

Review of the Adoption of Strategic Management Practices in Abia State Local Government Area

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Abstract

This study reviews the adoption of strategic management practices in Abia state Local Government Area of Nigeria. Beyond the broad objective, the study sought specifically to: Investigate the extent to which strategic management is adopted by the LGAs in Abia State, ascertain factors that impede the smooth adoption of strategic management, and to determine the effect of strategy formulation, and strategy implementation on the success of strategic management of the councils. Three local government areas were purposively chosen as the case study which forms the hub of this research work. Multi-stage sampling procedure was administered and a total of 230 respondents were obtained and studied from the LGAs. Data analysis was done using descriptive statistics, probit regression and correlation coefficient model. Results revealed that factors such as organizational policy, lack of focus by top management, organizational structure, and lack of trained staff, resource allocation, and leadership style impede the smooth adoption of strategic management in Abia state local government areas. Furthermore, the result reveals that the nature of strategy formulation and strategy implementation can determine the success of the adoption of strategic management principles in local government areas.

Keyword: Review, Adoption, Strategic Management Practices.

Introduction

Strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic formulation and implementation. Although strategic management was more prevalent in the private sector since the concept was first developed, the interest of using strategic management in the public sector has increased over the last decade (Smith, 1994). Since 1980's there have been a series of reforms taking shape in the public sector, resulting from increased awareness on the importance of its quality in the public sector. According to Osborne and Gaebler (1992), strategic management appeared to be part of a package management innovations design to "reinvent" or "modernize" the public sector. Strategic management was found to be an effective management tool in transforming a bureaucratic public sector to a more responsive and innovative administration. Bryson, Author of *Strategic Planning for Public and Non-Profit Organizations - A guide to strengthening and sustaining organizational achievements*, believes that a vast majority of public and not-for-profit organizations already claim to engage in strategic management, but exactly what they mean is unclear. While financial sustainability is part of the equation, strategic management embraces more than money; it embraces the future and the kind of community you would like your grandchildren to live in. A fundamental component of a successful strategic management plan is its currency and agility. This means obtaining the most recent information to make sound decisions with continuous feedback loops and identifying where the council can act quickly to optimize its strategic position and maintain sustainability. So what exactly is meant by sustainability? For many councils this may simply mean financial sustainability and keeping the community's financial records current. For others, it is more holistic. It is suggested here that local government organizations need to embrace the concept of sustainability in a broader sense, a sound strategic management plan that embraces both the community and corporate objectives of the council into the future. A strategic management plan that encapsulates the kind of community a person could envisage their grandchildren living in. How does a local government organization deliver a strategic management plan that is relevant, agile, is able to be implemented, and ultimately successful for its managers, councilors and constituents? The keys to a successful strategic management plan are its ability to align with organizational objectives, and to ensure continuous feedback on the plan through measurement, monitoring, evaluation and predictive capabilities. An effective model for strategic management will include a well-defined mission, an agreed set of agency goals and values, and an information system that supports a cycle for analyzing current strategy, determining directions, evaluating choices, and implementing preferred strategies. Thus, strategic management is defined as encompassing the continuous series of decisions and actions that are taken to achieve a community's long-term vision and goals of its council corporation to create a sustainable community.

There has been an increased focus on improving local government performance in many developed countries in recent years. Literature published over the past decade reveals a trend toward consolidation through amalgamation, greater autonomy over investments, improvement in asset management practices, improved key performance areas (specifically financial performance monitoring), and a greater focus on achieving community outcomes. In Nigerian three-tier Administrative System, Local Government Areas (LGAs) been the government at the grass root level with the mandate of providing urban services as well as implementing economic, social, physical and urban development within its territorial administrative boundary. The role of LGAs as the catalyst of economic development as well as political and social stability is undoubtedly critically given its present status, significant challenges facing local government sustainability were highlighted in the Commonwealth Grants Commission report in 2001.18. This report identified five key factors behind the financial difficulties many councils faced, including the devolution of responsibility for service delivery from higher tiers of government; 'cost-shifting' of services or assets from the state to the local level; increased complexity and standards of local government services by state government; raised community expectations regarding municipal services; maintenance of municipal infrastructure; capacity building; source of funding; and inter-governmental financial relations as also contributing to financial difficulties. Not to be left out in relation to Abia state experience is the imposition of TC chairman (Caretaker Chairman) on the local government by the state government which has created an impediment on its financial sustainability and the free adoption of strategic management in the councils. In view of all these challenges it is imperative to review the adoption of strategic management practices in Abia state Local Governments Areas as a tool for enhancing their performance. Specifically, the study sought to:

- Investigate the extent to which strategic management is adopted by the LGAs in Abia State.
- Ascertain factors that impede the smooth adoption of strategic management in the LGAs in Abia State.
- Determine the effect of strategy formulation, and strategy implementation on the success of strategic management of the LGAs in Abia State.

Methodology

The Study Area

The study was conducted in Abia State. The State is located within the Southeastern Nigeria and lies between Longitude 040 45' and 060 07' North and Latitude 070 00' and 08 0 10' East. Abia State is bounded by Imo State at the Western border; Ebonyi and Enugu States at the North; Cross River and Akwa – Ibom States at the East and Rivers State at the South. Its population stood at about 2.883,999 persons with a relatively high density at 580 persons per square kilometer (NPC, 2007); (Rotary International (2006). Abia State is divided into seventeen administrative blocks called Local Government Areas which is grouped into three senatorial zones mainly: Abia north, Abia south and Abia Central. Going by the level of infrastructural development, five local government areas, namely, Umuahia North, Umuahia South, Aba North, Aba South and Osisioma Ngwa are the urban area, while the rest are rural area.

Research Design

The study utilized quantitative research design as it seeks to establish the relationships among the key study variables. This quantitative study aimed to empirically analyze the influence of strategic management practices on the councils performance. Barker et. al., (2002) noted that quantitative designs facilitate greater precision in measurement and also avail a good basis for generalizing results over and above the study sample. The quantitative design similarly enhances comparisons because the researcher are able to obtain feedback from a big number of people for comparisons.

Target Population.

The population of this study comprises of all Senior Staff of the Local Government Areas (LGAs) under study. The Local Government Areas (LGAs) are Aba North, Aba South, and Osisioma Ngwa Local Government Areas. The sum total number of staff of these three Local Government Areas is 576.

Sampling Technique and Sample size

Having established the population of study, multi-stage sampling procedure was administered to select the subjects of study. In the first stage, random sampling was done from the sampling frame which is divided into 3 non-overlapping strata to select the respondents. When assigning sample to strata, proportionate stratification method was used. The research instrument was then administered to the staff of each Local Government Area. The total sample size for this study was obtained using the formulae developed by yaro yahmen.

$$n = \frac{N}{1 + N(e^2)}$$

The sample size thus is 236.

Data analysis

Data were analyzed using quantitative technique. Majority of the questions were being rated on a 5-point Likert Scale where 1= “To a little or no extent”, 2= “To some extent”, 3= “To a moderate extent”, 4= “To a large extent” and 5= “To a very large extent”. Rating the likert scale was used to determine the extent to which strategic management is being adopted by the LGAs. Descriptive statistics, probit regression and correlation coefficient analysis were used.

ANALYSIS AND DISCUSSION

A total number of two hundred and thirty-six (236) questionnaires were distributed to the respondents. Out of this number, two hundred and thirty (230) were returned, while six (6) were neither filled nor returned. Thus, analysis of data is based on the returned and followed the stated objectives of the study;

Table 1.1 Extent of adoption of Strategic Management by the LGAs.

Options	Frequency	Percentage (%)
High	29	12
Average	186	80
Low	15	8
Tota	230	100

Source: Survey data, 2014

Likert scale scoring revealed the extent to which strategic management practices are being adopted by the Local Government Areas. As the scores were pooled together, responses showed average adoption of strategic management practices. This was revealed by 80% of the total pooled responses. Thus, the concept of strategic management is yet to be fully adopted and practiced at the third tier level of government in Abia state.

Factors that impede the smooth adoption of strategic management in Abia State Local Government Areas.

Table 1.2 Probit Analysis showing the factors that impede the smooth adoption of strategic management in Local Government Areas.

Parameter Estimate	Standard Error	T- Value
Intercept	0.321	1.735
Organizational Culture	0.053	1.856
Leadership Style	0.003	2.234***
Resource Allocation	0.213	0.970***
Organizational Policy	0.147	5.112**
High Cost of Developing Plans	0.261	2.260
Lack of trained Staff	0.034	1.959*
Lack of Focus by Top Management	0.103	2.853**
Changes in Environment	0.125	1.387*
Organizational Structure	0.105	0.578
Chi-square	389.563	
DF	8	
P<0.005	0.000	

Source: Survey data, 2014

***Significant at 1% level, ** Significant at 5% level, * Significant at 10% level.

Table 1.2 above shows that factors such as: organizational policy, lack of focus by top management, organizational structure, lack of trained staff, resource allocation, and leadership style have positive values and are significant factors that impede the smooth adoption of strategic management in local government areas. Other factors are organizational culture, changes in environment, and high cost of developing plans. Organizational policy was significant at 5% and positively related to the adoption of strategic management. This indicates that the adoption of strategic management in local government areas improves with sound organizational policies. Thus, a local government area that has effective policies is in a better position to be managed strategically. Leadership style was significant at 1% probability level and positively related to the adoption of strategic management in local government areas. This implies that the adoption of strategic management increases with the right leadership style. As the management of the local government areas embrace and adopt an effective leadership style, such action will create the right atmosphere for the application of strategic management principles in the organization.

How resources are allocated across the local government areas will go a long way in determining the success or failure of strategic management practices. From the result above, resource allocation was significant at 1% probability level and with a positive value. This indicates that the adoption of strategic management in a local government area will be greatly achieved if resources are allocated judiciously and properly. Lack of

trained staff was significant at 10% probability level and positively related to the adoption of strategic management in local government areas. This implies that the adoption of strategic management can be impeded when a particular local government lacks qualified staff in the area of strategic management and vice versa. It can be possible to have a well-designed strategic management plan but lack of focus on the side of the top management will impede its implementation. The result above confirms to this statement. Lack of focus by top management was significant at 5% probability level and also with a positive value. Thus, Strategic management can be effectively adopted by local government areas when the management of the local government areas is well focused in its implementation. Strategic Management requires consistency in management, undue and unnecessary organizational changes and uncontrollable changes that arise from the internal and external environment can hamper the smooth adoption of strategic management in a local government area. From table 1.2 above, changes in environment was significant at 10% probability level and also positively related to the adoption of strategic management in local government areas.

Table 1.3: Showing the correlation coefficient of the effects of strategy formulation, and strategy implementation on the success of strategic management in LGAs in Abia state.

		Correlations		
		Strategy formulation	Strategic Management	Strategy implementation
Strategy formulation	Pearson Correlation	1	.776**	.561
	Sig. (2-tailed)		.000	.000
	N	230	230	230
Strategic Management	Pearson Correlation	.776**	1	.851**
	Sig. (2-tailed)	.000		.001
	N	230	230	230
Strategy implementation	Pearson Correlation	.561	.851**	1
	Sig. (2-tailed)	.000	.001	
	N	230	230	230

Source: Field Survey, 2014.

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

Bivariate correlation test assist to make the conclusion about the relationship among the variables, signifying the degree of effect one variable has on the other or the nature of association between the variables. The result of correlation analysis illustrates that strategy formulation has a positive and strong relationship with strategic management (78%). P=0.000 and significant at 1% probability level. This implies that strategic management will change when there is change in strategy formulation. Similarly, strategy implementation was found to be statistically significant at 1% probability level. P-value was 0.001 and positively related to strategic management. Thus, signifying that successful implementation of the strategic plan will lead to the success of any local government area. This assertion is at the 99% confidence level.

CONCLUSION

Best practice strategic management, incorporating comprehensive and integrated corporate performance management and reporting, are of paramount importance for any organization but are particularly relevant in the local government sector due to the inherent sustainability issues. The application of strategic management practice in councils can help to enhance their performance, improved effectiveness, efficiency and flexibility. Strategic management is pivotal if councils are to improve their financial sustainability through internal reforms and improve efficiency and effectiveness through setting clear and appropriate priorities and increasing asset management and financial capacity, amongst other things. To remain in continuity of service quality in a long run, efficient local government structure should focus on fully integrating strategic management process as it allows expressed allocation of responsibilities for different functions and processes, and it is directly linked with the cooperate culture. In today's dynamic business environment, federal government need to re-structure local governments granting them more autonomy so as to reduce state influence over it which have hamper full adoption of strategic management in the councils, impede its financial sustainability and retard development in the rural communities as the sturdy reviles. The result of all these will ensures transforming bureaucratic councils to a more responsive and innovative administration. The significant attention drawn to the sustainability of the local government sector is testimony to the importance of providing a robust strategic management framework for councilors and management to apply in delivering the vital infrastructure and services their constituents require. Every council and community is unique and therefore has its own set of community and corporate objectives to meet which can only be achieved through full adoption of Strategic Management.

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