

# EFFECT OF SATISFY STRATEGIC MANAGEMENT ON ORGANIZATIONAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISE IN MOGADISHU

<sup>1</sup>Ali Hassan Kahie, <sup>2</sup>Dr. Fridah Simba

<sup>1</sup>Master of Science in Business Administration (Strategic Management option) Student, Jomo Kenyatta University of Agriculture and Technology

<sup>2</sup>(PhD), Senior Lecturer, COHRED, Jomo Kenyatta University of Agriculture and Technology

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**Abstract:** The purpose of the study was to establish the determinants of strategic planning in the small & medium enterprise in Mogadishu, Somalia. Specifically, the study was necessary to address the following specific objectives that is, to find out the effects of Resource allocation on organizational performance of small & medium enterprise in Mogadishu-Somalia, establish the effects of Culture on organizational performance of small & medium enterprise in Mogadishu, Somalia, and determine the effects of staff training on organizational performance of small & medium enterprise in Mogadishu, Somalia. It was evident that research in the area of Strategic Planning has not been done in a more comprehensive approach. The study research gap is demonstrated by the scarcity of empirical studies on determinants of Strategic Planning. Empirical studies (Nwakaego, 2014), and (Lawrence, 2013)zir and Afza (2009)), were inadequate as they concentrated on strategic planning other industries in small medium enterprise. Therefore, Small and Medium Enterprise to remain competitive emphasis should be made on strategic planning and profitability with regards to how their ability to manage allocation of resources of organizational performance and should be provided to the organizational achievement. This study will focus on the Effect strategic planning on organizational performance of Small & Medium enterprise in Mogadishu, Somalia. **Methodology** – The study design was used is descriptive survey, the target population of the study was 115 employees of small & medium enterprises in Mogadishu. A sample size of 89 respondents was selected using Slog van's formula. The study used primary data. Data collection methods used included use of questionnaires. The selection sample technique was purposive or judgmental approach. Data was analyzed using SPSS version 22 for productions of tables, descriptive statistics and inferential statistics. E.g. means, standard deviation, frequencies. Inferential statistics such as Regression Models, ANOVA and Multiple Regression Analysis were used for further analysis. The key findings were that strategic planning drivers individually had a positive influence on the organizational performance of small and medium enterprises in Mogadishu-Somalia. The overall results indicated that there was a significant linear relationship between a resource allocation, effect of culture and organizational performance of SMES in Mogadishu. The conclusions were based on the objectives of the study that strategic planning drivers had a significant influence on organizational performance of SMES. The results established that strategic planning drivers were found to significantly and positively influence organizational performance. The findings of the study established that SMES were operating under a highly competitive environment between them. However, this moderate result revealed that there were all variables which were influencing the organizational performance of SMES in Mogadishu- Somalia. The study results support the view that strategic planning drivers have a significant effect on organizational performance. However, the influence of each driver varies from one SMES to another. It is recommended that managers should study and select the driver that best suits their SMES in order to achieve maximum organizational performance.

**Keywords:** Resource Strategic Allocation, Organizational Culture, Corporate Leadership and Organizational Performance.

## 1. INTRODUCTION

Small & medium business naturally is what depends on end users and retailers who deliver products loading form the whole seller or suppliers. the most business working in Mogadishu were small business since the central government of Somalia drop out in 1991.Small business in Banadir region was making deterioration day after day which lead to small business to crash down, while owners only understand generating profit without make proactive system of saving strategy investment. The worldwide small business complain relates to the nature business risk including, limit capital, Termination of the business when the operator died and environmental challenges (Brown & Harris, 2012).

As globally bigger perspective, however, it is clearly in the interest of business to operate within a healthy environment and economy. It is equally plain that, on a global basis, growing and sustainable economies in the developing countries provides the best opportunities for expanding markets in large and small business.(Welford,1994) suggests that smallness helps enterprise leaders consider the value of the scarce resources more accurately and use the Earth's non-renewable resources as little as possible. However, SMEs have limited time and resources to dedicate to long-term concerns such as sustainability strategies because they are normally fully occupied and also they operate very much on a daily basis (Hobbs, 2013).

### **Specific objectives:**

1. To find out the effect of resource strategic allocation on organizational performance of small & medium enterprises in Mogadishu.
2. To establish the effect of organizational culture on organizational performance of small & medium enterprises in Mogadishu.
3. To determine the effects corporate leadership on organizational performance of small & medium enterprise in Mogadishu.

## 2. THEORETICAL FRAMEWORK

### **CSR Theory in Small Business:**

Family of business and society theories has been, and continues to be analyzed and critiqued from the perspective of politics, social contribution, economics and ethics (Banerjee, 2007). The same could be argued of small business (Dunham, 2010). Critical theory employed in both fields and this is the orientation adopted here for normative, instrumental and empirical reasons. First, in small business research perspectives have been particularly pronounced, driven in part by research on female entrepreneurship (Mirchandani; 2002). Second, a link has already been drawn between entrepreneurship and social change through people (Calás, 2009).

### **Stakeholder theory in small business:**

Stakeholder theory is arguably the business and society framework which has had most impact both within the scholarly CSR literature and in practice. (Phillips, 2013) suggests that the power of the theory may be due to its conceptual breadth. The power of the core idea, that corporations have a responsibility to all those who affect or affected by their actions – i.e. including and in addition to a fiduciary duty to their shareholders has retained remarkable traction. The initial model is reproduced here, for the record, and in particular to highlight the standard version of which stakeholders. While some have sought to propose a generic list of stakeholders, it is clearly not the intention of stakeholder theory to predetermine stakeholder groups.

## 3. RESEARCH METHODOLOGY

### **Research Design:**

The researcher should select to carry out this study using descriptive approach design, so descriptive research can be either quantitative or qualitative. The purpose of this research is to assess the effect of satisfy strategic management on organizational performance of small business enterprise in Mogadishu Somalia.

### **Data Processing and analysis:**

According to (Kombo, 2006) data analysis refers to examining what has been collected in a study and making deductions and inference. The researcher will use Statistical Package for the Social Sciences (SPSS) software to carry out the

quantitative analysis. Descriptive statistics was applied to organize, summarize, and present data in an informative way. Responses were grouped and analyzed using graphs for illustrative representation of the data collected and for summarizing responses from the respondents.

#### 4. RESULTS AND DISCUSSION

##### Strategic Resources Allocation:

The results shows that the mean of respondents 4.23 agreed that the Physical resource including land, houses and name increase our business sustainability. And 4.16 agreed that mismanaging financial resource could lead to failure when subordinates are deceptive, unreliable and untrustworthy. 3.89 agree that the without plan of business resources that means there is no setting of goals and objectives. While 3.82 agree that Misallocation financial resources of the business fail to interfere until problems become serious. The average mean score for the responses was 3.97 which indicate that many employees agreed to the statements regarding resource allocation procedures. The findings agree with those in Jian, Yang and Tsung (2011) who asserted that firms may extend trade more aggressively to plan their resource allocation, resulting in a positive correlations between succeed plan and good resource allocation.

##### Effect of Organizational Culture:

The second objective of the study was to determine the effect of culture of Small & medium enterprises in Mogadishu. Table 4.10 shows that highest mean of respondents indicate 4.45 agree preferences are the most challenges facing to the small & medium enterprises and 4.38 agreed that diversity and believes of some people might harm your business suddenly and 4.24 agree that good culture of demography Informs clients about local duties, cultural and historical heritage which affect your business and 4.18 agree that good demography supports to local initiatives to promote and enhance appreciation for cultural and historical heritage and while 2.91 disagree that there is understanding preferences encourage eco-friendly behavior by customers through awareness raising and information.. The average mean score for responses for this section was 4.03 which indicates that majority of the respondents agreed that effect of culture was a major factor influences in organizational performance.

##### Effect of Corporate Leadership Strategy:

The last objective of the study was to establish the Cash management of commercial banks in Mogadishu. results on Table 4.11 indicates that highest of the respondents were 4.85 agreed that Staff training Increase in employee job satisfaction and saving time, 4.74 agreed that the training staff builds trust, respect and commitment to increase confidence which results good performance of employee and 4.62 agree that Training staff is part of succession planning to help an employee be eligible for a planned change in role in the organization and finally 4.22 of the respondents disagree that have a long-term commitment to all our employees and encourage their personal and professional development through trainings, career planning,

##### Correlation Analysis:

**Table 4.1: Correlation Analysis**

		<b>RA</b>	<b>EC</b>	<b>ST</b>	<b>OR</b>	
<b>Strategic resource allocation</b>	Pearson Correlation	1	.426	.404	.361	
	Sig. (2-tailed)		.001	.002	.007	
	N	85	85	85	85	
<b>Effect of organizational culture</b>	Pearson Correlation	.426	1	.508	.606	
	Sig. (2-tailed)	.001		.000	.000	
	N	85	85	85	85	
<b>Corporate leadership strategy</b>	Pearson Correlation	.424	.608	1	.802	
	Sig. (2-tailed)	.002	.000		.000	
	N	85	85	85	85	
<b>Organizational performance</b>	Pearson Correlation	.381	.706	.802	1	
	Sig. (2-tailed)	.007	.000	.000		
	N	85	85	85	85	
*. Correlation is significant at the 0.05 level (2-tailed).						
**. Correlation is significant at the 0.01 level (2-tailed).						

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Strategy Implementation success) and the independent variables (Resource Allocation, Effect of culture, staff training and organizational performance). According to Sekaran (2008), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari, 2013).

**Regression Model:**

**Table 4.2: Models Summery**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.715 <sup>a</sup>	0.581	0.510	.54891

Adjusted R<sup>2</sup> squared is coefficient of determination which tells us the variation in the dependent variables due to change in the independent variables. From the findings in the above table the value of adjusted R squared is 0.510 and indicates that there was variation of 49.3% on organizational performance of small & medium enterprises in Mogadishu due to changes in resource allocation, effect of culture and effect of staff training at 95% confidence interval. This shows the significant that 51.0% of the variations in the organizational performance of small & medium enterprises in Mogadishu are accounted for by the variations in the independent variables and the remaining 49.% are accounted by other factors contained in the standard error.

**Analysis of Variations:**

**Table 4.3: ANOVA**

Model	Sum Squares	df	Mean Square	F	Sig.
1 Regression	25.547	4	8.516	21.218	.000 <sup>a</sup>
Residual	24.406	81	.301		
Total	49.953	85			

From the ANOVA statistics shown in table, the processed data, which is the population parameters, had a significance level of 0.5% which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value ) is less than 5%. The F critical at 5% level of significance was 2.72. Since F calculated (21.218) is greater than the F critical (2.72), this shows that the overall model was significant and that resource allocation, effect of culture and effect of staff training significantly affect the organizational performance of small & medium enterprises in Mogadishu- Somalia.

**5. CONCLUSIONS**

The conclusions were based on the objectives of the study that strategic management drivers had a significant influence on organizational performance of small & medium enterprises. The results established that strategic planning drivers were found to significantly and positively influence organizational performance. When all the stated variables were tested in the regression model they were found to have a significant relationship between themselves and organizational performance of small & medium enterprises. Effect of culture was the driver which had the highest effect on organizational performance of small & medium enterprises followed by strategic resource allocation, effect of organizational culture and effect of corporate leadership strategy. The findings of the study established that small & medium enterprises were operating under a highly competitive environment between them. However, this moderate result revealed that there were all variables which were influencing the organizational performance of small & medium enterprises in Mogadishu- Somalia. It was concluded that small & medium enterprises needed to embrace strategic management drivers in order to achieve sustainable competitive advantage. The results obtained from this study were important in terms of reflecting the situation on the usage and performance levels of strategic planning drivers of organizational performance in small & medium enterprises. The results further revealed a positive relationship between the individual strategic planning drivers and organizational performance. The results provide an insight to small & medium managers on the importance of the use of strategic planning in all small & medium areas.

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