QATAR UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

FACTORS THAT AFFECT THE STRATEGIC MANAGEMENT PROCESS IN OIL AND GAS ORGANIZATIONS IN QATAR

BY

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ABSTRACT

The paper discusses factors that affect the strategic management process in oil and gas organizations in Qatar. A literature review demonstrates and examines critical factors that affect the strategic management processes. Factors are divided into six components: 1) strategy factor, 2) leadership, 3) human capital, 4) organizational structure, 5) organizational culture, and 6) innovation factor.

To examine hypotheses of relationship between these factors, a questionnaire data collection method was used and distributed into two different oil and gas companies in Qatar. Total responses from 109 participants range from higher management, middle management and employees were analyzed and various findings were discussed.

In addition, comparison analyses were performed between the two companies and important results were observed and outlined on areas of strengths and weaknesses that provided new thoughts for consideration. The paper also points the limitation of the study and suggestions for future research.

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INTRODUCTION

Qatar National Vision 2030 launched in 2008 by His highness the Father Amir of the State of Qatar to set the foundation of Qatar's long-term strategy for modernization and economic growth. Qatar aims to achieve its 2030 vision through addressing human capital, economic and environmental development issues. Revenues from the hydrocarbon sector have contributed tremendously to the growth and economic diversification and development of the State of Qatar. It is a fundamental sector to the State's development and achievement of its National Vision 2030 (General Secretariat for Development Planning, 2008).

With the recent challenges of lower oil prices, slowdown of global economy growth, and political instability in the region, the oil and gas sector in Qatar encounters greater obstacles to maintain the economical sustainability. As a result, robust medium to long-term strategies are essential to overcome such challenges.

Strategic management process is a critical element for oil and gas organizations' performance and success. To achieve the long-term strategic objectives and goals, effective strategic management process, formulation, implementation and measurement are mandatory for every organization.

The objective of this study is to identify what factors affect the strategic management process in oil and gas organizations in Qatar, and to review other critical factors that affect the achievement of organizations' strategic goals such as leadership role, human capital, organizational structure, organizational culture and innovation. A conceptual model is developed in this study for the measurement and effectiveness of the strategic management process.

Furthermore, the study examines and measures such factors on two companies in oil and gas sector. A quantitative data collection method was used trough distributing a survey consisted of Likert-scale questions. Comprehensive statistical analyses are performed on 109 responses utilizing analysis of association and analysis of variances on every factor from the developed conceptual model.

Finally, comparison analyses measuring the factors' strengths and weaknesses in the two companies and identifying areas required to be improved to maximize their resources' performance and productivity, and to effectively achieve their mission, strategic goals and objectives.

The Oil & Gas Sector in Qatar

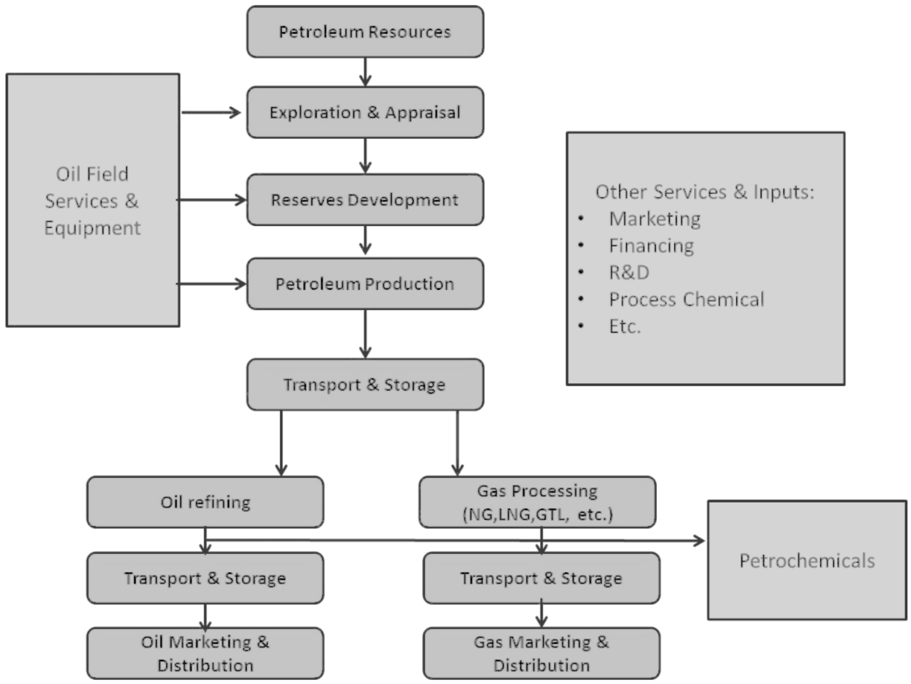
Qatar has the 3rd largest natural gas reserves in the world located in the North Field. According to QNB Economic Insight (2015), the State of Qatar has been the second largest gas exporter with a global market share of 31% and accounted for 49% of the

State's GDP. Nearly 58% of the gas produced is exported globally, while 11% is sent through pipelines to neighbor countries, and remaining gas is consumed locally as fuel and feedstock to petrochemical industries, and to power stations for electricity generations. The crude oil reserves are located onshore east of Qatar, and there are seven other offshore reserves. The total crude oil and condensate production is 0.7m b/d and 1.3m b/d, respectively.

The Oil and Gas sector in Qatar consists of several main companies led by Qatar Petroleum and its joint ventures such as Ras Gas, Qatar Gas and Pearl GTL. In addition, there are more than 20 petrochemical companies, and small and medium industries that consume natural gas and condensate hydrocarbons for their productions.

Figure 1 below illustrates the value chain of the oil and gas industry. In one organization, there are multiple of complex petroleum infrastructures, platforms, pipelines and processing plants that are all integrated in one network. It starts from upstream where hydrocarbons are extracted, processed and then transferred via offshore and onshore pipelines' to downstream processing plants. Hydrocarbons are further processed to different products and transported to end users and exported globally. This complicated network is managed and operated by thousands of employees in different functional units and divisions located across the entire country.

Value Chain of the Oil and Gas Industry



Source: (World Bank, 2009)

Figure 1. Value Chain of the Oil and Gas Industry

Global Economic Outlook for Oil and Gas Prices

Forecast for oil and gas demand has changed in the past few years due to oversupply. Price uncertainty has become the biggest fear for the oil and gas producers. Many factors have led to this dramatic change in the energy industry due to uncontrolled oil and gas production, the slowdown of the economic growth in China and Europe, as well as advancement of development of efficient engines, electricity generations, and exploration and development of unconventional and shale reserves (Doshi & Corrigan, 2015).

Furthermore, analysts predict that crude oil prices will continue to suffer in the next three years as the current production level of crude oil is more than the demand. Prices are expected to recover slowly in 2016 and 2017 for the market demand to balance with the increase in the supply. According to Grattan (2015), natural gas production is growing by 2.4% in the energy market, and prices are also expected to remain unfavorable to the producers as IMF commodity prices forecast until 2018.

LITERATURE REVIEW

Singh (2010) explains that oil and gas organizations adopt four main core strategies to derive their profitability and development. These strategies are portfolio management, operational efficiency, financial management and sustainability. Effective strategic management aligns and maximizes the performance of organization's resources, assets and corporate capabilities to achieve its strategic goals and objectives.

Wells (1999) describes that strategic management acts as bases to ensure that an organization attains its objectives from continuous planning, reviewing, implementation and control, and ultimately accelerate the efficiency and effectiveness.

It is the responsibility of the leaders to initiate the strategic management process, formulate the plan and lead the change, but it cannot be actually achieved if there is no support from middle management and employees (Johnson, Scholes & Whittington, 2012, p.170).

Huselid and Schuler (1997) explain that for an effective strategic implementation, it is necessary to develop an approach that is associated with organizational human resource. Through this, leaders can ensure that employees' total knowledge, skills, and abilities are contributed to the achievement of their business goals.

Furthermore, maximizing the value of human capital within an organization is profoundly influenced by its organizational culture. Nicolae and Sibiu (2011) state that organizational culture is a significant component in the accomplishment of an organization's goals and strategies.

Additionally, a detailed understanding of how any corporation is structured is mandatory when selecting and formulating strategies. According to Hunger and Wheelen and Hunger (2010), an effective implementation of a strategic plan depends on how an organization is structured and functionally integrated.

With complex structures, functional production and processing units, Resendahl and Heps (2013) state that oil and gas companies strive to sustain their business continuity, minimize risk and eliminate crises. As a result more collaborative work environment is being adopted to enhance creativity and innovation in their culture to effectively manage and improve the industrial plants' performance.

Most reviews of literature indicate and suggest six common factors that greatly influence the success of strategic management to achieve the organizational strategies and objectives. These factors are related to 1) effectiveness of the strategic management process, 2) leadership role factor, 3) human capital, 4) organizational structure, 5) organizational culture, and 6) innovation.

1- Effectiveness of the Strategic Management Process SMP

Afsar (2011) explains that strategic management works as a driving force for a business to devise strategies to maintain high ended competitive edge within a specific business environment that is highly dynamic in nature such as change in legal regulations, economic improbability and technology progression. Strategic management process SMP is defined by Robert, Kaplan and David (2005) as a process by which managers select and implement set of strategies for the organization to improve and maximize their performance. Wells (1999) describes strategic management process SMP as a very complicated and lengthy process that demands extensive hard work, dedication and commitment at all levels in order to achieve organizational goals and objectives.

Grensing-Pophal (2011) defines SMP as a process wherein, the managers formulate step-by-step procedures which the business needs to consider for achieving their overall objectives. It is an array of strategies that moves in a planned direction to attain the motives of the firm (Kiptoo & Mwirigi, 2014, p 188). It takes into account the trend of 3 to 5 years comprising of detailed situational mapping that defines a sequential order and methodical approach of events requisite to execute the complete collection of strategies successfully (Jakhotiya, 2013).

Babafemi (2015) emphasizes on the importance of having an effective strategic management process SMP and explains that organizations that perform certain level of strategic planning can only survive. Many researchers have conducted research in this field to find out the performance review of organizations that practice strategic management in contrast to those who do not. It was revealed that when organizations adopt strategic management process, they exhibit improved performance, whereas the other organizations without strategic management process show no change in performance or poor performance (Wheelen & Hunger, 1995).

Steps of the Strategic Management Process SMP

Maas (2015) states that even though almost every organization plans to work and develop effective strategies, but very few are able to execute their strategic plans into action. This is generally due to ineffective strategic management process adopted by the organizations. Approximately 23% of organizations employ a formal strategic management process to take strategic decisions as explained by Dye and Sibony (2007).

Research suggests that SMP comprises of broadly four phases. First, it starts with initial assessment of organizations' mission, vision and environmental scanning. The second phase is to formulate a strategic plan by setting goals, objectives and actions. Third, organizations implement and execute the strategic plan, and the final phase is measuring and evaluating performance and achievements (Jurevicius, 2013).

Phase 1: Initial Assessment and Environmental Scanning

The first phase of SMP is to perform initial assessment and review of organization's vision, mission and core values. It also includes analysis utilizing different strategic management and assessment tools such as environmental scanning for external and internal analysis, situational analysis, competitors' analysis, value chine and financial analysis.

Thompson and Martin (2005) describe that vision indicates the desired future or the dream picture which management aspires for. It is in the form of statements that provides a sign of what the company hopes to be or achieve over a long term. A vision statement should be challenging, clear, inspiring and stable (Dyck & Nuebert, 2009, p. 234). Every organization must establish a clear long term vision for its organization so that it acts as a guideline to the chief executives, management heads and employees. With the help of vision statement, managers can take better decisions and do effective allocation of resources. These aims stated in the vision are not easy to achieve in short duration. Therefore, these statements are not modified frequently.

A mission statement describes the purpose or reason behind the company's existence. Mission statements are unique as they provide the justification of how the company is competitively and strategically different from others. This uniqueness can be in terms of products, services, processes and quality. It provides public authenticity and sense of identity to the members of the (Wheelen & Hunger, 2010). Amabile and Kramer (2012) state that mission statements generally changes over a period of time, according to the changes in the business environment.

Core values are the ideologies that direct an organization's actions. These values set and classify the manner in which the organization has to operate (Johnson et al., 2012). Grensing-Pophal (2011) explains that departments within organizations may also have their own individual vision, mission and value statements which are eventually aligned with the overall vision. These statements work as effective guidelines that can be used to consider the suitability of goals, objectives, strategies, and plans of the organization.

After the initial assessment, the SMP team scans the internal environment to determine its strengths & weaknesses, and analyze the external environment to identify the threats and opportunities. This approach is popularly known as SWOT analysis (Wheelen & Hunger, 2010).

Situational Analysis is another method to evaluate the business environment in which it performs (Grensing-Pophal, 2011). It is also denoted as a set of methods that managers use to scrutinize organizations' both internal and external environment for determining their capabilities, customers, and business environment. Another type of analysis is PEST analysis which is a process of scanning the external macro environment in which an organization exists in terms of political, economic, social and technological aspects.

In oil and gas sector, value change analysis is a very common approach used to analyze the process of a business. It carefully scrutinizes the weak areas of the business and tries to remove these obstacles by constant improvement (Grensing-Pophal, 2011).

For competitor's analysis, according to Porter's (1985) "The state of competition in an industry depends on five basic competitive forces which provides a simple perspective for assessing and analyzing the competitive strengths and position of a business organization" (p.11). Analysis of Porter's five forces consists of: 1- Existing competitive rivalry between suppliers, 2-Threat of new market entrants, 3- Bargaining power of buyers, 4- Bargaining power of suppliers, 5- Threat of substitute products or services including technology change.

According to McKinsey's 7s model, an organization can analyze its design structure by scrutinizing at seven key internal elements: structure, systems, strategy, shared values, staff, style and skills. These elements need to be aligned so as to achieve organization's objectives (Jurevicius, 2013).

Phase 2: Formulation of the Strategic Plan

After performing the initial assessment and environmental scanning analysis, the SMP team discusses the results with the management, and the formulation of the strategic plan starts with setting the organizational goals, followed by establishing objectives, and finally creating action plans.

Setting the Goals

Goals act as a base for the development of the strategic plan. It is these goals that lead to the creation of objectives, strategies and the implementations of actions and tasks. The statements of organizational goals are generally open-ended in nature, without any quantification of what is to be achieved and no time sphere for completion (Wheelen & Hunger, 2010). Effective organizational goals must be aligned with the vision and mission of the organization. While setting goals, it is imperative for the SMP team to come to consensus on the goals of the organization and departments to avoid any contradiction in decision making during the implementation phase.

Establishing Objectives

Wheelen and Hunger (2010) define an objective as a statement that describes how a goal will be achieved in an established time frame. Organizational objectives state what needs to be accomplished in quantified form as far as possible for the organization. The attainment of business objectives must result in accomplishment of the corporate mission. Pearce and Robinson (2000) define that long-term objectives are formulated with a view to achieve over a very long period of time, generally beyond five years. These objectives usually involve areas such as: productivity, ROI, social responsibility and employees' retention and development. While short-term objectives help in daily operations of the business and gradually align with the company's long-term strategy.

According to Grensing (2011), effective objectives should be SMART, it stands for Specific, Measurable, Attainable, Relevant and Time-bound, and each of these elements must be present for an objective to be effective. The objectives must be precise as possible so that there will be no disagreement at the end of the evaluation period when an organization attempt to determine whether or not they achieved their objectives.

Developing Action Plans

Development of action plans at departmental or individual level is the last step in formulating the strategic plan. Action plan is a series of steps, particular to-do list of the programs that need to be carried out to achieve an objective. During this process, accountability is also decided for each action plan (Pearce & Robinson, 2000). Thompson and Martin (2005) explain that successful action plans are precise and directly attached to other essentials of the strategic plan. The correct mix of the actions needs to be intended to attain the objectives at the lowest promising cost in conditions of time and effort. Sufficient resources need to be available to accomplish the action plans such as human resources, financial resources and capital resources are to be identified in terms of know-how needed, time and cost (Grensing-Pophal, 2011). Sherman and Rowley (2007) explain that a common problem that is encountered by firms is they are successful in developing strategic plans, but they fail to link it with organizational resources.

Phase 3: Implementation

The implementation phase in SME is the execution of total activities and options in the strategic plan. The entire process, strategies and policies are put into action with the help of development of programs, budgets, and procedures (Wheelen & Hunger, 2010).
Babafemi (2015) explains that the most difficult part of the strategic management process is the implementation phase. In this phase, many gaps are identified, where managers need to act in an alert manner to take relevant decisions. These plans might be better than the original plans and therefore, must be tactfully crafted to adjust with the overall strategy.

Denise Wells (1999) describes that once the strategic plans come into action, it is necessary to document it for record keeping and future references. The published documentation comprises of the vision statement, core values, mission, strategic goals, approaches, and objectives. By publishing the documentation, the objective is to make the plan available to every individual in the organization, so that they can perform their responsibilities in the correct manner.

Phase 4: Measurement and Control

Babafemi (2015) describes that the final phase of the strategic management process is the measurement and control phase. It deals with monitoring, assessment, criticism and appraisal of the plans. This stage is necessary so as to make certain uniformity between execution and the intended strategic directions. When the plan is executed, the next important task is to monitor the performance through measurement. Measures may be associated to the accomplishment of particular landmark or activities or may be acknowledged in terms of degree of performance to be attained.

Jurevicius (2013) explains that several measurement tools are used in SMP to evaluate the progress and implementation of a strategic plan. These tools consist of balanced scorecards, key performance indicators, review of financial statements, benchmarking, and evaluation of SMART objectives.

Murby and Gould (2005) describe that balanced scorecard connects the events to company's database and information system, spreading and updating the strategic plan and measures throughout the organization. The balanced scorecard metrics are reviewed annually as a part of the strategic management process, goals setting and assets allocation process. The assessment is arranged for both top management and managers of decentralized departments to evaluate the progress and performance of the organization.
Through key performance indicators KPI, companies can measure and monitor the key indicators which are essential for the success of the company. Well planned strategic KPI monitor the execution and success of an organization's strategies, verify the breach between actual and targeted performance and identify organization and operational efficiency (Grensing-Pophal, 2011).

2- Leadership Role Factor

Leadership is a process through which an individual influences others in various ways so that it can help them to attain group or organizational goals (Greenberg, 1999). Leaders hold out this process by using their leadership attributes, like values, beliefs, ethics, knowledge, and skills so as to steer and drive the organization (Kiptoo & Mwirigi, 2014).

It is the responsibility of the leaders to help stakeholders hold change by putting forth a clear vision of where the business's strategy wishes to account the organization. The challenge in front of the leader is to stimulate commitment among individuals within an organization as well as among the stakeholders (Pearce and Robinson, 2000).

Thompson and Martin (2005) explain that measurement of long-term strategic success demands that the efforts between the organization's leaders and managers are well coordinated. It is the responsibility of chief executive or managing director and departments' mangers.

According to research, 86% of expert teams in an organization dedicate less than an hour in a month on strategy discussion. The responsibility lies on the shoulders of senior leadership to strategically manage the organization. It needs to be understood that SMP is a continuous process rather than a one-time show. Hence, it is necessary that the senior leaders must become strategic visionaries to bring continuous change (Wells, 1999).

Strategic management process is not the sole responsibility of the top managers. The responsibilities of the top management are to formulate the strategies, but it cannot be actually achieved if there is no support of the middle and lower management employees. The top management therefore, identifies key subordinates whom they trust will understand and help in aligning and implementing the planned strategies all over the organization (Johnson et al., 2012).

Aligning the Strategies

Grensing-Pophal (2011) explains if there is absence of well-defined strategies in an organization, then there will be lot of problem in coordination of activities in the organization. For instance, the operation manager may have planned to work on quality improvement; leading to a sudden increase on the expenditure might take place. While on the other hand, the finance manager must be working on strategies to decrease company's expenses. Therefore, it is necessary for all the departmental heads and managers to frequently arrange meetings to discuss their respective strategic moves.

Managing Change in Setting New Strategic Goals

Resistance is something that is a natural tendency whenever change occurs. The resistance is more especially when the individuals are not a part of designing that change.

One of the prominent reasons that SMP fail is that sufficient time and energy is not placed during the implementation stage. Therefore, leaders need to pay attention to people on what they can control and how they can influence the change. They need to give employees information effortlessness about the transition so that they can experience some possession in the change. It is necessary to identify that people need steadiness during change. Everyone needs to be made aware regarding the benefits of change and how it can bring in stability and leadership confidence (Wells, 1999).

Leadership and Motivation

Greenberg (1999) explains that effective motivation by leaders is one who is able to motivate, assist with others, build up networks, and usually work with others as a substitute of attempting to govern or control. It is to motivate employees to attain the organizational goals and objectives effectively.

Team Building for the Strategic Plan

The responsibility of completing, executing, and developing the implementation of the strategic plan, lies with the top management and leaders of the organization. It is their responsibility for involving employees in the process and asking for their committing in terms of time and resources to achieve success. In this context, cross-functional teams are established to work on the development and implementation of the strategic goals and their related strategies and objectives. Here, the goal groups aid the superior leadership group to build up the strategies and objectives required for the accomplishment of the strategic goals (Wells, 1999).

Leaders' Responsibility to Communicate the Strategic Plan

One of the biggest reasons behind the failure of strategic plans is lack of proper communication. Only well communicated strategic plans achieve success, not just in the beginning of the plan, but all through the course of incorporating strategies to attain the objectives of the plan.

In an organization, there are a number of communication channels that leaders can adopt to transfer or communicate with their employees regarding the SMP activities; most of the tools propose elasticity and convenience for exchanging and updating development of the strategic plan. Though, face to face verbal communication among the employees and managers is still regarded as the most effective way to transfer and explain the strategies, actions and usual updates of the strategic plan (Grensing-Pophal, 2011).

3- Human Capital Factor

Huselid and Schuler (1997) explain that for an effective strategic implementation, it is necessary to develop an approach that is associated with organizational human resource. Through this, the leaders can ensure that an organizations employee's total knowledge, skills, and abilities are contributed to the achievement of its business goals.

With effective human resources tactics, organization gets an aid of long-term success in the development of organizational talent and proficient employees. With the development of HRM systems, organizations are able to manage reward or regulatory concerns and directing the effective exploitation of human resources. This helps in the achievement of both firm's short-term and long-term objectives and human resources agreement and development (Pearce & Robinson, 2000). The primary task of HR managers is to establish the match among the individuals and jobs. It is with this quality match that influences the work performance, employee satisfaction, and employee turnover (Wheelen & Hunger, 2010).

Employees' Engagement and Empowerment

It has been observed that 95% of the average workforce doesn't understand and comprehend with the organization's strategy (Dye & Sibony, 2007). Employees who are not directly involved in the strategic implementation of the plan, need to be realized the significance and benefits of the strategic plan. Before the SMP formulation process is finalized by SMP team, a mid- step before officially producing and documenting the plan can be reviewed by key internal employees. This last minute review can act as an opportunity for some final modifications to ensure that nothing critical has been missed (Grensing-Pophal, 2011).

Wheelen and Hunger (2010) explain that people who implement strategy generally belong to diverse group than those who formulate it. In large scale organizations or multilevel industry corporations, the implementers can be everyone in the organization. This is so because the workers usually have more direct knowledge regarding the job than their supervisors who are in position at high level but do not know the grave realities of the work (Greenberg, 1999).

By involving the employees in the strategic plans, it increases employee motivation, possession and dedication to the organization and eventually it facilitates in retaining the best employees and to establish an environment for effective management of change. By involving employee initiative and in decision-making, managers receive more employee trust and commitment and enhance employee motivation (Zafara, Buttb & Afzal, 2005).
Thompson and Martin (2005) describe that employees who operate at operational level are more likely to know the in depth details of the business and what actually happens than their managers. If these grass-root level employees are involved and encouraged to offer their ideas for improvements, the outcome can be advancement or quality improvement.

Skills and Employees' Retention

For an organization to be successful in long term, it is necessary that the organization has the ability to attract and retain potential employees. The immediate supply of qualified, skilled and experienced candidates may vary significantly with the state of a community's growth (Pearce & Robinson, 2000). And for an organization to have effective team members, they must have the correct mix of skills needed for the team to put in to the organizations mission. Employees having high scale of liberty and anonymity necessitate a depth of skills and knowledge that over-rides that of individuals performing shallow or traditional jobs. Therefore, successful teams demand more attention in developing the skills of team members and managers.

Training and Development

It is through training process that employees systematically acquire and enhance their skills and abilities needed to augment their job performance and attain their organization's goals. Training, in any form, whether for primary skills or for more advanced knowledge provided from coaching, workshops or seminars is significant for the successes of the organization particularly in this competitive era when resources are scarce.

Rewards

It is a proven fact and according to the economic theory of organizations, without giving adequate monetary motivation to the employees, individuals will definitely avoid effort and lessen their contribution required duties. In an organization, employees generally look for two kinds of rewards that achievement brings: one, achievements accompanies tangible rewards, money and promotion. Second, employees value individual achievement as a prize in itself (Simona, 1995).

Thompson and Martin (2005) explain that although monetary rewards are a great source of motivation for the employees, but it is important to know that an individual may also feel rewarded by means other than money or promotions. When employees realize that their efforts are being recognized, their quality of work and dedication is likely to get improved.

In spite of good intentions, organizations often formulate reward systems that motivate their employees to contend against each other. With an objective towards removing such problems and nurturing corporation, most of today's businesses are practicing team-based-rewards. Though there are many difficult challenges accompanied with establishing such rewards programs, businesses that have faced these challenges have enjoyed the benefits in the forms of improved job satisfaction and efficiency (Greenberg, 1999).

4- Organizational Structure Factor

Wheelen and Hunger (2010) explain that a detailed understanding of how any corporation is structured is helpful in strategy formulation. If the proposed structure is well-matched with a planned change in strategy, it is highly beneficial for the organization. But in case if the structure is not well-suited with either the current or planned strategy, it is a business weakness and will keep the strategy away from being executed properly.

Wheelen and Hunger (2010) also describe the main types of organizational structure are as follow:

Functional structure: Functional structures are generally appropriate for medium-sized organizations with diverse product lines in an industry. Employees are usually inclined to be experts in the business activity core to that industry, like manufacturing, operations, marketing, finance and human resources.

Divisional structure: Divisional structures are appropriate for a large scale corporation with diverse product lines in many related industries. Employees have a tendency to be specialists in the functional area organized as per the market distinctions.

Matrix Structure: Under matrix structure, functional and product forms are joint all together at the same level of the organization. In this structure, employees have two superiors to report. Employees from such functional units are generally assigned on more than one product units or projects. This kind of structure is beneficial when the external environment is multifaceted and changeable. Though, because of its complex structure, it generates conflicts in the organization in terms of duties, authority, and resource allocation.

Network Structure: Finally, the network structure is most suitable when an organizations environment is uneven and is expected to remain in the same manner for a long duration. Instead of being located in a common building or geographic area, network structures functions operates worldwide. Enlarged efficiency and effectiveness are therefore, the fundamental reasons to employ the network organizational structure.

Centralized and Decentralized Organizational Structure

Surbhi (2015) explains that centralization limits and controls decision making and authority to top management. The flow of communication is transferred vertically from the corporate level to the functional level. The advantages of centralized organizational structure are to gain proper leadership of planning and decision making, and appropriate coordination across the organization. However, in large corporations, the decision making process becomes slow and ineffective. On the other hand, decentralized organizational structure delegates the power of decisions from top management to middle management and heads of departments. In addition, it allows other individuals to participate in the decision making process such as individuals from committees, team members and task forces. The advantages of decentralized organizational structure is that it engages and empowers employees, provides proper control within functional units, and expedite the decision making process. According to Shapiro (2012), revising and selecting the best structure that fits with the organizational strategies are important for improving team work collaboration, employee engagement, efficiency and performance.

Office of Strategy Management

Thompson and Martin (2005) explain that in big corporations, it is essential to have the facility of a separate strategic management office, where the company has formulated well defined goals and objectives, strategic action plans to accomplish these goals and periodically an evaluation process to monitor and control. Organizations have realized the magnitude of strategic management process SMP, and therefore, they have started building an Office of Strategy Management, a separate unit where the experts work on establishing organizational strategies. However, not many companies have realized the need for a corporate level office to link with the existing management processes to strategy (Kaplan & David, 2005).

5- Organizational Culture Factor

Tredgold (2015) defines organizational culture as how individuals integrate within an organization through shared values and believes. In many books, the concept of organizational culture has been stated as patterns of shared values and beliefs over a period of time which facilitates behavioral norms that are considered in solving problems. Each and every organization has its own unique culture. Cancialosi (2015) explains that an organizational culture can be understood as an individual personality that gives meaning, guidance, and the basis of action. An organization exceptional history, reputation, ways of working, values and beliefs determine what type of organizational culture has. The kind of strategy an organization wants to pursue determines what culture it needs to have in order to succeed.

Work Style

Traditional and formal cultures have a propensity to be organized in sharp hierarchies that mirror major differences in position and authority and states the degree of seriousness and formal behavior employees must carry within the organization. This comprises of the business hierarchal structure, policies, programs, protocols and benchmarks. The informal culture eliminates differences in power contrasting the formal cultures (Shain & Aslan, 2014).

Disciplined and rigid structure with clear reporting channels is essential. However, managers also have a lot to gain by understanding that informal networks are authentic and useful. Managers may also get the most impending on how employees experience and how departmental groups are functioning through informal, sociable conversations (Kokemuller & Tredgold, 2013).

Ethics

Thompson and Martin (2005) explain that by ethics it is said with practicing with what is right and wrong or with moral responsibility and compulsion. Organizational ethics encompasses the ideology of people of the entire society relating to the principles of business, and not merely the views of the specific business and employees working in it.

An individual's ethical behavior gets affected by their stage of moral expansion and other personality qualities, along with situational factors like job, supervisor, and the organizational culture (Wheelen & Hunger, 2010).

Since ethical standards and beliefs are important aspects of corporate culture, they are greatly influenced by the benchmark set by the strategic leader and his or her consciousness of behavior throughout the organization. If correct lead is not offered by the leaders, the organization can get seriously hampered (Thompson & Martin, 2005).
Kheirandish (2013) states that scholars have emphasized in their research about management on the importance of alignment between individual and organizational goals. Managers are motivated to channel their professional energies on other activities such as productivity, efficiency and leadership. When organizational goals and personal goals are pulling in different direction, conflict will arise and performance is likely to suffer. For considering ethical issues in strategic decisions, it typically requires an adoption of long-term prospective. This can reduce the need for instant outcomes and targets which managers believe to have met at all costs.

Cooperation within the Organization

Stoner (2013) describes collaboration as when employees work side-by-side. It is not the same as teamwork. It has more powerful relationship by which an individual exerts to help their colleagues at work. Individuals in an organization experience positive usefulness from working and contributing to team efforts. Faith is an important determinant of organizational citizenship behavior. Indeed, it is considered to be a powerful cause of cooperation in an organization. It actually involves the demonstration of one’s feeling to exhibit that the individual really care for someone and will be present for them emotionally at the time of need. Managers who have supported their subordinates earlier and are in constant touch with them are more likely to enjoy high degree of affect-based trust with these subordinates. On the other hand, employees are more likely to lend a helping hand to such supervisors (Greenberg, 1999).

6- Innovation Factor

Rouse (2015) defines innovation in an organization as a culture that is being adopted in a work environment to create untraditional thinking and apply it to its entire application. Organizations that foster a culture of innovation derived from the vision, strategy and leadership achieve higher performance, sustainably, and competitive advantage. Many corporations have realized that much of their strategic value lies in their human capital, systems, processes and capability to innovate.

Steep (2014) explains that innovation comes from anyone in the organization. Leaders foster an innovative work environment and support it with operations, process, systems and procedure to enable employees to innovate. Riva and Abidin (2014) explain that organizations with innovative environment follow greater flexibility and do not depend on a large extent on formalization in the organization structure. This means that they do not practice to follow rules and procedures for conducting activities as stated in companies manuals, job instructions and other official documents. An informal condition is therefore necessary to bring creativity, which is critical in every phase of strategic management process activities whether in formulation, execution or evaluation.

Failure is part of innovation. Organizations which adopt a culture of innovation encourage their staff to be more creative. Fostering a culture of innovation is very challenging and it requires new set of measurement and work style that allows employees to accept new job roles and challenges. Leaders should understand that most of the successful innovative products or ideas come from failures. Measuring success of innovation require long time and encouragement from leadership to successfully deliver ideas that bring value and sustainability (Rouse, 2015).

Innovation in Oil and Gas Industry

Tucker (2015) describes that due to the drop in oil prices which resulted from the advancement of technology in extraction and production. Most oil and gas industries have been forced to change their strategies and objectives to operational efficiency, effectiveness and optimization. In oil and gas sector, innovation does not only increase productions and performance, it also ensures that plants run safely with respect to improving the integrity of equipment, establishing new software and systems, maintenance, and rectification to maximize performance and ensure business continuity.

Hurley and Hunter (2013) explain in their research that measures the innovation process in the oil and gas industry, they found that less than 50% of oil and gas top management say they have a clear defined innovation strategy. While on other industries, more that 80% says they have a well-defined innovation strategy.

Berger (2014) describes that oil and gas organizations need careful planning and clear strategy. In order to have an effective innovation culture, a process of collecting ideas from all employees needs to be established through continuous improvement systems, team discussions and flexibility of sharing ideas with management. Leaders then prioritize the ideas and send them for experimentation and implementation. Through this system, all employees have the opportunity to share their ideas and participate for improvement. Johnson (2014) states that employees who work in operational plants and fields know the process best and they are able to see new ideas and innovative solutions.

RESEARCH HYPOTHESES

The proposed conceptual model illustrated in Figure 2 below developed from the literature review defines the critical factors that affect the strategic management processes in an organization. The effectiveness of each individual factor contributes to the overall achievements of the organizational mission, goals and objectives.

The research hypotheses are detailed as follows:

H1: The leadership factor has a positive relationship with the strategy factor, which will lead to a successful achievement of the organization's mission, goals and objectives.

H2: There is a positive relationship between the human capital factor and the strategy factor.

H3: An effective organizational structure has a positive relationship to the strategy factor to achieve the organizational goals and objectives.

H4: The organizational culture has a positive relationship that will impact on the strategy factor.

H5: There is a positive relationship between the innovative culture and the strategy factor.

CONCEPTUAL MODEL

Proposed Conceptual Model for SMP Effectiveness

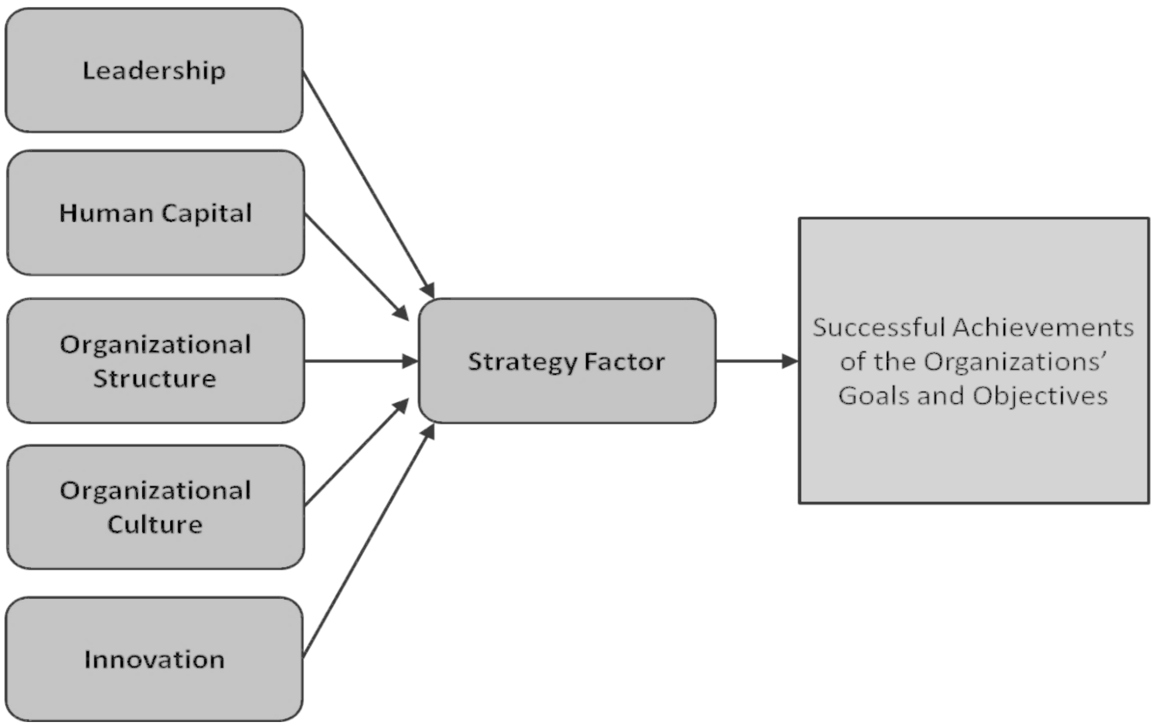


Figure 2. Conceptual Model of the Effectiveness of the Organizational Strategic Management

METHODOLOGY

The main purpose of this research is to identify what critical factors contribute on achieving the organizational strategic goals and objectives in oil and gas sector in Qatar. Based on the literature review and the proposed conceptual model, it was decided to use quantitative data collection method to gain reliable feedback from two different oil and gas companies in Qatar, and to collect a variety of responses from higher management, middle management and staff. The two selected companies have almost similar processes and operations. Their departments consist of planning, engineering, administrations and operations department.

A survey questionnaire was developed of short questions using ordinal Likert- Scale questions consisted of 5 answers (see Appendix A). The answers represent how each respondent agrees on each specific question. The answers consisted of 1(strongly Agree), 2(Agree), 3(Neutral), 4(Disagree), 5(Strongly Disagree). In addition, the survey consisted of nominal questions such as position type and years of service in the current positon. A total of 109 responses were collected from one main department in each of the selected two companies. The data consisted of 57 responses from Company A, and 52 responses from Company B.

Each question in the survey was developed to examine one or more factors represented in the matrix table in (Appendix B). For example, to measure the leadership factor, answers which were related to the leadership factors were averaged and a final average scale was calculated from each individual's responses. Similar average scores were calculated to determine each factor.

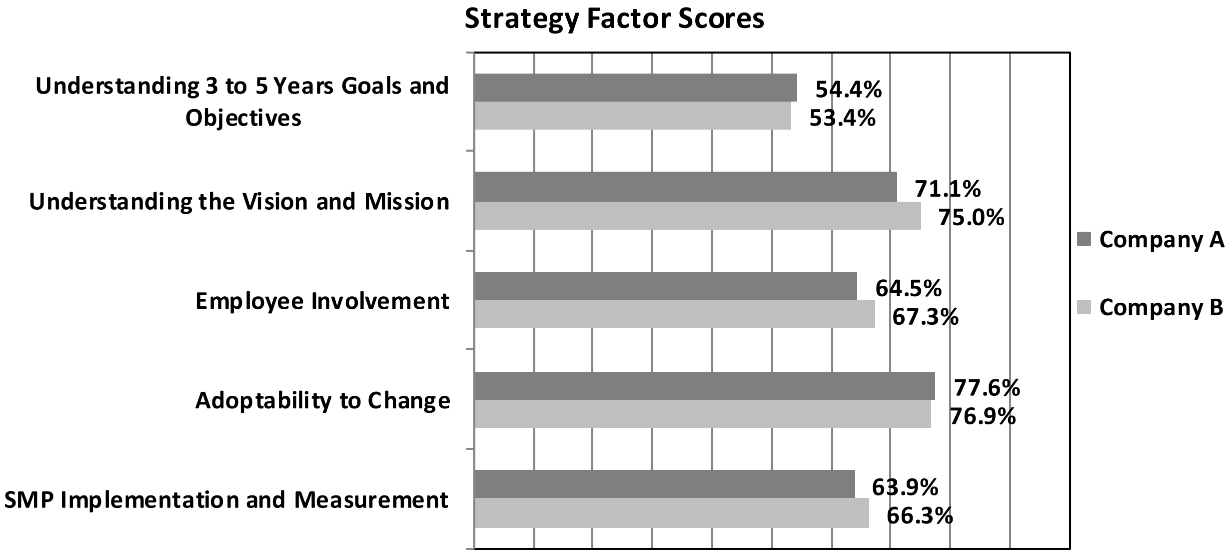
To analyze the data collected, different statistical tools were used to examine the conceptual model of the effectiveness of the organizational strategic management processes. The statistical tools used consisted of measurement of correlations and associations between each factor. (Pearson's *r*) was used to determine the correlations between the factors, assuming that all the average scores from the responses are continuous and having normal distributions. In addition, analyses of variance (ANOVA) were used to determine the association of different groups' responses to the strategy factor. Furthermore, comparison analysis were performed on the two different companies to compare the percentage scores of each factor, and to identify which company is most likely to achieve its strategic goals and objectives.

DATA ANALYSIS

The Strategy Factor

The strategy factor represents how effective is the strategic management process SMP in an organization. This factor consists of the overall employees' understanding of the vision and mission of the organization, and their understanding of their department's 3 to 5 years goals and objectives. In addition, it represents the employees' involvement to share their ideas during the formulation of the strategic. Furthermore, it measures the employee's flexibility and adoptability to changes in their roles, responsibilities, and their willingness to implement changes. Finally, it assess how effective is the strategic implementation and measurement within the organization.

Figure 3 below illustrates the average percentage scores for the strategy factor of company A and company B. The average score for understanding the vision and mission of the organization was 71.1% for company A and 75% for company B. Understanding the 3 to 5 years goals and objectives had lower average score of 54.4% and 53.4% for company A and company B respectively. This could be resulted due to that there is no formal or clear departmental strategic plan.



	SMP Implementation and Measurement	Adoptability to Change	Employee Involvement	Understanding the Vision and Mission	Understanding 3 to 5 Years Goals and Objectives
Company A	63.9%	77.6%	64.5%	71.1%	54.4%
Company B	66.3%	76.9%	67.3%	75.0%	53.4%

Figure 3. Strategy Factor Scores

Employees' involvement to share their ideas at work had average scores of 64.5% for Company A and 67.3% for Company B. Both organizations have the opportunity to increase their employees' involvement for sharing their effective ideas and technical proposals that would improve and achieve the medium to long-term strategic objectives in the oil and gas sector, as employees working on the field are more exposed to the processes, daily operations, equipment's' maintenance activities and safety of the plants.

Adoptability to change had higher average scores around 76% for both companies. This implies that those employees are ready to accept new challenges, tasks and duties, and contribute to an effective implementation of the strategic plan. Finally, the effectiveness of SMP implementation and measurement had scores of 63.9% and 66.3% for Company A and Company B respectively. Some employees responded that they complete all the SMART objectives and tasks assigned to them every year, however they have indicated that their annual performance rates received at the end of the year were lower than their expectations. This indicates that either the SMP measures were ineffective, or the particular employee's supervisor did not think that the employee had completed all the assigned SMART objectives successfully.

To examine which job position group had more impact on the average score of the strategy factor, a hypothesis here was assumed that there is a positive relationship between job position levels and the responses on the strategy factor. ANOVA analysis was applied to determine the association of this relationship, and it is represented in Table 1 below.

Table 1. ANOVA Single Factor (Sta Position Level and the Strategy Factor)

ANOVA: Single Factor (Staff Position and Strategy Factor)

Groups	*Count*	*Sum*	*Average*	*Variance*
Higher Management	5	20.57	4.11	0.26
Middle Management	20	75.00	3.75	0.17
Senior Staff	57	199.86	3.51	0.50
Junior Staff	25	96.86	3.87	0.60

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	3.684847	3	1.23	2.72690	0.04791	2.69284
Within Groups	46.3945	103	0.45			
Total	50.07934	106				

ff

As shown from Table 1, the results imply there is a positive relationship between the level of job positon and the strategy factor with a P-value of 0.04791, which is less than the alpha value of 0.05 with a 95% confidence level, and the F critical value of 2.692 is less than the F value of 2.72, which indicates a significant relationship. Higher management from both organizations had average scores related to the strategy factor higher than the middle management. Also, the middle management consisted of assistant managers, head of departments and leads, had average scores higher than the senior staff. The junior staff had higher average scores than the middle management and senior staff. However the variance of their responses was high.

Leadership Factor

The leadership factor represents how effective is the leadership role in achieving the organizational mission, goals and objectives. The factor consists of leadership role in communicating the organizational vision and mission, and the strategic goals and objectives. Further, it identifies their role in motivating and empowering employees. In addition, it measures the leadership role on creating a team work environment. Finally, it asses the leadership style within the organization.

	Leadership Style	Creating Team Work Environment	Leadership Role on Employee Empowerment	Motivating Employees	Communicating the Vision and Mission	Leadership Role on Communicating the Strategic Goals and Objectives
Company A	67.8%	58.3%	64.5%	68.0%	71.1%	54.4%
Company B	62.0%	63.0%	67.3%	77.9%	75.0%	53.4%

Figure 4. Leadership Factor Scores

Figure 4 above shows the average percentage scores for each measure in the leadership factor for Company A and Company B. The Communication of the strategic goals and objectives had low average scores of 54.4% for Company A and 53.4% for Company B. Leaders on both organizations may emphasize on communicating their departmental 3 to 5 years goals and objectives, either by formal and informal ways of communication, to assure the alignment of their employees on what strategic goals need to be achieved.

For the leadership role in employees' motivation and empowerment, employees in Company B felt more motivated with an average score of 77.9%, and average score of 67.3% for empowerment, while Company A had slightly lower average scores than Company B for the same measures.

Leaders in Company B have established better team work environment with 5% average score higher than Company A. On the other hand, the leadership style which consisted of ease of approaching leaders to discuss work and non-work related issues with employees was more favored in company A by an average score of 6% higher than company B.

To examine hypothesis (H1) which states that the effectiveness of the leadership factor has positive relationship with the strategy factor, Pearson's *r* correlation method has been used utilizing the regression analysis to determine the Multiple R value, which is in this case, similar to Pearson's *r* correlation value. Table 2 below illustrates that Pearson's *r* value is 0.880 and, also the Significance F has a value less than the alpha value of 0.05, with 95% confidence level, resulting in a significant relationship between the leadership factor and the strategy factor. As a result, an effective leadership role in the organization leads to a successful achievement of the organizational mission, goals and objectives.

Table 2. Correlation Analysis (Strategy Factor and Leadership Factor)

Strategy Factor and Leadership Factor

Regression Statistics	
Pearson's *r*	0.880
R Square	0.775
Adjusted R Square	0.773
Standard Error	0.328
Observations	109

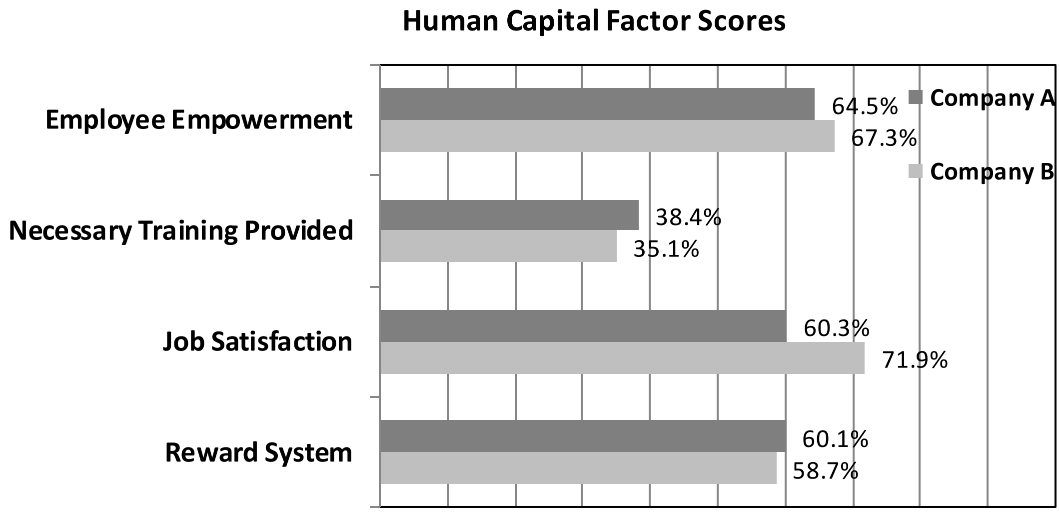
ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	39.501	39.501	368.202	1.9932E-36
Residual	107	11.479	0.107		
Total	108	50.980			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.388	0.173	2.238	0.027	0.044	0.731	0.044	0.731
Leadership	0.899	0.047	19.189	1.993E-36	0.806	0.991	0.806	0.991

Human Capital Factor

The human capital factor represents the effectiveness of the human resources within the organization that maximizes employees' productivity to achieve the organizational goals and objectives. It compromises of employee's empowerment, and necessary trainings that need to be provided to enhance their skills. It also indicates how satisfied are the employees in the organization, and how successful is the organization's reward system.



	Reward System	Job Satisfaction	Necessary Training Provided	Employee Empowerment
Company A	60.1%	60.3%	38.4%	64.5%
Company B	58.7%	71.9%	35.1%	67.3%

Figure 5. Human Capital Factor Scores

Figure 5 above demonstrates that the employees' empowerment has an average score of 64.5% for Company A and 67.3% for Company B. These scores indicate the ability of the respondents to share and discuss their new ideas with their management.

For measuring the necessary trainings and developments provided by the companies to their employees, participants from both companies responded with low average scores of 38.4% and 35.1% from Company A and Company B, respectively. These results are considered very low in such organizations in the oil and gas sector where highly skilled and competent employees are required to be trained and developed to perform their tasks effectively.

Employees in company B have indicated higher job satisfaction with an average score of 71.9%, about 12% higher than the average job satisfaction score of Company A. On the other hand, the reward system had close average scores around 59% for both companies.

To test hypothesis (H2) which states that there is a positive relationship between the human capital factor and the strategy factor, similar correlation analysis of the previous factor has been used as illustrated in Table 3 below. The analysis shows that Pearson's *r* value is 0.872. Also the Significance F has a value less than the alpha value of 0.05, with 95% confidence level. This confirms that there is significant and positive relationship between the human capital factor and the strategy factor. Thus, an effective human capital in the organization contributes positively in maximizing the performance and productivity of its employees to achieve the organizational mission, goals and objectives

Table 3. Correlation Analysis (Strategy Factor and Human Capital Factor)

Strategy Factor and Human Capital Factor

Regression Statistics	
Pearson's *r*	0.872
R Square	0.761
Adjusted R	0.759
Standard Error	0.337
Observations	109

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	38.794	38.794	340.625	4.9253E-35
Residual	107	12.186	0.114		
Total	108	50.980			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.138	0.140	8.106	9.242E-13	0.859	1.416	0.859	1.416
Human Capital	0.781	0.042	18.456	4.925E-35	0.697	0.865	0.697	0.865

While performing the analysis, another hypothesis was observed here that individual's years of services in the same position affects the responses on their average scores of the strategy factor. The participants in the survey were asked to identify how long they have been in the same job position. Answers were divided in to 1(Less than a year), 2(Between 1 and 3 years), 3(Between 4 and 7 years), 4(More than 8 years). To test this hypothesis, ANOVA analysis was applied to determine the association of this relationship between the different groups as represented in Table 4 below.

Table 4: ANOVA Single Factor (Employees Years in Position and Strategy Factor)

ANOVA: Single Factor (Empolyees Years in Position and Strategy Factor)

Groups	*Count*	*Sum*	*Average*	*Variance*
Less than a year	17	71.29	4.19	0.14
Between 1 and 3 years	39	147.57	3.78	0.40
Between 4 and 7 years	36	123.57	3.43	0.48
More than 8 years	17	56.29	3.31	0.47

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	9.366693	3	3.122231	7.878046	8.63E-05	2.691133
Within Groups	41.61365	105	0.39632			
Total	50.98034	108				

As shown from Table 4 above, the results indicate that there is a positive relationship between the individual's years of service in the same position and the strategy factor with a P-value less than the alpha value of 0.05 with a 95% confidence level, and the F critical value of 2.691 is less than the F value of 7.878, which indicates a significant relationship. Employees assigned to new positons had higher average scores in the strategy factor, while employees with longer years of service in the same job positon had less average scores.

This indicates that promotions, job rotations within the organizations, or new recruitments from different organizations result in higher employee motivation and productivity and willingness to achieve the organizational strategic goals and objectives. Years of the service of the employee's direct line supervisor in the same position has also been tested to identify if there is a positive relationship of the employees being under new managers to their average scores of the strategy factor. Table 5 below shows that the P-value of 0.785 is higher than the alpha value of 0.05. Therefore, this confirms that there is no significant relationship between the direct line supervisor's years of service in the same position and the strategy factor.

Table 5. ANOVA Single Factor (Line Supervisor Years in Position and Strategy Factor)

ANOVA: Single Factor Line Supervisor Years in Position and Strategy Factor

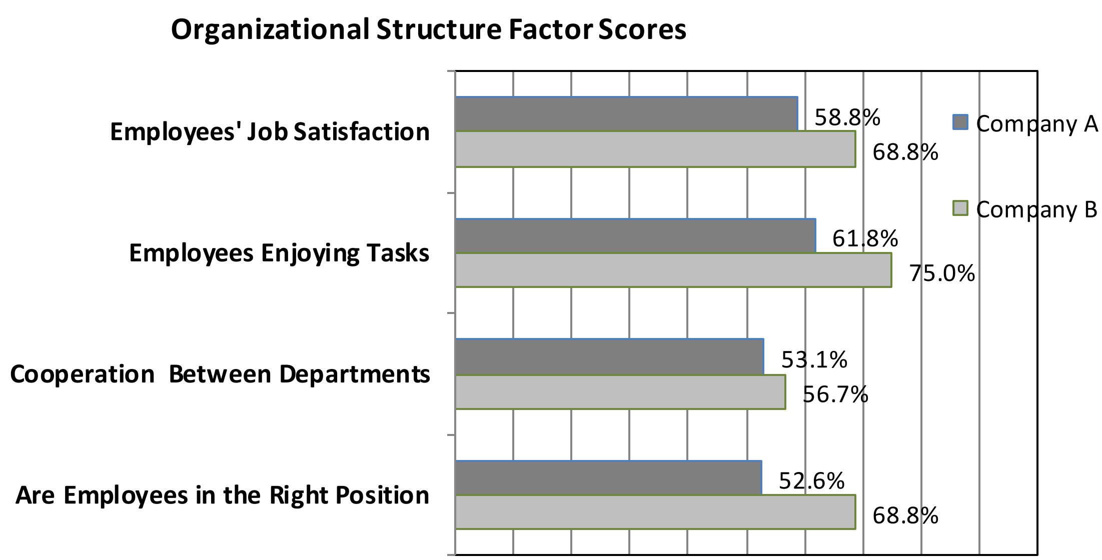
Groups	*Count*	*Sum*	*Average*	*Variance*
Less than 6 months	13	48.57	3.74	0.81
Less than 1 year	16	57.00	3.56	0.31
Between 1 and 3 years	38	140.00	3.68	0.37
Between 4 and 7 years	25	93.57	3.74	0.60
More than 8 years	17	59.57	3.50	0.48

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	0.833792	4	0.208448	0.432305	0.785008	2.459057
Within Groups	50.14655	104	0.482178			
Total	50.98034	108				

Organizational Structure Factor

The organizational structure factor indicates how effective is the current organization's structure to meet its strategic goals and objectives. It compromises of assessing the employees' job satisfaction in terms of their role and responsibilities, and their excitement to achieve their tasks. In addition, it measures the cooperation between employees in different functional departments and business units within the organization. Also, it assess whether employees are assigned in the appropriate job position.



	Are Employees in the Right Position	Cooperation Between Departments	Employees Enjoying Tasks	Employees' Job Satisfaction
Company A	52.6%	53.1%	61.8%	58.8%
Company B	68.8%	56.7%	75.0%	68.8%

Figure 6. Organizational Structure Factor Scores

From Figure 6 above, employees from Company B had a job satisfaction average score of 68.8%, about 10% higher than Company A average score. In addition, an average score of 75% measured for tasks enjoyment in Company B, approximately 13% higher than Company A. The cooperation between departments within the organization had lower average scores of 53.1% and 56.7% for Company A and Company B, respectively. Moreover, the average score for employees who indicated that they are in the right position in the organizational structure was much higher in Company B with an average score of 68.8%, while Company A had an average score of only 52.6%.

Hypothesis (H3) was analyzed in Table 6 below. The hypothesis states that an effective organizational structure has a positive relationship to the strategy factor. The analysis shows that Pearson's *r* value is 0.702. Also, the Significance F has a value less than the alpha value of 0.05, with 95% confidence level. This confirms that there is significant and positive relationship between the organizational structure factor and the strategy factor. Consequently, an effective organizational structure contributes positively on exploiting the performance of the organization to achieve its strategic goals and objectives.

Table 6. Correlation Analysis (Organizational Structure Factor and Strategy Factor)

Organizational Structure and Strategy Factor

Regression Statistics	
Pearson's *r*	0.702
R Square	0.493
Adjusted R Square	0.489
Standard Error	0.491
Observations	109

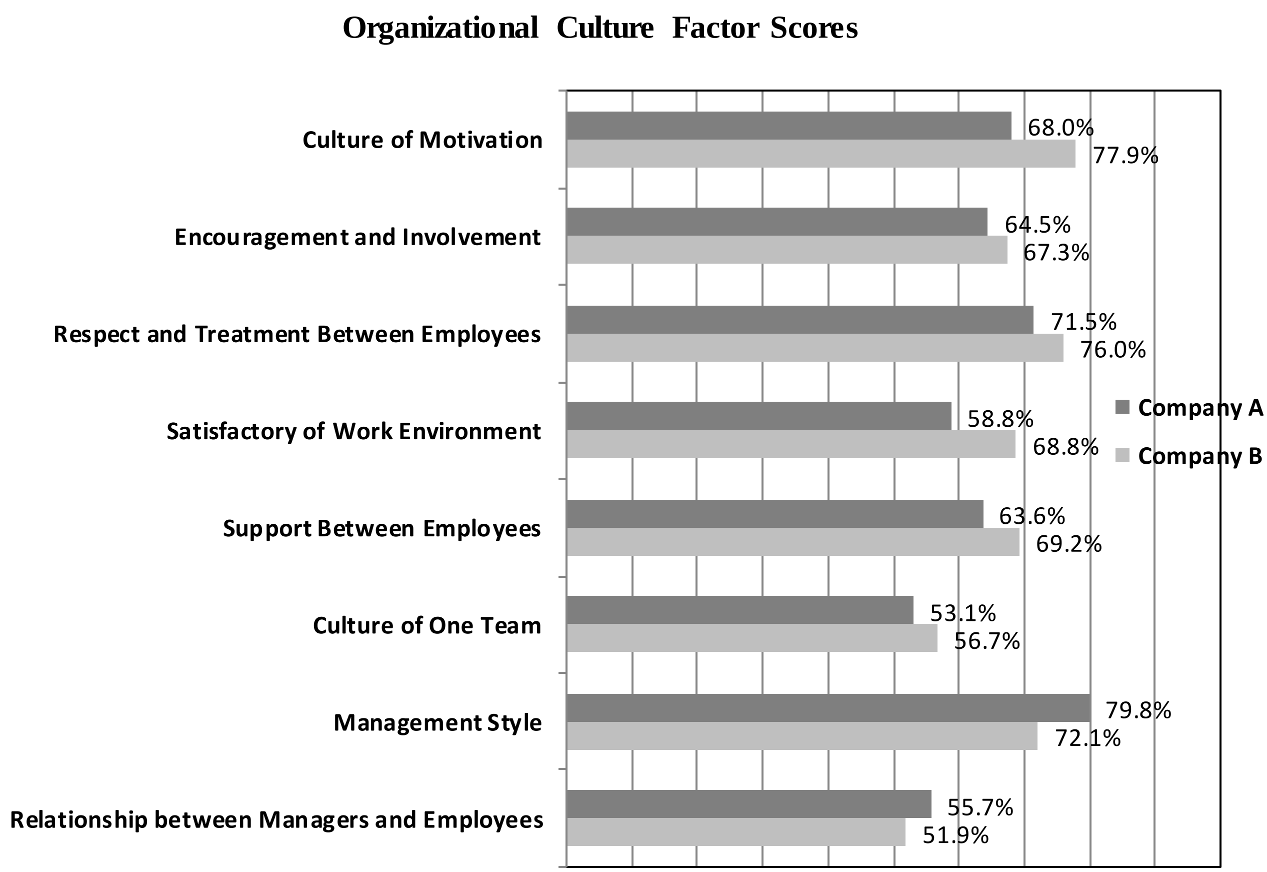
ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	25.148	25.148	104.168	1.7382E-17
Residual	107	25.832	0.241		
Total	108	50.980			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.743	0.193	9.015	8.618E-15	1.360	2.127	1.360	2.127
Organizational Structure	0.552	0.054	10.206	1.738E-17	0.445	0.659	0.445	0.659

Organizational Culture Factor

The organizational culture factor measures the effectiveness of the work environment and the values that employees share such as respect and treatment between employees, motivation and support within the organization. It also measures how involved and encouraged are the staff at the work environment. Finally, it indicates how employees are satisfied with the management style, and the relationship between managers and employees.



	Relationship between Managers and Employees	Management Style	Culture of One Team	Support Between Employees	Satisfactory of Work Environment	Respect and Treatment Between Employees	Encouragement and Involvement	Culture of Motivation
Company A	55.7%	79.8%	53.1%	63.6%	58.8%	71.5%	64.5%	68.0%
Company B	51.9%	72.1%	56.7%	69.2%	68.8%	76.0%	67.3%	77.9%

Figure 7. Organizational Culture Factor Scores

Figure 7 above demonstrates the average scores of each measure. The highest average score was for the management style in terms of employees' ability to approach their managers to discuss work related issues. In addition, respect and treatment between employees had also high average scores of 71.5% and 76% for Company A and Company B respectively. On the other hand, the lowest scores that both companies received were from the culture of one team measure, and the relationship between managers and employees.

Hypothesis (H4) was analyzed in Table 7 below. The hypothesis states that the organizational culture has a positive relationship with the strategy factor. The analysis shows that Pearson's r value is 0.845. Also, the Significance F has a value less than the alpha value of 0.05, with 95% confidence level. This supports that there is a significant and positive relationship between the organizational culture factor and the strategy factor. Therefore, an effective organizational culture contributes positively on achieving the organization's strategic goals and objectives.

Table 7. Correlation Analysis (Organizational Culture Factor and Strategy Factor)

Organizational Culture and Strategy Factor

Regression Statistics	
Pearson's r	0.845
R Square	0.713
Adjusted R Square	0.711
Standard Error	0.370
Observations	109

ANOVA

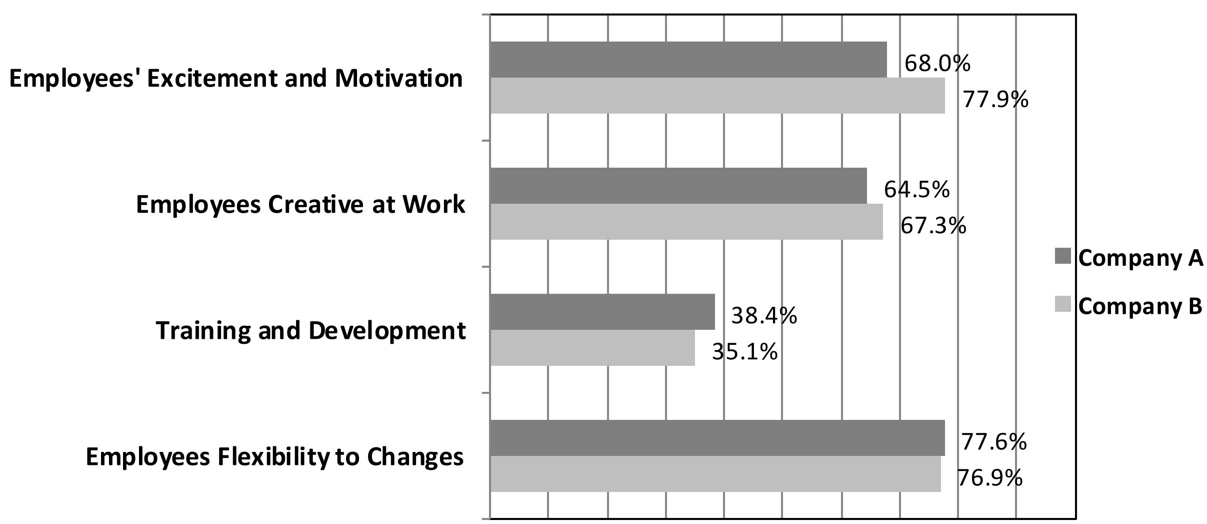
	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	36.361	36.361	266.133	8.6169E-31
Residual	107	14.619	0.137		
Total	108	50.980			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.663	0.187	3.549	0.001	0.293	1.034	0.293	1.034
Organizational Culture	0.824	0.051	16.314	8.617E-31	0.724	0.924	0.724	0.924

Innovation Factor

The innovation factor indicates how effective is the innovation culture, systems and procedures that are being utilized to maximize the performance of the available resources. It measures the employees' excitement and motivation and their creativity at work. It also asses the availability of skills and competencies by the amount of training and development provided to employees. Finally, it indicates employees' flexibility to changes within the organization.

Innovation Factor Scores



	Employees Flexibility to Changes	Training and Development	Employees Creative at Work	Employees' Excitement and Motivation
Company A	77.6%	38.4%	64.5%	68.0%
Company B	76.9%	35.1%	67.3%	77.9%

Figure 8. Innovation Factor Scores

As illustrated in Figure 8 above. Employees at Company B felt more motivated and excited at work with an average score of 77.9%, while Company A had an average score of 68%. The employees' creativity at work had average scores of 64.5% and 67.3% for Company A and Company B, respectively. Both companies had high average scores for employee's' flexibility to changes with a score of approximately 77%. On the other hand, the two companies had very low average scores of 38.4% and 35.1% for the amount of training and development provided to their employees.

Hypothesis (H5) was analyzed as shown in Table 8 below. The hypothesis states that there is a positive relationship between the innovative culture and the strategy factor. The analysis shows that Pearson's *r* value is 0.836. Also, the Significance F has a value less than the alpha value of 0.05, with 95% confidence level. This proves that there is a significant and positive relationship between the innovation factor and the strategy factor. Therefore, an effective innovative environment contributes positively on achieving the organization's strategic goals and objectives.

Table 8. Correlation Analysis (Innovation Factor and Strategy Factor)

Innovation Factor and Strategy Factor

Regression Statistics	
Pearson *r*	0.836
R Square	0.699
Adjusted R Square	0.696
Standard Error	0.379
Observations	109

ANOVA

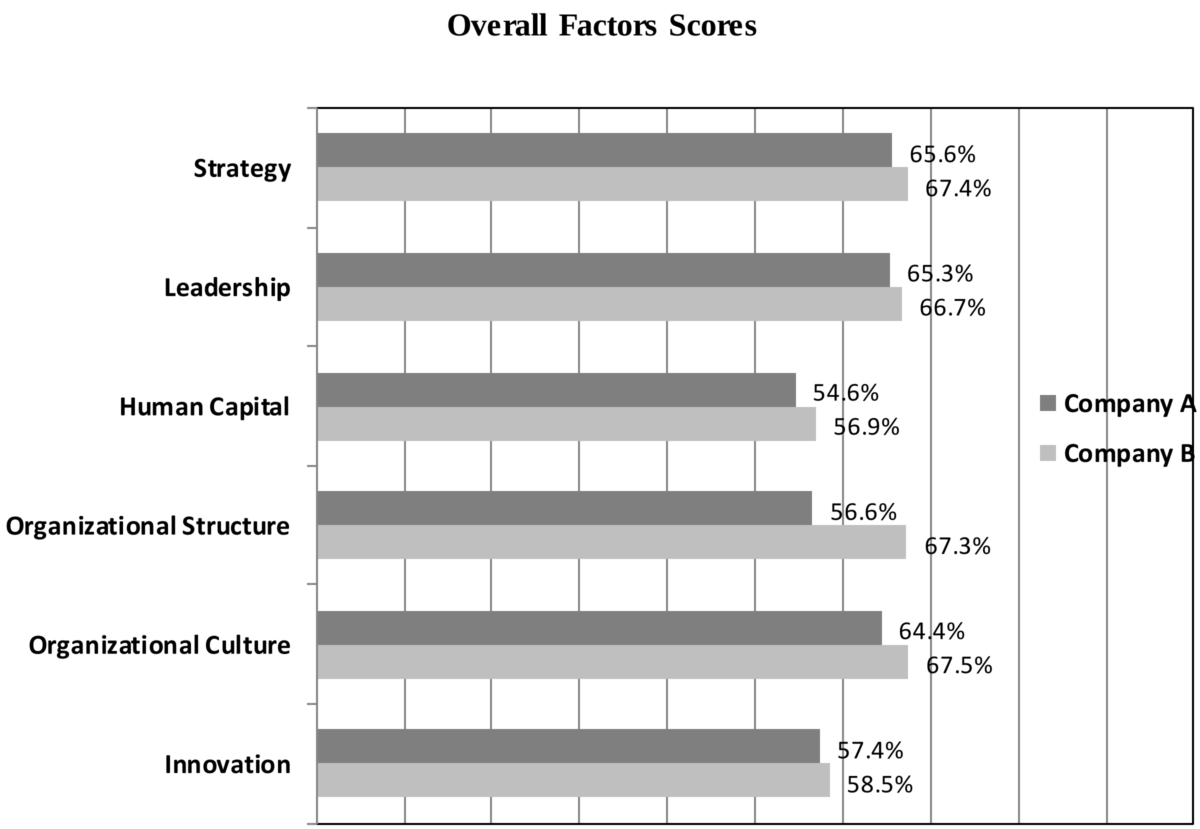
	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	35.629	35.629	248.348	1.1869E-29
Residual	107	15.351	0.143		
Total	108	50.980			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.661	0.194	3.417	0.001	0.278	1.045	0.278	1.045
Innovative Systems	0.904	0.057	15.759	1.187E-29	0.790	1.017	0.790	1.017

Overall Factors Analysis

Figure 9 below illustrates the overall factors scores for Company A and Company B. It is obvious that both companies have almost similar results. This is due to the fact that both companies have the same business model of hydrocarbon processing and operations, organizational structure, systems and procedures. However, the overall analysis indicates that Company B had a total average score of 64%, while Company A had a total average score of 60.4%. The main variance in the factor scores was in the organizational structure with nearly 11% higher in company B than Company A. Further, the figure shows that both companies have low average scores in the human Capital Factor and

Innovation Factor, while the strategy factor, leadership and organizational culture have moderate scores for both companies.



	Innovation	Organizational Culture	Organizational Structure	Human Capital	Leadership	Strategy
Company A	57.4%	64.4%	56.6%	54.6%	65.3%	65.6%
Company B	58.5%	67.5%	67.3%	56.9%	66.7%	67.4%

Figure 9. Overall Factors Analysis

The overall factors' correlations analysis is presented in Table 9 below. The leadership factor has the most significant relationship with the strategy factor with a Pearson's r value of 0.880. It emphasizes the importance of the leadership role in leading, formulating and implementing the SMP to achieve the organization's goals and objectives. The human capital factor comes second with a Pearson's *r* value of 0.872, followed by the organizational and innovative culture factors with Pearson's *r* values of 0.845 and 0.836, respectively. The final factor is the organizational structure with a Pearson's *r* value of 0.702. All factors demonstrate a significant positive relationship with the strategy factor.

Table 9. Overall Correlation Analysis for all Factors

	Strategy	*Leadership*	*Human Capital*	*Organizational Structure*	*Organizational Culture*	*Innovation*
Strategy	1.000					
Leadership	0.880	1.000				
Human Capital	0.872	0.744	1.000			
Organizational Structure	0.702	0.702	0.793	1.000		
Organizational Culture	0.845	0.944	0.828	0.806	1.000	
Innovative Systems	0.836	0.844	0.830	0.648	0.807	1.000

SUMMARY OF ANALYSIS & RESULTS

- The overall factors correlations analysis showed that all hypotheses and factors indicated a significant positive relationship with the strategy factor. The leadership factor has the most significant relationship with the strategy factor. The human capital factor comes second, followed by the organizational and innovative culture factors, and finally the organizational structure.

- In addition, it was found that there is a positive relationship between the level of job positon and the strategy factor. Higher management from both organizations had higher average scores related to the strategy factor than the middle management. Also, the middle management consisted of assistant managers, head of departments and leads had average scores higher than the senior staff.

- There is a positive relationship between the individual's years of service in the same position and the strategy factor. Employees who were assigned to new positons due to (promotions, job rotations within the organizations, or new recruitments from different organizations) had higher average scores in the strategy factor, while employees with longer years of service in the same job positon had less average scores.

- After performing the factors analysis on both companies, Company B had a total average score of 64%, while Company A had a total average score of 60.4%. The main variance in the factor scores was in the organizational structure with nearly 11% higher in company B than Company A. Further, the analysis showed that both companies had low average scores in the human capital factor and innovation factor, while the strategy factor, leadership and organizational culture had moderate scores for both companies.

- To summarize all the measures from the factors' scores for both companies, Table 10 below shows the range of scores for every company. The scores are divided into three ranges where high scores are above 75%, medium scores are between 62.5% and 75%, and low scores are below 62.5%. Both companies have areas of strengths and weaknesses, and the opportunity to improve theses low scores in order to maximize the performance and productivity of their available resources, and to effectively achieve their strategic goals and objectives.

Table 10. Summary of the Final Factors' Scores Matrix

Summary of Final Factor Scores Matrix				
Factor	**Low Score (Less than 62.5%)**	**Medium Score (Between 62.5% and 75%)**	**High Score (More than 75%)**	**Hypotheses Test Results**
Strategy	**Company A** • Understanding 3 to 5 Years Goals and Objectives **Company B** • Understanding 3 to 5 Years Goals and Objectives	**Company A** • Employee Involvement • SMP Implementation and Measurement **Company B** • Understanding the Vision and Mission • Employee Involvement • SMP Implementation and Measurement	**Company A** • Understanding the Vision and Mission • Adoptability to Change **Company B** • Adoptability to Change	
Leadership	**Company A** • Leadership Role on Communicating the Strategic Goals and Objectives • Creating Team Work Environment • Leadership Style **Company B** • Leadership Role on Communicating the Strategic Goals and Objectives	**Company A** • Communicating the Vision and Mission • Motivating Employees • Leadership Role on Employee Empowerment **Company B** • Leadership Role on Employee Empowerment • Creating Team Work Environment • Leadership Style	**Company B** • Communicating the Vision and Mission • Motivating Employees	**H1** The leadership factor has a positive relationship with the strategy factor, which leads to a successful achievement of the organization's mission, goals and objectives Pearson's r =0.880
Human Capital	**Company A** • Necessary Training Provided • Reward System **Company B** • Necessary Training Provided • Reward System	**Company A** • Employee Empowerment • Job Satisfaction **Company B** • Employee Empowerment • Job Satisfaction		**H2** There is a positive relationship between the human capital factor and the strategy factor. Pearson's r =0.872

Organizational Structure	**<u>Company A</u>** • Employees' Job Satisfaction • Cooperation Between Departments • Are Employees in the Right Position **<u>Company B</u>** • Cooperation Between Departments	**<u>Company A</u>** • Employees Enjoying Tasks **<u>Company B</u>** • Employees' Job Satisfaction • Are Employees in the Right Position	**<u>Company B</u>** • Employees Enjoying Tasks	**H3** An effective organizational structure has a positive relationship to the strategy factor. Pearson's r =0.702
Organizational Culture	**<u>Company A</u>** • Satisfactory of Work Environment • Culture of One Team • Relationship between Managers and Employees **<u>Company B</u>** • Culture of One Team • Relationship between Managers and Employees	**<u>Company A</u>** • Culture of Motivation • Encouragement and Involvement • Respect and Treatment Between Employees • Support Between Employees **<u>Company B</u>** • Encouragement and Involvement • Satisfactory of Work Environment • Support Between Employees • Management Style	**<u>Company A</u>** • Management Style **<u>Company B</u>** • Culture of Motivation • Respect and Treatment Between Employees	**H4** The organizational culture has a positive relationship that will impact on the strategy factor. Pearson's r =0.845
Innovation	**<u>Company A</u>** • Training and Development **<u>Company B</u>** • Training and Development	**<u>Company A</u>** • Employees' Excitement and Motivation • Employees Creative at Work **<u>Company B</u>** • Employees Creative at Work	**<u>Company A</u>** • Employees Flexibility to Changes **<u>Company B</u>** • Employees' Excitement and Motivation • Employees Flexibility to Changes	**H5** There is a positive relationship between the innovative culture and the strategy factor. Pearson's r =0.836

STUDY LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

- There was not enough literature review on strategic management performed on the oil and gas organizations particularly in the GCC countries. Such literature research could have been added to enhance the outcome of the study.

- To select the best statistical analysis models for Likert-Scale data, there were many literatures and contradicting arguments on which is the most suitable test model, therefore, few assumptions have been made in order to select the most suitable statistical analysis model

- The survey was distributed to a specific department in each company. Therefore, in order to generalize the results, it would have been more effective to distribute the survey to all the departments within the organization.

- Due to the confidentiality of this subject, it was not possible to meet with the staff from both companies. For future research, we suggest approaching companies and perform face-to-face interviews with their staff, review their policies and procedures, and interview their strategic management teams.

- The survey questionnaire was intended to be simple and short to allow as many staff as possible to participate in the survey without affecting their duty since this research was performed for academic purpose. Companies may adopt and use this conceptual model in the future to analyze their strategic management process effectiveness. In addition, more detailed and advanced survey questionnaire can be developed to test every specific factor to gain more feedback for the analysis.

CONCLUSIONS AND RECOMMENDATIONS

- With the recent economic challenges and future uncertainties in this business industry, the oil and gas organizations in Qatar require robust medium to long-term strategies to overcome such challenges and to support achieving Qatar National Vision 2030.

- Literature review was performed to identify the critical factors that affect the strategic management process in the organizations. All literatures emphasized that an organization will not achieve its strategic objectives effectively without the availability of clear vision and mission, formal strategic management processes, as well as implementation and measurement. In addition, other critical factors were identified such as the importance of the leadership role, human capital, organizational structure, and organizational and innovative cultures.

- A conceptual model was proposed and examined consisted of 5 hypotheses that measure the effectiveness of the organizational strategic management and strategic management processes. The hypotheses stated that there is positive and significant relationship between each of the factors identified. Statistical analyses were performed and confirmed the significance of the relationship between all the factors.

- The leadership factor had the most significant relationship with the strategy factor. It emphasizes the importance of the leadership role in leading, formulating and implementing the strategic management process to achieve the organization's goals and objectives. Leaders also have a vital role in motivating employees, creating a team work environment and empower employees to maximize their productivity and performance.

- Other important results were observed that higher management have better understanding of the organizational short and long term goals and objectives, while low position staff had low understanding. This emphasizes the lack of communication between management and staff on clarifying the main objectives that would enhance employees' alignment, motivation and productivity to work towards achieving such goals.

Recommendations

- The results of analysis performed in the two companies indicated areas of strengths and weaknesses. It is recommended that both companies work on improving the low and medium average scores in order to maximize the effectiveness of their strategic management process and the performance and productivity of their available resources.

- In addition, for future analysis, more detailed questions may be added to the survey questionnaire to investigate and identify additional areas of strengths and weaknesses related to every factor.

- Oil and Gas companies, departments or divisions may adopt and use this model to regularly evaluate the effectiveness and progress of their strategic management process, leadership role, human capital, organizational structure, organizational and innovative culture, to effectively achieve their organizations' mission, goals and objectives.

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APPENDIX A:

Survey Questionnaire:

Welcome and thank you for your participation in this survey. Following is a 6 minutes survey questionnaire for the academic and research purpose, to assess the factors that affect the implementation of strategic planning in the oil and gas industry in Qatar.

The survey is anonymous and voluntary, you may withdraw at any time or skip any question. If you agree, please click "Next" below and proceed to the survey. If you do not wish to participate, kindly exit the survey. For any queries or clarification, kindly contact Professor Marios I. Katsioloudes , Department of Management and Marketing at Qatar University, Tel : 4403 5046, Email: mariosk@qu.edu.qa or, Abdulla Al-Rasheed, Email: 200402423@qu.edu.qa , Mob: 55514443.

Thank you.

Factors that Affect the Implementation of Strategic Planning in the Oil and Gas Industry in Qatar

1. Please indicate your position

Junior Staff

Senior Staff

Lead

Head or Assistant Manager

Department Manager

2. Please indicate your nationality

Qatari

Non-Qatari

3. I work on

Morning Duty

Shift Duty

4. Please indicate how many years you have been in your current position

Less than a year

Between 1 and 3 years

Between 4 and 7 years

More than 8 years

5. Please indicate how many years your direct supervisor has been in his current position

Less than 6 months

Less than 1 year

Between 1 and 3 years

Between 4 and 7 years

More than 8 years

6. There is a clear understanding and communication to me about the goals and objectives of my department for the next 3 to 5 years.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

7. I understand the vision and mission of my organization.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

8. I am motivated and excited to achieve my organization's vision and mission.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

9. My department encourages me to discuss and share new ideas for improvement.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

10. I have been provided with all the trainings required to do my current job successfully.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

11. I believe there are still trainings I need to take to improve my job skills.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

12. People at my department respect and support each other.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

13. I am satisfied at my current job.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

14. I like the tasks that I do at my job.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

15. Employees at my department work as one team.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

16. Working with employees from other departments feels like working as one team.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

17. I am flexible for changes to my role and responsibilities and changes in the department.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

18. I see myself in the right position in the organization.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

19. I discuss work related issues directly with my line supervisor.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

20. I discuss non-work related issues direct with my line supervisor.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

21. I get rewarded for all my achievements and completing my tasks from the SMART objectives.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

22. I complete all the tasks in my SMART objectives every year.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

23. My annual performance rate that I receive is fair to me.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

APPENDIX B

Matrix of Strategic Management Process Factors & Survey Questionnaire.

Survey / Factors	Strategy	Leadership	Human Capital	Organizational Structure	Organizational Culture	Innovative Systems
1- Please indicate * your position				X		
2. Please indicate your nationality					X	
3- I work on						
4. Please indicate how many years you have been in your current position			X	X		
5. Please indicate how many years your direct supervisor has been in his current position			X	X		
6. There is a clear understanding and communication to me about the goals and objectives of my department for the next 3 to 5 years.	X	X				
7. I understand the vision and mission of my organization.	X	X				
8. I am motivated and excited to achieve my organization's vision and mission.		x			X	X

9. My department encourages me to discuss and share new ideas for improvement.	X	X	X		X	X
10. I have been provided with all the trainings required to do my current job successfully.			X			X
11. I believe there are still trainings I need to take to improve my job skills.			X			X
12. People at my department respect and support each other.					X	
13. I am satisfied at my current job.			X	X	X	
14. I like the tasks that I do at my job.			X	X		
15. Employees at my department work as one team.		X			X	
16. Working with employees from other departments feels like working as one team.		X		X	X	
17. I am flexible for changes to my role and responsibilities and changes in the department.	X	X				X
18. I see myself in the right position in the organization.				X		

19. I discuss work related issues directly with my line supervisor.		X			X	
20. I discuss non-work related issues direct with my line supervisor.		X			X	
21. I get rewarded for all my achievements and completing my tasks from the SMART objectives	X		X			
22. I complete all the tasks in my SMART objectives every year .	X					
23. My annual performance rate that I receive is fair to me.	X		X			