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Research paper

Relationship Between Strategic Planning and Organizational Performance: Case of Moroccan Organizations

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Abstract

Strategic planning has become a fashionable theme in recent years, often used to legitimize the formalization efforts of the management concept in organizations. This is a central theme in organizational theory, but it remains hard to access. The purpose of this article is threefold. It first presents a state of knowledge on the subject of this basis. It then proposes a model referring to the main steps for strategic formalization. And finally, it allows us to situate the relationship between strategic planning and performance in Moroccan organizations. These theoretical contributions are increasingly being used to analyze the contribution of strategy in improving the performance of organizations as Winston Churchill said: "Let the strategy be beautiful is a fact, but do not forget to look at the result".

Keywords: *strategy, strategic planning, model of strategic planning, performance, performance indicator.*

1. Introduction

No one can deny that today the strategy is and must make the bulk of the management of organizations to be more successful. Indeed, the issue of the relationship between rational strategic planning and organizational performance has been a topic of growing interest to strategic management researchers over the last four decades. The results obtained were inconclusive and often contradictory. To this end, opponents of rational strategic planning state that the latter tends to constrain creativity and spontaneity, to create rigidity and to encourage excessive bureaucracy. However, advocates of sound strategic planning believe that it can rationally determine a strategic direction favorable to the organization and can also help organizations avoid costly mistakes and survive in highly competitive environments.

In view of these mixed empirical results, it is clear that the question of the relationship between rational strategic planning and performance remains unresolved and problematic. As a result, the question this paper tries to answer is: What is the relationship between strategic planning and organizational performance?, specifically at the level of Moroccan organizations.

2. Literature review

Strategic planning models. The starting point of the formalized corporate strategy was inaugurated by the so -called rational currents headed by Harvard L.C.A.G and Ansoff I model, with its famous strategic planning formula. This model is challenged by empirical studies and the Mintzberg synthesis. We also find A. Chandler, considered one of the neoclassical authors who has embodied this strategic awareness at the company level, through the publication of his historical account of the first 70 major American companies and whose thesis, the structure follows the strategy, has leaked a lot of ink. Throughout the work that has followed, in this sense, we find Mintzberg's famous book "full and the rise of strategy" with his critical analysis of the role of strategic formalization in the performance of organizations. In simple terms, strategic formalization is a coordinated and methodical process that serves to set the organization's direction and the means to implement it.
Notion of performance. The concept of performance is a construct that covers such diverse concepts: Efficiency, efficiency, productivity, etc. According to the socio-economic analysis, it combines social performance and economic performance, which are two facets of the same phenomenon. To define the notion of performance, several definitions are presented, and sometimes we find authors who use the notions of competitiveness and performance indifferently. Speaking about performance is to reflect on the ultimate results that we are trying to produce, and on the appropriate means to achieve them. More concretely, talking about organizational performance is looking at the ultimate results produced by the organization (its profit, market share, etc.) and the means it uses to produce these results.

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Correlation between strategic planning and performance. Research on the relationship between rational strategic planning and performance of the organization have multiplied in recent years. Results from studies of the relationship between strategic planning and performance have been inconclusive and often contradictory and mixed.

3. Research proposals

To answer our problematic, we consider the following propositions:

P1: The characteristics and composition of the team responsible for the development and implementation of strategic planning, strongly influence the performance of the organization;
P2: Structural adjustment following strategic planning influences the performance of the organization;
P3: The monitoring of the implementation is essential to the success of strategic planning;
P4: The more compatible and fewer business areas, the higher the organization's performance, and
P5: The relationship between strategic planning and performance is positive.

To collect the data, we proceeded to the distribution of a questionnaire and interviews with the top management of 74 Moroccan organizations, especially with the directors or the heads of the divisions, in charge of strategic planning and performance. We retrieved 46 completed questionnaires.

4. Analysis of results

Our research sample consists of 46 organizations, representing 62.1% of the total research population. We obtained the highest response rate from private companies (67.85%), followed by public companies. Regarding the number of organizations in our sample, there is an average of 464 people, 54.8% of whom are large. We have learned from our survey that 40% of organizations, whether in the public or private sector, have a clear vision of their organization in the future and that they have a team dedicated to the strategic planning process and monitoring achievements.

Analysis of variables of interest. We considered it useful to analyze the aforementioned relationship, via an econometric model between three variables of interest (turnover, budget expenditure rate and strategy implementation rate) and the explanatory variables (number of members of the team, composition of the team, etc.).
To evaluate the contribution of the various variables relating to the strategic planning process in the performance of the organizations, the rate of achievement of strategic planning will be selected as variable of interest while the explanatory variables of the model are:

Number of people participating in the team; Composition of the team;
Team released from daily tasks;

SWOT diagnosis;

Horizon of the PS;
Compatibility of strategic planning and operational planning;
Adjustment of the structure following the adoption of strategic planning;
Evaluation and monitoring structure of the strategy and operational planning;
Number of activity area;
Compatibility of areas of activity.

Application of multiple linear regression and validation tests. The multiple linear regression model is the most commonly used statistical tool for the study of multidimensional data. The linear model constitutes the natural generalization of simple regression. According to the exposure of the different variables, our research model can be written as follows:
Rates.rea.ps = β0 + β1*Nbr-person- equip + β2*Team-component + β3*Team-free + β4*Diagnosis-swot + β5*Hrz.ps + β6*Compatibility-ps-po + β7*Structural-adjustment + β8*Structure-monitoring + β9*Number-domain-activity + β10*Compatibility - area-activity +$\mathcal{E}$.
It is clear that the less numerous and restrictive are the requirements imposed by the model, the more unclear the conclusions drawn. Thus, our econometric model must meet conditions to be validated. In the following, a test set will be made in the number of three.

Analysis and interpretation of results. Interpretation consists in integrating the information retained and then explaining it and comparing it with that given in other research works. By applying the ordinary least squares method to estimate the coefficients of each explanatory variable and following the results of the linear regression analysis, our global model is written as follows:

$$\text{Taux}_{\text{realisps}} = 58.92 + (-4.764) * \text{nbr}_{\text{equip}_{\text{ps}}} + 3.904 * \text{composition}_{\text{equip}_{\text{ps}}} + 8.812 *$$

$$\text{equip}_{\text{libre}_{\text{period}_{\text{ps}}}} + 5.129 * \text{diagnostic}_{\text{SWOT}} + 9.164 * \text{modification}_{\text{organigramme}_{\text{apres}_{\text{ps}}}} +$$

$$8.996 * \text{structure}_{\text{suivi}_{\text{mise}_{\text{en}_{\text{oeuvre}_{\text{ps}}}}}} + 6.061 * \text{compatibilit}_{\text{ps et po}} + (-1.810 * \text{horizon}_{\text{ps}}) +$$

$$(-3.692) * \text{nbrs}_{\text{domaines}_{\text{activit}}} + 9.411 * \text{compatibilit}_{\text{domaines}_{\text{activits}}} +$$

Rates.rea.ps = 58.92+ (-4.764)*Nbr-pers-team + (3.904)*Team-Compound + (8.812)

* Team-free + (5.129)*Diagnosis-swot + (9.164)*Structural-Adjustment + (8,996)* Structure-tracking + (6,061)*Compatibility-ps-po + (-1,810)*Hrz.ps + (-3,692)* Number-domain-activity + (9,411)*Compatibility-domain-activity + ε.

Table 1: provides a summary of the analysis of the variables and the verification of the hypotheses.

Table 1. Analysis of research hypotheses.

Explanatory variables	Meaning of the relationship with the variable of interest		Verification of the hypothesis	
	Positive	Negative	Validated	Reversed
Number of people on the PS team		✓	✓	
Composition of the PS team	✓		✓	
Team released during the period of the PS	✓		✓	
SWOT Diagnosis	✓		✓	
Structural adjustment following the PS	✓		✓	
Monitoring the implementation of the PS	✓		✓	
Compatibility between PS and operational planning	✓		✓	
Duration of the PS		✓	✓	
The number of activity fields		✓	✓	
Compatibility of business areas	✓		✓	

It follows that all our research hypotheses are validated, which allowed us to say that the impact of the strategic planning process on performance in Moroccan organizations is apparent. Radical transformations (organizational and cultural) are necessary to support the process of the implementation of strategic planning, as a tool of management and to make it a lever for performance improvement in Moroccan organizations.

5. Conclusion

The main conclusions drawn from the analysis of the results of this work are as follows:
We were able to draw a number of conclusions about the level of adoption of the strategic planning approach that is still limited, especially in public organizations.
The size of the organization in terms of staffing is an important factor in the adoption of strategic planning.
The larger the number of the strategic planning team, the more difficult it would be to achieve the desired objectives.
Few teams are released from their daily work to focus on the work of strategic planning and monitoring.
The horizon for strategic planning is often short-term, not exceeding three years, while this period extends mainly to public organizations.
The reorganization after the adoption of the strategy is not always on time especially in the public organization, which often hinders the achievement of the objectives of the organization.
The organizations studied generally made a diagnosis before proceeding with the strategic planning process.
There is a very close relationship between the monitoring of performance measurement indicators, through the empowerment of individuals, and the achievement of objectives within the organization.
This research attempted, mainly, to answer the following main question: What is the relationship between strategic planning and organizational performance? As mentioned in our review of the literature, this question remains without a complete and definitive judgment. Thus, in order to bring new elements that explain this paradox, we have tried to conduct a research from a rich and varied reference framework.
An analysis of several strategic planning models, allowed us to make conclusions about the key factors that can influence performance at the level of Moroccan organizations. However, these results can not be generalized for all organizations and the sample studied must be more extensive. In addition, there are other factors that deserve to be studied, which are part of a larger package that affects strategic planning and organizational performance.

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