 to 4.04 with an overall mean of 4.25. Therefore, one could say that academic leaders recognized the importance of strategic planning, and admitted its critical role in promoting and maintaining the success and prosperity of academic organization. This finding is supported by the low standard deviation for each item, which implies a low variation between responding organizations of the 15-item list of strategic planning advantages. Items that obtained the highest mean scores are those which their code numbers are 1, 2, and 3. Their accompanying mean scores are 4.54, 4.5, and 4.39, respectively. While items with the lowest mean scores are those which their code numbers are 13, 14, and 15. Their accompanying mean scores are 4.11, 4.07, and 4.04, respectively. Looking at these items and their accompanying mean scores, it will be clear that items with the highest mean scores are those which tend to be related mainly to the external environment organization relationship. In other words, they are externally oriented. On the other hand, items with the lowest mean scores tend to be internally focused and related to the internal health of the organization.

Table (4): Academic leaders' attitudes toward strategic planning

Code No.	Strategic planning advantage	Mean	St.
1	Help in the growth and development of organization	4.54	0.51
2	Enable the organization to be in a better competitive position	4.50	0.51
3	Contribute to better decision-making	4.39	0.63
4	Help the organization to improve its market share	4.32	0.67
5	Improve the performance of individual department in the organization	4.29	0.53
6	Improve the performance of individual employees in the organization	4.29	0.53
7	Improve your confidence in the work you do	4.25	0.59
8	Help in channeling joint efforts toward achieving desired results	4.21	0.63
9	Help in introducing new and better education	4.18	0.67
10	Help in securing better financing conditions	4.18	0.72
11	Increase your awareness of your role as academic leader	4.18	0.67
12	Help in better exploitation of external opportunities	4.14	0.80
13	Improve your commitment and identification to the organization	4.11	0.69
14	Increase your ability to work and exert effort	4.07	0.60
15	Help in attracting qualified academic staffs	4.04	0.84
Total		4.25	--

Management commitment to planning

The primary focus of this section is to unveil the degree to which academic leaders management is committed to the process of planning in general and to strategic planning in particular. Results of analyzing the first three indicators are summarized in table (5), while results of analyzing the remaining two indicators are presented in table (6).

Results presented in tables (5) and (6) indicate that there is a medium level of management commitment directed toward planning in general and strategic planning in particular. This finding is evidenced by the medium level of mean scores in the first three indicators (Table 5). Mean scores are 3.5, 3.57, and 3.64 for documentation of mission, objectives, and plans, periodic review of them and updating these documents, respectively. This means that, the very strong and positive attitudes management holds toward strategic planning advantages in the previous section is not translated into actual commitment on paper towards it.

Regarding the remaining two indicators (4 and 5), results tend to be pessimistic. Universities' leaders mentioned that the universities have a planning department within them are just (43%), while (57%) replied that they do not have any type of planning department. This indicates that not all leaders are recognizing the structure of their universities. Also, it is found that academic leaders respond of suffering significantly from the absence of a

clear planning budget. Just (11%) has a specific budget for planning, while (89) percent does not. Unfortunately, this reality does not prevail in a convincing or satisfying condition.

Table (5): Management commitment to planning (Items 1, 2, and 3)*

No.	Item	Mean	St.
1	Written documents (mission, objectives, plans)	3.50	1.26
2	Periodic review forms	3.57	1.00
3	Updating to planning documents	3.64	1.06

Table (6): Management commitment to planning (items 4 and 5)

No.	Item	<i>a) State of presence</i>			
		Yes		No	
		No.	%	No.	%
4	Presence of planner or planning staff	12	43	16	57
5	Presence of planning budget	3	11	25	89

Information system practices

Four items are selected to measure the effectiveness of information system with regard to their contribution to strategic planning. Table (7) provides a brief summary of figures related to the flows of communication. Frequency distribution and a 5-point Likert scale are also used here. From data shown in table (7), it is clear that the three directions of flows of communication are prevailing. This finding is expected, since it is unreasonable at this time to find any organization in which communication flows between the three levels of management are not activated.

Regarding the easiness of communication between levels of management, it appears universities enjoy a very good level of downward and horizontal flows of communication (4.36, and 4.2 1), while they are enjoying a medium level of upward flow of communication (3. 14). This fact tends to be normal and accepted, especially within the context of Arab management. The reason is that, Arab management inclines to concentrate decision making process in the hands of top and middle levels of management, and constraining the role of low level management in just receiving and implementing orders. Consequently, this presents a very strong barrier to upward flow of communication.

Table (8) provides a summary of leaders' responses when they are asked to evaluate the capabilities and effectiveness of their organizations information system. A 5-point Likert scale is used. From table (8), it is clear that (IS) can provide an approximately easy access to information about factors which lie within the organizations internal environment ($\bar{X} = 3.93$). But a medium information-access level could be obtained on those factors which lie within the external environment (3.18). Regarding the reliability

and validity of information that could be secured about both internal and external environment, results indicate that its level is approximately medium (3.61). It is found that tile ability of (IS) to integrate the different organization’s subsystems to function as a unified entity to attain its objectives is medium (3.46). This situation will also have its negative impact on the achievement of goals pursued by the organization. This is due to the expected weak concentration of efforts from the organization’s different parts toward achieving its primary objectives.

Full and total participation

For strategic planning to be effective, it necessitates full participation of all managerial levels, since insufficient participation undermines good strategic planning. To what extent this matter is

Table (7): Flows of communication

No.	Flow of communication	No.	%	Easiness of communication	
				Mean	St.
1	Downward	28	100	4.36	0.49
2	Upward	28	100	3.14	0.76
3	Horizontal	28	100	4.21	0.57

Table (8): Information system capabilities

No.	Capability	Mean	St.
1	Access to information (Internal environment)	3.93	0.72
2	Access to information (External environment)	3.18	0.82
3	Reliable and Valid information	3.61	0.63
4	Integration of organization’s subsystem toward goal achievement	3.46	0.67
<i>b) Total</i>		3.55	0.67

Strategic planning-organizational effectiveness relationship

The aim of this part is to analyze the relationship between strategic planning and organizational effectiveness. Hypotheses relevant to this objective are tested here. Tables (9 and 10) summarize the results of this analysis. Based on this analysis, one can say the following regarding every hypothesis:

Hypothesis 1 is supported/accepted (table 4.17): A statistical significant difference does exist between strategic planners and non-strategic planners with regard to their organization return on asset (1992-1996). Univariate one way analysis of variance test (ANOVA) shows that organizations engaging in formal strategic planning have a significantly higher return on asset than those who are not engaging in formal strategic planning. (X = 9.62 vs 5.48; F=3.97; P<0.05).

Hypothesis 2 is supported/accepted (table 4.17): A statistically significant difference is found between strategic planners and non-strategic planners with regard to organization revenue growth rate (1992-1996).Univariate one way analysis of variance test (ANOVA) reveals that organizations engaging in formal strategic planning significantly outperform those who are not engaging in formal strategic planning on this financial indicator.($x=14.10$ vs 4.42 ; $F=5.95$; $P<0.05$).

Hypothesis 3 is supported/accepted (table 4.18): Kruskal-Walhis one way analysis of variance test (ANOVA) reveals a statistical significant relationship between strategic planning and adaptation ability of organization. A statistically significant difference is revealed between strategic planners and non-strategic planners with regard to their organization adaptation ability to external environment. It is found that organizations engaging in formal strategic planning are significantly more adaptable to their external environment than those who are not engaging in formal strategic planning ($X = 4.72$ v.s 2.94 ; $x^2 = 16.71$; $P < 0.01$).

Hypothesis 4 is supported/ accepted (table 4.18): Statistical analysis of this hypothesis succeeds in producing evidence that a statistically significant relationship does exist between strategic planning and attractiveness ability of organizations. Kruskal-Wallis one way analysis of variance test (ANO VA) reveals that organizations engaging in formal strategic planning have shown a significantly higher ability in attracting qualified human resource than those who are not engaging in formal strategic planning ($x = 4.45$ v.s 3.12 ; $x^2 = 12.46$; $P < 0.01$).

Hypothesis 5 is supported / accepted (table 4.18): The overall job satisfaction is found to be significantly related to strategic planning. A statistically significant difference is detected between strategic planners and non-strategic planners in their organization overall job satisfaction. Kruskal-Wallis one way analysis of variance test (ANOVA) reveals that organizations engaging in formal strategic planning have a significantly higher level of job satisfaction than those who are not engaging in formal strategic planning. ($X = 4.18$ v.s 3.24 ; $x^2 = 15.10$; $P < 0.01$).

Hypothesis 6 is supported/accepted (table 4.18): A statistically significant difference does exist between strategic planners and non-strategic planners with regard to their organization retention ability. Kruskal-Wallis one way analysis of variance test (ANOVA) shows that organizations employing formal strategic planning are significantly better with regard to their ability in retaining existing qualified human resource than those who are not employing strategic planning ($x = 4.55$ v.s 3.35 ; $x^2 = 14.44$; $P < 0.01$).

Hypothesis 7 is supported/accepted (table 4.18): Analysis unveils a significant relationship between strategic planning and overall behavioral

effectiveness of organizations. A statistically significant difference prevails between strategic planners and non-strategic planners on this measure. Kruskal-Wallis one way analysis of variance test (ANOVA) proves that organizations applying strategic planning have a significantly better behavioral performance than those who are not applying it. The outcome of this hypothesis testing is not strange. Rather, it is expected; particularly if one knows that hypotheses (4, 5, 6 and 7) are proved to be sound.

Table (9) Strategic Planning and Financial Performance

Dependent variables (Financial indicators)	Independent variables		F-value	Sig.of F
	Strategic planners	Non-strategic planners		
	Mean	Mean		
Return on asset (ROA)	9.62*	5.48	3.97	0.05
Growth rate in (GRR)	14.10*	4.42	5.95	0.02

* Significantly outperforms non-strategic planners at P <0.05.

Table (10): Strategic planning and behavioral effectiveness performance

Dependent variables (behavioral indicators)	Independent variables		Chi-square value (X ²)	Sig. of X ²
	Strategic planners	Non-strategic planners		
	Mean	Mean		
Adaptability	4.72***	2.94	16.71	0.0000
Attractiveness	4.45***	3.12	12.46	0.0001
Job satisfaction	4.18***	3.24	15.10	0.0001
Retention	4.55***	3.35	14.44	0.0001
Overall behavioral performance	4.48***	3.16	14.46	0.0001

*** Significantly out performs non-strategic planners behavioral at P <0.01.

Conclusion

Based on results and discussion, the following conclusions can be listed:

- (1) Universities under study are not making the required use of strategic planning despite the extremely emergent need for it in today academic environment. On the contrary, they underutilize this practice.
- (2) Academic leaders under study possess very strong and positive attitudes toward strategic planning. But this has not been realistically translated into actual commitment toward it.

(3) Universities suffer from a documentation problem with regard to planning process in general and strategic planning in particular.

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