

Effect Of Strategic Management Practices On Performance Of Small And Large Business In UAE

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Abstract

The study's main goal is to examine the impact of strategy implementation on organisational performance in the UAE's small and large business organisations. In order to produce a reliable study, the current research uses a quantitative research approach. It's for this reason a questionnaire was developed and used to gather respondents' thoughts on how strategy formulation affects UAE business performance. According to the study's findings strategic management practises are positively and significantly linked to performance. Strategic management practises as a result of the research, it was concluded that effective performance requires strategic management. Strategic management is the process of formulating goals and strategies, and then allocating resources to put them into action in order to achieve those goals.

Keywords: Strategic management, Goals, organization performance

Introduction

Globalization in today's information era has significantly impacted business setting. Organizations for that reason needs to take purposeful steps to keep and grow their company and make necessary changes to maintain competitive advantage. Strategy is a technique for business to reach their goals with a view of becoming effective in the long-run (Miller and Le Breton-Miller, 2018). It is a pattern or plan that combines a business's schedule into one cohesive whole. Strategy is also seen as an activity plan mentioning exactly how an organization will attain its long-term goal. Strategic management is in long-term concentrated, and geared towards advanced development potential. It is additionally holistic, considerable and mostly associated with the senior most monitoring level where firm's vision, goal, and culture are identified. It's a continual process that includes analysis and controls of the firm and the different sectors that the business is associated with. Strategic management allows evaluation of a company's competitive advantage and outlines objectives

and ways to satisfy all current and future competitors (McWilliams and Siegel, 2019).

The strategic plan is put into action via the following six processes referred to as project, procedural, resource allocation, structural, behaviour and useful implementation (Kozami, 2021). The activity of implementation deals with the setting up of company. Procedural execution takes care of the various aspects of the regulative structure within which businesses have to run. Resource allocation associates with the procurement and commitment of resources for implementation. The structural aspect of execution deals with the design of business frameworks or systems and restructuring so as to match the structure to the demands of strategy.

Literature Review

Strategic management helps the management to select the best feasible strategy alternative. Then it may be internal or external development of the organization (Coombs, 2018). For instance, in case of interior growth it may embrace augmentation or diversification method. A comprehensive analysis of interior

and exterior setting of a company enables to recognize the strengths and weak point in addition to hazards and opportunities of business. This helps the business to keep pace with the altering nature of the environment impacting to the firm. And this is possible only with the help of strategic management. The web has drastically encouraged customers and allowed sellers and buyers ahead along with drastically minimized transaction and intermediary costs, producing a lot more robust industries for the acquisition and sale of goods and services (Gunasekaran, Marri, McGaughey & Nebhwani, 2020). Examples include on the internet auction websites, internet dating solutions, and net book vendors. In several markets, the internet has considerably modified the affordable landscape. Services that used to be offered within one entity e.g., a vehicle dealer providing financing and prices information are currently provided by third parties. Further, compared to standard media like television, the net has actually created a significant shift in viewing habits via on demand content which has led to a progressively fragmented target market.

In the emerging global economic situation, e-business has actually ended up being a progressively necessary component of business strategy (Salehi and Alipour, 2021). The term electronic business commonly referred to as E-business or e-business is often utilized reciprocally with e-commerce. Actually, e-business encompasses a wider interpretation that includes not only shopping, however client partnership administration (CRM), service collaborations, e-learning, and digital deals within an organization. Electronic-business approaches enable business to connect their inner and outside data-processing systems much more effectively and flexibly, to function much more carefully with suppliers and other partners, and to far better satisfy the needs and expectations of customers. In practice, e-business is greater than simply e-commerce. While e-business describes a tactical emphasis with focus on the features that take place using

electronic capacities, shopping is a subset of a total e-business strategy.

Ouedraogo (2021) performed a study on local technique to the strategic management of companies in Africa. Globalization and internationalization of globe markets have distressed the economic characteristics of African nations by permitting the private sector to become the predominant gamer in wealth production. Business restructuring and privatization programs comprise an indispensable part of this new dynamic. Today, new management methods, new ideas and brand-new strategic management tools are primarily considered in determining exactly how well African companies carry out.

Moore and Manring (2019) conducted a study on whether the strategic management system is essential to properly sustain small, medium, and substantial ventures' success and competitive organization efficiency. A literary works review was performed to generate the theoretical structure that equates the independent variables and dependent variables to imagine and verify the importance of strategy management system elements, economic performance, consumer satisfaction, and affordable business efficiency. With the review of associated literature as the approach, the study intended to determine the essential parts of the tactical management system and the predictors for the exclusive company's competitive service efficiency in the United Arab Emirates.

Fahad, Ali & Osama (2020) conducted research on strategic management and its considerable contribution to the institutions; it provides clear procedures and outlines measurable goals. Strategy formulation describes the assessment of the exterior and inner environment and integrating the results right into goals and methods. Most facilities run as a network of various divisions that are inseparably related and all decisions influence the tasks and repercussions necessarily in various other network locations, this drive concentrate on

performance and the expanding requirement for transparency. In the study, the main objective is to examine the influence of strategy formulation on the learning and development in the context public sector in the United Arabs Emirates.

Abu-Qouod (2006) measured the strategy implementation that consisted of strategy, structure and human resources in determining Organization performance. Previous literature studies have been conducted to establish the link between strategy implementation and Organization performance. In a study carried out by Muchira (2013), it was found that implementation strategy influenced Organization performance, taking into account various measures like organization goals, past performance of the business and projected performance of other industries.

The performance of the organization is the most significant factor in evaluation of organizations, their activities, and the environments in which they work. This significance is represented by the Abu-Qouod (2006).

Research Methodology

The present study adopts quantitative research design in its quest to achieve a credible study. As such, questionnaire was developed and used to elicit the respondents' opinion on the effects of strategy implementation on the UAE small and large business sector performance. 223 usable responses were analysed using Statistical Package for Social Sciences (SPSS) and AMOS. This study proposes a research model based on Resource-Based View Theory and strategic management models postulated in the literature which examined the relationship between strategy implementation consists of (strategy, structure and human resource) and

SEM-VB (Structural Equation Modelling-Variance Based) was employed to assess the research model. Non-probability sampling technique was adopted to gather the required quantitative data from the small and large business enterprises of UAE. Variables were measured using a Likert Scale which recommended in the previous studies.

OBJECTIVE

1. To understand the strategic management practices adopted by UAE small and large business.
2. To examine the impact of strategic management practices on organizational performance

Hypothesis

H1: Strategy implementation (strategy) has a positive effect on organizations performance.

H2: Strategy implementation (structure) has a positive effect on organizations performance.

H3: Strategy implementation (human resources) has a positive effect on organizations performance

H4₀: Null hypothesis: There is no significant difference between organization performance of small and large businesses in UAE.

H4: Alternate hypothesis: There is significant difference between organization performance of small and large businesses in UAE.

Results and discussions:

Demographic Details of the Respondents:

The demographic details of entrepreneurs such as gender, education level, age with type of business was mentioned in below table 1.

Table 1: Demographic information about the respondents (N=223)

Measures	Items	Frequency	Percentage
Gender	Male	162	72.8

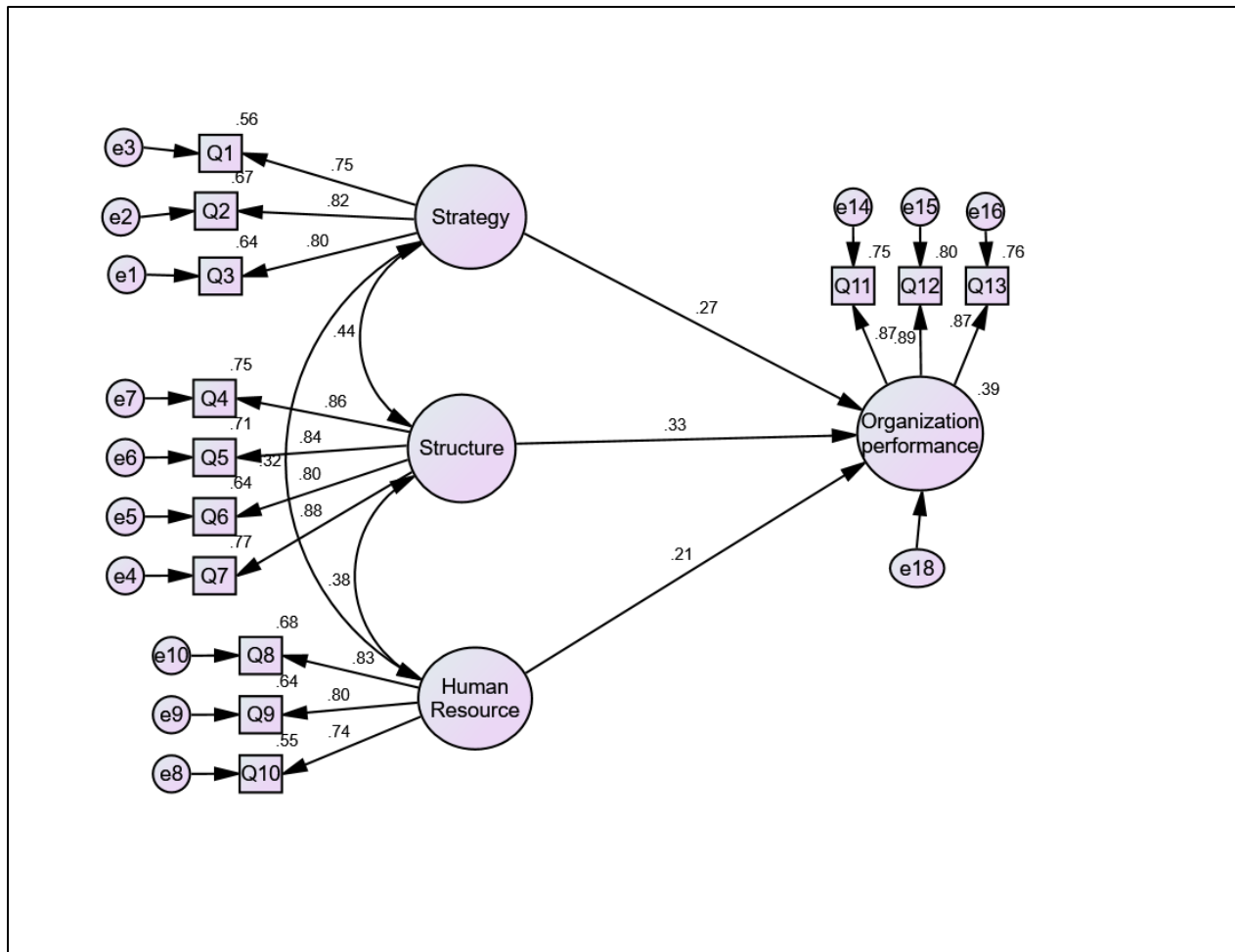
	Female	61	27.2
Age	Below 24	10	4.5
	25-30	37	16.5
	30-35	47	20.9
	35-40	75	33.7
	40 & above	54	24.3
Education	Secondary	5	2.2
	Undergraduate	39	17.4
	Postgraduate	174	78.1
	Others	5	2.3
Type of business	Small	129	58.2
	Large	94	41.8

Structural equation Modelling (SEM) for hypothesis testing:

The structural model is series of regression lines drawn from predictors to outcome variables. For the present study, with given data the SEM model was tested for checking the

impact of different strategic management practices such as strategy, structure and human resource on organization performance of small and large businesses.

Figure I: SEM model- Casual structure



Source: Primary survey

Table 2: Regression weights and p value for casual structure:

Hypo. No	Path	Regression weights (β)	CR	P value	Decision
H1	Strategy \rightarrow Organization performance	0.273	3.589	0.000	Accepted
H2	Structure \rightarrow Organization performance	0.327	4.389	0.000	Accepted
H3	Human resource \rightarrow Organization performance	0.207	2.849	0.004	Accepted

The findings of the figure 1 and table 2 revealed the impact of each strategy management practices on dependent variable (Organization performance). The standardized coefficient weights (β), critical ratios and p values are used for testing the hypotheses. The path having p value less than 0.05 and critical ratios (t value) above 1.96 was significant.

The findings confirmed that strategy had a significant influence on Organization performance with regression weight/ beta value $\beta = 0.273$, CR = 3.589, $p = 0.000$ as the p value < 0.05 , thus hypothesis H1 was accepted.

The impact of structure is positive and significant on organization performance with regression weights value $\beta = 0.327$, CR = 4.389,

$p=0.000$. Since, the p value of the path less than 0.05 with CR value above 1.96, this evidence supported acceptance of the hypothesis H2.

Human resource factors are also having positive and significant impact on organization performance of small and large business having $\beta =0.207$, $CR =2.849$, $p =0.004$, hence hypothesis H3 was approved since critical ratio above 1.96 with $p<0.05$.

The findings of the study revealed that all the three practices (strategy, structure and human resource) of strategy management selected in the study are able to explain 39% of total

variance in organization performance of small and large businesses of UAE, remaining 61% variance is beyond the scope of present study.

Further, the goodness of fit indices of the structure model measured using good indicators such as Chi-Square Value $CMIN/DF = 1.134$ (below 3 acceptable), $GFI = 0.952$, $AGFI = 0.926$, $NFI = 0.956$, $CFI = 0.988$ are within the threshold value of 0.8-0.9 for good model fit. The bad indicator tested using $RMSEA = 0.039$ are under the threshold values 0.05 confirming the good fit of model.

Table 3: T-test for comparing organization performance of small and large business:

	Business	Mean	Std. deviation	T-test	df	Sig.	Result
Organization performance	Large	4.00	.81107	3.526	221	.001	Significant
	Small	3.62	1.250				

The criteria for significance selected for the study is when the t value above the table value of 1.96 and p value below 0.05.

The findings of independent t -test table for Organization performance between two types of business in UAE shows that there is significant difference as the t value = 3.526 with $p= 0.001$, which is less than 0.05 at 5% level of significance. Therefore, there is sufficient evidence to reject the null hypothesis, and alternate hypothesis that organization performance of small and large business is significantly different based on mean value. The organization mean is higher for large business $M= 4$ compared to small business mean (3.62).

Conclusion

In order for top management to make sound decisions about how to achieve exceptional

results, it is critical that the company's strategy implementation policies be well-defined and transparent.

Globalization has led to higher performance standards in many affordable dimensions, including quality, cost, efficiency, product introduction time and operational effectiveness for strategic management managers. Motivating employees to work toward a common goal is an essential part of strategic management, and those who excel at it deserve recognition. A company's vision and goals can be realised more effectively when all employees are motivated to put their skills and ideas to work toward those goals. Employees are motivated to take action as a result of the environment it creates. When people have a sense that they're part of an effort to make things better, they're more likely to share their values and

participate meaningfully. Tools of motivation, like strategies, need to be adopted. Focusing on the performance of employees can have a positive impact on business organisations' performance through good strategic planning practises. It is possible to conduct additional research into the relationship between organisational culture and performance. Finally, there is room for additional research on strategic management in the UAE, in addition to separate studies on government initiatives and policies related to it.

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