RESEARCH ARTICLE

WILEY

The harder firms practice strategic management, the better they are

Said Elbanna¹ | Bakheet Al Katheeri² | Mustafa Colak³

¹Department of Management and Marketing, College of Business and Economics, Qatar University, Doha, Qatar

²Mubadala Petroleum, Abu Dhabi, United Arab Emirates

³Department of Business Administration, Faculty of Political Sciences, Social Sciences University of Ankara (ASBU), Ankara, Turkey

Correspondence

Said Elbanna, Department of Management and Marketing, College of Business and Economics, Qatar University, Doha, QATAR P.O. Box: 2713 Doha, Qatar Email: selbanna@qu.edu.ga

Abstract

The integrated practice of strategic management, that is the use of the three components of the strategic management process (formulation, implementation, and evaluation) does matter. Firms should plan intensively and pay attention to choosing strategic planning tools that best fit their needs. No matter how sound the formulated plans are, firms will not benefit if these plans are neither implemented nor evaluated correctly. The harder firms practice strategic management, the better their performance and competitiveness will be.

KEYWORDS

firm competitiveness, semi-government firms, strategic planning, strategy evaluation and control, strategy formulation, strategy implementation

1 | INTRODUCTION

The last few decades have seen phenomenal transformations in the way that organizations work. These transformations have paved the way for new work practices and technologies, enabling businesses to cope with changing economic and social consequences in an increasingly global marketplace (Mulcaster, 2008). In order to tackle the new economic and social conditions, organizations are practicing strategic management to achieve high levels of alignment and performance (Mckeown, 2012). As businesses evolved, strategic management was introduced to increase management's ability to develop plans, policies, and structures (Neilson, Martin, & Powers, 2008). It allowed organizations to assess and re-assess strategies, competitors, new economic situations, and technology. Through strategic management, organizations learned to make timely business decisions and deal with an increasingly uncertain future. Although the amount of research on this area is vast, several notable gaps indeed remain in the literature, in particular, an examination of integrative models of the strategic

The measurement items of the study variables are available from the first author upon request.

management process, along with lack of research in developing countries and the semi government sector, and finally a less research on both strategy implementation and evaluation. This study aims to contribute to the above four research gaps as briefly addressed below.

First, although there are plenty of empirical studies on any of the three elements of the strategic management process (namely, formulation, implementation, and control), it is hard to find one study that incorporates all three elements in a single work as the present research does. This is a significant contribution of this study, which contributes to filling a severe gap in the literature of strategic management. Second, organizations can be classified as pure government, quasi- or semi-government, and purely private organizations. This study targets quasi- or semi-government organizations, which may not be easy to define them (Moe, 2001) precisely. For our study, the quasi-government organizations consist of state-owned corporations, business enterprises, or public sector undertakings created for commercial activity by the government itself. While strategic management processes across private and public organizations are well researched over the last six and four decades successively (Elbanna, Andrews, & Pollanen, 2016; Furrer, Thomas, & Goussevskaia, 2008; Poister & Streib, 2005), they have been hardly examined in semi-government organizations. Hence, the second contribution of this study is its

JEL classification code: M10.

This is an open access article under the terms of the Creative Commons Attribution License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

^{© 2020} The Author. Strategic Change: Briefings in Entrepreneurial Finance published by John Wiley & Sons, Ltd.

ELBANNA ET AL.

10991697, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/jsc.2365 by Qatar University, Wiley Online Library on [29/03/2023]. See the Terms and Conditions

(https://onlinelibrary.wiley.com/terms-

and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

562 WILEY

empirical examination of strategic management processes in semigovernment organizations.

Third, at the heart of the UAE lies Abu Dhabi, the capital town, which is one of the most dynamic capitals in the world today. Over the last two decades, Abu Dhabi has undergone rapid transformation in terms of both economic and social development (The Department of Economic Development-Abu Dhabi [DED], 2015). The interest of Abu Dhabi government in the semi-government sector to diversify its economy and reduce its dependence on the oil and gas industry, coupled with globalization, falling oil prices, turmoil in the Middle East and the global financial crisis have shown an acute need to practice strategic management across the UAE in general and Abu Dhabi in particular. Therefore, a third timely contribution of this paper is to study strategic management practices in the less researched region of Abu Dhabi in particular and the Arab countries in general (Elbanna, Abdelzaher, & Ramadan, 2020). Fourth, compared with strategy formulation, both strategy implementation (Andrews, Beynon, & Genc. 2017) and evaluation (Pollanen, Abdel-Maksoud, Elbanna, & Mahama, 2017) are relatively unexplored research aspects of the strategic management process, which leaves us with many unanswered questions.

The next section will briefly discuss literature on the three components of the strategic management process for the sake of developing research hypotheses.

2 | LITERATURE REVIEW AND HYPOTHESES

2.1 | Strategic plan formulation

Through formulating strategic plans, firms can identify and exploit future opportunities, enhance internal communication, and improve firm performance (Aldehayyat & Anchor, 2008). The present study focuses on asking whether two particular aspects of strategic plan formulation, that is, strategic planning practice and intensity of strategic planning, influence firm performance.

2.1.1 | The practice of strategic planning

Apart from the deliberate vs. emergent nature of strategic plans, engaging in strategic planning practice, which is captured using strategic planning tools, has been a topic of research on strategy processes. Strategic planning tools and techniques provide many benefits to the strategy process (Aldehayyat & Anchor, 2008). For example, they allow managers to change valuable data into forms suitable for decision-making and action (Fleisher & Bensoussan, 2003). By using these tools and techniques, managers can reduce the risk involved in making decisions, establish priorities in large complex companies, and easily evaluate the relative importance of different business portfolios. Moreover, these tools are a valuable communication device, which managers can use to present complex issues (Frost, 2003). It is usually thought that the practice of strategic planning is beneficial for organizations (Siddique, 2015). In the UAE context, strategic planning practice, measured using strategic tools, is concluded to enhance strategic planning effectiveness (Elbanna, 2009). Formally:

Hypothesis 1 Practice of strategic planning (the use of strategic planning tools) is positively related to firm performance.

2.1.2 | Planning intensity

Planning intensity describes the amount of effort made in the process of planning. It is operationalized by the amount of information generated and the intensity of analyzing and evaluating information (Schäffer & Willauer, 2003). Research shows many beneficial outcomes of intensity for organizational performance. For example, Miller, Burke, and Glick (1998) claim that firms with strategic planning intensity can better understand their environment, which in turn results in improved organizational performance. Similarly, Schäffer and Willauer (2003) suggest that the intensity of planning is a credible sign of the importance of planning in a company because it can increase managers' attention to strategic planning and increase the probability that planning contexts and the fundamental business model will be understood and internalized. Thus, the intensity of strategic planning has a positive impact on learning in strategic planning. Some studies indicate that strategic planning intensity is positively related to firm performance. For example, Hopkins and Hopkins (1997) find that the intensity with which banks engage in the strategic planning process has a direct, positive effect on their performance. Salmela, Lederer, and Reponen (2000) also suggest that in a turbulent environment, intensive (comprehensive) planning may be more successful than incremental planning. Formally:

Hypothesis 2 Intensity of strategic planning is positively related to firm performance.

2.2 | Strategic plan implementation

Strategy implementation is seen in this study as synonymous with the execution of strategic plans and defined as the communication, interpretation, adoption, and examine enactment of strategic plans (Crittenden & Crittenden, 2008). Given this definition, the current research examines the possible impact of two critical aspects of strategy implementation, namely, extensiveness and alignment of strategic plan implementation, on firm performance.

2.2.1 | The extensiveness of strategic plan implementation

Extensiveness refers to the amount of time and energy invested in, or the emphasis on data collection and analysis when implementing strategic plans. Long and Franklin (2004) argue that one of the critical variables when studying implementation is the implementation approach, which refers to the processes used to put the strategy into practice. Unlike several studies on the extensiveness of strategy formulation, relatively few studies have discussed the extensiveness of strategy implementation. The few studies available stress the fact that strategic plan implementation is a crucial driver of organization performance (e.g., Andrews et al., 2017; Olson, Chae, & Sheu, 2005). Morgan, Katsikeas, and Vorhies (2012), for example, indicate that the implementation of planned export marketing strategy contributes to financial performance. Similarly, Elbanna and Fadol (2016) concluded that a similar concept, comprehensiveness of strategic plan implementation, positively influence organizational performance. This finding has also been supported by a more recent study in the Canadian public sector (Elbanna et al., 2016). Formally:

Hypothesis 3 Extensiveness of strategic plan implementation is positively related to firm performance.

2.2.2 | Alignment of strategic plan implementation

In order to implement strategic plans effectively, organizations need to align key organizational factors with their strategic plans. The notion of strategic alignment originates from organization literature whose fundamental proposition is that organizational performance is the consequence of fit between two or more factors such as strategy, structure, technology, culture, and environment (Bergeron, Raymond, & Rivard, 2004). Higgins (2005) sees alignment as the fit between different strategies and diverse kinds of structure. system. style, staffing, resources, and the shared values to make them work. The fundamental view of fit propounded by strategic management researchers and organization theorists is that it involves a search to align the organization with its environment and arrange resources to support this alignment. Researchers argue that aligning organizational factors with strategy can lead to successful strategy implementation and superior performance (Slater & Olson, 2000). As argued by Noble (1999), at the organizational level, a proper relationship between strategy, structure, and control can create an environment that is conducive to implementation success; at an interpersonal level, the degree of shared understanding among the involved managers in implementation is critical to its success; at the individual level, the cognitive processes and commitment to strategy are important for performance. Formally:

Hypothesis 4 Alignment of strategic plan implementation is positively related to firm performance.

2.3 | Strategic plan evaluation

Strategy evaluation monitors the performance of organizations and helps them to realize the desired objective and validate the success or failure of a given strategy. In order to understand the impact of strategy evaluation taking into account its multidimensionality, two types of evaluation which have been highlighted in related research, namely accountability (Cavalluzzo & Ittner, 2004) and strategic control (Elbanna, 2016; Merchant & Otley, 2006), are incorporated in the study model.

2.3.1 | Accountability

Gray and Jenkins (1993, p, 55) define accountability as "an obligation to present an account of and answer for the execution of responsibilities to those who entrusted those responsibilities." Some researchers suggest that there is a positive relationship between accountability and performance (Dubnick, 2005) because accountability calls on institutional managers to define their mission publicly, set goals, establish strategies and activities to accomplish these goals, and measure and report the outcomes of their activities (Oakes & Young, 2008). These reported outcomes have to be linked to inputs and used as benchmarks to compare organizations. Cavalluzzo and Ittner (2004) argue that when managers have the authority to make decisions based on performance information and when they are held accountable for results, they are more likely to make decisions accurately and carefully, thus improving performance. Similarly, it was argued that accountability leads to superior performance since it will result in (1) greater transparency and openness, control for the abuse and misuse of authority, promoting appropriate behavior, improvements in the quality of services and products, and (5) promoting learning in pursuit of continuous improvement (Dubnick, 2005). Formally:

Hypothesis 5 Accountability is positively related to firm performance.

2.3.2 | Strategic control

Strategic control has been a hot issue because companies often had serious difficulties responding promptly to the failure of strategic plans and unexpected developments, because of the lack of relevant information about the implementation of these plans. Therefore, researchers and managers have underlined the value of strategic control and suggested specific procedures for it (Elbanna, 2016; Schreyögg & Steinmann, 1987). Schendel and Hofer (1979) propose that strategic control focuses on two questions: (a) whether the strategic plan is implemented; and (b) whether its results produced those intended. These questions refer to the traditional review and feedback stage that constitutes the last step of the strategic management process. Similarly, Elbanna (2016, p. 211) sees strategic control as "a process in which organizations use strategic objectives as standards, measure the performance of their strategic plans, compare this performance to standards, and feed information back about undesirable variances in order to take relevant corrective actions." Both views reflect the one adopted in the present study. Researchers point out that there are many benefits to conducting strategic control. Among these benefits is its fostering of continuous learning in planning; thus, it enables managers to assess the plans and understand what distinguishes proper planning from bad planning and supports constant improvement. It also helps firms to identify any adjustments that have to be made during and after the implementation, so that resources are maximized, and firms efficiently and effectively deliver valuable results (Guerra-López, 2008). In the same vein, several researchers showed the importance of strategic control for enhancing organizational capabilities (Chenhall, Kallunki, & Silvola, 2011). Formally:

564 WILEY-

Hypothesis 6 Strategic control is positively related to firm performance.

2.4 | Firm performance and firm competitiveness

Firm competitiveness refers to the ability of a firm to design, produce, and or market products superior to those offered by competitors, considering the price and non-price qualities. It also refers to the ability of a firm to adapt to changes in competitors' market strategies, to adapt its products/services to changes in customers' needs, to react rapidly to threats in the market, and to explore market opportunities (Ruekert, Walker, & Roering, 1985). Early studies argued that competitiveness is related to performance (e.g., Feurer & Chaharbaghi, 1994). Empirical evidence also suggests that competitiveness is positively associated with improved efficiency, quality improvement, productivity improvement, cost savings (Rao & Holt, 2005), customer satisfaction, and market performance (Tracey, Vonderembse, & Lim, 1999), which can be seen as the proxies of organizational performance. This study further suggests that the impact of formulation, implementation, and evaluation on competitiveness occur through their individual effects on firm performance. Formally:

Hypothesis 7 Firm performance is positively related to firm competitiveness.

3 | METHODOLOGY

3.1 | Variables operationalization

Respondents were asked to indicate their answers on a five-point Likert scale. In order to measure the practice of strategic planning, respondents were requested to indicate the extent to which they use specific planning tools drawn from related research (Aldehayyat & Anchor, 2008; Elbanna, 2010; Siddique, 2015); while, the items for the intensity of strategic planning process were adapted from Schäffer and Willauer (2003). A scale for the extensiveness of strategic plan implementation was developed based on related work, which sees extensiveness as an indication of how far a firm uses an extensive planning process to implement its strategic plan (cf. Fadol, Berham, & Elbanna, 2015; Miller et al., 1998); Higgins (2005) was followed to measure the alignment of strategic plan implementation. The measurement of accountability was based on related research (Cavalluzzo & Ittner, 2004; Elbanna, 2013; Libby, Salterio, &

Webb, 2004) and following Schreyögg and Steinmann (1987), strategic control was measured. Considering related research (Elbanna, 2012; Vorhies & Morgan, 2005), respondents were asked to evaluate their firm's performance, concerning similar firms and using both financial and non-financial aspects of performance. Competitiveness was evaluated using Ruekert et al. (1985). Since many scholars suppose that firm size can systematically influence strategic processes and outputs, this study controlled for its effect.

A draft of the questionnaire was collected from 10 executives who are experts in strategic management in their firms in Abu Dhabi. During the pre-testing, participants had the opportunity to comment on each item separately and the survey instrument as a whole. Feedback from pre-testing was used to further revise the questionnaire, with particular regard to the interpretability of the measures, instructions, and response formats. Our unit of analysis was the firm. All the items were found to have a high item-to-total correlation, above the acceptable level of 0.30 (range from 0.44 to .0.88). As shown in Table 1, all variables had acceptable reliability values ranging from 0.83 to 0.93, which was significantly higher than the acceptable level of 0.70 and therefore confirmed that reliable scales were used.

3.2 | Sampling

This study limited its population to semi-government firms in Abu Dhabi for two reasons. First, Abu Dhabi is the capital city of the UAE and is also one of the two main centers of business in the UAE: the other is Dubai. Second, organizations' resources and strategic plans in the UAE vary from one emirate to another; thus, there is a need to control for the unknown effects of emirate (Elbanna, 2013). Several databases were used at both the federal and local levels.² The final list contained 210 semi-government firms in Abu Dhabi, and they were targeted all. Then, 182 completed questionnaires were collected and included in the analysis, representing a response rate of 86.6%. The responding firms belong to a range of industries that may be representative of the semi-government firms in Abu Dhabi. Fifteen firms (8%) had less than 100 employees, 36 firms (20%) had 100-249 employees, 31 firms (17%) had 250-499 employees, 31 firms (17%) had 500-999 employees, and 69 firms (38%) had 1,000 employees or more. The informants were chosen if they met three criteria: (a) to have a broad knowledge of their respected firms' activities and performance; (b) to have considerable experience and involvement in strategic management practices; (c) to hold a managerial position. A total of 77.5% of the respondents were male, and 22.5% female.

3.3 | Data collection procedures

A research assistant who is quite experienced in interviewing managers was hired to collect data for this study. When distributing the questionnaires, respondents were offered guidelines to complete the survey stressing the value of their cooperation and the benefits they could obtain by taking part. Follow-up calls were made to participating

Descriptive statistics, Cronbach's alpha, and average variances extracted (AVE)

TABLE 1

	Mean	SD	Alpha	(1)	(2)	(3)	(4)	(5)	(9)	(2)	(8)
1. Practice of strategic planning	4.05	0.59	0.83	0.55							
2. Intensity of strategic planning	4.20	0.63	0.89	0.48**	0.77						
3. Extensiveness of strategic plan implementation	3.87	0.85	0.92	0.30**	0.28**	0.84					
4. Alignment of strategic plan implementation	3.90	0.68	0.90	0.50**	0.60**	0.55**	0.74				
5. Accountability	4.27	0.58	0.85	0.08	0.39**	0.39**	0.46**	0.76			
6. Strategic control	3.85	0.74	0.89	0.25**	0.54**	0.65**	0.47**	0.34**	0.82		
7. Firm performance	3.82	0.72	0.90	0.28**	0.33**	0.68**	0.62**	0.59**	0.59**	0.82	
8. Firm competitiveness	3.66	0.88	0.93	0.43**	0.45**	0.43**	0.64**	0.38**	0.52**	0.65**	0.87
9. Firm size	3.57	1.38		0.17*	0.02	0.41**	0.28**	0.36**	0.14	0.45**	0.48**
Note: The diagonals represent the average variance extracted (AVE) in bold.	/E) in bold.										

p < .05; **p < .01

WILEY 565

firms. The drop-off and pick up method was followed to collect data since it has been widely and successfully used in the UAE (Elbanna & Fadol, 2016). The cover letter contained a statement of the research purpose and the importance of respondent's participation, together with a promise that a summary of the findings would be provided to participating firms, and that research confidentiality would be maintained.

4 | RESULTS

Before testing the structural model, in which all the dimensions were considered simultaneously, every single dimension was analyzed separately with measurement models in order to refine in advance the items used in their measurement (Hair, Black, Babin, & Anderson, 2009).

4.1 | Measurement models

For all constructs, tests of normality, that is, skewness and kurtosis, were conducted. The analysis of skewness and kurtosis indicates no departure from normality since most results are close to one (i.e., ±1) (Bagozzi & Yi, 1988). Since normality was confirmed for all constructs, it was decided to proceed with the use of the MLE method to estimate the model. In order to meet the requirements of satisfactory convergent and discriminant validity, the six strategic management dimensions and two organizational outcomes were tested by confirmatory factor analysis. The fit indices of all constructs used in this study indicate a good overall fit with the data (GFI ranges from 0.96 to 0.99. CFI ranges from 0.98 to 1.00. RMSEA ranges from 0.00 to 0.09). Convergent validity is achieved since the average variance extracted (AVE) for all constructs is exceeding the minimum threshold of 0.50, as shown in Table 1. Our results show that the AVE in each case was greater than any squared correlation between the constructs, which implied that the constructs were empirically distinct (Fornell & Larker, 1981). In summary, the measurement model test, including convergent and discriminant validity measures was satisfactory.

4.2 | Structural-model testing and hypothesis testing

Fit indices indicate a good overall fit of the structural model with the data (GFI = 0.96, CFI = 0.96, NFI = 0.95, RMSEA = 0.09, RMR = 0.01) and hence it was concluded that the structural model was an appropriate basis for hypothesis testing. Apart from practice of strategic planning (H1) (Standardized Estimate = 0.07, p = .11 which is not significant), the suggested paths positively affected firm performance as shown in Table 2. These paths were strategic planning intensity (H2) (Standardized Estimate = 0.21, p < .01), extensiveness of strategic plan implementation (H3) (standardized estimate = 0.15, p < .01), alignment of strategic plan implementation (H4) (standardized estimate = 0.28,

566 WILEY-

TABLE 2 Standardized regression weights				
Predictor variables	Criterion variables	Hypothesized relationship	Standardized coefficient	R ²
Practice of strategic planning	Firm performance	H1	0.07 ns	0.72
Intensity of strategic planning	Firm performance	H2	0.21**	
Extensiveness of strategic plan implementation	Firm performance	H3	0.15**	
Alignment of strategic plan implementation	Firm performance	H4	0.28**	
Accountability	Firm performance	H5	0.28**	
Strategic control	Firm performance	H6	0.27**	
Firm size	Firm performance	Control	0.25**	
Firm performance	Firm competitiveness	H7	0.66**	0.55
Firm size	Firm competitiveness	Control	0.12*	

Abbreviation: ns, not significant.

*p < .05: **p < .01.

p < .01), accountability (H5) (standardized estimate = 0.28, p < .01) and strategic control (H6) (standardized estimate = 0.27, p < .01). The above results clearly provide strong support to Hypotheses 2, 3, 4, 5, and 6; while they do not support Hypothesis 1.

It was also found that firm performance affects firm competitiveness which gives support to Hypothesis 7 (standardized estimate = 0.66, p < .01). The results further indicate that firm size positively affects both firm performance (standardized estimate = 0. 25, p < .01) and competitiveness (standardized estimate = 0.12, p < .05).

5 | DISCUSSION AND PRACTICAL **IMPLICATIONS**

This study contributes to the limited research on strategic management practices in the Arab World (Elbanna et al., 2020) by investigating how strategic plan formulation, implementation, and evaluation influence the performance of semi-government organizations of Abu Dhabi, UAE, and the impact of the latter on competitiveness. Surprisingly, the practice of strategic planning (use of strategic planning tools) is found not to be positively related to firm performance. This result conflicts with our predictions, and it is inconsistent with that of Elbanna (2008, 2009), who argues that although strategic planning tools neither make strategy nor implement it, they can be used to gain new insights and understanding and to present complex issues. He also reported in both studies that strategic planning practice positively influenced strategic planning effectiveness. Simialrly, Koufopoulos and Chryssochoidis (2000) endorse that using strategic tools offers more benefits than disadvantages to organizations.

A plausible explanation of this conflict may be due to the design of our study. To be precise, our approach may fail to ascertain whether strategic planning tools, considered individually, affect performance. Thus, further research could seek to distinguish strategic planning tools from one another and investigate the impact of each one on firm performance separately. Another explanation is the use of different dependent variables, for example, firm performance in our study and planning effectiveness in these of Elbanna. Finally, the lack of relevant experience with planning tools may also explain the insignificant findings reported in this study. Strategic planning in the semigovernment sector of Abu Dhabi may still be in its early stages, a finding which is also put forward in Elbanna (2013) in the UAE public sector. Therefore, it may be the case that the sampled firms do not yet have the necessary knowledge and skills to use strategic planning tools properly. If so, the reason for our finding that the practice of strategic planning does not impact firm performance may be that firms studied have not yet built up the knowledge and skills to use planning tools properly but not that strategic planning has no effect on performance. The intensity of strategic planning is found to be positively related to firm performance. This finding is consistent with the findings of several studies (e.g., Hopkins & Hopkins, 1997).

Our results are consistent with related research, which shows that extensiveness positively contributes to superior organizational outcomes. In a recent study, for example, Elbanna and Fadol (2016) found that extensiveness of strategy implementation has a significant positive effect on strategic planning effectiveness, which is positively associated with performance (Veliyath & Shortell, 1993). As hypothesized, alignment of strategic plan implementation is found to be positively related to firm performance. In a broader sense, this finding indicates that firms need to align different aspects of their activities at different levels. Consistent with previous arguments, both accountability and strategic control are positively related to firm performance. As expected, firm performance is positively related to firm competitiveness, which lends empirical support to the arguments offered by many authors (e.g., Hauc & Kovač, 2000) that when organizations perform better than their competitors, their competitiveness is higher.

This study has several limitations that should be recognized and considered for future research. First, our study used a simple crosssectional design that cannot allow researchers to make more rigorous inferences about the causal relationships implied by the model. Therefore, future research could undertake a longitudinal study to capture the dynamic relationships of strategic management effects. Second,

there are some differences between the context of the present study, Abu Dhabi, and the other Emirates in the UAE and between it and other developing and developed countries. Such differences restrict the generalizability of our conclusions and open the door to replicating and extending our research model to other sectors and countries. Third, it would benefit future research to consider other factors that may influence the relationship between strategic management factors and firm performance. This relationship is primarily influenced by a host of variables, some reasonably controllable by semi-government firms, such as organizational capabilities, systems and processes, and others, mostly beyond their control, such as economic conditions and political instability. Fourth, the dimensions of strategic management examined in this study are limited to certain aspects, and further research could explore other aspects, such as strategic stance and strategy content.

On a practical note, our study has several implications for managers and policymakers. First, firms should plan intensively and pay attention to choosing strategic planning tools that best fit their needs. Second, no matter how sound the formulated plans are, firms will not benefit if they are implemented incorrectly. While many managers commonly make statements to the effect that "execution is everything," in practice, managers often allocate significantly more time and attention to formulating plans than to their implementation. Our study further draws attention to the importance of strategy implementation and calls for managers' attention to this area of work. As argued by Nutt (1999), most strategic changes fail because of inadequate implementation.

Third, this study suggests that strategy evaluation is positively related to firm performance. If it is, top managers must have a strong sense of accountability and effectively practice strategic control to achieve high firm performance. Fourth, our findings are of particular importance to firms operating in the Abu Dhabi context. Strategic planning can help Abu Dhabi semi-government firms to perform better. This finding is timely for policymakers and executives of the semigovernment sector in Abu Dhabi since they are working, now, to diversify the economy of this critical emirate into non-oil activity. Strategic management practices are at the heart of this transformation process and one of its main drivers.

In sum, having discovered that firm performance is a function of several dimensions of strategic management, the message is the harder firms practice strategic management, the better their performance and competitiveness will be. More specifically, the integrated practice of strategic management does matter in the semi-government sector of Abu Dhabi.

ENDNOTE

- ¹ Open Access funding provided by the Qatar National Library
- ² See for example, https://www.abudhabi.ae

REFERENCES

Aldehayyat, J., & Anchor, J. R. (2008). Strategic planning tools and techniques in Jordan: Awareness and use. Strategic Change, 17, 281–293. WILEY $\frac{1}{567}$

- Andrews, R., Beynon, M., & Genc, E. (2017). Strategy implementation style and public service effectiveness, efficiency and equity. Administrative Sciences. 7, 4.
- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. Journal of the Academy of Marketing Science, 16(1), 74–94.
- Bergeron, F., Raymond, L., & Rivard, S. (2004). Ideal patterns of strategic alignment and business performance. *Information Management*, 41(8), 1003–1020.
- Cavalluzzo, K., & Ittner, C. (2004). Implementing performance measurement innovations: Evidence from government. Accounting, Organizations and Society, 29, 243–267.
- Chenhall, R. H., Kallunki, J.-P., & Silvola, H. (2011). Exploring the relationships between strategy, innovation, and management control systems: The roles of social networking, organic innovative culture, and formal controls. *Journal of Management Accounting Research*, 23(1), 99–128.
- Crittenden, V., & Crittenden, W. (2008). Building a capable organization: The eight levers of strategy implementation. *Business Horizons*, 51, 301–309.
- Dubnick, M. (2005). Accountability and the promise of performance: In search of the mechanisms. *Public Performance & Management Review*, 28(3), 376–417.
- Elbanna, S. (2008). Planning and participation as determinants of strategic planning effectiveness: Evidence from the Arabic context. *Management Decision*, 46(5), 779–796.
- Elbanna, S. (2009). Determinants of strategic planning effectiveness: Extension of earlier work. *Journal of Strategy and Management*, 2(2), 175–187.
- Elbanna, S. (2010). Strategic planning in United Arab Emirates. International Journal of Commerce and Management, 20(1), 26–40.
- Elbanna, S. (2012). Slack, planning, and organizational performance: Evidence from the Arab Middle East. *European Management Review*, 9(2), 99–115.
- Elbanna, S. (2013). Processes and impacts of strategic management: Evidence from the public sector in The United Arab Emirates. *International Journal of Public Administration*, *36*(6), 1–14.
- Elbanna, S. (2016). Managers' autonomy, strategic control, organizational politics and strategic planning effectiveness: An empirical investigation into missing links in the hotel sector. *Tourism Management*, *52* (February), 210–220.
- Elbanna, S., Abdelzaher, D. M., & Ramadan, N. (2020). Management research in the Arab world: What is now and what is next? *Journal of International Management*, 26(2), 1–21.
- Elbanna, S., Andrews, R., & Pollanen, R. (2016). Strategic planning and implementation success in public service organizations: Evidence from Canada. *Public Management Review*, 18(7), 1017–1042.
- Elbanna, S., & Fadol, Y. (2016). An analysis of the comprehensive implementation of strategic plans in emerging economies: The United Arab Emirates as a case study. *European Management Review*, 13(2), 75–89.
- Fadol, Y., Berham, B., & Elbanna, S. (2015). The mediating role of the extensiveness of strategic planning on the relationship between slack resources and organizational performance. *Management Decision*, 53 (5), 1023–1044.
- Feurer, R., & Chaharbaghi, K. (1994). Defining competitiveness: A holistic approach. Management Decision, 32(2), 49–58.
- Fleisher, C. S., & Bensoussan, B. E. (2003). Strategic and competitive analysis: Methods and techniques for analyzing business competition. Upper Saddle River, NJ: Prentice Hall.
- Fornell, C., & Larker, D. (1981). Evaluating structural equation models with unobserved variables and measurement errors. *Journal of Marketing Research*, 18(1), 39–50.
- Frost, F. A. (2003). The use of strategic tools by small and medium-sized enterprises: An Australasian study. *Strategic Change*, 12(1), 49–62.
- Furrer, O., Thomas, H., & Goussevskaia, A. (2008). The structure and evolution of the strategic management field: A content analysis of

26 years of strategic management research. International Journal of Management Reviews, 10(1), 1-23.

- Gray, A., & Jenkins, B. (1993). Codes of accountability in the new public sector. Accounting, Auditing & Accountability Journal, 6(3), 52–69.
- Guerra-López, I. J. (2008). Performance evaluation: Proven approaches for improving program and organizational performance. San Francisco, CA: John Wiley & Sons.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). Multivariate data analysis (7th ed.). Englewood Cliffs, NJ: Prentice Hall.
- Hauc, A., & Kovač, J. (2000). Project management in strategy implementation—Experiences in Slovenia. International Journal of Project Management, 18(1), 61–67.
- Higgins, J. M. (2005). The eight 'S's of successful strategy execution. Journal of Change Management, 5(1), 3–13.
- Hopkins, W. E., & Hopkins, S. A. (1997). Strategic planning-financial performance relationships in banks: A causal examination. *Strategic Management Journal*, 18(8), 635–652.
- Koufopoulos, D. N., & Chryssochoidis, G. M. (2000). The effects of an uncertain country environment leadership and strategic planning practices. *Strategic Change*, 9(6), 379–395.
- Libby, T., Salterio, S. E., & Webb, A. (2004). The balanced scorecard: The effects of assurance and process accountability on managerial judgment. *The Accounting Review*, 79(4), 1075–1094.
- Long, E., & Franklin, A. L. (2004). The paradox of implementing the government performance and results act: Top-down direction for bottom-up implementation. *Public Administration Review*, 64(3), 309–319.
- Mckeown, M. (2012). The strategy book. New Jersey: Prentice Hall.
- Merchant, K. A., & Otley, D. T. (2006). A review of the literature on control and accountability. In C. S. Chapman, A. G. Hopwood, & M. D. Shields (Eds.), *Handbooks of management accounting research* (Vol. 2, pp. 785– 802). London, New York and Amsterdam: Elsevier.
- Miller, C. C., Burke, L. M., & Glick, W. H. (1998). Cognitive diversity among upper-echelon executives: Implications for strategic decision processes. *Strategic Management Journal*, 19(1), 39–58.
- Moe, R. C. (2001). The emerging federal quasi government: Issues of management and accountability. *Public Administration Review*, 61(3), 290–312.
- Morgan, N. A., Katsikeas, C. S., & Vorhies, D. W. (2012). Export marketing strategy implementation, export marketing capabilities, and export venture performance. *Journal of the Academy of Marketing Science*, 40 (2), 271–289.
- Mulcaster, W. (2008). Three strategic frameworks. *Business Strategy Series*, 10(1), 68–75.
- Neilson, G. L., Martin, K. L., & Powers, E. (2008). The secrets to successful strategy execution. *Harvard Business Review*, 86(6), 60–70.
- Noble, C. (1999). The eclectic roots of strategy implementation research. Journal of Business Research, 45(2), 119–134.
- Nutt, P. C. (1999). Surprising but true: Half the decisions in organisations fail. Academy of Management Executive, 13(4), 75–90.
- Oakes, L. S., & Young, J. J. (2008). Accountability re-examined: Evidence from hull house. Accounting, Auditing & Accountability Journal, 21(6), 765–790.
- Olson, D. L., Chae, B., & Sheu, C. (2005). Issues in multinational ERP implementation. International Journal of Services and Operations Management, 1(1), 7–21.
- Poister, T. H., & Streib, G. (2005). Elements of strategic planning and management in municipal government: Status after two decades. *Public Administration Review*, 65(1), 45–56.
- Pollanen, R., Abdel-Maksoud, A., Elbanna, S., & Mahama, H. (2017). Relationships between strategic performance measures, strategic decision making, and organizational performance: Empirical evidence from Canadian public organizations. *Public Management Review*, 19(5), 725–746.

- Rao, P., & Holt, D. (2005). Do green supply chains lead to competitiveness and economic performance? *International Journal of Operations & Production Management*, 25(9), 898–916.
- Ruekert, R. W., Walker, O. C., & Roering, K. J. (1985). The organization of marketing activities: A contingency theory of structure and performance. *Journal of Marketing*, 49(1), 13–25.
- Salmela, H., Lederer, A. L., & Reponen, T. (2000). Information systems planning in a turbulent environment. *European Journal of Information Systems*, 9(1), 3–15.
- Schäffer, U., & Willauer, B. (2003). Strategic planning as a learning process. Schmalenbach Business Review, 55(2), 86–107.
- Schendel, D. E., & Hofer, C. W. (Eds.). (1979). Strategic management: A new view of business policy and planning. Boston: Little Brown.
- Schreyögg, G., & Steinmann, H. (1987). Strategic control: A new perspective. Academy of Management Review, 12(1), 91–103.
- Siddique, M. C. (2015). A comparative study of strategic planning practices of SMEs and large-sized business organizations in emerging economies: The case of UAE. *Strategic Change*, 24(6), 553–567.
- Slater, S. F., & Olson, E. M. (2000). Strategy type and performance: The influence of sales force management. *Strategic Management Journal*, 21(8), 813–829.
- The Department of Economic Development- Abu Dhabi (DED). 2015. The Economic Report of the Emirate of Abu Dhabi 2014.
- Tracey, M., Vonderembse, M. A., & Lim, J.-S. (1999). Manufacturing technology and strategy formulation: Keys to enhancing competitiveness and improving performance. *Journal of Operations Management*, 17(4), 411–428.
- Veliyath, R., & Shortell, S. M. (1993). Strategic orientation, strategic planning system characteristics and performance. *Journal of Management Studies*, 30(3), 359–381.
- Vorhies, D. W., & Morgan, N. A. (2005). Benchmarking marketing capabilities for sustainable competitive advantage. *Journal of Marketing*, 69(1), 80–94.

AUTHOR BIOGRAPHIES

Saïd Elbanna is a Professor of Strategic Management at Qatar University. He aspires to contribute to the development of the Middle East and North Africa (MENA) region by establishing a stream of research on management practices, within his research interests, which can enhance and guide the development plans in this region. His publications include more than 50-refereed journal articles, one book, two chapters/entries in books, and more than 60 conference papers. His research has been published in journals such as Strategic Management Journal, Journal of Business Ethics, and Journal of World Business among others. Saïd received regional and international funding for 18 research projects and his hard work has been recognized regionally and internationally by receiving many research, teaching and administrative awards. More recently, he is inspired by his pressing thinking on how to direct his research efforts toward the good of people, organizations, and community at large.

Bakheet Al Katheeri is the Chief Executive Officer of Mubadala Petroleum. He is a board member in Mubadala Petroleum, Oil Search, and CEPSA International Oil and Gas Companies. Prior to his appointment in March 2017, he held the positions of Chief

10991697, 2020, 5, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/jsc.2365 by Qatar University, Wiley Online Library on [29/03/2023]. See the Terms and Conditions (https://onlinelibrary.wiley.com and on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Growth Officer, responsible for all new business development and M&A activities, and Chief Operating Officer, overseeing both operated and non-operated assets, and UAE gas supply. He is non-executive director of Oil Search and brings with him 20 years of diverse operating and management experience in the oil and gas industry. Before joining Mubadala Petroleum, Bakheet had a 12-year career with Abu Dhabi National Oil Company (ADNOC), which included managing production and facilities engineering for five of its operating companies covering all offshore operators in Abu Dhabi and managing aggregated production of more than one million barrels per day. Bakheet holds a BSc degree in Petroleum Engineering and applied Mathematics from the University of Tulsa (Oklahoma, USA) and MSc in Environmental Science from UAE University. He also holds an Executive MBA from HCT, UAE and a Doctorate of Business Administration from the College of Business and Economics, UAE University.

Mustafa Colak is an Associate Professor of Strategic Management in the Department of Business Administration of the Faculty of Political Sciences at the Social Sciences University of Ankara (ASBU), Turkey. Prior to joining ASBU, he worked as an Assistant Professor in the College of Business and Economics at the United Arab Emirates University. His current research interests lie in the areas of strategic planning, strategy implementation, strategic control, and innovation in SMEs.

How to cite this article: Elbanna S, Al Katheeri B, Colak M. The harder firms practice strategic management, the better they are. *Strategic Change*. 2020;29:561–569. <u>https://doi.org/</u> <u>10.1002/jsc.2365</u>