

The Impact of Strategic Planning on The Performance of Economic Governmental Organizations: The Moderating Role of Organizational Leadership and Sustainability

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<p>Article history Submitted: 11 July, 2021 Revised: 1 August, 2021 Accepted: 10 August, 2021</p> <p>Keywords: <i>Strategic Planning, Performance of Economic Governmental, Organizations, Organizational Leadership, Sustainability.</i></p>	<p>Abstract This paper aims to investigate the effect of Strategic planning (finance resource, management skills, Information systems, organization culture and innovation. In addition, to investigate the relationship of sustainability and Entrepreneurship between Strategic planning and organizations performance. Smart PLS were used to investigate the relationship between variables. Moreover, this study confirms that there is a positive impact of strategic planning on the performance of organizations, and there is a positive impact of entrepreneurship and sustainability between strategic planning and the performance of organizations. Furthermore, it was concluded that there is a mediating role for entrepreneurship in the relationship between strategic planning and the performance of the Department of Economic Development. The results of this study benefit the Department of Economic Development, as well as decision makers and policy makers in organizations to improve performance and the ability to plan according to the strategies followed, and that entrepreneurship works to mediate the relationship and thus improve the level of the economy.</p>
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1. Introduction

Strategic planning is one of the most important administrative entrances that help all institutions to succeed and continue and facing the risks that the organization faces in the environment of work (Scharna, 2010: 13). Strategic planning is considered a method to the work of organizations in general, as all institutions can make timely decisions, in order to manage the limited resources of the organization in a more rational way, to increase and improve services and achieve greater satisfaction for customers, whether individuals or institutions (Al-Zabin, 2016). Therefore, many governmental organizations try to follow many methods that enable them to achieve their strategic success as a result of tremendous technological progress and technical practices in order to reach strategic success; the most important of these methods is the sustainable development.

The use of strategic planning has been widely used in organizations of all kinds and activities, and its serious application has become an urgent necessity to increase the competitiveness of institutions and improving and developing their performance to reach the required performance in the long run, to ensure its survival and continuity (Zuaibi, 2014).

Entrepreneurship is a vital element in the process of economic development, as it can be applied to government agencies and public organizations in the state (Al-Hawajrah, 2018). The use of the concept of entrepreneurship by institutions has expanded and the trends that interpret it have expanded, as it is a vital element that should refer to the various dimensions associated with it, and the development of the use of entrepreneurship to include strategic management, that in the context of entrepreneurship and the orientation towards creating luxury Strategy and entrepreneurial activity by integrating strategic management in various innovation and creativity works that enhance the competitiveness of the institution (Bin Qayed, 2017).

In the context of the economic changes and social transformations taking place in the contemporary world, the United Nations has adopted and promoted new concepts and strategies to help the countries of the world to deal with the theses of "sustainable development", because sustainability refers to the permanence and continuity in the development activities, thus sustainable development summons to expanding options for individuals of society, in order to actively contribute to advancing and moving the wheel of development in its economic and social aspects, and there is no way to do that except through a strategic partnership between government institutions and civil society organizations (Al-abbar, 2011); Due to the technological revolution and recent developments, governmental organizations suffer from a turbulent external environment; this makes strategic planning in advance before it starts due to the rapid change in the elements of the environment, and among the factors of the weakness of strategic planning in these economic organizations is the weakness of the available resources, such as the lack of resources, the difficulty of accessing them, the difficulty of managing them and the lack of the necessary capabilities for that. The strategy may require significant time and cost, which limits the perception of opportunities and potential risks and the truth, and this matter would affect the performance of these organizations and limit the encouragement of entrepreneurship. As a result of the changes brought about by technology and modern technologies, pressures appeared on all organizations, and based on society's view of governmental organizations, the low performance of governmental organizations has become evident. Hence, this study came to identify the moderating role of Entrepreneurship and Sustainability between strategic planning and the Organizational performance.

2. Literature Review and Hypotheses

2.1 Strategic Planning

Strategic planning appeared for the first time in the sixties, and the planning method was developed in the mid-sixties based on the ideas of American business schools, in the early seventies of the twentieth century strategic planning became a vital and widely used topic at the level of business organizations, the emergence and development of strategic planning contributed to the intellectual, scientific and professional accumulation in other planning systems and institutions that practised the planning process in various forms (Al-Jubouri, 2014).

Strategic planning is the process by which the strategy is developed, it includes strategic analysis, strategic choice and identification of alternatives, it is concerned with creating coherence and consistency between strategic and interim goals and short-term goals in a way that ensures that all scattered efforts are directed towards achieving personal goals in the best way and costs (Hamad, 2015).

Strategic planning is the set of activities or procedures that the organization is expected to carry out, taking into account the set of external opportunities and threats facing organizations at the same time, and occupies a prominent position in the administrative process and determines the course of the administrative process, so the strategy of any organization revises its policy and uses all dimensions to create a successful strategy In order to achieve the goals of the organization (Al-Otaibi, 2012). Strategic planning also a represents an essential stage of the management process, as it represents a way of thinking and bargaining between working methods, to choose the best suitable alternatives with the available capabilities on the one hand and improve efficiency and increase its effectiveness in the development process (Yousefi and Boudhaiba, 2018).

Strategic planning provides the employees of the organization with the opportunity to participate in decision-making and take it, which makes them feel a sense of satisfaction as a result of their ability to influence leadership (Abdul Malik, 2019). The importance of strategic planning lies in the benefits that accrue to organizations, such as the fruitful orientation of efforts and resources, and better investment of them (Alexandra, 2015). Jaafar (2017) emphasized that implementing strategic planning needs highly qualified personnel and long experience in the field of strategic planning. Focusing on strategic planning is one of the safest and most successful methods, as well as its effectiveness in identifying the capabilities of the organization, which may be provided through various programs, plans and projects, in order to obtain the best performance commensurate with it and the nature of its work and the work of its employees, the issue of the sustainability of organizations was recently discussed among researchers, managers, environmental organizations and all sectors of companies (Backstrom et al., 2015).

Planning is a thoughtful and realistic process that includes creating a state of balance between three elements, namely "goal, resource, and time" by trying to reach the maximum goal with the optimal use of resources and in the shortest possible time (Yousef, 2019). Strategic planning is an essential function in managing organizations and a driving force to shape their future in planned and deliberate ways, for its role in defining their goals and ambitions and how to achieve them (Makhnash, 2015).

Strategic planning clarifies the framework and direction that leads and supports the management of the organization, helps in managing crises, increases the ability to deal with external risks, defines a common vision and goal for all workers in the organization, and increases the level of commitment towards the organization and its goals (Yousef, 2019). Abdul Malik (2019) pointed out that strategic planning helps to facilitate communications and participation, directing senior

management to priority issues, clearly defining the vision and goals, providing information to senior management to make a better decision.

2.2 Organizational Performance

The performance is defined as a reflection of how the institution uses financial and human resources and uses them efficiently and effectively in a way that makes it able to analyze its goals (Mahdi and Belkacem, 2017). The performance is defined as a reflection of how the institution uses financial and human resources and uses them efficiently and effectively in a way that makes it able to analyze its goals (Mahdi and Belkacem, 2017). Jundub (2013) defined it as the sum of the results of the activities and practices of the organization, which are expected to correspond to the planned and established objectives, it is also the final result of the activities of the organization.

Organization performance is the output of value that the system produces in the form of goods and services, and it also expresses the efficiency and effectiveness achieved by the organization (Shane, 2017). Moussa (2019) defined the organization's performance as the ability to produce effectively to allow the realization of a surplus to move the economic system, and that it is the relationship between the outcome and effort, that is, the relationship between the resources allocated and the results achieved, the quantitative information in most cases indicating the degree of achievement of the goals, objectives, standards and plans followed in the organization.

Performance occupied great importance in strategic literature as it is a central axis for measuring the success and failure of organizations in their strategic decisions and plans (Hussein, 2014). Also, performance in organizations is given great attention for the sake of running institutions on the grounds that it represents the main motivation for the survival of any institution, and it is considered the factor most contributing to achieving its main goal, which is survival and continuity. Bouhnik, et al., (2019) confirm that the improvement of performance is a measure at the beginning of the job, starting from the employee at the lower levels to the managers at the higher levels, and it must be achieved at those levels the ideal performance required to be reflected in the end on improving the performance of the organization as a whole.

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2.3 Entrepreneurship

In light of the tremendous development in information technology and the magnification of the interactions of economic globalization and its multiple repercussions and impacts, the leadership of organizations has become the primary concern of managers, leaders and those with a relationship to opinion and responsibility, as well as developing appropriate strategies to achieve success and continuity (Ismail, 2010).

Any organization aspires to reach leadership in its field of business, and when it reaches to the level of entrepreneurship, it will be able to stand before the organizations without competitors because it is unique in its innovative products and services in the market, so it is an important goal for business organizations to meet its ambition to obtain differentiation in its field of work to attract the largest market share (Suliman, 2019).

Entrepreneurship is the investment of an individual who does not have the skills and abilities to enable him to start, manage and continue developing private business projects (Al Hamali and Al Arabi, 2016).

(Al-Kharboutli, 2018) also defined entrepreneurship as the process of creating a new organization or developing existing organizations, which is specifically the creation of new businesses or responding to new opportunities in general. Entrepreneurship is realizing the opportunity in the environment, moving resources to exploit it, providing products and services to the final consumer, and achieving profit as a reward for risk (Oguntibeju, et al., 2014).

Hilal (2016) confirm that strategic planning plays a fundamental and influential role in performance. The formal strategic planning processes and the flexibility of strategic planning are positively correlated with corporate performance, and each has a positive relationship with innovation and competitive advantage. In addition, innovation perfectly mediates the relationship between corporate performance and the formal strategic planning process and planning flexibility (Clay, 2016).

2.4 Sustainability

Sustainable development is a term synonymous with the term sustainability, which countries aspire to associate with their development model because economic development is related to bringing about changes in the economic structure and redistributing income in favor of the poor classes, i.e. correcting the imbalance in the income distribution structure in a way that reduces the differences between groups of society (Braggy and Sabah, 2018). Sustainable development is also

the product of the intellectual and economic effort, and it was considered as a model that simulates the capacity of the earth and takes into account ecological balances in accommodating human requirements across time and space.

Economic sustainability is the generation of long-term income through operations related to the housing sector, securing sites for various types of economic activities related to housing and creating job opportunities, helping poor communities bear the initial costs of sustainable construction (Fakosh and Dahman, 2019).

Through the economic dimension, the principles of sustainable development try to achieve an ideal balance between the life cycle of the product and the preservation of the production process, i.e. work to provide products with a long period of use in a manner that does not affect the profitability of investing in them, as well as trying to focus on reducing the negative effects of products on human health (Qatoush, 2018).

Al-Baaj (2018) pointed out that sustainable development is one that reconciles environmental, economic and social development, thus creating a valid circle between these three poles that is economically effective, socially equitable, and environmentally feasible. In addition, Al-Rifi (2015) confirm that the sustainable development focuses on the concept of balance between the needs of successive generations, that it fulfils on an equal basis the developmental and environmental needs of present and future generations. Based on the above discussion, a study model was developed as shown in Figure 1; To identify the mediating role of entrepreneurship in the relationship between strategic planning and the performance of the Department of Economic Development.

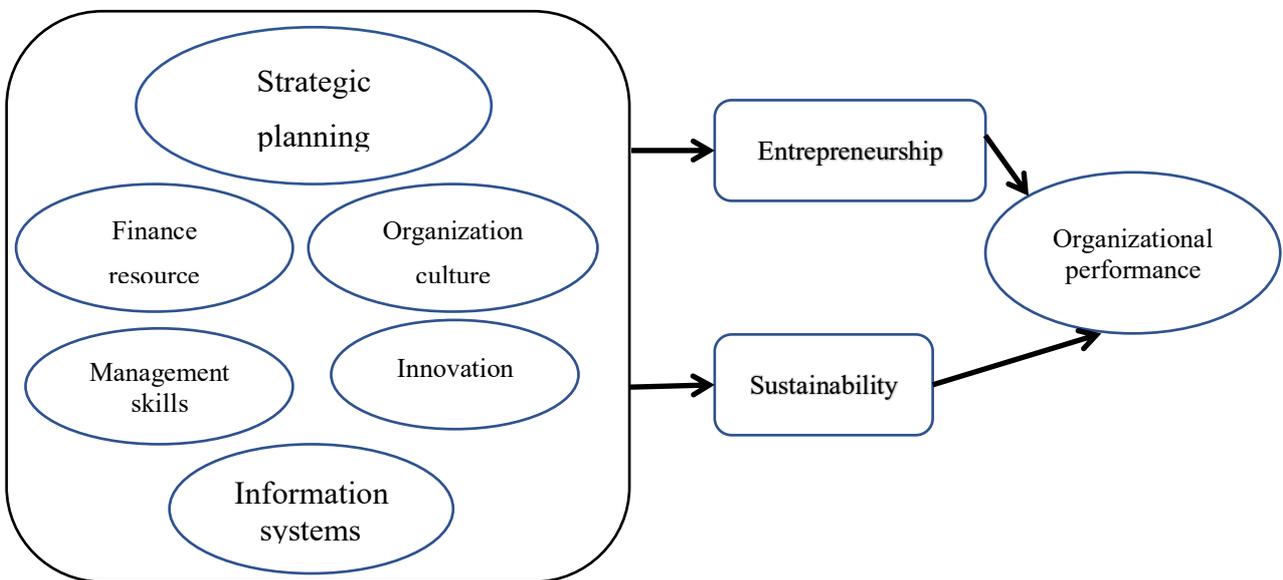


Fig 1: Research Model

3 Methodology

The descriptive and analytical approach was relied in this study. The population is the employees in Department of Economic Development. Accordingly, the number of the population is 84282. This study investigates Strategic planning fields (finance resource, management skills, Innovation, Organization culture and Information systems) and organizational performance with the Sustainability and Entrepreneurship s a mediating variable. Thus, the simple random sample was selected. Accordingly, the sample size was 307 respondents. However, the questionnaire is the best option for collecting data, and previous studies have been relied upon to put their questions. A total of 279 respondents answer the questionnaire. In this study, data were analyzed and conclusions reached through SPSS and modular structuring software such as Partial Least Square (Smart PLS). Finally, after analyzing the data, SPSS shows that no missing data, but a total of 12 respondents were deleted due to outliers. This becomes the final number of respondents 267, representing an 87% response rate of the total number of respondents.

4 Findings

4.1 Profile of Respondents

Most of the respondents are males and their number reached (190) and their percentage was (71.2%), with Bachelor's degree (87.6%). And those with experience from 8 to 15 years have reached (152), and their percentage of the study sample is (56.6%). Finally, the job title of the respondents, the number of respondents who work as an employee reached 190, and their percentage was (71.2%).

4.2 Measurement Model

In assessing the measurement model, (Hair et al., 2017) suggested that researchers must examine five criteria that are the factor loading (FL) (>0.70) as well as the reliabilities (Cronbach's Alpha (CA) and Composite reliability (CR) both >0.70). In addition, the validities such as the convergent validity which is achieved if the average variance extracted (AVE) is greater than 0.50 and the discriminant validity which is achieved if the root square of AVE is greater than the cross loading. In Table (1), it can be seen that all the criteria have been achieved indicating that the measurement of this study is reliable as well as valid. Some of the items were removed due to low factor loading.

Table (1): FACTOR LOADING, CRONBACH'S ALPHA, COMPOSITE RELIABILITY, and AVE

Variables	CA	CV	AVE
organizational performance	0.982	0.981	0.798
Strategic planning	0.979	0.984	0.874
Entrepreneurship	0.967	0.972	0.794
Sustainability	0.972	0.976	0.855

4.3 Structural Model and hypotheses testing

The result of testing the structural model showed that more than 55% of the variation in organizational performance can be explained by the variables. All the variables have acceptable level of predictive relevance and effect size. The result of path coefficient (β) is determined based on P-value of less than 0.05. Table (2) presents the result of direct effect hypotheses. The table shows the path of the hypothesis, path coefficient (β), standard deviation (STDEV), T-values, and P-values.

Table (2): result of direct hypothesis

Path	β	STDEV	T-Values	P-Values
Strategic planning -> organizational performance	0.245	0.0693	3.570	0.000
Strategic planning -> Sustainability	0.566	0.049	11.439	0.000
Sustainability -> organizational performance	0.273	0.076	3.579	0.000
Strategic planning -> Entrepreneurship	0.524	0.050	10.454	0.000
Entrepreneurship -> organizational performance	0.277	0.067	4.123	0.000

From Table (2) that there is an important specialist relationship between strategic planning and entrepreneurship, as the path coefficient reached 0.524 at the significance level of 0.000. This confirms that the positive relationship between strategic planning and entrepreneurship in the Department of Economic Development. And there is an important specialist relationship between strategic planning and Sustainability, as the path coefficient reached 0.566 at the significance level of 0.000. This confirms that strategic planning has an important role in Sustainability, and it is concluded that the positive relationship between strategic planning and Sustainability in the Department of Economic Development.

The results show in Table (2) that there is a positive and statistically significant relationship between strategic planning and the performance of the Department of Economic Development, as the path coefficient reached 0.245 at a significance level of 0.000, and the results in Table (2) indicate that entrepreneurship has an important statistical effect on the performance of Department of Economic Development.

And there is a positive and statistically significant relationship between strategic planning and the performance of the Department of Economic Development, as the path coefficient reached 0.245 at a significance level of 0.000. Finally,

the results in Table (2) indicate the existence of a significant statistical impact relationship with a path coefficient of 0.277 and a significance level less than 0.05. This confirms that entrepreneurship has an important statistical effect on the performance of the Department of Economic Development.

Table (3): Moderating effect of Entrepreneurship

Path	β	STDEV	T-Values	P-Values
Strategic planning -> Entrepreneurship -> organizational performance	0.145	0.038	3.801	0.000
Strategic planning -> Sustainability -> organizational performance	0.154	0.043	3.589	0.000

The results in Table (3) indicate that the indirect effect was statistically significant with a path coefficient of 0.154 and significance less than 0.05. Thus, the conclusion was concluded that there is a mediating role. Sustainability in the relationship between strategic planning and the performance of the Department of Economic Development, and the results in Table (3) indicate that the indirect effect was statistically significant with a path coefficient of 0.145 and significance less than 0.05. Thus, the conclusion was concluded that there is a mediating role. Entrepreneurship in the relationship between strategic planning and the performance of the Department of Economic Development.

5 Discussion

This paper aims to investigate the effect of Strategic planning (finance resource, management skills, Information systems, organization culture and innovation. In addition, to investigate the relationship of sustainability and Entrepreneurship between Strategic planning and organizations performance. Smart PLS were used to investigate the relationship between variables (Al-Zaqeba et al., 2018; Al-Zaqeba & AL-Rashdan, 2020). However, the result indicates that there is an important specialist relationship between strategic planning and entrepreneurship, strategic planning has a positive and statistically significant on performance of the Department of Economic Development. Lastly, this paper found that there is a positive and statistically significant relationship between strategic planning and the performance of the Department of Economic Development.

6 Conclusion

This study aims to identify the moderating role of Entrepreneurship and Sustainability between strategic planning and Organizational performance, this study confirms that there is a positive impact of strategic planning on the performance of organizations, and there is a positive impact of entrepreneurship and sustainability between strategic planning and the performance of organizations. Nevertheless, it is concluded that the positive relationship between strategic planning and Sustainability in the Department of Economic Development. In addition, entrepreneurship has an important statistical effect on the performance of Department of Economic Development. In addition, this paper confirms that entrepreneurship has an important statistical effect on the performance of the Department of Economic Development. Furthermore, it was concluded that there is a mediating role for entrepreneurship in the relationship between strategic planning and the performance of the Department of Economic Development. The results of this study benefit the Department of Economic Development, as well as decision makers and policy makers in organizations to improve performance and the ability to plan according to the strategies followed, and that entrepreneurship works to mediate the relationship and thus improve the level of the economy.

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