AN IMPACT OF STRATEGIC MANAGEMENT ON THE PERFORMANCE OF ORGANIZATION: AN EMPIRICAL INVESTIGATION ON SELECTED ORGANIZATION OF RAJASTHAN

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ABSTRACT

The performance of manufacturing undertakings assumes a fundamental role in determining an economic progress and development of the country. So the principle motive behind this paper is to explore the actual impact of strategic management on the performance of manufacturing organizations in Rajasthan. Along these lines, the main objective of this investigation is to provide further evidence on the positive impacts of strategic management on the performance of manufacturing companies in Rajasthan. The findings discovered the presence measurably has a strong positive relationship between strategic management and organizational performance, the examination additionally shows that there is a statistically significant direct positive relationship between strategic management and organizational performance based on the discoveries, the researchers made the accompanying conclusions.

Keywords:

INTRODUCTION

Today's business world is much more complex and has ambiguous conditions which influence the organizations to create effective strategies for the dynamic market. As per Hunger and Wheelen (2011) strategic management has now advanced to such a point that its fundamental value has developed to assist the organization to work effectively and efficiently in today's competitive environment. Commercial environment is varying rapidly and this fluctuation is portrayed by phenomena such as the globalization, fluctuating buyer, and investor demands, regularly expanding product market competition. To compete effectively and survive successfully in this condition, organizations are forced to constantly enhance their performance by minimizing cost, modernizing products and process and improvising quality, productivity, and speed to market and advertise. "Strategic management is a continuous process that endeavor to evaluates and controls the business and hence the industries in which the company is contributing, identifies its potential competitors and set targets and devise strategies to fight with all existing and potential competitors, and then reconsider each strategy periodically i.e. yearly or quarterly to determine how it has been implemented and also the success was accessed to find out the needs of replacement from a completely new strategy to encounter dynamiccircumstances, latest technology, potential competitors, a new economic surroundings, or an entirely new social, financial or political environment" (Lamb, 1984).

Generic management theory is based fundamentally on the idea that strategy content largely influences organizational performance. We can broadly define Strategy content as the operative way an organization always seeks to align itself with the existing environment (Donaldson 1995; Miles and Snow 1978). In the present scenario, the performance of organizations has always been the epicenter of rigorous research efforts. An organizations main concern has now been shifted to evaluate and monitor how well an organization implements its process, policies, and programs and achieves its strategic goals mainly in terms of its mission and vision. Administrators in both private and public undertakings are becoming progressively aware that a vital source of gaining competitive advantage frequently comes from native product and services, best public relations strategy, up-to-date technology and having an effective system of attracting, managing and retaining the organization's human resources. Organizations have a significant role in our daily lives, they directly or indirectly affect our lives in numerous ways and therefore, successful organizations symbolize a key ingredient for all the developing nations. Thus, several economists consider these organizations and institutions comparable to a device in determining the economic, social and political development. Organizational performance is undoubtedly one of the most important variables in the management research and hence perhaps the most important indicator for evaluating organizational performance and growth.
Even though the concept of organizational performance is very common in the academic literature, its definition is comparatively very difficult because of its many significances. Due to this reason, there isn’t a comprehensively acknowledged definition of this concept.

REVIEW OF LITERATURE ON STRATEGIC MANAGEMENT AND ORGANIZATIONAL PERFORMANCE

An organization is made up of an organized group of people holding a particular objective together. Organizational performance is dependable on the functioning of such group of people and is fundamentally the ultimate result of how successfully such an organized group of people with a particular purpose perform their function mutually with the help of each other.

Dinçer (2003) defines strategic management generally as the whole set of policies for decisions and activities performed for developing and implementing effective strategies and assessing and controlling them effectively. The strategy is basically determining the goals and purposes of the organization and rescheduling the essential activities to achieve these goals by analyzing the relationships between the organization and its surroundings and apportioning the sources desirable in a way that they will be effective in the long run.

Strategic management is thus the process and methodology of specifying an organization’s objectives, developing its policies and plans to achieve these objectives successfully by optimally allocating resources so as to implement the framed policies and plans. Hence, strategic management can be viewed as a mutual combination of strategy formulation, employment and assessment (David, 2005; HaimHilman Abdullah, 2009; Hashim, 2005; ZainalAbidin Mohamed, 2005).

Askarany and Yazdifar (2012), in the past few decades, investigated the dispersal of six projected strategic management tools with the help of the lens of organizational change theory, inspected and analyzed the relationship between the implementation of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The findings of the study suggested a significant association between the diffusion of these moderately new strategic management tools and organizational performance.

Gichunge (2007) successfully examined the effect of formal strategic management on the organizational performance of average sized manufacturing enterprises in Nairobi, Kenya. The study examined the degree to which these formal strategic management is implemented by medium sized manufacturing enterprises in Kenya and hence examined the effect of various administrative/legal aspects on the degree to which formal strategic management are accepted.

OBJECTIVE OF THE STUDY

- To study the process of strategic management and its relevance to firm’s operational performance.
- To study the impact of strategic management on organization performance.

RESEARCH METHODOLOGY

The study was carried out in cement manufacturing companies of Rajasthan state of India. As in this state there exist numerous manufacturing companies to carry out our study effectively. Rajasthan is located in the west zone in India. Primary data is obtained through the administration of the structured questionnaire, which was employed in the study. For this study, the author selected some cement manufacturing industries of Rajasthan. Selection of the respondents was done with the help of Purposive sampling technique. Respondents selected are managers of various departments in the selected cement companies since they are a part of top/senior management that makes strategic decisions and coordinate resources. The managers were drawn from departments/viz. human resource/administration, finance, accounts, production, engineering, and marketing. The sample size for this study was 40 respondents.

The independent variable of the study is chosen as “strategic management” which was measured by environment scanning, strategy formulation, strategy implementation and evaluation control, and the dependent variable is “organization performance”, which is measured by operational performance. Data collected were analyzed using frequency, percentage, weighted mean, Pearson Correlation Statistic and analysis of variance (ANOVA).

RESEARCH QUESTION

- Is strategic management practiced by manufacturing firms in the Rajasthan state of India?
- What is the effect of strategic management on organizational performance?
HYPOTHESES OF THE STUDY
In order to achieve the objectives designed for this study, the following research hypotheses were formulated and tested in their null form based on the revelations in the review of the literature concerning strategic management and firm performance.

H₀₁: There is no significant impact of Strategic management on the performance of the organization.
H₁₁: There is a significant impact of Strategic management on the performance of the organization.

DATA ANALYSIS AND DISCUSSION
nowledge of strategic management and therefore the information provided is considered adequate to a very large extent.

SOCIODEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

55 copies of the questionnaire were administered in the study out of which 40 copies were thoroughly filled and returned. The data analysis began with collecting the socio-demographic characteristics of the respondents which include academic qualification, professional qualification, designation, and working experience. Being managers they possess a good knowledge of strategic management and therefore the information provided is considered adequate to a very large extent.

In addition to their academic and professional qualifications, the respondents occupied top management positions with good years of service in the firms (experience).

STRATEGIC MANAGEMENT PROCESS IN THE MANUFACTURING COMPANIES

ENVIRONMENTAL SCANNING

Q. Does your company monitor, evaluate and disseminate information from the external and internal environments to key people within the organization?

Table 1: Frequency table of environmental scanning (strategic management process) in the manufacturing companies

<table>
<thead>
<tr>
<th>Environmental scanning</th>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>37</td>
<td>92.5</td>
<td>92.5</td>
<td>92.5</td>
<td>92.5</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>7.5</td>
<td>7.5</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Graph 1: Frequency graph of environmental scanning (strategic management process) in the manufacturing companies

From above table and graph, it is clear that when respondents were enquired about does their company monitor, evaluate and disseminate information from the external and internal environments to key people within the organization. The results here show that 92.5% of the respondents said yes and only 7.5% said no.
**STRATEGY FORMULATION**

Q. Are the strategies formulated in line with the company's vision and mission statements?

![Table 2: Frequency table of Strategy formulation (strategic management process) in the manufacturing companies](image)

<table>
<thead>
<tr>
<th>Strategy Formulation</th>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>33</td>
<td>82.5</td>
<td>82.5</td>
<td>82.5</td>
<td>82.5</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>17.5</td>
<td>17.5</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Graph 2: Frequency graph of Strategy formulation (strategic management process) in the manufacturing companies

As stated from above table and graph 82.5% of total respondents agreed that the strategies were formulated in line with the firms' vision and mission statement whereas there exist 17.5% of respondents who disagree with this.

**STRATEGY IMPLEMENTATION**

Q. Have the measures adopted for the implementation of strategies and policies been effective?

![Table 3: Frequency table of Strategy implementation (strategic management process) in the manufacturing companies](image)

<table>
<thead>
<tr>
<th>Strategy Implementation</th>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>25</td>
<td>25</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From the above table and graph, when respondents were asked about does the measures adopted for the implementation of strategies and policies been effective or not. Out of total 40 respondents, 75% agreed to this and remaining 25% disagree that the measures which include programs, budgets and procedures adopted for the implementation of strategies and policies had been effective.

**EVALUATION AND CONTROL**

Q. Do top managers obtain clear and unbiased information from subordinates in order to evaluate and control activities and performance results?

**Table 4: Frequency table of Strategy implementation (strategic management process) in the manufacturing companies**

<table>
<thead>
<tr>
<th>Evaluation and Control</th>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>29</td>
<td>72.5</td>
<td>72.5</td>
<td>72.5</td>
<td>72.5</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>27.5</td>
<td>27.5</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Graph 4: Frequency graph of Strategy implementation (strategic management process) in the manufacturing companies**
According to above table, 72.5% of the respondents indicated that the firms regularly engaged the tool of evaluation and control of corporate activities and performance results. However, there exist a considerable number of respondents who said no top managers does not obtain clear and unbiased information from subordinates in order to evaluate and control activities and performance results.

These results of the study show that the manufacturing firms adequately and successfully employed the tools of environmental scanning, strategy formulation, strategy implementation, and evaluation and control to make and maintain themselves as market leaders.

Strategic Management and Firm’s Operational Performance

The analysis in below Table shows the effect of strategic management process on the operational performance of manufacturing firms. Over 80% of the respondents indicate that strategic management boosts their firms’ efficiency (reduces costs and increases productivity). This was confirmed by a high mean value of 4.32 out of possible maximum value of 5.00.

Also, 90% of the respondents agreed that strategic management aids timely delivery of the products of the firms, which was attested to by a very high mean value of 4.39. Furthermore, a high proportion of the respondents (90.0%) agreed that strategic management aids the utilization of human and material resources, and it was confirmed by a high mean value of 4.31.

The analysis further reveals that 88.0% of the respondents agreed that strategic management brings about the innovation of products, and it was confirmed by a high mean value of 4.26. Also, a very high mean of 4.56 depicts that almost all the respondents indicated that strategic management improves the product quality of their companies.

<table>
<thead>
<tr>
<th>Operational Performance</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>It boosts efficiency</td>
<td>52</td>
<td>37</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>4.32</td>
</tr>
<tr>
<td>It enhances timely delivery of products</td>
<td>52</td>
<td>42</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>4.39</td>
</tr>
<tr>
<td>It aids the utilization of human and material resources</td>
<td>49</td>
<td>40</td>
<td>10</td>
<td>0</td>
<td>1</td>
<td>4.31</td>
</tr>
<tr>
<td>It brings about the innovation of products</td>
<td>40</td>
<td>50</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>4.26</td>
</tr>
<tr>
<td>Product quality of the company is improved</td>
<td>50</td>
<td>40</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>4.56</td>
</tr>
</tbody>
</table>

To test the Hypothesis of the study, the level of practice of strategic Management retreated with the operational performance of the selected manufacturing companies. From the analysis on Table, although the strategic management process of the selected firms could barely explain about 25% of the change in operational performance as indicated by the R2 value, there was a positive relationship between strategic management process and the firms’ operational performance (R = 0.508). This indicates that as the level of practice of strategic management increases, the operational performance of the firms also increases.

Furthermore, the analysis of variance (ANOVA) in Table shows that strategic management practice had a significant effect on firm operational performance ($F = 16.729, p< 0.05$). These results were consistent with previous similar studies by Covin and Slevin (1989), Meier et al. (2006) and Muogbo (2013) which revealed that strategic management enhanced operational performance as well as the structural development of organizations.

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. The error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.508</td>
<td>0.258</td>
<td>0.243</td>
<td>0.504</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4.244</td>
<td>1</td>
<td>4.244</td>
<td>16.729</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>12.176</td>
<td>38</td>
<td>0.254</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16.420</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: operational performance
Predictors: (constant), strategic management practice
CONCLUSION AND SUGGESTIONS

Strategic management is the management of the process of making and implementing strategic decisions which provides an organization the competitive advantage. This study revealed that strategic management was practiced to a large extent in the medium-scale manufacturing firms in Rajasthan. Also, strategic management was found to be a veritable tool for improving firm’s operational performance. From the information on the analysis obtained from the respondents and the interpretation of the tested hypotheses, the study concluded that there was a significant relationship between strategic management and organization performance of the selected cement manufacturing firms.

SUGGESTIONS FOR ORGANIZATIONS (MANAGERS)

1. Organizations should be serious about strategic management practices to remove inadequacy in deployment and standardizing of its practices in all its functions.
2. The organization should strive hard to improve the strategic management practices to enhance organizational performance.
3. Strategic management practices should be frequently changed and budget should be increased to enhance their learning.
4. Management should improve communicational aspects to avoid confusions.
5. Management should take less time for the solving strategic decisions related problems.
6. Management should focus on proper training and development for the proper implementation its strategic management practices.
7. A knowledge sharing system should be created as it’s a great engagement driver for managers.
8. Quality of these strategic management tools and future course of action should be planned and executed systematically.

REFERENCES:


