

INFLUENCE OF STRATEGIC PLANNING ON ORGANIZATIONAL GROWTH: CASE STUDY OF NTENDE RICE COOPERATIVE SOCIETY

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Abstract: Many international firms have found it necessary to institute formal global strategic planning to provide a means for top management to identify opportunities and threats from their operating environment, formulate strategies to handle them, and stipulate how to finance the strategies' implementation. However, in Rwanda, many organizations exhibit poor growth and low rates of performance implying that the influence of strategic planning in these organizations is not well embraced or understood. This study aimed at examining the influence of Strategic Planning practices to organizational growth. The study was guided by four specific objectives; to establish the effects of setting vision, mission and objectives on the organizational growth, to analyze the effect of evaluation and strategic control on the organizational growth, to assess the effects of strategic implementation organizational growth, and to analyze the effects of evaluation and strategic control on organizational growth. A descriptive survey design was adopted. 98 respondents were sampled out using stratified sampling technique from a population of 4154 representatives of Ntende Rice Cooperative Society. Data from these respondents was collected using closed ended questionnaire and analyzed using a computer based SPSS for descriptive and inferential statistics. The findings revealed that strategic planning components have positive significant effect on organization growth. The study recommended that organizations should be guided by SWOT analysis in their operations, successful strategy implementation, carry out evaluation and control of various strategies, make clear their mission and vision. The study will be important to the cooperative managers through getting informed on the key strategic planning tools to be employed for better performance of the organizations.

1. INTRODUCTION

Most firms desire growth in order to prosper and not just to survive. Organizational growth, however, means different things to different organizations. Indeed, there are many parameters a company can select to measure its growth. The most meaningful yardstick is one that shows progress with respect to an organization's stated goals. The ultimate goal of most companies is profit, so net profit, revenue, and other financial data are often utilized as "bottom-line" indications of growth. Other business owners, meanwhile, may use sales figures, number of employees, physical expansion, or other criteria to judge organizational growth. Many firms desire growth because it is seen generally as a sign of success, progress. Organizational growth is, in fact, used as one indicator of effectiveness for small and large businesses and is a fundamental concern of many practicing managers. Organizational growth is also a necessity to meet the demands of an increasingly complex and dynamic 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, Jegak, Haslinda and Alimin, 2009).

2. STATEMENT OF THE PROBLEM

A significant number of recent investigations suggest that an efficient and effective Strategic Planning system can increase profitability and enhance growth. Recent research by Dunk (2012) notes that effective planning and control at

the earliest stages of an organization’s life cycle enhances profitability and growth. This is consistent with earlier empirical evidence that indicate that on the average, companies that plan outperform those that do not (Gerad et al., 2015). Despite the advantages associated with Strategic Planning on growth of organizations very limited studies have been conducted if any on the contribution of strategic planning practices on cooperative growth in Rwanda. Moreover, studies conducted by Rwanda Cooperative Agency in 2013 indicate that more than 62% of the cooperatives have been classified as low performers (RCA, 2013). The question is whether these cooperatives have appropriate strategic planning and if they have what could be the influence of the strategic planning practices on the growth of these cooperatives.

3. OBJECTIVES OF THE STUDY

3.1 General objective

General objective of this research is to determine the influence of strategic planning on organizational growth: case study of Ntende Rice Cooperative Society.

3.2 Specific objectives

The specific objectives of this study were:

- To analyze the effect of environmental scanning on the growth of cooperative organizations in Rwanda
- To establish the effect of setting strategic direction on the growth of cooperative organizations in Rwanda
- To assess the effect of strategic implementation on the growth of cooperative organizations in Rwanda
- To find out the effect of evaluation and strategic control on the growth of cooperative organizations in Rwanda.

4. CONCEPTUAL FRAMEWORK

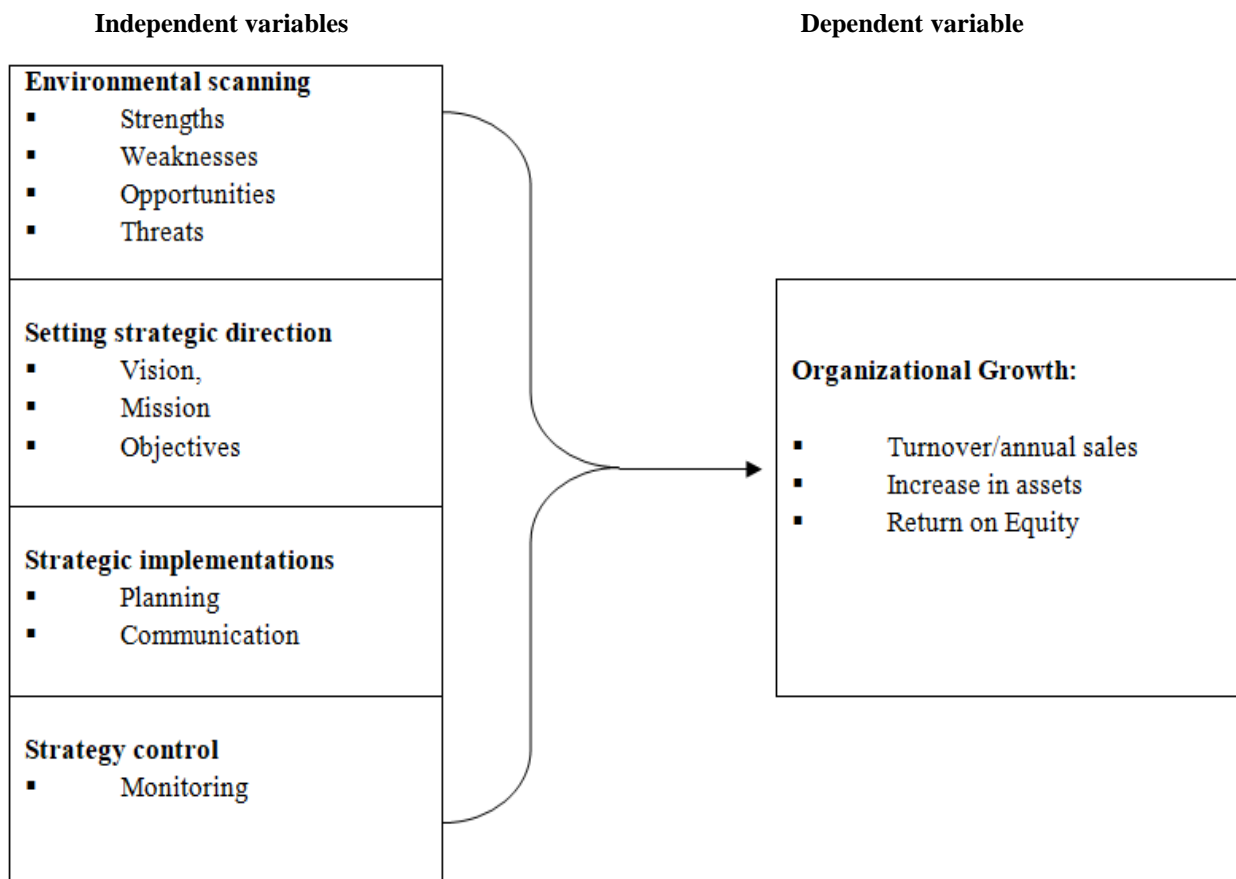


Figure 2.1: Conceptual Framework

5. RESEARCH METHODOLOGY

- 5.1 Research Design:** The researcher used descriptive research design. The major aim of a descriptive study according to Kumar (2005) is to describe and provide information on what is prevalent regarding a group of people, a community, a phenomenon or a situation.
- 5.2 Target Population:** The targeted population for this study consisted of 4112 cooperative members and 42 cooperative employees, which gave a total of 4154 that is 4112 members plus 42 staff (NtendeRice Cooperative Society, 2016).
- 5.3 Sample Size:** The sample size of 98 respondents is enough as it was determined using a 90% confidence level that is statistically accepted.
- 5.4 Data Collection Instruments:** Data collection is the process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes. In this study questionnaire and documentation will be used.

6. RESEARCH FINDINGS

6.1 Demographic data

Table 1: Gender of respondent

		Frequency	Valid Percent	Cumulative Percent
Valid	Male	57	63.0	63.0
	Female	33	37.0	100.0
	Total	90	100.0	

Source: Researcher, 2018

According to the results of age of respondents, most of the respondents were in the age bracket of 35-<65 accounting for 45% of respondents, 21-<35 accounted for 30% of respondents, 65 and above accounted for 15% while below 21years accounted for 10% of respondents.

Table 2: Age bracket of respondents

		Frequency	Valid Percent	Cumulative Percent
Valid	Below 21years	9	10.0	10.0
	21-<35 years	27	30.0	40.0
	35-<65 years	41	45.0	85.0
	65years and above	13	15.0	100.0
	Total	130	100.0	

Source: researcher, 2018

Table 3: Education level of respondents

		Frequency	Valid Percent	Cumulative Percent
Valid	A level	36	40.4	40.4
	A1	26	28.8	69.2
	Bachelor's	23	25.0	94.2
	Master's	5	5.8	100.0
	Total	90	100.0	

Source: researcher, 2018

Most respondents have spent 7 years and above years in the cooperative accounting for 48% while those who have spent 5-7years follows with 32%.those who have spent 3-5 years are 12% while those who have spent below 3 years are 8%.

Table 4: Education level of the respondent

		Frequency	Valid Percent	Cumulative Percent
Valid	Below 3years	7	8.0	8.0
	3-5 years	11	12.0	20.0
	5-7 years	29	32.0	52.0
	More than 7 years	43	48.0	100.0
	Total	90	100.0	

Source: researcher, 2018

6.2 Strategic planning and Organization Growth

The study concentrated on four specific objectives by assessing the four aspects of Strategic planning. The respondents gave their views concerning the four aspects of strategic planning and how they influence organization growth.

Correlation between environmental scanning and organization growth

The correlation coefficient between environmental scanning and organization growth is 0.65 which is a strong positive correlation. This correlation value is significant at 0.000 level of significance.

Table 5: Correlation coefficient between environmental scanning and organization growth

Correlations		Environmental scanning	Annual sales/turnover
Environmental scanning	Pearson Correlation	1	.650**
	Sig. (2-tailed)		.000
	N	90	90
Annual sales/turnover	Pearson Correlation	.650**	1
	Sig. (2-tailed)	.000	
	N	90	90

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

Source: researcher, 2018

6.3 Setting strategic direction and organization growth

The researcher asked respondents to tick against their preference concerning the aspects of setting strategic direction and how the Cooperative has been able to embrace it and whether it has led to organization growth.

Correlation between setting strategic direction and organization growth

The correlation coefficient between setting strategic direction and annual sales turnover which is a measure of organization growth is 0.625 which is significant at 0.000. This shows a strong positive association between the two variables.

Table 6: Correlation between setting strategic direction and organization growth

Correlations		Setting strategic direction	Annual sales turnover
Setting strategic direction	Pearson Correlation	1	.625**
	Sig. (2-tailed)		.000
	N	90	90
Annual sales/ turnover	Pearson Correlation	.625**	1
	Sig. (2-tailed)	.000	
	N	90	90

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

Source: researcher, 2018

6.4: Strategy implementation and organization growth

The researcher asked respondents to tick against their preference concerning the aspects of strategy implementation and how they lead to organization growth.

Correlation between strategy implementation and organization growth

The correlation coefficient between strategy implementation and annual sales turnover which is a proxy for organization growth is 0.720 significant at 0.01 level. This shows a strong positive association between strategy implementation and organization growth.

Table 7: correlation between strategy implementation and organization growth

Correlations		Strategy implementation	Annual sales turnover
Strategy implementation	Pearson Correlation	1	.720**
	Sig. (2-tailed)		.000
	N	90	90
Annual sales/ turnover	Pearson Correlation	.720**	1
	Sig. (2-tailed)	.000	
	N	90	90

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

Source: researcher, 2018

6.5 Evaluation and strategy control and organization growth

The researcher asked respondents to tick against their opinion pertaining to the aspects of evaluation and strategy control and how they lead to organization growth.

Correlation between evaluation and strategy control and organization growth

The correlation coefficient between evaluation and strategy control and annual sales turnover is 0.580 and is significant at 0.01. there is a strong positive association between evaluation and strategy control and organization growth.

Table 8: Correlation between evaluation and strategy control and organization growth

Correlations		Evaluation and strategy control	Annual sales turnover
Evaluation and strategy control	Pearson Correlation	1	.580**
	Sig. (2-tailed)		.000
	N	90	90
Annual sales/ turnover	Pearson Correlation	.580**	1
	Sig. (2-tailed)	.000	
	N	90	90

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

Source: researcher, 2018

6.6 Regression analysis results

The researcher computed regression analysis to study the effects of strategic planning categories discussed in this study on organizational growth. These findings also enabled the researcher to fit the model for the study which shows the effects of environmental analysis, setting strategic direction, strategy implementation and evaluation and strategy control on

organization growth. The correlation analysis tells us the degree and direction of association between two variables but it does not give the magnitude of change of dependent variable due to a change in an independent variable. Regression analysis therefore tells us the direction and magnitude of change of dependent variable due to a unit change in independent variable. The dependent variable in this study is organization growth while independent variables are environmental scanning, setting strategic direction, strategy implementation and lastly evaluation and strategy control. The researcher employed regression analysis approach to study the magnitude of change of organization growth due to a unit change in strategic planning components. The model summary results indicate that the value of R squared is 0.723 which is equivalent to 72.32%. The significance value of 0.000 with F value of 102.901 which is relatively large in the ANOVA table indicates that the model fit is a good predictor of the variables under study. The coefficient table indicates that $\beta_0, \beta_1, \beta_2, \beta_3$ and β_4 are 0.260, 0.587, 0.364, 0.245 and 0.256 respectively. Thus the linear regression model can be fitted as; $Y = 0.260 + 0.587X_1 + 0.364X_2 + 0.245X_3 + 0.256X_4$ where X_1, X_2, X_3, X_4 are environmental scanning, setting strategy direction, strategy implementation and evaluation and strategy control respectively.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765 ^a	.723	.695	.38093

a. Predictors: (Constant), debt management literacy, budgeting literacy, book keeping literacy

Source: researcher, 2018

Table 10: ANOVA

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.993	4	20.664	102.901	.000 ^a
	Residual	28.264	135	.145		
	Total	60.378	112			

a. Predictors: (Constant), debt management literacy, budgeting literacy, book keeping literacy

b. Dependent Variable: loan repayment

Source: researcher, 2018

Table 11: Model Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	.260	.145		.109	.003
	Environmental scanning	.587	.080	.562	7.510	.000
	Setting strategy direction	.364	.050	.110	1.865	.045
	Strategy implementation	.245	.052	.293	4.669	.000
	Evaluation and strategy control	.256	.065	.287	4.685	.005

a. Dependent Variable: loan repayment

Source: researcher, 2018

7. CONCLUSIONS

From the above findings the researcher came up with the following conclusions.

First, there is a strong positive association between strategic planning components and organization growth. The correlation coefficients were above 0.5 an indication that environmental scanning, setting strategic direction, strategy implementation and evaluation and strategic control have high positive association with organization growth. Moreover,

strategy implementation has the strongest association with organization growth among the strategic planning components considered in the study. The strategic components have a greater influence on organization growth. A 1% increase in environmental scanning, setting strategic direction, strategy implementation and evaluation and strategy control leads to a 58.7%, 36.4%, 24.5% and 25.6% increase in organization growth, ceteris paribus. Strategic planning is very critical in explaining organization growth. It accounts for 72.3% of the variations in organization growth.

8. RECOMMENDATIONS

From the findings above, the researcher proposed the following policy recommendations.

First, cooperatives should focus their attention on environmental scanning and ensure they carry out SWOT analysis to identify their strengths, weaknesses, opportunities and threats. This will enable them to come up with strategic decisions which will strengthen their operations, enable them identify new opportunities and compete favorably with the competitors. Secondly, cooperatives management should be keen to successfully implement new strategies which are geared towards improving the performance without fail. Coming up with strategies and not implementing them to completion hurts the organization in terms of reduced performance. These new strategies if implemented fully leads to organization growth. Third, the organizations top management should set the policies, visions and missions of the organization straight and clear so that it can act as a guide to the insiders and outsiders who deal with the organization. This will ensure that the values of the organization are upheld by all and this ultimately leads to organization growth. Lastly the organizations should follow up the strategies implemented through evaluation and control to ensure that these strategies achieve the intended objectives.

9. AREA FOR FURTHER RESEARCH

This research examined strategic planning as one of the factors that affect growth of organizations. Further research can be done on other factors like human resource factors, cultural factors, and economic factors among others.

Secondly the study proposes further research on strategic planning effects on organizational growth in other sectors like banking and insurance since this study focused on cooperatives only.

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