

The reality of strategic planning in economic institutions

- Case study of Atlas Bricks Factory at Bou Saada-

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Abstract:

Strategic planning is an effective tool for achieving established goals and achieving a qualitative leap in all areas as it enables institutions to identify their current and future capabilities. It is, hence, a mental analytical process for perceiving the organization's future shape according to variables in the environment and how it adapts to it. The present study aimed to identify the reality of strategic planning in its three dimensions (strategic orientation - strategic analysis - strategic choice) in economic institutions by drawing on a case study of the Atlas Brick Factory in Bou Saada, M'sila Province - Algeria. Due to the country's emergency health conditions because of the spread of the fourth wave of the epidemic, 13 frames from this factory were selected as a study sample by 100%. This study adopted the scale of the researcher Hamad Chafa. It also relied on frequencies, percentages, and arithmetic means, as well as graphical representation in presenting and analyzing the results. The results validated the main hypothesis: the Atlas Brick Factory applies strategic planning. The study also provided a set of recommendations and suggestions for the continued support of the strategic planning process.

Keywords: strategic planning, strategic orientation, strategic analysis, strategic choice.

JEL Classification: M10, O21.

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1. Introduction

The challenges that the world, particularly modern organizations, face in an environment marked by uncertainty, instability, and accelerated change at all levels necessitate an understanding of strategic planning by organizational managers. The latter is a modern management concept that ensures success in a world of constant change and complexity, requiring effective use of strategic planning. It seeks to identify future directions without being limited to past or present thinking based on strategic thinking. Senior management in all organizations is the primary and first responsible for this process and seeks to involve managers and other officials in the development of strategic plans following the organization's method to achieve harmonization and integration between the objectives of the organization. Due to the increased attention to strategic planning at the global level, we sought to highlight the significance of strategic planning as a key stage in strategic management. We have chosen strategic direction, analysis, and choice as dimensions to examine the reality of strategic planning in the Atlas Bricks Factory at Bou Saada. The problem of the study can, therefore, be formulated as follows: What is the reality of strategic planning at the Atlas Brick Factory in Bou Saada. In other words, is the Atlas Brick Factory adopting strategic planning? The following partial questions have arisen:

- Does the Atlas Brick Factory adopt the strategic orientation?
- Does the Atlas Brick Factory adopt the strategic analysis?
- Does the Atlas Brick Factory adopt the strategic choice?

2. Hypotheses:

2.1 Main hypothesis:

The Atlas Brick Factory adopts strategic planning.

2.2 Partial hypotheses:

- The Atlas Brick Factory adopts the strategic orientation.
- The Atlas Brick Factory adopts the strategic analysis.
- The Atlas Brick Factory adopts the strategic choice

3. Study importance:

The importance of the study stems from the importance of strategic planning itself. It is a fundamental management behavior at the institutional level because it represents a comprehensive process that sets the overall framework of the organization's work and reveals strengths, weaknesses, opportunities, and threats. It also highlights the imbalances and sources of achievement and success for managers.

4. Study objectives:

Learn about the reality of strategic planning in its three dimensions (strategic orientation, strategic analysis, and strategic choice) at The Atlas Brick Factory.

5. Previous studies:

The study of Al-Ghazali 2000, entitled "Strategic planning in Jordanian public institutions", aims to reveal the clarity of the concept of strategic planning and its relationship with practice, the extent to which these institutions use the planning system, and the extent to which different levels are involved in the development of strategic plans. It also aims to identify managers' orientation toward the advantages of strategic planning. The researcher found that 7.3% had a correct understanding of strategic planning from senior management managers and that planning practice was average. Participants, concerning the development of strategic plans, were limited primarily to the Director-General, followed by the Planning

Committee. The study showed a statistically significant correlation between orientation, planning advantages, and practice. (Damour, 2008).

Al-Khatib's 2003 study, entitled "Strategic planning and institutional performance", aimed to identify the realities of strategic planning within the Jordanian pharmaceutical industry through the following indicators: the degree of clarity of concept, the degree of practice, sources of information, parties involved in this process, the most important environmental factors and their relationship to the institutional performance of these companies, as measured by return on assets and added market values. Results indicated that there was no statistically significant correlation between the degree of strategic planning practice and the institutional performance of these companies. As for the clarity of concept and institutional performance, it showed that there is no correlation between the clarity of the planning concept and performance, and the elements of internal and external environments are not taken into account by these managers in the planning process. In addition, the study revealed that there was no statistical significance between institutional performance and companies' analysis of elements of the two environments as measured by return on assets and added market value. It also revealed that managers had positive directions toward strategic planning (Damour, 2008).

The Dehinbo 2012 study, entitled: "Strategic analysis towards deriving a competitive advantage from the use of free and open source software - The case of the University of South Africa". The study

reviewed historical development, promoted awareness of free and open source software, and adopted its methods of achieving a competitive advantage. The study realized several results, including: universities can draw a competitive advantage through the software mentioned in the study. The derivation of the University's competitive advantage through such software gives freedom to experiment, improve and re-engage beneficiaries, which is an important factor, and therefore the free nature of such software enables the reduction of expenditure. Thus, the University can save more money and benefit from it in other fields, enabling the Tshwane University of Technology to obtain more competitive advantages and achieve excellence. (Belhout & Ben Terbah, 2021).

6. Definition of basic concepts:

6.1 Strategic Planning:

It is the administrative process through which the organization's objectives are adjusted and its long-term plans formulated as a response to changes (Belhout & Ben Terbah, 2021). Mohamed Abdel Ghani notes that strategic planning provides the task team with the capacity to conduct an orderly and effective response to change and development with high efficiency and preparedness to address unplanned emergency situations (Hilal, 2008)

6.2 Strategic planning dimensions of this study:

- Strategic orientation: refers to the mission and strategic objectives of the organization that are directly relevant to the positive direction while assessing organizational and environmental factors, competition analysis, and the associated

strengths and weaknesses on the one hand and opportunities and threats on the other (Al-Khafadj, 2004). The aspirations and objectives of the Atlas Bricks Factory, based on the institution's profile, aim to achieve the following:

Transfer advanced technology, make the company competitive on the national and even international level, reduce production costs, increase production hundred percent, and improve quality.

- **Strategic analysis:** This concept is concerned with determining the extent of change in the external environment and determining the competitive advantage of the Organization's "distinctive efficiency", which affects its internal environment through a range of means and techniques used by senior management to increase its ability to define its objectives and strategic status (Sraira, 2012). It is a phase of strategic planning where this phase is concerned with environmental analysis (SWOT). The institution's internal environment identifies strengths and weaknesses, whereas the external environment depends on identifying opportunities and threats.

- **Strategic choice:** refers to the process that enables planning stakeholders to identify the strategic choice among a range of strategic alternatives and represents the best way to reach the organization's objectives (Al-Rikabi, 2004).

6.3 Importance of strategic planning:

We note the importance of strategic planning in achieving institutions' leadership and success. In this regard, we review the following points:

- **Entrepreneurs** acquire the main thinking through strategic planning due to its importance in forming and evaluating each of the objectives, plans, and programs.

- **Strategic planning** responds to changes by developing the necessary strategies to deal with them by anticipating some issues that could occur in the Organization's internal or external environment.

- **Strategic planning** focuses on preparing professional frames for higher managerial levels to develop them towards intellectual creativity through their participation in training programs and workshops.

- **Strategic planning** benefits all levels from the top to the bottom to establish an appropriate priority scale to deal with key issues before those concerned (Hamad, 2018).

6.4 Strategic planning elements:

The elements are: clarifying the message, strategic vision, and policymaking of strategic objectives, as well as analysis of internal and external factors "threats and opportunities" (Omri, 2007), selection of the strategic alternative suited to the circumstances, development of policies, budgets, and programs in the form of timetables and then evaluation of strategies and plans (Skarna, 2015).

6.5 Stages of strategic planning:

Medhat Mohammed Abu Al-Nasr identifies the stages of the strategic planning process in four opinions. We have chosen the second opinion because it fits our research. They are as follows:

- Identify visions and issues that may have a direct impact.
- Analyze beneficiaries and clients.
- Identify the weaknesses or strengths of competing companies.
- Discuss the organization's directions, opportunities, and threats.
- Adjust the organization's vision and future message.

- Identify long-term goals that enable you to achieve the message.
- Choose appropriate strategies and identify appropriate mechanisms to achieve them.
- Coordinate project plans and develop management plans.
- Apply control functions, performance dimensions, and feedback (Medhat, 2009).

7. Field study procedures:

7.1 Spatial field: The spatial field of our field study is determined at the Atlas Bricks Factory in Bou Saada, Roud of Biskra, M'sila Province. The factory's activity is mainly the production of red bricks used in construction.

7.2 Temporal field: The study was conducted from Jan. 9 to Jan. 17, 2022, where we only collected data for our research due to the difficult health crisis and emergency conditions in the country due to the spread of the fourth wave of the pandemic.

7.3 Approach: In line with the objectives and nature of the study, we have relied on a case study approach. This method means studying the situation of an individual, individuals, or a company. It is interested in studying the current situation and previous cases by collecting data and information that should be comprehensive in order to enable the researcher to reach an outcome. This information also requires interpretation and analysis before reaching the results (Diab, 2003).

7.4 Sample: Given the nature of the topic we are studying, the sample included all the heads of services and supervisors of the Atlas Bricks Factory – Bou Saada-estimated at 13 frames by 100%.

7.5 Instruments: The study tool was the strategic planning scale prepared by researcher Hamad Chafa "2018, Annaba University", which includes the following dimensions:

Strategic orientation: Items 01 to 06.

Strategic analysis: Items 07 to 12.

Strategic choice: Items 13 to 20.

7.6 Statistical methods used in data analysis: One of the methods used to process the data in this study is: *quantitative analysis*: it is intended to digitally analyze the data, i.e. concluding the indicators and the digital significance of the phenomenon studied. Therefore, the researcher used frequencies and percentages % to describe the characteristics of the sample members.

Statistical indicators: such as: arithmetic mean and graphical representation "Bar Chart".

8. Presentation and interpretation of results in light of hypotheses:

8.1 Study sample characteristics:

Table 1. Distribution of sample individuals by gender and occupational level

Possibilities	Answers	Frequency	Percentage	Total
Gender	Male	13	100	13
	Female	0	0	
Age	20-30	3	23.07	13
	30-40	7	53.84	

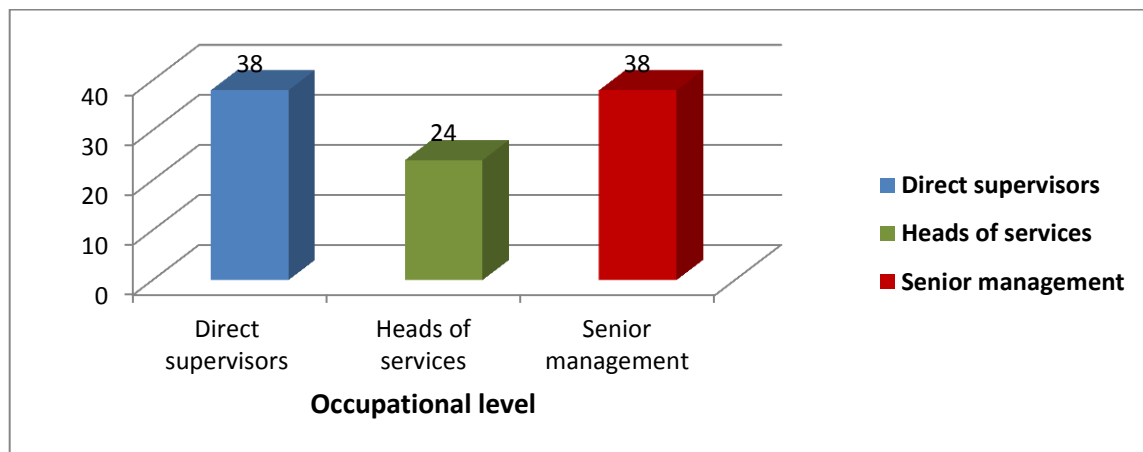
	More than 40	3	23.07	
occupational level	Senior management	5	38.46	13
	Heads of services	3	23.07	
	Direct supervisors	5	38.46	

Source: prepared by the researcher

Gender data indicate that there are no females and 100% males, which is very high due to the nature of the enterprise's work. As for age, frames aged between 30 and 40 are the largest group, estimated at 53.84%. This indicates that the factory has young managers. At the occupational level, 38.46% of frames are in senior

management, which is a significant percentage compared to 60% distributed at other levels. In order to recognize the distribution of the Atlas Bricks Factory's frames (13 frames) on functional levels, we have adopted a graphical representation of "Bar chart".

Figure .1. A chart bar of the sample individuals according to the occupational level



Source: prepared by the researcher

It is noted from the chart that the percentage of officials in senior management and direct supervisors is equal, estimated at 38.46%, followed by 23.07% representing heads of services. In line with the foregoing, the frames referred to in figure 01 are concerned with the future of the institution, formulating and setting strategic objectives, preparing plans and

budgets, ensuring their implementation, and monitoring all operational services and forces.

8.2 Testing hypotheses and presenting results:

8.2.1 General hypothesis: "The Atlas Bricks Factory adopts strategic planning".

Table 2. Shows the answers of sample individuals to the strategic planning scale

Number	Strategic planning	Always		Sometimes		Never	
		F	%	F	%	F	%
1	Strategic orientation	11.33	87.17	1	11.53	1	1.23
2	Strategic analysis	11	84.62	2	15.38	0	0
3	Strategic choice	11	84.62	1	12.5	1	1.92
Arithmetic mean		11.11	85.47	1.33	13.14	0.66	1.05

Source: prepared by the researcher

According to Table (02), the arithmetic mean of the sample individuals' answers to the strategic planning dimensions for the alternative "Always" was estimated at 11.11 by 85.47%, which is a very high percentage, indicating the reality of the Atlas Bricks Factory that it has a strategic planning policy. This is prominent and demonstrated by the factory's frames exercise of strategic orientation, analysis, and planning activities. This demonstrates the realization of the main hypothesis. We find Al-Khatib's 2003 study entitled "Strategic Planning and Institutional Performance", which aimed to identify the realities of strategic planning, consistent with our study. However, the study disagreed with our findings, inter alia, that the managers of Jordanian pharmaceutical companies do not

recognize the correct scientific meaning of the concept of strategic planning contrary to our study finding that officials are widely aware of the concept. Concerning the Ghazali 2000 study, entitled "Strategic planning in Jordanian public institutions", it aimed to clarify the concept of strategic planning in Jordanian public institutions and its relationship to the degree of practice, as well as to identify the use of the strategic planning system as a modern management method. The latter study also confirmed the implementation of strategic planning in Jordanian public institutions and disagreed with our current study on economic institutions.

8.2.2 The first partial hypothesis: "The Atlas Bricks Factory adopts the strategic orientation "

Table 3. Shows the answers of the sample individuals to the dimension of strategic orientation

Number	Phrases	Always		Sometimes		Never	
		F	%	F	%	F	%
1	The company has its own vision and message.	13	100	0	0	0	0
2	The company's vision is determined after its current activity and its future strategic direction.	13	100	0	0	0	0
3	The company's message clarifies the aspects that distinguish it from other organizations.	13	100	0	0	0	0
4	The Company develops its strategic objectives clearly and in writing.	10	76.92	2	15.38	1	7.69
5	Strategic objectives were formulated by relying on environmental analysis results.	10	76.92	3	23.08	0	0
6	There is an ongoing review of environmental developments to	9	69.23	4	30.76	0	0

	develop the company's vision and message in accordance with it.						
	Arithmetic mean	11.33	87.17	1	11.53	1	1.23

Source: prepared by the researcher

According to Table (03), we note that the arithmetic mean of the sample individuals' answers to the strategic orientation dimension for the alternative "Always" was estimated at 11.33 by 87.17%. This is a high percentage indicating that the frames of the Atlas Bricks Factory agree that the enterprise has a strategic orientation, in addition to a vision and message that distinguishes it from other organizations.

They aspire to improve and expand the quality of production, as well as to compete with national companies, which means fulfilling the hypothesis stating that the Atlas Bricks Factory adopts the strategic orientation.

8.2.3 Second partial hypothesis: "The Atlas Bricks Factory adopts the strategic analysis".

Table 4. Shows the answers of the sample individuals to the dimension of strategic analysis

Number	Phrases	Always		Sometimes		Never	
		F	%	F	%	F	%
1	The company analyses the external environment to identify variables (political, social, economic, cultural...) affecting its future work.	12	92.30	1	7.69	0	0
2	The company identifies the opportunities and threats it faces by analyzing the external environment.	11	84.62	2	15.38	0	0
3	The company analyses the internal environment to identify the variables (human, financial, administrative...) affecting their work.	10	76.92	3	23.08	0	0
4	The company identifies its strengths and weaknesses by analyzing the internal environment.	11	84.62	2	15.38	0	0
5	The company promotes strengths and uses them to exploit opportunities to respond to environmental changes.	11	84.62	2	15.38	0	0
6	The company operates with a clear vision of maintaining, investing strengths, and reducing weaknesses.	11	84.62	2	15.38	0	0
	Arithmetic mean	11	84.62	2	15.38	0	0

Source: prepared by the researcher

Based on Table (04), we note that the arithmetic mean of the sample individuals' answers to the strategic analysis dimension for the alternative "Always" was estimated at 11 by 84.62%, which is a significant value indicating the fulfillment of the hypothesis stating that the Atlas Bricks

Factory adopts strategic analysis. Accordingly, it would be useful to emphasize the extent to which the factory's frames are aware of the need to analyze both its internal environment to identify strengths and weaknesses and its external environment to identify political, social,

economic, and cultural variables affecting its future work in the form of opportunities and threats. The sample answers suggest the benefits of strategic analysis as a key stage in strategic planning. Based on this, the administrative decision-making policy is based on all these data i.e. a good analysis provides the enterprise with accurate data on its situation, which reveals the gaps and obstacles to the achievement of the factory's objectives and seeks to address them. This study is in line with the 2012 Dehinbo study, entitled: "Strategic analysis towards deriving a competitive advantage

from the use of free and open source software", in terms of employing this dimension. However, it differs from it in terms of the sample where the Dehinbo study was applied at the university. We also find that Al-Khatib's 2003 study entitled "Strategic Planning and Institutional Performance" agreed with our study on the dimension of environmental analysis but disagreed with it in many respects.

8.2.4 The third partial hypothesis: "The Atlas Bricks Factory adopts strategic choice"

Table 5. Shows the answers of the sample individuals to the dimension of strategic choice

Number	Phrases	Always		Sometimes		Never	
		F	%	F	%	F	%
1	The company chooses strategies in line with its vision, mission and objectives.	12	92.31	1	7.69	0	0
2	The company identifies appropriate strategies suited to its internal capabilities and the external conditions it faces.	12	92.31	1	7.69	0	0
3	The company prepares a written strategic plan for a future period of time.	10	76.92	3	23.08	0	0
4	When making strategic decisions, various alternatives and possible solutions are examined.	8	61.54	3	23.08	2	15.38
5	The company works to identify strategic alternatives based on its resources and capabilities and consistent with its current and potential opportunities.	10	76.92	3	23.08	0	0
6	The company selects a strategic alternative that achieves competitive excellence.	12	92.31	1	7.69	0	0
7	The company takes care of the formulation of its strategies aimed at addressing the threats of competitors.	12	92.31	0	0	0	0
8	The company tries to adopt defensive means to reduce the threats of competitors in its markets	12	92.31	1	7.69	0	0
	Arithmetic mean	11	84.62	1	12.5	1	1.92

Source: prepared by the researcher

According to Table (05), the arithmetic mean of the sample individuals' answers to the strategic choice dimension for the alternative "Always" was estimated at 11, which is a very high percentage by 84.61%, demonstrating the realization of the

hypothesis that the Atlas Bricks Factory adopts the strategic choice. This suggests that when selecting a strategy, which means deciding on strategic issues, the managers take into account the suitability of the strategy to the factory's internal capabilities

and external conditions and, in other words, the compatibility of the decision with the strategic objectives. Moreover, the strategic choice contributes significantly to the institution's progress and the success of its policy. In this regard, we find Al-Ghazali's 2000 study, entitled "Strategic planning in Jordanian public institutions" which aimed to identify the extent of participation in the development of strategic plans at different levels. The study showed that the parties involved in the development of strategic plans are primarily the Director General followed by the Planning Committee. This result differed from our study where the planning authorities in this factory are frames in senior management, heads of services, and supervisors.

Conclusion:

Through this field study at the Atlas Bricks Factory, we have validated our study hypotheses, which stipulate that the Atlas Bricks Factory adopts the strategic planning policy in its three dimensions: strategic orientation, strategic analysis, and strategic choice. As a conclusion to our study, we will provide some recommendations:

- The need to continuously support the strategic planning policy since it is a catalyst for supporting institutional excellence, and the need to benefit from the experience of managers and heads of services in making and maintaining decisions.
- Diversify methods to assess future needs and not only focus on managers' experience.
- Attract frames and academics in order to thoroughly analyze the institution environmentally and internally

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