

Strategic plan implementation and organizational performance: a case of Hargeisa Water Agency in Somaliland

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Abstract: The purpose of the study was to establish the relationship between strategic plan implementation and organizational performance. The specific objectives were to analyze the extent to which leadership affects the performance of Hargeisa Water Agency in Somaliland, to examine the organizational structures influence the performance of Hargeisa Water Agency in Somaliland, to investigate the extent to which policy and procedure affect the performance of Hargeisa Water Agency in Somaliland and to establish the extent to which resource allocation influences the performance of Hargeisa Water Agency in Somaliland. The study found that there is significant positive relationship between Policies and Procedures and organization performance. The study found out that resource allocation plays an insignificant role, yet positive role in determining company performance, as compared with structure and policies and procedures.

Key words: strategic plan implementation, organizational performance, leadership, organizational structures, policy and procedure, resource allocation, performance, Hargeisa Water Agency.

I. Background

Implementing your strategic plan is as important, or even more important, than your strategy. The critical actions move a strategic plan from a document that sits on the shelf to actions that drive business growth. Sadly, the majority of companies who have strategic plans fail to implement them. According to a Fortune cover story (1999), nine out of ten organizations fail to implement their strategic plan for many reasons. Approximately 60% of organizations do not link strategy to budgeting, 75% of organizations do not link employee incentives to strategy, 86% of business owners and managers spend less than one hour per month discussing strategy, 95% of a typical workforce doesn't understand their organization's strategy Implementation of strategy. According Bhasin (2009), implementation is the process through which a chosen strategy is put into action. It involves the design and management of systems to achieve the best integration of people, structure, processes and resources in achieving organizational objectives. A strategic plan provides a business with the roadmap it needs to pursue a specific strategic direction and set of performance goals, deliver customer value, and be successful. However, this is just a plan, it doesn't guarantee that the desired performance is reached any more than having a roadmap guarantees the traveler arrives at the desired destination.

Hargeisa Water Agency was established in 1974, to operate the newly constructed bulk water supply which was built by the Chinese. In 1974 the city had an estimated population between 175,000 and 180,000 inhabitants. HWA is an independent water supply utility that is mandated with the supply of water for the city of Hargeisa. It enjoys fiscal and administrative autonomy.

According to Hussein, (2014). the availability of sufficient water resources in Hargeisa has become critical. The capital city Hargeisa lies in the North Western part of Somaliland. It is the biggest and one of the most important in Somaliland. Even though the city was destroyed during the successive civil wars, it recovered and people are settling down. Construction is taking place and lives of people have turned to normal once again. The city contains five districts (*dagmo*): Ahmed dhagax, Ibrahim Kodbur, Mohamoud Haybe, 26 June and Gacanlibaax. The climate of Hargeisa is hot and dry and it receives rain twice a year. Since Somaliland claimed its independence back from the South of Somalia in 1991, Somalilanders came back home either from neighboring or overseas countries where they had lived as refugees. Hargeisa hosts the largest population in the country. The estimated number of people living in Hargeisa is approximately one million, which means that the city has doubled its inhabitants in the past ten years. As a consequence, the city has expanded tremendously towards all directions, and there are many new areas joining the city. As a result of increasing population and with the combination of inefficiency of the water management in the city, the availability of sufficient water resources has become critical. The demand for water has increased enormously, and water scarcity has become acute (Hussein, 2014).

II. Problem Statement

According to Water Service Regulatory Board (WASREB) review report 2011, Hargeisa Water Agency is far from realizing its set goals and objectives while the strategic plan period is coming to an end. According to WASREB, a water service provider's monitor and regulatory agency review report of 2011, Hargeisa Water Agency is lagging behind in implementation of their set goals. HWA currently supplies approximately 9 million liters per day. City requires more than 40 million liters per day, using WHO figure of 50% l/p/d. The pumping stations operate on a 23-hour basis. Currently, HWA has 24,500 household connections and 400 public kiosks. Over the last 3-years, HWA has made considerable progress in terms of cost recovery. The income from water sales has increased steadily since 2007 despite no increase in the bulk water supply and no tariff increases since 2007. The agency has 95% collection rate. This is not sufficient in meeting the demands of the ever expanding town population. Hargeisa Water Agency is yet to replace the ageing water lines and new water special lists have not been hired. Hargeisa Water Agency still depends on government attached special list and it appears that Hargeisa Water Agency has had serious problem in implementing the strategic plan.

It is not yet understood how the key components of strategic implementation including leadership, organization structure, resources allocation functional policies and procedures are responsible for unsatisfactory performance. The study therefore seeks to establish the extent to which leadership, organization structure, resource allocation, functional policies and procedures have influenced Hargeisa Water Agency's performance.

III. Objectives of the Study

- i. To analyze the extent to which leadership affects the performance of Hargeisa Water Agency in Somaliland
- ii. To examine the extent to which organizational structures influence the performance of Hargeisa Water Agency in Somaliland
- iii. To investigate the extent to which policies and procedures affect the performance of Hargeisa Water Agency in Somaliland
- iv. To establish the extent to which resources allocation influences the performance of Hargeisa Water Agency in Somaliland

IV. Justification of the Study

This study was justified in the view that very few studies of the kind had been conducted to determine the strategic plan implementation and organizational Performance in Hargeisa Somaliland. Further, this study was justified because the Hargeisa Water Agency is the governmental institution responsible in the regulation of water distribution within the entire Somaliland. A good understanding of the strategic plan implementation enables both the public and the policy makers understand the rationale behind the heavy budgetary allocations and water bills collected from all homesteads in Hargeisa so that there can be a clear understanding whether there is a relationship between their strategic plan implementation and organizational performance.

V. Literature review

The study review the fundamental strategic planning models which included;

- i. The Great Man's Theory of Leadership
- ii. Contingency Theory of Organizational Structure
- iii. Resource Based Theory

VI. Conceptual Framework

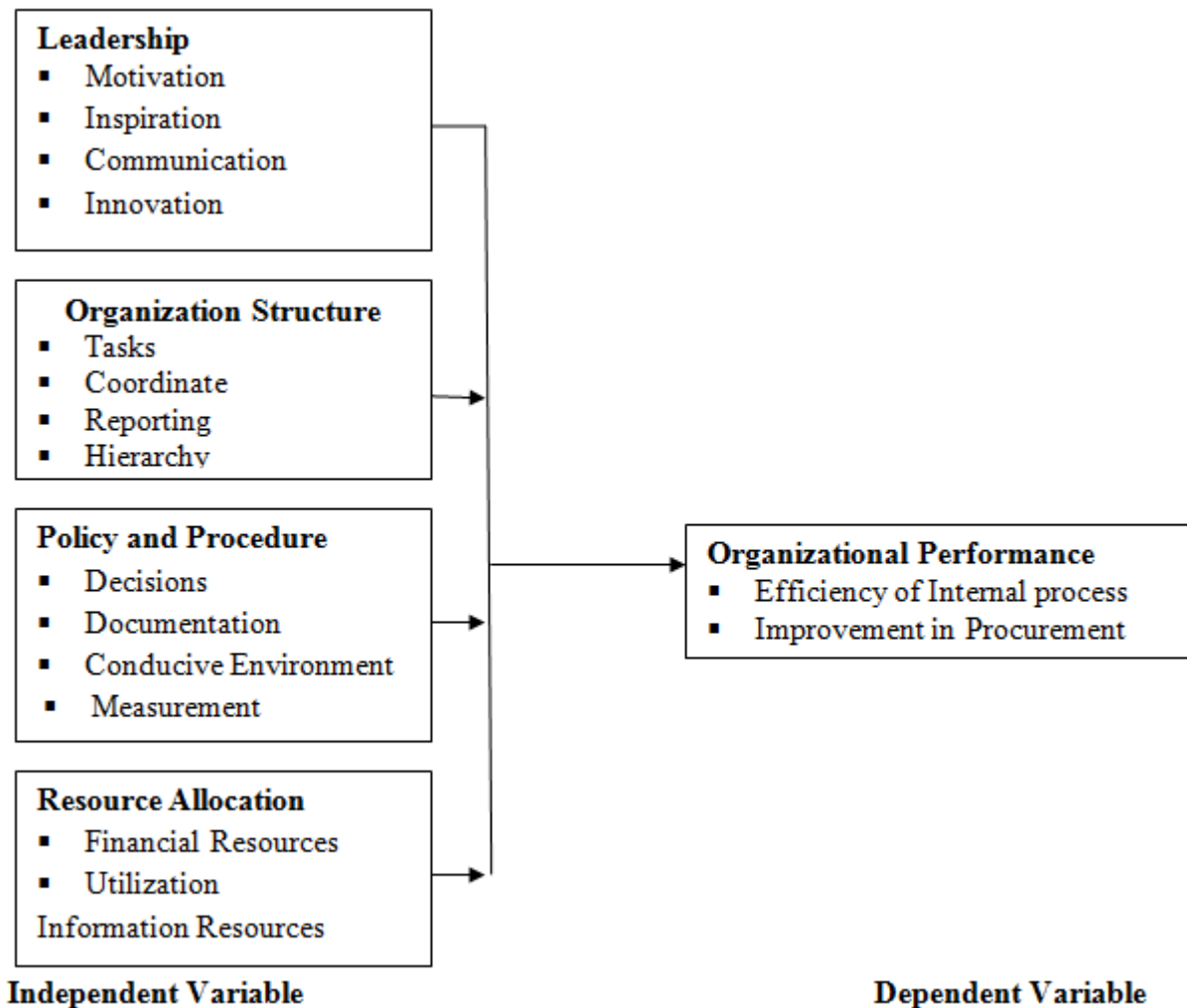


Figure 1: Conceptual Framework.

VII. Research Gaps

Charles (2010), in the study of the effect of leadership style on organizational performance as viewed from human resource management strategy examined the relationships among the leadership style, the organizational performance and the Human Resource Management strategy. However, he did not examine the effects of Strategic plan implementation on organizational performance. Charles (2010) did not conduct his study focusing on the effect of strategic plan implementation on organizational performance. Elenkov (2003) study investigated concurrently the main effects of the transformational and transactional leadership behaviors on organizational performance of Russian companies. But he failed to investigate of the main effects of the transformational and transactional leadership behaviors on strategic plan implementation.

Adebayo (2010)'s study looked at the effect of internal control on organizational performance using a case study of Eco bank Nigeria Plc: The main purpose of this study was to examine the effect of internal control on organizational performance, but he did not examine the effects of external control on organizational performance and also failed to investigate the effects of strategic plan implementation on organizational performance. Cszar (2011) developed and tested a model of how organizational structure influences organizational performance. Organizational structure, conceptualized as the decision-making structure among a group. But did not develop the test a model of how organizational structure influence organizational plan implementation.

VIII. Research design

The study used descriptive survey method. This design was therefore adopted for this study as it enables the researcher to obtain a cross-referencing data, as well as an array of options. The study targeted 160 employees of the Hargeisa Water Agency. The following regression model was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

- Y = Performance of workers being affected.
- β_0 = Is the constant or coefficient of intercept.
- X1 = leadership
- X2 = organizational structures
- X3 = policies and procedures
- X4 = resources allocation
- $\beta_1 \dots \beta_4$ = the corresponding coefficients for the respective independent variables.

IX. Regression Analysis results

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.784 ^a	.763	.524	.532

Adjusted R squared is coefficient of determination which tells us the amount of variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.524 an indication that there was variation of 52.4% on HWA performance due to changes in the independent variables which are leadership, organizational structure, policies and procedures and resource allocation.

This shows that 52.4% changes in organisational performance could be accounted for by leadership, organizational structure, policies and procedures and resource allocation at 95% confidence interval. R is the correlation coefficient which shows the relationship between the study variables. From the findings shown in the table above there was a strong positive relationship between the study variable as shown by 0.784.

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.544	4	0.122	2.3629	.050 ^b
	Residual	9.662	154	0.437		
	Total	10.306	160			

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a significance level of 5% which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. It also indicates that the model was statistically significant.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	5.021	.433		5.360	.002
	Leadership	3.603	.063	.164	39.476	.016
	Organizational structures	3.316	.086	.237	14.302	.039
	Policies and procedures	4.129	.230	.278	8.202	.000
	Resource allocation	3.263	.684	.036	2.870	.048

The established regression equation was

$$Y = 5.021 + 3.603 \text{ Leadership} + 3.316 \text{ Organizational structures} + 4.129 \text{ Policies and procedures} + 3.263 \text{ Resource allocation}$$

From the above regression equation it was revealed that holding leadership, organizational structure, policies and procedures and resource allocation at 95% confidence interval to a constant zero, performance of the HWA would stand at 5.021. A unit increase in leadership would lead to increase in the organisational performance by factors of 3.603, unit increase in Organizational structures would lead to increase in organisational performance by factors of 3.316, unit increase in Policies and procedures would lead to increase in organisational performance of the HWA by a factor of 4.129, and a further in increase in Resource allocation would lead to increase in organisational performance of the HWA by a factors of 3.263.

X. Summary, conclusions and recommendations

The findings of the study are that: Leadership was found to play a significant role in determining the organizational performance. This finding is deduced from the analysis results where it was found that employees at HWA are motivated, and that they enjoy organizational support. Innovation was also found to be encouraged and the management shares organizational vision with the employees. Regarding policies and procedures, HWA was found to have implemented documented sound policies which are clear to the employees and easy to follow. HWA was also found to have maintained a good working environment. The company was benchmarks the best practices from other similar organizations to be able to keep on improving. Concerning the resource allocation objective, HWA was found to locate its resources to all set goals and the company's resources were found to audited occasionally. HWA was also found to have engaged well trained human resource.

The study sought to understand how strategic plan implementation affects organizational performance of Hargeisa Water Agency in Somaliland. Four factors were considered in relation to strategic plan implementation. These were leadership, structure, policies and procedures and resource allocation. Various strategic objectives of the strategy implementation process were studied and all of them were found to have positive effects on performance of HWA. It can therefore be concluded that leadership, organizational structure, policies and procedures and resource allocation have a positive effect on the performance of HWA.

From the findings of the study, the following recommendations are made: Hargeisa Water Agency need to initiates a policy of providing opportunities for leadership development for its staff. This will help them to engage closely and creatively with activities that will improve the strategic performance of the organization. Hargeisa Water Agency needs to provide strict accountability measures for its staff so that all resource allocation decisions are thoroughly vetted, and that there is monitoring system for all allocations. This would also ensure that all resource allocation decisions serve the best interest of the organization.

XI. Suggestion for further research

This study looked at the public sector agency that operates as a government enterprise. A study comparing strategic implementation of a public agency would seem likely to lead to new insights and therefore enrich the efforts that have been made in this study.

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