

A Structural Equation Modeling Approach to Test the Application of Pffeffer Concept of Strategic Planning on Libyan Universities

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ABSTRACT

This study examined the relationships between strategic business model, operational plans and big picture and strategic planning process among Libyan students in Malaysia. Data was collected from 204 respondents using structured questionnaire from the selected universities in Malaysia. The descriptive analysis revealed that, majority of the respondents were male who are mostly working in the tertiary institutions in Libya. Pearson correlation analysis using SEM-AMOS have shown a significant positive and high relationship between strategic business model, operational plans and big picture and strategic planning process which means, higher strategic planning process is associated with these three constructs. In line with this finding the authors concluded that, strategic planning based on theory of Pffeffer is applicable to Libyan universities due to significant and positive relationships between the variables in Pffeffer's theory and strategic planning. Thus, the authors recommends that universities, particularly in Libyan should adopt the current approach of strategic planning in order to achieve the set objectives of their universities. Moreover, if this approach is implemented in the universities by the management, it will enhance in managing information and monitoring academic development.

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Introduction

Strategic planning is one of the modern management concepts that emerged in the mid – nineteenth century which is associated with military and industrial concepts, subsequently linked to education and higher education (Digni, 2006). Since then, strategic planning became part of the higher education institutes (HEIs) in the late 1990s. Even though several authors disagree on the relevance of strategic planning in HEIs however, the challenge is to use planning well and wisely. The need for strategic planning in HEIs arise due to a rapid changing environment, such as increased demand for tertiary education, a decline in government funding and the changing demographics of students (Zaahl, 2012).

It is on this note that, universities implement a strategic planning so that they function efficiently within their financial constraints thus, well-functioning university need to be improved through intellectual competence (Jurinski, 1993). Simmons and Pohl (1994) also pointed out that a broadly-based participative strategic planning process usually leads to most of the frequent leadership changes, coupled with the new leader's external perspective with a stable core internal group that is committed to mutual goals and a shared vision of a successful future. previous literature have discussed much on strategic planning in the pre-university and university context (Mattawa, 2002; Alqatmin, 2002; McCain, 2008; Gates, 2010; Wells, 1994; Guidelines, 1988; Abboud et al., 1992; Qurashi, 2008). However, those studies focus more on SWOT analysis that is commonly used in strategic planning to determine strengths, weaknesses, opportunities and threats. Although SWOT analysis has been used in strategic planning since its development in the 1950s and 1960s to date (Hill &

Westbrook, 1997). Barney (1995) stated that SWOT is a simple and primary method that only focus on the internal and external forces in the organization for competitive purpose. The Analysis of the external environment means threats and opportunities, while analysis of the internal environment refers to strengths and weaknesses of the organization (Mintzberg et al., 1998). For instance, Libyan universities are using SWOT as a tool in the strategic planning without resorting to a complete model of strategic planning (Chermack & Kasshanna, 2007). The authors perceived this as incomplete strategic planning due to lack of its wider coverage in terms of strategic planning for administrative processes.

For this reason, the use of strategic planning in the administrative processes in universities is to improve both academic and managerial ability to achieve high status in the university ranking globally and locally. Therefore, it became necessary for Libyan universities to adopt the current approach for strategic planning in order to meet the requirement for improving their statuses. Alkadi (2012) argued that, Libyan universities are suffering from poor planning in developing their mission and vision for the targeted goal achievement. In line with this issue, McCain (2008) considered that, a strategic planning can be developed through gained experience, thinking about problems and how to find a solution to those problems.

Based on this limitation, this study focused on testing the applicability of the alternative strategic planning called "Pffeffer theory" which is scarce in the previous studies especially in Libya. Thus, this paper aimed to achieve the following objective: To determine the relationship between Strategic Business Model, Operational Plans and Big Picture and Strategic Planning Process. Hence, based on this

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objective, the researcher proposed the following research hypotheses:

H1: There is significant positive relationship between strategic business model and strategic planning process among the respondents.

H2: There is significant positive relationship between operational plans and strategic planning process among the respondents.

H3: There is significant positive relationship between big picture and strategic planning process among the respondents.

Methodology

In this quantitative study, a total of 204 participants were surveyed out of the population of 1,100 Libyan international students who study in Malaysia for 2014/2015 academic session. The sample size was determined based on the Krejcie and Morgan (1970) criteria at $\alpha = .05$ level of significance (95% confident interval). A multistage cluster sampling technique was used to select the respondents from the selected universities in Malaysia.

Data Collection and Analysis

A structured questionnaire was used as an instrument for data collection in this study. The instrument was adopted from the exiting literature and modified to suite the study area. Basically, the theory Pfeiffer was used to develop the items in the questionnaire based on a 5 points Likert scale options from 1 = Strongly Disagree to 5 = Strongly Agree. The data was subjected to preliminary data analysis for reliability, normality and colinearity to fulfill the assumptions of inferential statistics test. Finally, the data was analyzed using SPSS and Structural Equation Modeling – AMOS.

Result

The descriptive analysis revealed that, male constitute the majority (76.0%) compared to female (24.0%). With regards to marital status, majority of the respondents are married (73.5%), while single (23.5%) and divorced (3.0%) constitutes the remaining percent. Also Masters students dominated the sample having 46.6%, while undergraduates students were 31.4% and 20.1% are PhD students. Based on their occupational status, 63.2% of them are lecturers, 11.3% are office managers, while the remaining 25.0% are student assistants. The analysis also shown that, majority of the respondents (47.5%) are from the Province of Tripoli, while (35.8%) are from Province of Cyrenaica and those from the Province of Fezzan are the minority (16.7%).

Furthermore, Figure 1.1 below depicts the Measurement Model of the study after several adjustments has been made. Therefore, Goodness-of-Fit indices for the Measurement Model are as follows; Chi-Square (χ^2) = 863.575, df = 453, $p = .000$, Relative χ^2 (χ^2/df) = 1.906, AGFI = .749, GFI = .785, CFI = .899, IFI = .900, NFI = .811, TLI = .890, RMSEA = .067. From these Goodness-of-Fit indices, the authors concluded that the Measurement Model fits the data because, Hair et al. (2009) suggested that, if any 3 – 4 of the Goodness-of-Fit indices meets the requirement, then the model is acceptable as measurement model or structural model. Based on this reason, the authors concluded that, the model fits the data.

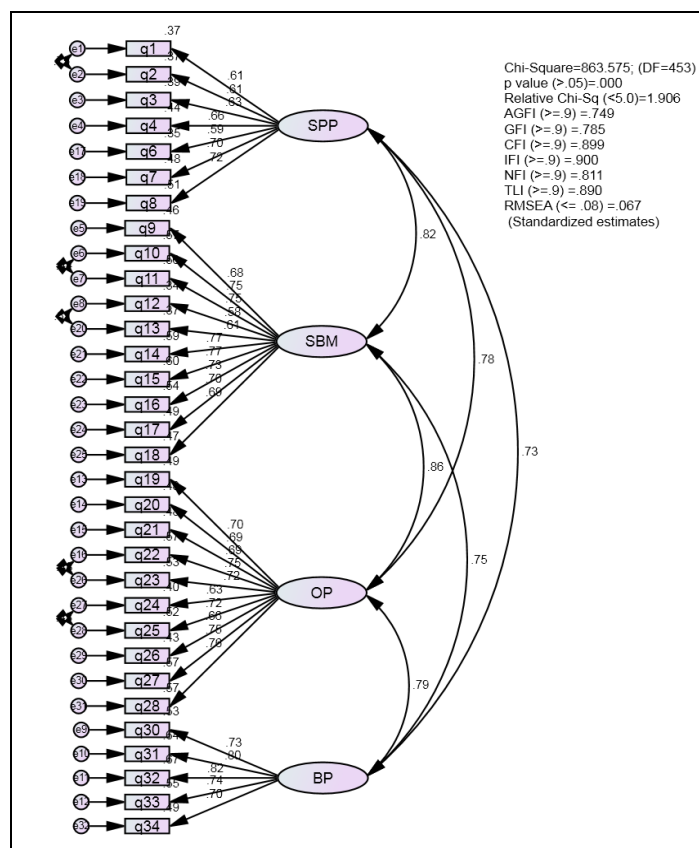


Figure 1.1 Measurement Model showing the Relationships between Strategic Business Model (SBM), Operational Plans (OP) and Big Picture (BP) and Strategic Planning Process (SPP)

Measurement Model was used to determine the relationship between independent variable i.e. Strategic Business Model (SBM), Operational Plans (OP) and Big Picture (BP) i.e. Strategic Planning Process (SPP) (see Figure 1.1). Moreover, the analysis from Measurement Model in Table 1.1 below showed the correlation matrix of the relationships between dependent and independent variables.

Table 1.1 Correlation Matrix of Independent Variables and Strategic Planning Process

Variables	Y	χ_1	χ_2	χ_3
Y (strategic planning process (SPP))	1			
χ_1 (Strategic Business Model (SBM))	.818**	1		
χ_2 (Operational Plans (OP))	.784**	.859**	1	
χ_3 (Big Picture (BP))	.731**	.749**	.792**	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

H1: There is significant positive relationship between strategic business model and strategic planning process among the respondents.

The Pearson correlation analysis was conducted to examine the relationship between strategic business model and strategic planning process. As shown in Table 1.1, there is a significant high and positive relationship between strategic business model and strategic planning process ($r = .818$, $p < .01$), so, H1 is supported. This indicated that, the higher the strategic business model, the higher the strategic planning process.

H2: There is significant positive relationship between operational plans and strategic planning process among the respondents.

Table 1.1 illustrates the Pearson correlation analysis of operational plans and strategic planning process. The analysis showed that there is a significant high and positive relationship between operational plans and strategic planning process ($r = .784$, $p < .01$) thus, H2 is supported. This finding certainly revealed that higher operational plans is associated with higher strategic planning process.

H3: There is significant positive relationship between big picture and strategic planning process among the respondents. Similarly, the Pearson correlation analysis in Table 1.1 shown that, there is a significant positive and high relationship between big picture and strategic planning process ($r = .731$, $p < .01$), so, H3 is supported. In line with the proposed hypothesis in respect to this relationship, the result suggested that there is a significant relationship between big picture and strategic planning process. This also means, big picture in the study area is positively associated with the strategic planning process.

Conclusion and Discussion

The findings of this study indicates clearly that, strategic planning can be applied to Libyan universities based on theory of Pfeiffer due to significant and positive relationships between the concepts in Pfeiffer's theory and strategic planning. Therefore, this finding should be of important to the Libyan universities when designing strategic planning. Based on the findings of this study, it is recommended that universities, particularly in Libyan should adopt the current approach of strategic planning in order to achieve the set objectives of their tertiary institutions. Moreover, if this approach is implemented in the universities by the management, it will enhance in managing information and monitoring academic development.

Limitation of the Study

This study was conducted on Libyan students in Malaysia therefore, the finding may not be generalized to other sectors of Libyan economy due to the fact that, the sample is biased to academic oriented people. So, the authors suggested the use of similar instrument on other sectors.

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