



The requirements of strategic management and institutional performance: an analytical study of the reality of commercial companies in Iraq.

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Summary:

The study aimed to identify the extent to which the requirements of strategic management are provided in commercial companies in Iraq, to stand on the institutional performance of commercial companies in Iraq, to assess the relationship between the provision of strategic management requirements and the institutional performance of commercial companies, and to make recommendations based on the results of the study in a way that leads to improving the performance of commercial companies and supports The practice of strategic management, and the study sample consisted of 100 strategic decision-makers in commercial companies in Iraq.

The results of the study concluded that commercial companies provide the requirements of strategic management from planning, implementation and evaluation, and the existence of a relationship between providing the two requirements of strategic management and the institutional performance of commercial companies measured by return on assets, and the existence of a relationship between the provision of strategic management requirements and the institutional performance of commercial companies measured by the added market value, as shown. The results of the study indicated that the effect of providing strategic management requirements on the institutional performance of commercial companies, measured by return on assets, is due to trade, and there is no difference in the effect of providing strategic management requirements on the institutional performance of commercial companies measured by the added market value attributable to trade.

Introduction

Strategic management is the main task of higher management in the organization (board of directors, chairman, general manager, deputy general manager) and part of the tasks of sector managers, product managers and departmental managers. The thinking of strategic management personnel is not confined to a specific sector or a specific activity, but rather that thinking goes beyond the organization as a whole, so that it creates an effective interdependence between those sectors and departments through strategic planning and appropriate strategic decisions .

From the standpoint of the strategic management being comprehensive and generic, studying and understanding it requires prior knowledge of the scientific and practical aspects of various functional areas such as production, finance, marketing, personnel, and research and development. Strategic management is nothing but an attempt to create a high degree of integration between knowledge at the level of the organization as a whole. A successful manager is one who can get rid of what is known as job empathy and divest himself of prejudice into that specialized career field before he rises to the level of senior management.(Ritson, 2011, 8)

The problem facing the Arab administration now is that managers suffer from a serious lack of understanding of the roles they should play as strategic leaders of their organizations. Instead of paying attention to these important roles, they resort to exercising all roles, large and small, for the sake of their control over the organization.

As a result of these practices, the Arab society pays a heavy price, which is the weakness of its national institutions, the backwardness of administrative practices in them, and the loss of strategic opportunities for growth and development in the Qatamene community.

Hence, this study came as an attempt to identify the extent to which the largest and oldest Iraqi companies provide the concept of strategic management through their senior management and strategic decision-makers in it, so that the researcher's interest is focused on knowing the level of awareness and awareness of managers of concepts related to strategic management and the extent of this awareness being reflected on the level of performance in their companies For the past five years.

The problem of the study is summarized in an attempt to answer the following questions:

1. What are the requirements of strategic management in the Iraqi industrial public joint-stock companies?
2. Is there a relationship between the provision of strategic management requirements and the institutional performance of the Iraqi industrial public joint-stock companies?
3. Do the size, the year of establishment, and the industry affect the existing relationship between the provision of strategic management requirements and institutional performance in the Iraqi industrial public joint-stock companies?

This study aims at the following:

1. Identify the extent to which the requirements of strategic management are provided Iraqi industrial public joint-stock companies.
2. Knowing the institutional performance of the Iraqi industrial public joint-stock companies
3. Evaluate the relationship between the provision of strategic management requirements and the institutional performance of Iraqi industrial public joint-stock companies.
4. Identify the effect of size, year of establishment, and industry for Iraqi industrial public joint-stock companies on the relationship between the provision of strategic management requirements and institutional performance.
5. Make recommendations based on the results of the study in a way that leads to improving the performance of public joint-stock industrial companies and supports the practice of strategic management in them.

The importance of the study:

Strategic management is a major component of achieving the institution's competitive advantage. In addition, it is considered an effective strategy in facing the challenges of economic openness and globalization and the consequent entry of products and services with high competition, which in turn drives industrial and service companies to evaluate their work, tasks and improvement measures based on criteria that reflect the comprehensiveness of the strategic outlook and the specificity of the local environment, in a manner that ensures keeping pace with developments In modern management concepts and enhances the ability of companies to improve performance levels in various fields. Within this general trend, the study confirms the importance of the following:

1. Industrial companies develop their plans, systems and resources in a way that achieves the satisfaction of the beneficiaries of their products and services, enhances their competitiveness and enables them to survive, grow and profit in the long run.
2. Identifying the strengths and weaknesses of these companies and the opportunities and areas for improvement and development and assessing the progress in applying the standards of outstanding performance.

Hypothesis of the Study:

- 1- Iraqi commercial companies do not provide for the strategic management requirements of planning, implementation and evaluation.
- 2- There is no relationship between the provision of strategic management requirements and the institutional performance of commercial companies separately measured by MVA and market value added (ROA) with return on assets.
- 3- The impact of providing strategic management requirements on the institutional performance of commercial companies does not differ due to trade.

Literature Reviews:

The First Axis: strategic management:

Defining strategic management:

The management book dealt with the topic of strategic management from different perspectives showing the basic and important elements on which strategic management is based, and this in turn was reflected in the definitions mentioned in their books of strategic management, which made it difficult to agree on a general definition of it.

The researcher believes that reviewing the different perspectives and definitions of strategic management serves the goal, which is to clarify the essence of strategic management, as follows: David (1989 David) defined strategic management as (the science and art of formulating, implementing and evaluating cross-functional decisions that enable the organization to achieve its goals). (Micheal, 2014, 24)

By this definition, it focuses on the integration of management functions of marketing, financing, accounting, production, research and development in order to achieve organizational success.

Brown & Asch (1987) also defined strategic management as the process of making and implementing strategic decisions that have An important influence on the organization's ability to achieve goals, and they considered that strategic decisions lead to strategic change.

(1989 Rue & Holland) believes that strategic management is the process undertaken by senior management to determine the long-term direction and performance of the organization from By emphasizing good formulation, adequate implementation and continuous evaluation of the strategy being pursued. (www.consulting\strategic-Management cfm.(2006) management.

Pearce & Robinson (1994) also knew A strategic management is (a set of decisions and actions that lead to the formulation and implementation of plans put in place to achieve the goals of the organization). (Charles, & Careth, 2001, 430)

As for Johnson & Scholes (1997), they see strategic management as not only being concerned with taking decisions in the important issues facing the organization, but also concern that the strategy has been put into practice, and that this requires the availability of three important elements:

1. Strategic analysis Strategic Analysis:

- It is the process of identifying and understanding the organization's location and its strategic position.

2. Strategic Choice:

- This includes formulating a set of possible actions, evaluating them, and then selecting the best.

The Second Axis: Institutional performance:

Definitions of institutional performance:

Institutional performance is defined as the performance and accomplishment of work coordinated by an organization based on specific organizational principles, pillars, and values, and it is also known as those efforts or activities or the processes or behaviors and behaviors of individuals or groups that make up the organization, regardless of their levels and characteristics.

The process of measuring institutional performance is also defined as a set of procedures for evaluating the extent of the practical achievements of all levels of the organization.

Therefore, it is an important activity that includes comparing actual results with expected results, investigating deviations from plans, evaluating individual performance, and testing progress towards annual and long-term established goals. Its criteria must be easy to examine and measurable, and the most important criterion is that which predicts results.

The study finds that institutional performance It is the outcome and the final result of the activities in the organization, and there are those who see it as a reflection of the organizations' ability and ability to achieve their goals and it refers to the outputs or goals that the institutional system seeks to achieve.

Some researchers see that it is a reflection of how the organization uses human material resources and exploits them in a way that makes it capable of achieving its goals. It is also considered as the outcome of the performance of individuals and organizational units and the environmental impacts on them. It can be expressed as the degree to which organizations achieve their goals.(Alisha, & Terry, 2003, 12)

Measuring institutional performance:

There are several methods that can be used to measure organizational performance, and these methods can be classified into two types:

1. Qualitative Measurements:

Some managers believe that qualitative measures are an easy way to answer a series of questions designed to reflect important aspects of the organization's operations. Among **these questions are:**

- Does The strategy is compatible with the objective and other functional strategies in the organization?
- Is the strategy compatible with the surrounding environmental changes?
- Is the strategy compatible with the resources available to implement it?
- Will the strategy lead to the risk of losing resources due to insufficient resources?
- Is the time period specified for implementing the strategy and achieving the set goals acceptable and reasonable?

2. Quantitative Measurements:

It is an evaluation of the data collected digitally and drawing conclusions from it to take corrective actions. Examples of metrics that measure institutional performance are:

1. Return on Investment (ROI): It is the most common measure and is calculated by dividing net profits by total assets. This measure shows the relationship between the amount of profits generated and the amount of assets required for the organization's operations. The scale is more reliable. (ROI) must be calculated over previous years or be compared with organizations.
2. Stakeholder's Audit: they are the people and groups interested in the activities of the organization; because they are affected by the extent to which the organization achieves its goals, so the management believes that one of the most important methods of measuring institutional performance is auditing. Reviewing the interests of the beneficiaries and their observations about the organization's performance and the extent to which it achieves its goals. (Atkinson, et al, 1997, 25)

Stages of Institutional Performance Evaluation

The process of evaluating institutional performance passes through five stages, and can be identified as follows:

- **Fragmentation of general goals into operational goals:**

Often the goals of departments or organizational divisions are formulated in a voluntary manner in general, and this does not help to measure achievement, and therefore it is necessary to break these objectives into more detailed and clearer operational goals and formulated in a quantitative manner as possible in order to be clear. Implementing and assisting in moving to the second step of the institutional performance evaluation steps.

- **Establishing performance standards for operational goals:**

Establishing and formulating performance standards for each operational goal is the basic step for implementing the institutional performance evaluation, and some may raise the difficulty of establishing performance standards for some activities, which requires creative thinking. The participants in these activities shall participate in defining clear and measurable standards and the thickness of the investigation, and these criteria may be related to the amount of work, the time of completion and the quality conditions for the product of these activities.

- **measuring institutional performance:**

The task is the focus of attention with regard to the stage of measuring actual achievement begins with the design of follow-up procedures and models in which the actual performance of each of the activities subject to evaluation is firstly recorded, whether at the level of functions or organizational divisions at their various levels, which requires almost perseverance.

A daily basis that some officials may not be interested in despite its importance in the institutional performance measurement system.

- **Comparing actual achievement with performance standards:**

This comparison is easier if the standards are clear and quantitative, and it is carried out by specialists in performance evaluation, who have experience with the type of work or activities whose performance is evaluated, and the goal. The second of this step is to indicate whether there is a deviation from the deficiency or increase in the actual performance from the standard performance or the performance specified by the performance standards, a step that sometimes requires the use of modern techniques to ensure accuracy, speed and integrity, such as using an advanced information system

- **Diagnosing deviations (if any) and suggesting corrective actions:**

In this step the causes and location of the deviation and those responsible for this deviation are known, and this knowledge begins to find a solution to the problems that led to this deviation, and the extent to which these problems can be addressed, treated and prevented from recurring in the future. (Bonnie, & Joyce, 2000, 23-25)

Previous studies:

The dependent variable represented in the university's performance is a **study (Dimitrie, 2013)** entitled: The strategic management of the German higher. Education institutions as a transparent, cyclic and participative process, and the study aimed to define the general framework for the strategic management of higher education institutions, develop the strategic plan at various levels, and define the main functions of strategic management in German higher education institutions. In shaping the university's culture as an organization, it contributes to developing communications within this organization, and that the participation of university

employees who implement the development plan will have a better understanding of the university's strategic goals and can contribute greatly to the implementation of the strategy and the achievement of goals. In developing the strategy at three different levels - the university, faculty members and their assistants .

A study (Valentina Parakhina, et al, 2017,) entitled Strategic management in "universities as a factor of their global competitiveness. The study aimed to identify 408 Journal of the Palestine Technical College for Research and Studies 2019, the sixth issue: Obstacles to the organization of strategic management of universities, and the search for opportunities to achieve capacity." Strategic contrast in Russian universities, where the study used the methodology of content analysis, expert evaluations, analysis of modern concepts of strategic management of universities, and comparative analysis of practice in high school to develop strategies and government regulations in the historical perspective, and the results showed that the most important problem in the following capacity of Russian universities is in not The existence of strategic flexibility, and the absence of change in the organizational structures of management in universities, which negatively affected the university education system in its time over the past 25 years, and the study revealed the existence of a fundamental change in the basic institutional conditions for the development of higher education institutions in Russia, including: (the size of And the changing financing model, the market walk and the regional evidence, and the conditions for interaction with the companies International and its nature, and at the time of its text, this system and the internal policy standards remained unchanged in most cases).

Commenting on previous studies:

After reviewing previous studies related to the subject of the study, the following becomes clear:

1. Most of the previous studies aim to clarify the extent of the importance of institutional performance in maximizing the value of the organization, as well as using the approach Descriptive and analytical, and the questionnaire was adopted as the main tool The study period. While the light of society and the sample of previous studies, as sample sizes differed according to the categories that were targeted.
2. There are previous studies that agreed on the dimensions of strategic management, namely: (Environmental analysis Strategy formulation, strategy implementation, follow-up and evaluation), as well as on the dimensions of institutional performance, represented in: (efficiency and effectiveness of senior management and systems, information management, policies and strategies, human resource practices, internal process development, service quality, paint satisfaction).

The current study differed in terms of purpose with previous studies, as the current study dealt with the relationship between strategic management and institutional performance.

Field study:

First: The study methodology

In order to achieve the objectives of the study, The descriptive and analytical method was used through which it tries to describe the phenomenon under study, analyze its data, and the relationship between its components, opinions raised about it, the processes it includes and the effects that it creates.

Second: The study sample:

The researcher selected a sample from the original community for the study that represents the strategic decision-makers in the commercial companies registered in the Iraqi market, and their number is 46 companies, i.e. nearly half of the original community, and among the reasons for choosing that sample are the following:

- The managers and strategic decision-makers in the company are the most able to give the appropriate answer in light of the nature of the company, and their knowledge of the basic concepts associated with strategic management.
- The industrial public shareholding companies registered in the Iraqi market have information and data on their financial performance for a period of five previous years that are accurate, which gives the researcher the ability to determine the appropriate financial performance for the study away from any external influences associated with a specific event or time.

The questionnaire was distributed to the study sample members who are strategic decision-makers. The number of distributed questionnaires reached (100) questionnaires.

Third: Data collection methods:

The researcher relied on two main sources of data:

Primary sources: -

A questionnaire was built by referring to the literature and previous studies related to the subject of the study, and it consisted of two axes, namely:

The first axis: includes the basic data of the study sample in order to identify its characteristics, and the information related to the company in terms of size, year of establishment and industry, in order to measure the modified variables for the study.

The second axis: includes the variables of the independent study, and the dimensions of them are branched out and then measured through expressions consisting of 50 paragraphs.

Secondary sources:

It is the literature related to the subject of the study from books, periodicals, articles and studies, which was relied upon in the literature of the study, in addition to the data related to the companies under study, which were obtained from the Iraqi Public Shareholding Commercial Companies Directory, with the aim of collecting financial data on the dependent variable, which is institutional performance.

Hypothesis testing:

1. The first hypothesis:

Iraqi commercial companies do not provide for the strategic management requirements of planning, implementation and evaluation.

And to test this hypothesis, "T" analysis was used for two correlated samples, and the "T" value was adopted to test the hypothesis, as shown in Table (1).

Table (1)
Results of the first hypothesis test

standard deviation	" V " "tabular	" V" calculated	Average measuring instrument	Average answer	The premise
0.914	1.85	12.49	3	3.29	Provides strategic management requirements
0.975	1.85	12.15	3	3.35	Provides planning for strategic management
0.980	1.85	9.09	3	3.08	Provides implementation for strategic management
0.887	1.85	13.63	3	3.15	Provides evaluation for strategic management

We note from Table (1) the following:

The results related to the hypothesis show that the calculated value of "t" = (12.49) more than its tabular value = (1.85) at the level of confidence (95%), the level of significance (5%) and degrees of freedom (99). Therefore, we reject the null hypothesis and we accept the alternative hypothesis as we note that the average answer = (3.29) is greater than the mean of the measuring tool and a standard deviation (0.914). This means that Iraqi commercial companies provide the strategic management requirements of planning, implementation and evaluation.

2. The second hypothesis:

There is no relationship between the provision of strategic management requirements and the institutional performance of commercial companies separately measured by MVA and market value added (ROA) with return on assets.

To test this hypothesis, a simple linear regression analysis was used, and the calculated "q" value was used to test the hypothesis.

Table (2)

Determination coefficient R ²	Correlation coefficient R	Denotation "of "p	" P" tabular	" P" calculated	The premise
0.124	0.353	0.0098	2.1	3.787	Strategic Management with Performance Measured by (ROA)
0.168	0.411	0.0036	2.1	4.982	Strategic Management with (MVA)

Results of the second hypothesis test

Note from Table (2) the following:

- The results related to the hypothesis in terms of return on assets indicate that the calculated value of "P" = (3.787) is greater than its tabular value = (2.1) at the level of confidence (95%) and the level of significance (5%) and degrees of freedom (99). We reject the null hypothesis and accept the alternative hypothesis, that is, there is a relationship between the provision of strategic management requirements and the institutional performance of commercial companies measured by return on assets, and from the value of the coefficient of determination, we find that the independent variables explain an amount of (0.124) of the variance in the dependent variable as we note that The value of the linear correlation coefficient = (0.353) indicates the existence of a direct relationship between the requirements of strategic management and the institutional performance of commercial companies measured by the return on assets.

- The results related to the hypothesis in terms of market value added show that the calculated value of "q" = (4.982) greater than its tabular value = (2.1) at the level of confidence (95%) and the level of significance (5%) and degrees of freedom (99) and therefore we reject the null hypothesis and accept the alternative hypothesis, that is, there is a relationship between the provision of strategic management requirements And

the institutional performance of commercial companies is measured by the added market value, and from the value of the coefficient of determination, we find that the independent variables explain the amount of (0.168) of the variance in the dependent variable. We also note that the value of the linear correlation coefficient = (0.411) indicates the existence of a direct relationship between management requirements. Strategy and institutional performance of commercial companies measured by market value added

3. The third hypothesis

The impact of providing strategic management requirements on the institutional performance of commercial companies does not differ due to trade.

The commercial field has been divided into two parts:

- One commercial field
- Two or more commercial fields

Table (3)

Results of the third hypothesis test

Average of squares	Sum of squares	Denotation "of "p	" P "tabular	P calculated	The premise
0.001	0.005	0.814	2.35	1.112	There is no difference in the impact of providing management requirements on organizational performance (ROA) by trade
1.1124E	2.0149E	0.266	2.35	2.035	There is no difference in the impact of providing management requirements on organizational performance (MVA) by trade

Note from Table (3)

- The results related to the hypothesis in terms of return on assets show that the calculated value of "P" = (1.112) is less than its tabular value = (2.35) at a level of confidence (95%) and a level of significance (5%). Therefore we accept the null hypothesis that is, it does not differ the effect of providing strategic management requirements on the corporate performance of commercial firms measured in return on assets attributable to trade.

The results related to the hypothesis in terms of the added market value show that the calculated value of "P" = (2.035) is less than its tabular value = (2.35) at the level of confidence (95%) and the level of significance (5%). Therefore we accept the null hypothesis, that is, it does not differ the effect of providing strategic management requirements on the institutional performance of commercial companies, measured by the added market value, is attributable to trade.

Conclusion Results:

-Iraqi commercial companies provide the strategic management requirements of planning, implementation and evaluation.

- There is a relationship between the provision of strategic management requirements and the institutional performance of commercial companies measured by return on assets.

- There is a relationship between the provision of strategic management requirements And the institutional performance of commercial companies is measured by the added market value.

- It does not differ the effect of providing strategic management requirements on the corporate performance of commercial firms measured in return on assets attributable to trade.

- It does not differ the effect of providing strategic management requirements on the institutional performance of commercial companies, measured by the added market value.

Recommendations:

The most important recommendations reached by the researcher:

1. Increase the number of centers in the base stage to include all states in order to benefit from the pioneering experience of the institution in the use of strategic management.
2. The need to pay attention to strategic management processes through analyzing the external environment, knowledge of opportunities and threats, and analyzing the internal environment to find out strengths and weaknesses.
3. Establishing specific and systematic mechanisms that include a wider participation of the school community, both internal and external, when formulating the vision and mission of the institution.
4. Taking into account that the mission includes the main axes of the nature of the institution's work, namely: the educational process and community service, with values as a starting point and an umbrella for these axes.
5. Arranging the goals according to the priority that the corporation is able to achieve, and providing the necessary financial and material resources for them, by dividing them into necessary goals that cover from 109 the institution's budget, and developmental goals that should be provided through external financing projects.

6. Formulating goals in simple words that are easy to understand, with specific parameters, and moving away from the generalities of formulation, and invoking the goal requirements in full so that the goals are comprehensive for the requirements of institutional efficiency.
7. Setting specific performance indicators for the goals and activities describing the final form to be reached from the goal or activity.
8. Conducting an annual periodic review of the strategic plan and ensuring the extent to which the goals of the plan are achieved for one year, identifying deviations, their level, and ways to address them, and taking corrective measures through alternative plans.
9. Setting clear standards To evaluate and measure performance.
10. The necessity to adhere to the selection and appointment policy set by the administration of the institution
11. Paying attention to the job description because of its importance in clarifying tasks, dividing work and raising efficiency.
12. Work to strengthen incentive systems to empower employees, increase institutional capacity in the field of recruitment, and retain its human resources.
13. Strengthening and computerizing complaints systems, and making them available to the internal school community (students and employees), and to the external community that benefits from the school's services.

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