

## THE RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT AND ORGANIZATIONAL PERFORMANCE IN MOGADISHU-SOMALIA

**Garad Yusuf Mohamud**  
Simad University  
SOMALIA

**Abdullahi Salad Mohamud**  
Simad University  
SOMALIA

**Bashir Hussein Mohamed**  
Simad University  
SOMALIA

### ABSTRACT

This study sought to investigate the relationship between strategic management and organizational performance in Mogadishu. Emphasis was put on trying to establish the relationship between strategic management and organizational performance in Mogadishu-Somalia. The study employed the use of both descriptive and correlation research design to establish the nature of the relationships. To analyze the data, the spearman correlation statistical tool was used with the aim of establishing the relationship between above variables. This formed the basis of the detailed analysis, conclusions and recommendations. The findings revealed the existence statistically significant has a positive relationship between strategic management and organizational performance, the study also indicate that there is a statistically significant moderate positive relationship between strategic management and organizational performance on the basis of the findings, the researchers made the following conclusions. Organizations should provide good strategic management to their organizations that will improve performance of employees companies should employee performance appraisal to promote better satisfaction finally, organizations should factor into account or internal and external factors that can effects organizational performance.

**Keywords:** Strategic Management, Organizational Performance, in Mogadishu-Somalia.

### INTRODUCTION

Historically strategy management and organizational development was concerned with helping companies which were threatened with obsolescence to plan their way in to new business in short, the concept of strategic management 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. More recent empirical evidence indicates that on the average, companies that plan outperform those that do not. In one of such studies it can concluded, "firms with strategic planning systems more closely resembling strategic management theory were found to" exhibit superior long-term financial performance both relative to their industry and m absolute terms" recent major studies of strategic management carried out have found support for the strategic management and corporate performance hypothesis for instance there studies revealed that a SMEs corporate financial performance tends to increase with a unit increase in the level of practice of strategic management the higher the overall level of strategic management practice by a SMEs, the higher the financial performance of the SMEs expressed in terms of earnings per share, profit before tax, return on capital

employed, net asset, current or working capital ratio, increase in relative market share, continuing addition of new products and products lines, and total deposits for all the financial performance indicators used, performance tended to increase significantly as the level or degree of sophistication of strategic management increased (Akingbade, 2007).

In Africa despite these research work has targeted to investigate the impact of the broad subject of strategic management on organizational growth and development in Nigeria existing studies in Nigeria, aimed at human resource development related studies on this study were on strategic planning an off shoot of strategic management of these studies in Nigeria, none accessed the impact of strategic management of planning on manufacturing sub-sector of the economy. To this effect, this study attempts to empirically analyze how strategic management can be used by manufacturing firms in Anambra State to effectively derive plans for growth and development. (Ilesanmi, 2011, 2007).

In the context of Somalia, it is located in the Horn of Africa, adjacent to the Arabian Peninsula., it has historically been seen as a very significant and strategic country in the area Academics and Somali anthropologists claim that Somali society is essentially a homogenous people, as they predominantly speak one language, have the same culture and following the same religion; Islam.

As a result of the prolonged period of conflict, all systems of control had broken down. The current administration is making efforts to rebuild the systems of internal control so there is no research made by the private companies and their strategic management there is some improvement in adherence to systems of control in contrast to the recent past, although, a lot more needs to be done to strengthen the overall systems of internal control (Farah, 2012). So this study investigated the impact of strategic management and organizational performance in Mogadishu-Somalia.

## **PROBLEM STATEMENT**

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans (David, 2005)

Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables or expeditiously as possible in the pursuit of its operational goals (Griffin, 2006).

The strategic management organizational performance o has been the focus of intensive research efforts in recent times economic environment is changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition to complete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market "Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved, assesses its competitors and set goals and strategies to meet all existing and potential competitors, and then reassess each strategy annually or quarterly ie regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet charged circumstances, new technology, new competitors, a new economic environment, or a new social, financial or

political environment” Achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain (Raduan, 2009).

### **Purpose and Objectives of the Study**

The purpose of this study is to identify the impact of strategic management on organizational performance: A case Study Mogadishu-Somalia.

- a) To investigate the impact of strategic management on organizational performance in Mogadishu-Somalia.
- b) To find out the relationship between strategic management and organizational performance

### **LITERATURE REVIEW**

Strategic management is the process and approach of specifying an organization’s objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans (David, 2005) Strategic management is the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments (Adeleke, 2008) Concepts the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya it examined the extent to which formal strategic management is adopted by medium sized manufacturing enterprises in Kenya and investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted it also determined the relationship between level of competition and adoption of formal strategic management and investigated the effect of administrative legal factors on organizational performance (Adeleke, 2008).

Organizational performance is described as an organization’s ability to acquire and utilize its scarce resources and valuables or expeditiously as possible in the pursuit of its operational goals (Griffin, 2006) lay out that culture has impact on organization performance the organizations which have realized and comprehended its importance completely awarded value to their employees and incentives for knowledge sharing and creating an atmosphere which is beneficial for successful knowledge management systems have designed the analytical evaluation factors in the implementation of knowledge management systems to succeed and have cited numerous preceding researches which approved that knowledge friendly culture should be developed or established if in order to acquire successful implementation of knowledge researched and highlighted the factors which cause the failure of knowledge management and examined carefully and methodically that when processes and culture are not properly adjusted system tends to fail the implementation of knowledge management, while input is not taken from all stake holders in developing the management does not withstand it and responsibilities are not effectively implemented the knowledge is not effectively distributed in the right way because there in not enough conscious awareness about knowledge management within the organization system defined that knowledge is acquire from information and information come into possession from data if is to be developed knowledge is to be developed from information; human are required to do massive amount of the work on it (Griffin, 2006).

## THEORETICAL FRAMEWORK CLASSICAL THEORY

This is the oldest and still most influential theory of strategy. The theory relies on the rational planning methods and profitability is the supreme goal. Oyedijo, 2004 identified Chandler, 1962, Sloan, 1963 and Ansoff, 1965 as the three men that developed the classical theory. They established the key features of the classical in strategy namely;

1. The attachment to rational analysis;
2. The separation of strategy concept from strategy execution
3. The commitment to profit maximization.

This theory relies on the rational planning methods and profitability is the supreme goal. The classical school believes that strategy should be formal and explicit based on the organization structure for profit maximization. Here, success or failure is determined internally by the existence or non-existence and quality of the strategic issue management activities in an organization (Sloan, 1963)

### Evolution and Revolution Theory

Darwin, the naturalist, proposed a theory of evolutionary change of biological species. In its most basic form, Darwin's theory suggested that environmental change forces each species into incremental, but continuous, mutation or transformation. Through such changes, a living entity can adapt to its environment and survive. A species that cannot conform to its environment requirement is doomed eventually becoming extinct. This perspective of evolutionary change has influenced many management thinkers like (Porter, 1985, Kempner and Hewkins, 1968) among others. As a result, they believe that organizations are influenced by environment, that environmental change is gradual, requiring Concomitant organizational change; and that effective organizations are those that conform closely to environmental requirements. Firms that cannot or can but do not adapt to gradual external change eventually find themselves outpaced by their competitors and forced out of business. A different view of environmental change was proposed by certain natural historians and by the economist (Schumpeter, 1950). According to this view, environmental change is not gradual but occurs in revolutionary and abrupt forms. Natural historians in this school of thought believe that species can exist in unaltered form for a lengthy period of time. Then, as a result of a sudden revolutionary environmental change, such as a radical change in policy or emergence of a new superior competitor, old species might be destroyed and novel species created. The resultant species then exist for many decades or centuries until the environment again changes abruptly, promoting the creation of still newer species. In the field of social sciences, (Schumpeter, 1934) proposes that an economic environment is characterized by a relatively long period of stability, punctuated by brief periods of discontinuous and revolutionary change. These revolutions are generated by the advent of new entrepreneurial enterprises with novel technologies. The new industries created by these entrepreneurial ventures destroy existing firms by making them obsolete. Some views of revolutionary change are more moderate, proposing that at least some of the existing firms would be able to adapt to the abrupt environmental change. These adaptive organizations allow the innovative firms to absorb the costs and risks of creating new products and services and then initiate successful innovations. Even Schumpeter in 1950, changed from his earlier (1934) position by arguing that some existing firms could survive revolutionary change. Survival, he believed, could come reactively through initiating the revolutionary products and services of newer enterprises or proactively by originating new products or services (Schumpeter, 1950)

## **Relationships between Strategic management and Organizational Performance**

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans (David, 2005) Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables or expeditiously as possible in the pursuit of its operational goals (Griffin, 2006).

In the context of Nigeria, the study titled effect of strategic issue management on organizational performance. The main purpose of this study was to explore the links between strategic issue management activities and organizational performance. The methodology of this study a survey research design was adopted. The sample size was 100 respondents using simple random and judgmental sampling technique and Questionnaire was used as data collection tool. The study revealed some evidence that issues management is indeed a strategic organizational functions in the sense that the adoption of issues management techniques can improve the performance and relative standing of organization that are with different societal and political issues (Lawal, Elizabeth, & Oludayo, 2012).

Another study in Nigeria has titled the effects of strategic planning on corporate performance in university education: a study of Babcock University. The main objective of this study was to find the effect of Strategic Planning on Corporate Performance using Babcock University as the case study and how this has impacted on the management efficiency and effectiveness as strategic planning is essential in corporate organizations. The research design adopted for this study was the survey design. The sample size was 283 and questionnaire was used as data collection tool. The findings of this study, it has been established that effective strategic planning indeed has a positive impact on performance. Although formal planning only will not bring about better performance, effective implementation will suffice (Ajao & Grace, 2012).

In the context of Canada, the study titled strategic planning and organizational performance in a business simulation: an empirical study. The objective of this study was to find the relationship between strategic planning and organizational performance in a business simulation. The methodology of this study Survey research was used in this study. The sample size was 114 respondents and Questionnaire was used as data collection tool. This study presents the results of matching the extent of planning in a major business policy game and the performance (results) of this effort. The difference between this study and earlier studies is that in this study teams had the choice as to the extent of planning they would do (Smith & Golden, 1989).

Another study in Nigeria, titled strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis. The objective of this study was to find out the influence of strategic management on corporate performance in selected small scale enterprises in Lagos, Nigeria. The paper also provides how strategy could be used for improved performance of small scale enterprise in Nigeria. The methodology of this study Survey research was used in this study. The sample size was 140 respondents. This was selected randomly and Questionnaire was used as data collection tool. The findings of the study show that strategic management has an effect on the market share of SBEs. Also, implementation of strategic management has a positive relationship with organizational profitability ( Dauda, Akingbade, & Akinlabi, 2010).

Another study in Nigeria titled the impact of strategic management on organizational growth and development (a study of selected manufacturing firms in Anambra state). The main objective of this study was to investigate the impact of strategic management on organizational growth and development of selected manufacturing firms in Anambra State. The methodology of this study was Survey research used in this study. The sample size was 63 respondents selected from 21 manufacturing firms across the three senatorial zones of Anambra State were sampled (3 from each firm). The study thus concluded that though strategic management is not yet a common business practice among manufacturing firms in Anambra State, it has been identified as veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Anambra State in particular and Nigeria in general (Muogbo , 2013).

In the context of Kenya, the study titled the effect of formal strategic management on organizational performance: a study of selected medium sized manufacturing enterprises in Nairobi, Kenya. The main objective of this study was to examine the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. The methodology of this study the research was conducted through a survey research design. The sample of Eighty MEs was selected using simple random sampling. And the study used questionnaire as research tool. The study found that the majority of MEs have adopted some formal strategic management. This is inconsistent with current literature and empirical studies that suggest that the MEs have not adopted any formal strategic management. It is consistent with past studies that administrative/legal factors affect both adoption of formal strategic management and organizational performance (Gichunge, 2006).

## **METHODOLOGY**

The study was conducted through descriptive and correlation design the researcher used this approach in order to describe and to investigate the relationship between the impact of strategic management and organizational performance in Mogadishu-Somalia using information gained from the questionnaire the correlation design used to establish the relationship between the independent and dependent variable through quantifiable results.

### **Research population, sample size sampling procedure and research instrument**

The target populations for this study were 100 from selected some organizations in Mogadishu-Somalia the target populations include managerial and non-managerial this study was use purposive sampling the researchers used random sampling to target some respondents the researcher believes that they have relevant information this technique used to reach the targeting population The study was use questionnaire as main tool for collecting data the selection of this tool has been guided by the nature of data to be collected, the time available as well as by objectives of study.

## **FINDINGS AND CONCLUSION**

This section of the study presents the background information of the researchers' respondents those who participated in the study.

DEMOGRAPHIC PROFILE	FREQUENCIES	PERCENTAGE
<b>1. Gender</b>		
Male	51	63.8%
Female	29	36.2%
<b>Total</b>	<b>80</b>	<b>100%</b>
<b>2. Age</b>		
25-35	43	53.8%
35-45	16	20.0%
45-55	10	12.5%
55 Above	11	13.8%
<b>Total</b>	<b>80</b>	<b>100%</b>
<b>3. Marital Status</b>		
Single	35	43.8%
Married	45	56.2%
<b>Total</b>	<b>80</b>	<b>100%</b>
<b>4. Level of Education</b>		
Secondary	10	12.5%
Bachelor	44	55.0%
Master	24	30.0%
PhD	2	2.5%
<b>Total</b>	<b>80</b>	<b>100%</b>
<b>5. Employment Type</b>		
Manager	32	40.0%
Non-Manager	48	60.0%
<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Primary data 2014

### Gender of the respondents

According to the above table, the majority of the respondents of this study 51 (63.8%) were male, while the remaining 29 (36.2%) were female. Therefore, this indicates that male are dominant to the female in terms of work place.

### Age of the respondents

As the above table, the majority of the respondents of this study 43 respondents equivalent to (53.8%) were aged between 25-35 years old, 16 respondents equivalent to (20%) are aged between 35-45 years old, 10 respondents equivalent to (12.5%) are aged between 45-55 years old, while the remaining 11 respondents equivalent to (13.8%) are aged 55 and above years old.

## Marital Status

From the above table, the majority of the respondents of this study paper 45 respondents (56.2%) are married, while the remaining 35 respondents of this study equivalent to (43.8%) were single.

## Level of Education

The study shows that the respondent's educational level the majority were bachelor 44 that equivalent to (55.0%) the respondents that have Master Degree were 24 their percentage are (30.0%) the secondary level of the respondents were 10 that equivalent to (12.5%) while the remaining of this study were 2 PhD the percentage of their 2.5% therefore this research paper shows the majority of the respondents were bachelor degree.

## Employment Type

The above table shows that the respondents were non-manager 48 that equivalent (60.0%) while the remaining 32 equivalent to (40.0%) so this shows that the respondent's employment type were non-manager.

## Descriptive and Correlation Analysis

Table 4.2

Variable	Mean	Standard Deviation	1	2
Strategic Management	3.14	.485	1	
Organizational Performance	3.01	.480	0.541**	1

### Correlation Table

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

The above table indicates the descriptive and correlation analysis of the variables. The study found that Strategic Management have mean of (3.14) and the standard deviation of (0.485) which indicates a very good level. The second variable of this study was Organizational Performance which has mean (3.01) and the standard deviation of (0.480) which indicates also a very good level.

According to above table, the study found that there is significant relationship between Strategic Management and the Organizational Performance which have correlation index of ( $r=0.541$ ). therefore, the study found that Strategic Management have significant relationship to the Organizational Performance some selected companies in Mogadishu-Somalia.

## MAJOR FINDINGS

This section discovers the research result and findings derived from the distributed questionnaires. The main purpose of this study was to identify the relationship between strategic management and organizational performance in some selected Mogadishu, Somalia.



the findings of the study reveal that majority of the respondents agree same opinion that there is relationship between strategic management and organizational performance in Mogadishu. The study found that the Strategic Management have mean of (3.14) and the standard deviation of (0.485) which indicates a very good level. The second variable of this study was Organizational Performance which has mean (3.01) and the standard deviation of (0.480) which indicates also a very good level. Organizations should provide good strategic management to their organizations that will improve performance of employees companies should employee performance appraisal to promote better satisfaction finally, organizations should factor into account or internal and external factors that can effects organizational performance on other hand the researchers found that there is a positive significant relationship between strategic management and organizational performance in Mogadishu Somalia.

## CONCLUSION

In this paper the researchers have presented and discussed many ideas that related to literature to the strategic management and organizational performance in Mogadishu-Somalia, its being highlighted and presented many studies across the world that are related to this study, but most of them conducted in the developed countries, but unfortunately there are limited studies in developing countries that attempt strategic management and organizational performance to the best of our knowledge there is no such study that has been made in Mogadishu-Somalia, so we were attempt to investigate the relationship between the strategic management and organizational performance for the first time, however we focused the relationship between the strategic management and organizational performance there is no such study that has been made so far in Somalia, however the researchers was fill the gap for the first time by investigating the relationship between the strategic management and organizational performance in some selected companies in Mogadishu the capital of Somalia.

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