

# Formulation Strategy As A Strategic Management Practices And Performance Of Non Profit Organisations In Renk County, South Sudan

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*Abstract: This study is to establish the effect of strategy formulation on performance of non-profit organisations in Renk County, South Sudan. Non-profit organizations play a significant role in defining social issues, finding alternatives, and even attaining social goals in a multitude of fields that may or may not be covered effectively by government administrations. The study population constituted of 98 respondents from twenty four (24) nonprofit organisations. The paper was able to get a sample size of 79 interviewees. Information collected using semi-structured questionnaires administered by the researcher in person. The questionnaire was piloted among 10 managers to determine both content and construct validity and to establish whether the questionnaires measured the expected theorized variables. The study addressed reliability using the Cronbach Alpha statistical test. The cutoff point of the reliability test was 0.7. Findings indicated the availability of a significant effect of strategy formulation on organizational performance. The assumption is rejected implying strategy formulation shared an important effect on the performance in non-profit organisations in Renk County, South Sudan. Research results showed that many planned management organizations had a pure goal and a major victory. Finally the paper recommends that the administration of nonprofit organisations should provide frontline managers with chances for training and development in performance management.*

*Keywords: Strategy formulation, Strategy implementation, Strategy evaluation, Organizational performance*

## I. INTRODUCTION

The challenges of organizational performance have been viewed in the same place of critical component in managing organizations and evaluating process outcomes in recent decades. Currently, organizations with a high level of performance have paid much attention in developing strategic management practices and the idea seems premature like definite essential in nearly each and every human spheres of activity. In the arena of organization, the slogan today is incisive: you get what you think strategically and you can't really manage a project unless you make a strategy planning about it. Subsequently, company must establish its presentation for the purpose of sound business decisions and, ultimately, to bring its goal, vision, and strategy to life, (Hacimi, 2003).

Nonprofit organizations have been facing performance challenges such as lack of funding. A study by Mabior (2017) on funding in NPOs in South Sudan revealed that 77% of nonprofit organisations lacked sufficient funding from their donors hence deteriorating performance. There are a number of these non-profit organizations in South Sudan that have helped local people, internally displaced people and refugees. These non-profit organisations, in fields ranging from schooling, health care, disaster relief, social work, and general enhancement of human condition, have played a significant function in the nation's financial prudence and social system.

Performance centers upon in what way thriving corporation can attain its goals, given certain resource constraints, without putting undue burden on its employees. Non-profit organizational performance involves creating values for the organization's main beneficiaries (Alisa, 2017). While tactic managing had been mostly applied in the private

area since the idea was first created, it enhanced interest in using strategic management in non-profit organizations over the past decade (Smith, 2008). Over the past decade, the number of non-profit organizations has continuously risen. The third industry is large and varied about the globe, and nowadays there are various kinds of non-profit organisations extending as of locality besides communal organisations without resources and limited staff to thousands of staff with multibillion dollar foundations, colleges and healthcare complexes (Hall 2011). Using strategic management procedures allows companies to describe their plans that deliver their operations with a key dedication and way for individuals working within the company and frequently to the exterior globe. Strategic planning and execution enable companies to adapt to external pressure circumstances induced by environmental modifications. Various reasons for why strategic management practice is of excellent significance to non-profit organizations have been developed. Thus the development, articulation and support of the organisation and its mission give it a feeling of purpose, direction and concentrate; it allows an organisation to adapt under circumstances of stress or crisis externally enforced.

The objectives of this study are therefore to establish the effect of strategy formulation as a strategic management practices and performance of nonprofit organisations in Renk County, South Sudan. This study required empirical evidence to answer the questions which are related to the effect of strategy formulation on performance of non-profit organisations Renk County, South Sudan

## II. LITERATURE REVIEW

### A. THEORETICAL REVIEW

This part scrutinizes various theories used to inform the research concerning effect of strategic management practices on performance of organisations. The research is directed by the subsequent model; resource-based view theory, stakeholder theory, open system theory & balanced scorecard model.

#### a. RESOURCE BASED VIEW THEORY

Penrose established RBT in 1959. The Resource Based Theory (RBT) calls attention to the assets of the organization as key elements of competitive advantage & efficiency. Furthermore, two assumptions are taken into consideration when investigating performance benefits Barney, (2003). Foremost, this theory believes that organizations in the sector can be dissimilar in terms of the resource set they regulate. Secondly, it assumes that the heterogeneity of funds used to execute the policies of companies is flawlessly movable through companies; part of the assets incapable of being transacted on considerable exchanges & are hard to collect & replicate.

In addition, a strong resource, as stated by Barney (1991), must be important, rare, difficult to imitate and cannot easily be substituted with the intention of provide continuous viable improvement. Peteraf introduces four circumstances

underlying continuous competitive advantage in her article of 1993 high-class resources (heterogeneity within a sector), actual results rather than forecast “after the facts” restrictions on competition, imperfect mobility of resources, and forecast rather than actual results “wants of people” restrictions on competition. Peteraf and Barney (2003) create it is perfect that the frameworks of Barney (1991) and Peteraf (1993) are compatible once certain conditions are clearly established. The RBT has created very interesting contributions in imitating the ideas of isolating mechanisms, moment density diseases, asset form competences and fundamental vagueness (Dierickx and Cool, 1989).

This theory stands vital aimed at research to know whether the non-profit organization has distinctive resources and capacities that give it an advantage in applying policies in a way that favorably affects efficiency.

#### b. STAKEHOLDER THEORY

This concept was advanced by (Donaldson, 1995). Stakeholder model directed the administration of organizations when conducting company by discussing ethical procedures. Stakeholder theory assumes that ethics is an important component of doing company. Two issues are asked in the theory. First, what is the company's task and second, what is the manager's obligation to stakeholders? The first issue tells executives about the necessity to instill a prudence value and perceptions into shareholders' needs. Nonetheless, the following issue encourages executives to perform company's activities with a main effort on the interactions they need to build with their stakeholders in order to attain their required goals effectively (Freeman, 2004). Therefore, organization's leaders have a lot of work to do in building collaborations among the stakeholders to do their utmost to achieve wanted output. Stakeholders' theory offers perspectives in addition to insight into the category of business's relationships with its investors (Mansell 2013).

(Blattberg 2004) criticizes the stakeholder theory's hypothesis that it is easy to balance the different stakeholder requirements against each other. Managers are required to execute organizational policies through procedures that not only fulfill the interests of shareholders, but also those of other organizations such as staff, vendors, and clients, etc. that are also part of the project process. Mapping stakeholders will allow executives to brand name various partakers besides demands & incorporate this expertise keen on the continuous development venture. The interested party strategy emphasizes the significance of ongoing company environment management, interactions and promotes mutual interests.

Participation of stakeholders in the execution of the policy can ensure superior efficiency. This theory is critical in guiding executives to identify stakeholders and their needs and how to integrate them into the process of strategic management to achieve long-term efficiency of the organization (Scott 2011). In the face of continuous uncertainty, project directors are accountable for keeping powerful stakeholder relationships to accomplish the scheduled goals and minimize potential external environment hazards.

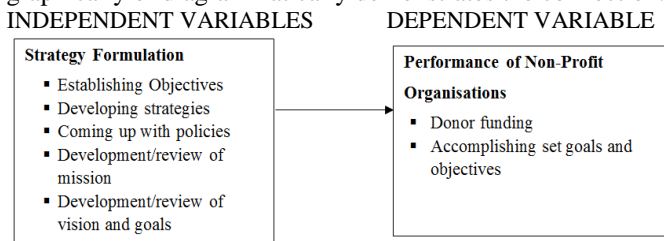
**B. EMPIRICAL LITERATURE REVIEW**

This section provides a review of the findings for past studies to identify knowledge gaps in the subject of study and inform current analysis. According to Meier, the strategy formulation of Walker (2010) is a guide for managers in identifying their companies, the conclusions they are looking for, and the resources they will use to achieve their results. Organizations therefore formulate strategy by first identifying their organizations mission. The mission of a company is the unique determination which distinguishes the company from others of its type and identifies the functions capacity.

Bonnke (2016) studied a procedure and contests of strategy formulation at Simba Corporation Ltd, Kenya. The research embraced case study in which senior employees were interviewed and evaluated their reactions through the technique of content analysis. The research recognized several strategic formulation difficulties including opposition to transformation, cultural values, conflict of interest, ideological distinctions, expectations of industry and clients, government and laws, economics liberalization, international influence, morality, interaction and resource inadequacy among others. The research also discovered that the company had embraced broadening as its primary approach in its pursuit to be one of the leading actors in Kenya's engine business. The researcher found out that in order for the vibrant company to survive in the vibrant company setting, organizations need to define difficulties that pose hurdles to formulating strategies and develop strategies that suit the current economic circumstances.

**C. CONCEPTUAL FRAMEWORK**

The conceptual framework relates to how a researcher perceives study's connection between factors or variables and graphically or diagrammatically demonstrates the connection.



(Source: Author, 2020)

Figure 1: Conceptual Framework showing interaction between strategy formulation and performance of non-profit organisations

**III. METHOLODOGY**

**A. RESEARCH DESIGN**

The study used descriptive and explanatory research design. An explanatory research design was suitable as it was helpful in creating the variable connection. The data is gathered & pull together by overseeing questionnaires to interviewees appraised. Cooper & Schindler (2014) successfully used this study design. The strategy or plan well-

appointed primary proofs regarding the participants & inners reactions of interviewees, dispositions coupled with sentiments.

**B. TARGET POPULATION**

The target population for the study was 76 key departments from all the nineteen nonprofit organisations in Renk County in South Sudan but with their headquarters located in Juba, the Capital City of South Sudan. The respondents included representatives from key departments comprising of the operations managers, finance officers, human resource and strategy officers as presented in table 1 below.

Employee	Population
Operations Managers	19
Finance Officer	19
Human Resource officer	19
Strategy Officer	19
<b>Total</b>	<b>76</b>

Source: Author, 2020

Table 1: Population Distribution

**C. DATA COLLECTION PROCEDURE**

The researcher used primary data in this study. Primary data on study variables: formulation, implementation and evaluation strategy gathered through structured questionnaire. The structured questionnaire had only closed-ended questions that required the respondent to state his/her degree of conformity or lack of correspondence by means of propositions. The study measured the respondents' level of agreement or disagreement with the various issues asked concerning the study objectives. Questions in each part of the questionnaire were largely closed-ended apart from the opening questions which remained open ended to allow the respondents to freely express their views. The questionnaire items were developed following thorough literature review.

**D. SAMPLING DESIGN AND PROCEDURE**

A census was undertaken because the study population was quite small. The collecting and analysis of data from every conceivable case or group of members in a population is referred to as a census. To determine the appropriate responders for each nonprofit organization, a three-stage multi-stage random sample procedure was utilized. Purposive sampling was utilized in the first stage to choose human resource departments in all nonprofit organizations. The second stage utilized stratified random sampling to generate two strata: one with heads of departments and/or units to represent senior management in all nonprofit organizations, and the other with additional workers in the corresponding departments representing middle management. The third stage involved selecting one employee from each of the represented organizational departments to represent middle management using simple random sampling.

E. VALIDITY OF RESEARCH INSTRUMENT

A validity is referred to the degree to which the acquired findings effectively reflect the under investigation phenomenon (Mugenda & Mugenda 2003). To ensure validity, the questionnaires were constructed with the help of supervisor who ensured face validity of the questionnaire since the supervisor has considerable knowledge in the field.

F. RELIABILITY OF RESEARCH INSTRUMENT

The study embarked on reliability through Cronbach Alpha statistical test. Piloting was undertaken in one nonprofit organisation towards establishing if queries in the questionnaires quantified the expected imagined variables in the conceptual framework. Interviewees remarked on the lucidity & the combinations of time spent when piling up the questionnaires.

G. LINEARITY TESTS

The researcher tested linear relationship of independent variables on the dependent variables using Pearson’s correlation coefficient between organizational performance and each research question explanatory variables with reference to the assumption of linearity.

Strategy Formation	Pearson’s correlation	0.183
	Sig. (2tailed)	0.166
	N	59
Strategy Implementation	Pearson’s Correlation	0.306
	Sig. (2 tailed)	0.018
	N	59
Strategy Evaluation	Pearson’s Correlation	0.738
	Sig. 2 tailed	0.000
	N	59

(Source: Survey Data, 2020)

Table 5: Linearity Tests

The findings in the above table demonstrated an important optimistic linear relationship linking performance of the organization and strategy implementation (0.018) and strategy evaluation (0.000) at the level significance of  $P < 0.05$ . Though, there is less significance linear relationship between performance of the organization and strategy formulation across significance of  $P < 0.05$ . However, it is essential to note that correlations do not certainly mean that there is fundamental relationship (Wooldridge, 2000). Hitherto, conducting regression analysis to estimate causal relationship is very important.

IV. DISCUSSION OF FINDINGS

A. ANALYSIS OF THE RESPONSE RATE

The researcher circulated 76 questionnaires in 19 nonprofit organisations headquartered in Juba, South Sudan. Out of 76, 59 questionnaires were received from the field

signifying overall accomplishment rate of 77.6%. The difference, 22.4% consisted of questionnaires that weren’t returned. The statistical power of a study is measured by the response rate of a test, and the higher the rate, the better. The comeback degree of 77.6% is suitable to pull way out for this study questions. A working assumption has been that for a survey to be constructed as “good,” it must attain a high response rate of 70% (Groves, 2006).

B. DEMOGRAPHIC INFORMATION

Distribution of Respondents Rate by Gender

Gender	Rate	Proportion
Male	41	69
Female	18	31
<b>Total</b>	<b>59</b>	<b>100</b>

(Source: Author, 2020)

Table 3: Gender

The researcher received 59 responses. 69% were male respondents and 31% were female. The possible explanation could be by the assertion that men held most of the targeted positions across the nongovernmental organizations.

C. STRATEGY FORMULATION AND PERFORMANCE

Statements	Mean	Std. Dev.	Min	Max	Sum
The organization has long-term objectives/goals	4.63	0.584	3	5	273
There is a clear course of action to guide the organization towards achieving goals	4.32	0.955	1	5	255
Each department in organization is conversant with their role in achieving the organizational goals	4.42	0.747	3	5	261
Organization has set quantitative targets towards their goals	4.76	0.468	3	5	281
It is important for organisation to create strategic decisions and describe strategy in terms of its function to the environment	4.58	0.622	3	5	270
Organization mission and vision are in line with what the organisation does.	4.51	0.679	2	5	266
Aggregate score	4.54	0.676			

(Source: Survey Data, 2020)

Table 4: Strategy Formulation

Results shown in table 4 are mean summaries indicated that organization has set quantitative targets towards their goals as it had the highest mean of 4.76. There was a high variation (Standard Deviation (SD) of 0.468). The total means score stand at 4.54 with a 0.676 std. dev. This concludes that regularly, managers confirmed that strategy formulation related to performance of nonprofit organizations. Course of action to guide the organization towards achieving goals rated a top score of 4.32 & standard deviation of 0.955.

This could be explained that employees in organizations are routinely involved in familiar interventions and not innovative territories. The organization has long-term goals with the total score of 4.63 and standard deviation of 0.584. Each department in organization is conversant with their role in achieving the organizational goals had a mean of 4.42 and standard deviation of 0.747. It is important for organisation to create strategic decisions and describe strategy in terms of its function to the environment with a mean score of 4.58 and a standard deviation of 0.622. Organization mission and vision are in line with what the organisation does has mean of 4.51 and standard deviation of 0.679. These conclusions are compatible with the affirmation by Walker (2010) who revealed that a guide for managers in identifying their companies, the conclusions they are looking for, and the resources they will use to achieve their results is the formulation of strategies. Another scholar, Baker et al. (2011) also showed that many planned management organizations had a pure goal, a major victory tactic for achieving goal, & thorough statement of mission to steer organisation to achievement of set goal.

## V. CONCLUSIONS

On strategy formulation, one-way ANOVA statistics conclude that strategy formulation affected performance of nonprofit organizations in Renk County, South Sudan. Regression analysis had shown the effect of strategy formulation on organizational performance. The study revealed that there were unit changes in strategy formulation while holding other factors which were not part of this study constant. The results indicated that senior management is ordinarily involved in formulation of strategy, the level of involvement and understanding of other staff in strategy formulation affected how correctly the implementation of the strategy occurs.

On the basis of conclusions of this objective, the researcher concluded that strategy formulation influences positively on the performance of nonprofit making organisations. This implies that proper attention needs to be put on better understanding of strategy formulation through training of all employees and stakeholders in the organization.

The study concludes that strategy formulation affected performance of nonprofit organizations in Renk County, South Sudan. Regression analysis had shown the upshot of strategy formulation on organizational performance. The study revealed that there were unit changes in strategy formulation. The results indicated that top leadership is ordinarily participating in formulation strategy.

## VI. RECOMMENDATION

The study investigated the effect of strategy formulation on performance of non-profit organisations in Renk County, South Sudan. An objective question was formulated on assumption suchlike formulation strategy do not have statistical noteworthy effect on performing of non-profit organisations - Renk, South Sudan. The study reveals that

coefficient of strategy formulation was 0.434. This indicates whatever section buildup within strategy formulation could result in 43.4% rise in value of performance of the organization showing direct coupling with strategy formulation and performance of non-profit organisations in Renk County, South Sudan.

The T-Statistics & corresponding P-Value recorded 3.177 & 0.002 correspondingly. At significance level of  $P < 0.01$ , the assumption is rejected implying strategy formulation shared an important effect on the performance in non-profit organisations in Renk County, South Sudan. The research findings highlight the effect that strategy formulation can have on performance of non-profit organisations in Renk County, South Sudan. This research finding is in line with those of Idunnu (2010) whose results stated that the formulation of strategies improves better organizational efficiency, which will impact its survival in the long term. Baker et al. (2011) researched strategic management practices in Malaysian building firms. Research results showed that many planned management organizations had a pure goal and a major victory. On the strategy formulation, it is recommended that top-level managers of nonprofit organisations or even other related organisations must pursue additional idea from the lower level managers. Various respondents agreed that nonprofit organizations that had formulated strategies for smooth running of the organizations in order to achieve mission, vision and goals.

## ABOUT THE AUTHORS

Ajak John Manyang is a researcher undertaking master's degree in Business Administration at Kenyatta University while Dr. Anne Muchemi is a lecturer in Business Administration department at Kenyatta University.

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