

The Impact of Strategic Planning Success on Firm Performance at Some Selected Telecommunication Companies in Mogadishu Somalia

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Abstract: *The study investigated the effects of strategic planning on organizational performance in telecommunication Companies, the aim is to know whether strategic planning has an effect on the overall performance of the organization. The methodology that was used for the study is surveying, design and the target population was 100 members of staff of telecommunication Companies while the sample size was 80 which were determined using Slovenes formula. The result of the analysis indicate that there is relationship between effective strategic planning and organizational performance and also that lack of employee Participation, lack of Formality and lack of understanding of the role in the execution process are challenges in the implementation of strategic planning and therefore recommend among others that telecommunication Companies should give more serious attention to strategic planning and finally, employee welfare should also be given adequate attention for efficiency and effectiveness in organization.*

Keywords: Strategic Planning Success, Tool Of Strategic Planning, Employee Participation, Implementation, Time Horizon, Formality

1. Introduction

The strategy planning success and firms performance was concerned with helping companies which were threatened with obsolescence to plan their way in to new business in short, the concept of strategic planning developed in the midst of difficult economic meltdown and fast changing environment, so over the years much of the empirical research in the strategic management was centered on identifying which set of strategies seen to enable business firms to achieve economic success early studies carried out by management researchers concluded that increased profitability does not normally accompany the application of strategic management however, a significant number of recent investigations suggest that an efficient and effective strategic management system can increase profitability (Amoli & Aghashahi, 2016).

Strategic planning has been more important for the organization to deal with the changing of so many aspects of life which make strategic planning more crucial for a longer business life and competitiveness (Al-Shaikh, 2001). Strategic planning is considered as an important tool of management (Aldehayyat, 2011). Stonehouse and Pemberton (2002, p. 854), state that strategic planning is a “center on the setting of long-term organizational objectives and the development and implementation of plans designed to achieve them”. Daft (2012, p. 180), describes that planning is “the act of determining goals and defining the means for achieving them and planning helps managers think toward the future rather than thinking merely in terms of day-to day activities”. Thus, it can be concluded that strategic planning is the process to determine the long-term goals and the objectives of the organization and determine the guidelines and procedures to attain them. Al-Shaikh (2014), argued that the benefits of strategic planning are highlighted from various perspectives.

Among others are generating information, ensuring thorough consideration of all feasible options, forcing the company to evaluate its environment, stimulating new ideas, increasing motivation and enhancing internal communication and

interaction. Long-term planning is important not only for small businesses but also for large businesses. There are no reasons for organization to ignore doing it, because the strategic planning enables them to capitalize the opportunities that lie in the future and be able to prevent the threats it contains (Steiner, 1967).

Drucker (1985), additionally points out that every business needs a strategy and to be develop firms, even smaller business as well.

The study by Kraus et al., (2009, p. 3), illustrated that “strategic planning is the attempt to prepare for future contingencies and thus to account for environmental dynamics and complexity”. In this regard, Miller and Cardinal (1994), claimed that strategic planning is equally beneficial in the SMEs and large companies in term of encouraging for a better performance. Previous studies have also shown that strategic planning has a strong relation to the firms financial success (Katz and Green, 2007; Wheelen and Hunger, 2008). The similar finding is also proposed by Sexton and Auken (1985), who believed that firms with lower levels of strategic planning have a higher percentage of failure as compared to those with higher levels of strategic planning. This implies that strategic planning assists firm to survive. Furthermore, the importance of strategic planning for the business is also shown by Signhvi (2000), who highlighted that the key success of firms is by having proper strategic planning.

Moving further, when discussing on strategic planning, and its ability to enhance the organizations performance, some previous scholars have tried to explain the relationship between strategic planning and organizational performance. Some of them have focus on a unidimension of strategic planning, such as formality (Veskaisri, 2007; O'Regan & Ghobadian, 2007; McKiernan & Morris, 1994); time horizon (e.g. Rhyne, 1986). On the other hand, some other scholars have tried to investigate the multidimension of strategic planning. However, the dimensions involved varied between scholars (Suklev & Debarliev, 2012).

The level of uncertainty of strategic plan success in business environments is posing increasing challenges for firms. Evidence from the literature, many empirical research have conducted in context of strategic planning especially in business organizations. These studies they mostly focused on two areas: (i) the impact of strategic planning on firm's work process and (ii) the role of strategic planning in strategic decision-making (Grant, 2003), while recently in the worldwide changes raise the question of what key drivers for strategic plan success on the firms (Bouhali, Mekdad, Lebsir, & Ferkha, 2015; Papke-Shields & Boyer-Wright, 2017). . Although the studies within the East African context by Woodburn (1984), Adegbite (1986) and Fubara (1986) noted that firms that practiced strategic planning and how to success recorded better performance compared to non-planners, their focus, however, was on the formality of planning rather than the link between planning success and firm performance.

My aim of the Study as follows: to determine the impact tool of strategic planning on firms performance at Telecommunication companies in Mogadishu Somalia, to investigate the employee participation, implementation on firms performance at Telecommunication companies in Mogadishu Somalia, to examine the time horizon, formality on firms performance at Telecommunication companies in Mogadishu Somalia.

2. Literature

Planning by going through all the steps for strategic planning of a single organisation of one's Own choice with the purpose of being able to summarise the information collected in the Strategic plan of a specific organisation. Planning is considered as one of the most complex Types of human activity mainly due to the necessity to operate with abstract information and events that have not yet taken place, but in order for an organisation to reach these results, however, it is necessary for these events to take place. It may be considered, therefore, that in the result of planning any concepts or seeds of the future are created F.Channon, Derek (1999).

While the entire complex of strategic management will in addition to the strategic plan ensure the realisation of all these seeds of events into real life. While learning the subject of strategic management the task is particularly difficult for students if they do not possess any information and Knowledge about the actual operational conditions of a particular organisation and the circumstances affecting it, therefore, the level of abstraction of any planning results is even greater making the understanding of the subject and the learning process in general Significantly more difficult. The solution could be a parallel and iterative process of learning the theory and obtaining the practical knowledge and skills.

It is conceptualized that firms that have effectively embraced strategic planning, record better performance compared to those that have not. David (1997) argues that firms record improved 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 effectiveness. By defining a company's purpose and goals, strategic planning provides

direction to the organization and enhances coordination and control of organization activities. The linkage between strategic planning and organizational performance needs analysis to get a better understanding how strategic planning is applied in practice and will improve organizational performance. Strategic planning often fails due to problems or barriers encountered at the implementation stage. Mixed evidence about the relationship between strategic planning and organizational performance makes the debate about its effectiveness as a tool of strategic management an ongoing one (Wagner, 2006).

Byrson (1989) argue that strategic planning assists in providing direction so organization members know where the organization is heading to and where to expend their major efforts. It guides in defining the business the firm is in, the ends it seeks and the means it will use to accomplish those ends. The process of strategic planning shapes a company's strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals. Strategic plan defines performance to be measured, while performance measurement provides feedback against the planed target (Dusenbury, 2000).

Strategic planning applies a system approach by looking at a company as a system composed of subsystems. It permits managers to look at the organization as a whole and the interrelationships of parts. It provides a framework for coordination and control of organization's activities, decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance (Arasa and K'Obonyo, 2012). Kotter (1996) argues that the strategic planning process can be used as a means of repository and transforming the organization. Thompson, Strickland and Gamble (2007) postulate that the essence of good strategy making is to build a strong enough market position and an organization capable to produce successful performance despite unforeseeable events, potent competitive and internal difficulties.

In the literature two types of measures of the firm performance to distinguish: first, financial measures or again objective measures, for example, return on assets (ROA), return on sales (ROS), et return on equity (ROE). Second, non-financial measures or again subjective measures, for example, shareholders' satisfaction, employee's satisfaction, customers satisfaction (Hart, 1992; Ong and Teh, 2009). Of fact, Operationalization of performance refers to the selection of the appropriate measures when assessing company performance. An important question has arisen concerning the relevance of the exclusive use of traditional financial criteria (financial measures) with respect to other non-financial criteria. For instance, Falshawet al. (2006) have noted that financial measures of performance can capture only one part of the company's profitability.

Performance is often presented as a multidimensional concept (Hart, 1992). Nevertheless, its measurement remains difficult (Chakravarthy, 1986; Falshawet al., 2006). Nonetheless, the mode of performance operationalization is considered as one of the potential methodological causes of

the contradictory results of empirical works on the relationship between comprehensiveness and performance (Powell, 1992; Brock and Barry, 2003). Consequently, it is generally recognized that it is quite difficult to choose appropriate measures for company performance (Hart, 1992).

3. Methodology

In most of the strategic management research studies, a researcher may select his or her research approaches according to either the qualitative or quantitative method. One of these approaches is chosen for data collection, depending on the research paradigm employed (Bhattacharjee, 2012). These approaches are discussed below:

The qualitative research approach enables examination and description of a social and cultural phenomenon. This method aims to realize people and social perspectives in different circumstances. Findings from qualitative research cannot be generalized to the whole population because of a few members of participants. Further, the data for this method can be collected through participants' observations, interviews, documents, texts, as well as the researcher's feedback and understanding (Myers & Avison, 2002). Thus, such research or methods are used in social science and other areas for developing a deep understanding that can inform practices, theory and the specific phenomenon of interest (Creswell, 2013). Paradigmatically in the qualitative (interpretive) method, the emphasis is on the postulation that social contexts and human experiences figure in social reality (Walsham, 2006).

The quantitative methods are typically used more in an information system for confirmatory research studies, including test theory (Venkatesh, Brown, & Bala, 2013). This research approach is used to quantify the problem by way of generating data that can be transformed into usable statistics. The quantitative approach to gathering information focuses on describing a phenomenon across large numbers of participants, thereby providing the possibility of summarizing characteristics across relationships or groups (Creswell, 2013). Furthermore, the quantitative research approach's focus is on confirmation, deduction, testing theory/hypothesis, prediction, explanation, standardized data collection and statistical analysis respectively. The main purpose of the quantitative data collection is to produce generalizable, reliable and valid measures (Trotter, 2012).

Since this research is concerned with testing firm's performance the Positivism paradigm, the research approach employed is a quantitative design. This study focus on Cross-Sectional explanatory design. Cross-Sectional Survey design why is collecting Data at one point in time from a sample selected to represent a larger population or cause relationship variables because to consideration time and cost of data gathering a correlation is data collection method that determines whether, and to what extent an association exists between two or more paired and quantifiable variables. (OmenandOso, 2008).

The target population of this study was the 100 employees of HORMUUD TELECOM and NATION-LINK Head offices at Howl-waddag district in Mogadishu. The employees consisted of the CEO, HR Manager, Finance and Administration Manager, heads of departments for Sales and Marketing. These were selected because they deal directly with telecommunication services and were likely to offer insight into problems and issues surrounding Telecommunication activities at Howl-waddag district in Mogadishu Somalia.

This survey was applied qualitative methods, especially correlation design for analysing collected questionnaire. An item analysis was illustrated the strong points and weaknesses based on the index numbers in terms of mean, standard deviation and rank. From these strengths and weaknesses, the recommendation will derive From the analysis the researcher interested in attending at the relationship between variables. One means of doing correlation analysis is to use Spearman's r test to look into the correlations between two groups of normal spread data. In the thesis the researcher used Spearman's ρ due to data normality correlation between Strategic planning success and Firm performance.

4. Summary

The following findings were made from the study, Majority of the respondents were male, Majority of the respondents were between the age 31-40 years, The study also revealed that majority of the respondents were married, It was also evident that majority of the respondents had Bachelor qualification, There is relationship between effective strategic planning and firm performance in telecommunication Companies, There is relationship between effective strategic planning and employees "performance in telecommunication Companies, The study also revealed that lack of employee Participation, lack of Formality, inadequate instructions to employees, information system used for implementation is inadequate and lack of understanding of the role in the execution process were challenges in the implementation of strategic planning in telecommunication Companies.

5. Recommendations

That telecommunication Companies should give more serious attention to strategic planning success, separate other types of planning from strategic planning, endeavor to choose appropriate.

A strategy that matches for every strategic plans and as well adopt and effectively implement the full tenets of strategic planning.

Employee welfare is an indispensable factor of strategic planning as all tenets of strategic planning (formulation, implementation, evaluation and control) must be executed through its human capital, therefore every organization must endeavor to take the welfare of its human resources very serious for assurance of effective strategic planning. In other words, for organizations to survive through attainment of its objectives, employees must play an indispensable role.

Organizations should endeavor to adopt appropriate training because appropriate training provides a solid foundation for employees' performance.

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