

# Impact of Strategic Planning on Performance Effectiveness in the Public Sector Organizations in Sri Lanka

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## Abstract

The public sector is the largest employer in most of the countries, it should focus on improving the performance by empowering the employees as whole of approach of the government and this will be a part of an overall growth strategy of a country's economy. Also improve organizational effectiveness and organizational efficiency in order to improve the ability of the organization to deliver its goods and/or services which the organization competes. The main objective of this study was to investigate the impact of strategic planning on performance effectiveness of public sector organizations. Further, the study measured the key variables in Balanced Scorecard under strategic planning protocol with performance effectiveness in public sector. A structured questionnaire was administered among employees (n=100) working in the public sector organizations in Sri Lanka. The study revealed a significant and positive relationship between strategic planning, employee learning and growth, customer process, financial process, internal business process and organizational performance effectiveness. The findings further revealed that, majority of public sector employees are concerned day to day activities (routine) and it was highly correlated with performance effectiveness. The results suggest that provide financial support and professional training to public sector employees to effectively respond to accountability demands from various stakeholders. Further recommended that, strategic planning activities should follow through year by year with modifications, by conducting activities based on the organizational goals, developments and consideration the environmental changes as well. It is important to provide new challenges, concern employee motivation and enhance effective rewards and recognitions system to public sector organizations.

**Keywords:** Strategic Planning, Performance Effectiveness, Public Sector Organizations

## 1. Introduction

### 1.1. Backgrounds of the study

Sri Lanka's public service has experienced several changes in its history during the post-independence era. At the beginning, the constitutionally mandated Public Service Commission (PSC) played a significant role in managing the public service. Now its role is split among several authorities with the periodic constitutional changes. This has resulted in the poor quality in the delivery of state services with increased political interference. It is observed that the higher public officials do not have the required freedom and autonomy to implement the policies to achieve their stated objectives and strategic planning and implementations as well. Those types of the interferences and poor strategic planning application are negatively correlates with the organizations performance.

In the Sri Lankan context, the country is operating relatively with a larger public sector employee base at different levels. If the public sector is not properly managed and doesn't perform well it could not contribute much to the country's expectations. "The Sri Lankan economy is expected to maintain a high growth momentum in the medium term supported by an increase in investment, a favorable macroeconomic environment and continued recovery in the global economy. Sri Lanka's economic progress in the medium term is not without challenges and structural adjustments are necessary for sustaining the growth momentum over the medium term and beyond. Given the vast improvements in physical infrastructure and the resulting enhancement in productive capacity, the country's potential output has improved substantially in the post conflict period, although greater involvement of the private sector in economic activity is required to maximize this enhanced growth potential. These improvements need to be complemented by enhancing the human capital base of the country to meet the needs of the emerging sectors in the economy, thereby sustaining economic growth."

### 1.2. Problem Statement

Blackmon (2008), Franklin (2011), Kaissi et al., (2008) and researchers pointed out a small number of studies have been directed to investigate how strategic planning cable to be applied to get better public sector success using numerous performance evaluation tools like the Balance Scorecard (BSC). According to the study government organizations, play a central role in economic development. In addition to a significant number of respondents expressing dissatisfaction regarding the implementation of the performance development and strategic planning process (Ghoneim, 2012, Ani and Adela, 2016, Weerasooriya, 2014, Weerasooriya, 2015).

The government organizations performance effectiveness is stressed as an organization's capability to attain and employ its scarce resources as probable in the tracking down of its operations goals (Griffins, 2006). Few studies have been situated conducted on the association between organizational performance and strategic

planning in government organizations. Muturia and Oeba (2012) studied the multi-dimensional strategic planning practices and organizational performance effectiveness. Ong'ayo (2012) carried out a research on the employee's perception of the influence of strategic planning on the organizations achievement. Chang and Gang (2010) and Giacomo et.al (2016) recommended that public organizations takings thoughtful phases to improve the public demands and satisfaction from the activities perform by the said organizations.

This study therefore was meant to establish the relationship between strategic planning and organization's performance in public sector organizations and performance measured using the Balanced Scorecard. Not only that the concept of strategic planning is aid to achievement of long term mission in the government organizations. Therefore, this clearly shows that no study had been undertaken previously on the relationship of strategic planning to organization's performance in Sri Lankan public sector and performance measurement using the Balanced Scorecard. The knowledge gap necessitated this research study conducted on the strategic planning factors and choices that influence organization's performance in public sector and in particular action aid Sri Lanka. This study's focus is to study the association between the organizational performance effectiveness and strategic planning using the Balanced Scorecard. **The present study attempts to study how strategic planning impact on organizational performance effectiveness in public sector organizations in Sri Lanka.**

### 1.3. Objectives of the study

This study focuses on achieving the undermentioned objectives

- i. To study the relationship between the strategic planning and organizational performance effectiveness in public sector organizations in Sri Lanka.
- ii. To analysis the relationship between the customer's perspective and organizational performance effectiveness in public sector organizations in Sri Lanka.
- iii. To analysis the relationship between the internal businesses processes perspective and organizational performance effectiveness in public sector organizations in Sri Lanka.
- iv. To analysis the relationship between the employees' learning and growth perspective and organizational performance effectiveness in public sector organizations in Sri Lanka.
- v. To evaluate the relationship between the financial perspective and organizational performance effectiveness in public sector organizations in Sri Lanka.

### 1.4. Significance of the study

This study is beneficial in a number of ways. Firstly, it would assist the academicians and scholars that are interested in issues pertaining to strategic planning in an organization, and its relationship to the firm's/organization's performance in public sector organizations in Sri Lanka. It would assist the formulation of policies, standards, guidance and procedures for tackling strategic planning that positively relates to organization performance in their operations. It will act as a useful resource for the government in understanding the needs and usefulness of adopting appropriate strategic planning that ensures improved organization performance, achievement of the long term mission and stated objectives.

This study also benefit in understanding the need for adopting the appropriate strategic planning that is relevant to the developing countries. It would provide an insight into the challenges posed by the choice of the different strategic planning steps in the organization performance of the public organizations. This would add significant value and contribute towards the organizational planning and reshaping organization effectiveness to deliver on functions and strategy. Similarly it will bring out opportunities that may exist and enhance the planning process through best practices that can be scaled up and lessons adopted to inform other organizations practices to deliver their mission.

## 2. Literature Review

### 2.1. Sri Lankan Public Sector

There is a need to have a charged mind set right from the requirement to retirement for those who work in Public Sector Organizations in Sri Lanka. They need to be strong in their minds given the complex issues of the present day administration. This is achieved through a process of empowerment. If this empowering process of employees happens in a planned and professional way, it will definitely bring and reflect improvements in productivity individually and collectively. It also encourages innovative methodologies in the ways of delivering the services as well; give real meanings to the existence of the organizations witnessing happenings of wonders.

As the leader in an economy as well as the authority in charge of the State, government can contribute much towards economic development. If the government is not moving along a proper path of development, the results may be different. The gradually expanding public sector is an example of such an occasion. Derailed government can sometimes be corrected if citizens are familiar with the critical limit of the government in economic activity. The size of the government is increasing in some developed and developing countries. This undermines the role of the State in economic development. Sri Lankan public sector organizations comprise the two different

categories, such as government and non-government organizations. According to the Central Bank Report 2015 heightened that the year 2011 total public sector organizations employees were 1,229,788, year 2012 - 1,248,640 and year 2013 recorded 1,282,917.

“The Sri Lankan economy is expected to maintain a high growth momentum in the medium term supported by an increase in investment, a favorable macroeconomic environment and continued recovery in the global economy. Sri Lanka’s economic progress in the medium term is not without challenges and structural adjustments are necessary for sustaining the growth momentum over the medium term and beyond. Given the vast improvements in physical infrastructure and the resulting enhancement in performance, the country’s potential output has improved substantially in the post conflict period, although greater involvement of the private sector in economic activity is required to maximize this enhanced growth potential. These improvements need to be complemented by enhancing the human capital base of the country to meet the needs of the emerging sectors in the economy, thereby sustaining economic growth.”

Otherwise the nation may struggle in coming years to maintain this idling work force as a whole which may contribute to increase the recurrent expenditure of the national annual budget. If the organizations attention on these is not properly paid it will cause rather than producing good results, devastate all the operations and ultimately lead to the downfall of the sector. In reality, it is observed most of Sri Lankan public sector organizations with regard to performance policy having some negative trends. Most of the times failures are recorded in reaching their vision. This is highly criticized by Committee on Public Accounts (COPA) and Committee on Public Enterprises (COPE) for making heavy losses.

With all these, the prime duty of an organization would be to manage it’s all its resources towards its vision reaching exercise with the intention of producing results. For that, main focus should be placed on human resource as public sector organizations are occupied with personnel even more than their actual requirement.

## 2.2. Defining Strategic Planning

Bryson (1988) defined strategic planning as a “disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it. Kazuhiko, (2016) and Johansen (2016) further elaborated viewed strategic planning as the “process of determining what an organization intends to be in the future and how it will get there”. Pfeiffer, Goodstein, & Nolan. (1986) viewed such planning as the “process by which the guiding members of an organization vision its future and develop the necessary procedures and operations to achieve that future”. In these definitions, as well as those offered by other authors, strategic planning has been viewed as a process of developing and maintaining a strategic fit among the mission of the organization, the strengths, weaknesses, opportunities and challenges in the organization's external environment.

Muturia and Oeba (2012) defines strategic planning as a management process that combines four basic features; a clear statement of the organization’s mission; the identification of the agency’s external constituencies or stakeholders, and the delineation of the agency’s strategic goals and objectives, typically in a 3-5 year plan; and the development of strategies to achieve them. Perhaps the most definitive description of the strategic planning consists of eight widely recognized steps; an initial agreement or “plan for planning”; identification and clarification of mandates; mission formulation; external environmental assessment; internal resource assessment; strategic issue identification; strategy development, and; development of a description of the organization in the future – its “vision of success” (Byrson, 2004, Abu Bakar, Tufail, Yusof, and Virgiyanti, 2011, Dudin 2013 and Johansen (2016).

Strategic planning captures several aspects, each of which gains a different weight when they are assessed by each stakeholder group (Robinson 1992 and Abidi and Scholten, 2015). Strategic planning should not also be confused with long range plans. Bryson (1988) and Mohammed and Borgonovi (2015) pointed out the differences between them in the following; firstly, that strategic planning attentions on determining critical strategic matters. Secondly, strategic planning competes both the inside and outside assessments on its environment which strength not be extremely measured by strategic planning (Madsen & Stenheim, 2014 and Pietrzak, Paliszkiwicz, & Klepacki, 2015). Thirdly, strategic planning is linked to the organization vision and mission statement which is lacking in long range planning. Fourthly, strategic planning considers a wide range of change scenarios necessary for organization’s future survival and sustainability (Augier and Teece (2008).

According to the Balanced Scorecard Institute, strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes, and assess and adjust the organization's direction in response to a changing environment. Effective strategic planning articulates not only where an organization is going and the actions needed in order to progress but it would know if it is successful.

### 2.3. Organizational performance Effectiveness

Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operations goals (Brown and Iverson, 2004, Rhee and Mehra 2013, Franklin, 2011). Strategic planning can serve as a management tool for capacity building of governments and help organizations develop strategic thinking and adapt to the environmental changes (Bryson, 2010 and Luen, Yong, and Fook.2013).

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard (Kaplan & Norton, 2004). Methodology where performance is tracked and measured in multiple dimensions such as: financial performance (e.g. shareholder return); customer service; social responsibility (e.g. corporate citizenship, community outreach); employee stewardship (Thompson, Strickland, & Gamble. 2005). The public sector organizations also stressed to apply Balanced Scorecard techniques to evaluate their performance.

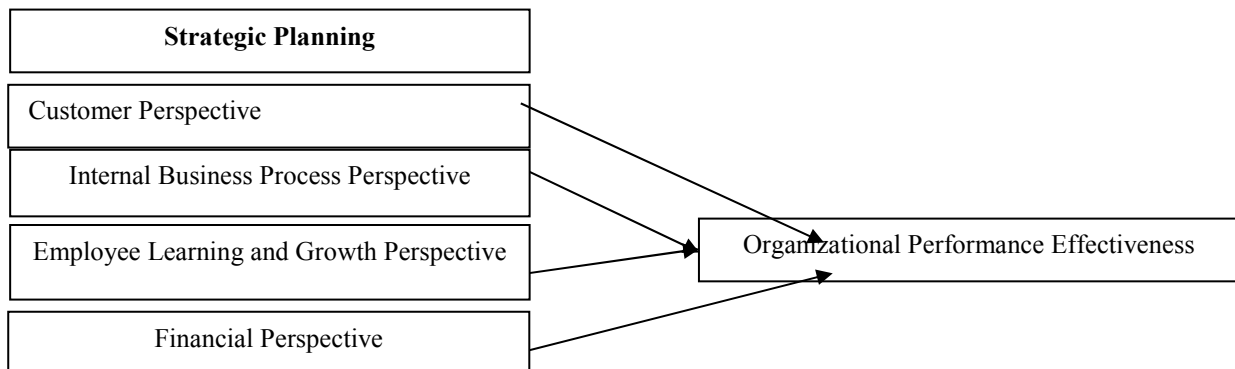
In Organizational Development, performance improvement is the concept of organizational change in which the managers and governing body of an organization put into place and manage a programme which measures the current level of performance of the organization and then generates ideas for modifying organizational behavior and infrastructure which are put into place in order to achieve a better level of output. The primary goals of or

ganizational improvement are to improve organizational effectiveness and organizational efficiency in order to improve the ability of the organization to deliver its goods and/or services which the organization competes (Weerasooriya,2013). A third area of improvement which is sometimes targeted for improvement is organizational.

### 3. Methodology of the study

#### 3.1. Proposed model for the study

Blackmon (2008) proposed model for examines the performance effectiveness and strategic planning in organizations. The study stressed to apply with emphatically evidence the Balanced Scorecard (Kaplan, & Norton, 2004) approach used for the performance evaluation in the public sector organizations in Sri Lanka.



#### Variables of the study model

The current research is built upon three main types of variables:

**Independent variable(s):** includes internal business processes (perspective), customer processes (perspective), employees learning and growth process (perspective) and financial processes (perspective).

**Dependent variable:** includes Organizational Performance Effectiveness

**Control variable(s):** demographics of respondents' age, gender and number of years in tenure in organizations.

#### 3.2. Study Hypotheses

According to Sekaran & Bougie (2010), hypothesis can be defined as a logically assumed relationship between two or more variables expressed in the form of a testable statement. As identified in the theoretical framework, the researcher expects to establish a logically estimated relationship amongst the independent variables and dependent variable. Taking into account the previous research findings and the logical arguments presented in the literature review, the following research hypotheses can be proposed based on the theoretical model.

##### Hypothesis 1

There is a significant relationship between strategic planning and organizational performance in public sector organizations.

### Hypothesis 2

There is a significant relationship between customer processes and organizational performance in public sector organizations.

### Hypothesis 3

There is a significant relationship between internal business processes and organizational performance in public sector organizations.

### Hypothesis 4

There is a significant relationship between employee learning and growth and organizational performance in public sector organizations.

### Hypothesis 5

There is a significant relationship between financial processes and organizational performance in public sector organizations.

### 3.3. Scope of the study

This study focuses only on the assistant directors and development officers in the Ministry of National Policies and Economic Affairs with geographically scattered twenty four districts in Sri Lanka. The proposed model examines the influence of strategic planning on performance effectiveness using the Balanced Scorecard. The study has been carried out using quantitative data which was obtained by questionnaire. The cross sectional survey was used in this study.

### 3.4. Design of the study

According to Sekaran and Bougie (2010) stated that the scale is a tool or mechanism by which individuals are distinguished as to how they differ from one another due to the variable of interest. There are a number of different measurement scales for recording and describing quantitative data (Hussey and Hussey, 1997).

The purpose of the study is hypotheses testing. The type of investigation is correlation study which will be conducted in the natural environment of the public sector with minimal interference; the study setting is non-contrived field experiments and cross sectional. The unit of analysis is individual because the researcher expects to identify the impact of strategic planning on organizational performance. The sample of this study will consist of 80 development officers and 20 assistant directors working under the National Policies and Economic Affairs in Sri Lanka. The sample method of the survey will be the purposive sampling; Likert type, standard questionnaires will be used in the survey. SPSS package will be used to analyses the data. The study spends three weeks of time to collect data and other remaining parts.

### 3.5. Questionnaire development and data Collection

According to Sekaran and Bougie (2010) there are several different ways for gathering data for a statistical characterized research; the data can be primary (through the questionnaire) or secondary. Secondary data refers to information gathered from sources that already exist. Research data bases, books, annual reports published by the particular organizations, government publications (acts, memos etc.) were used as secondary data sources.

## 4. Analysis and Findings

### 4.1. Descriptive Analysis

Table 4.1 - Demographical Data Results

Variable	Frequency	Percentage (%)
<b>Age Group:</b> 30-40 years	22	22.0
41-50 years	39	39.0
51-60 years	26	26.0
More than 60 years	13	13.0
<b>Gender:</b> Male	44	44.0
Female	56	56.0
<b>Employee Tenure:</b> Below 5	33	33.0
6 to 10	30	30.0
11- 15	29	29.0
More than 15	8	8.0

According to the table (4.1) shows most of the respondents represented the age group from 41 to 50 years old (39%). About 26% of the respondents from 51 to 60, 13% represent the age group above 60 years old.

Table shows that the gender wise respondents, according to the data 44% were male and 56% were female. As per the data most of the executives represent the women than men in public sector organizations in Sri Lanka.

Employee spent from 6 to 10 years in working experience in exiting or filed of the organizations (30%), 33% of the respondents consumed fewer than 5 years working experience and they performed as a strategic

planner organizations and also 29% respondents spent from 11 to 15. This is good indicator for identified their professional experience.

## 4.2. Descriptive Analysis

### 4.2.1. Customer Process

According to the table 4.2, the mean value for customer perspective of the 100 sample public sector organizations is 3.615 with a standard deviation of 0.433. The skewness value is 0.147, which is within  $\pm 1$ . Hence, data can be assumed to be symmetrical. The Kolmogorov – Smirnov test (sample size  $n > 60$ ) can be used when the sample size is large. In either test, if the p value is less than 0.05, normality cannot be assumed. Hence, the data is not distributed normal ( $p < 0.05$ ).

### 4.2.2. Internal Business Process Perspective

According to the table 4.2, the mean value for Internal Business Process Perspective is 4.445 with a standard deviation of 0.356. The median is 4.35; this indicates that at least 80% of the respondents agreed that they concentrated on the processes required to realize customer satisfaction. The skewness value is -0.220, which is within  $\pm 1$ . Hence, data can be assumed to be symmetrical. The Kolmogorov – Smirnov test (sample size  $n > 60$ ) can be used when the sample size is large. In either test, if the p value is less than 0.05, normality cannot be assumed. Hence, the data is not distributed normal ( $p < 0.05$ ).

### 4.2.3. Employee Learning and Growth Perspective

According to the table 4.2, the mean value for Employee Learning and Growth Perspective is 3.635 with a standard deviation of 0.416. The Kolmogorov – Smirnov test (sample size  $n > 60$ ) can be used when the sample size is large. Hence, the data is not distributed normal ( $p < 0.05$ ). The skewness value is 0.104, which is within  $\pm 1$ . Hence, data can be assumed to be symmetrical.

### 4.2.4. Financial Perspective

According to the table 4.2, the mean value for Financial Perspective is 3.875 with a standard deviation of 0.474. SPSS provides two methods for testing if the data is distributed normal. The Kolmogorov – Smirnov test (sample size  $n > 60$ ) can be used when the sample size is large. Hence, the data is not distributed normal ( $p < 0.05$ ). The skewness value is 0.212, which is within  $\pm 1$ . Hence, data can be assumed to be symmetrical.

### 4.2.5. Organizational Performance Effectiveness

According to the table 4.2, the mean value for organizational Performance Change is 3.780 with a standard deviation of 0.405. The median is 3.83, this indicates that at least 50% of the respondents agreed that they have incorporated the positive changes in their organization and these are lead to organization successes. The skewness value is -0.058, which is within  $\pm 1$ . Hence, data can be assumed to be symmetrical. The Kolmogorov – Smirnov test (sample size  $n > 60$ ) can be used when the sample size is large. In either test, if the p value is less than 0.05, normality cannot be assumed. Hence, the data is not distributed normal ( $p < 0.05$ ).

Table 4.2 - Descriptive summary of the variables

Variable Name	Mean	Standard Deviation	Mean values under 95% C.I		Skewness	Test of Normality Significance Kolmogorov – Smirnov Test (n>60)
			Lower Bound	Upper Bound		
Customer Perspective	3.615	.433	3.971	4.062	.147	0.000
Internal Business Process Perspective	4.445	.356	3.777	3.852	-.220	0.000
Employee Learning and Growth Perspective	3.635	.416	4.16	4.248	.104	0.000
Financial Perspective	3.875	.474	4.125	4.225	.212	0.000
Organizational Performance Effectiveness	3.780	.405	3.738	3.823	-.058	0.000

## 4.3. Measurement Models for Research Variable

### 4.3.1. Customer Perspective (C.P)

The descriptive summary and inter-item correlation values were provided in Table 4.3. All questions arrange with 5 point Likert scale from of 1 to 5. The 7 items were connected to measure the inter item correlation and the highest correlation of each item were between 0.3 and 0.9. Thus there is no convergent or discriminant problem.

Table 4.3 - Descriptive summary and inter-item correlation for items in C.P.

	C.P.1	C.P.2	C.P.3	C.P.4	C.P.5	C.P.6	C.P.7
C.P.1	1.000						
C.P.2	.467	1.000					
C.P.3	.783	.546	1.000				
C.P.4	.490	.369	.458	1.000			
C.P.5	.467	.260	.343	.435	1.000		
C.P.6	.335	.316	.440	.485	.244	1.000	
C.P.7	.365	.367	.306	.474	.278	.522	1.000

#### 4.3.2. Internal Business Process Perspective (I.B.P.P)

The descriptive summary and inter-item correlation values were provided in Table 4.4. All questions arrange with 5 point Likert scale from of 1 to 5. The 7 items were connected to measure the inter item correlation and the highest correlation of each item were between 0.3 and 0.9. Thus there is no convergent or discriminant problem.

Table 4.4 - Descriptive summary and inter-item correlation for items in I.B.P.P.

	I.B.P.P.1	I.B.P.P.2	I.B.P.P.3	I.B.P.P.4	I.B.P.P.5	I.B.P.P.6	I.B.P.P.7
I.B.P.P.1	1.000						
I.B.P.P.2	.366	1.000					
I.B.P.P.3	.371	.319	1.000				
I.B.P.P.4	.208	.370	.292	1.000			
I.B.P.P.5	.332	-.060	-.030	.349	1.000		
I.B.P.P.6	.127	.309	.134	.421	-.032	1.000	
I.B.P.P.7	.049	.040	-.036	.345	.111	.381	1.000

#### 4.3.3. Employee Learning and Growth Perspective (E.L.G.P)

The descriptive summary and inter-item correlation values were provided in Table 4.5. All questions arrange with 5 point Likert scale from of 1 to 5. The 5 items were connected to measure the inter item correlation and the highest correlation of each item were between 0.3 and 0.9. Thus there is no convergent or discriminant problem.

Table 4.5 - Descriptive summary and inter-item correlation for items in E.L.G.P.

	E.L.G.P.1	E.L.G.P.2	E.L.G.P.3	E.L.G.P.4	E.L.G.P.5
E.L.G.P.1	1.000				
E.L.G.P.2	.171	1.000			
E.L.G.P.3	.242	.315	1.000		
E.L.G.P.4	.564	.338	.350	1.000	
E.L.G.P.5	.237	.166	.322	.303	1.000

#### 4.3.4. Financial Perspective (F.P)

The descriptive summary and inter-item correlation values were provided in Table 4.6. All questions arrange with 5 point Likert scale from of 1 to 5. The 4 items were connected to measure the inter item correlation and the highest correlation of each item were between 0.3 and 0.9. Thus there is no convergent or discriminant problem.

Table 4.6 - Descriptive summary and inter-item correlation for items in F.P.

	F.P.1	F.P.2	F.P.3	F.P.4
F.P.1	1.000			
F.P.2	.516	1.000		
F.P.3	.589	.405	1.000	
F.P.4	.335	.354	.304	1.000

#### 4.3.5. Organizational Performance Effectiveness (O.P.E)

The descriptive summary and inter-item correlation values were provided in Table 4.7. All questions arrange with 5 point Likert scale from of 1 to 5. The 11 items were connected to measure the inter item correlation and the highest correlation of each item were between 0.3 and 0.9. Thus there is no convergent or discriminant problem.

Table 4.7 - Descriptive summary and inter-item correlation for items in O.P.E.

	O.P.C.1	O.P.C.2	O.P.C.3	O.P.C.4	O.P.C.5	O.P.C.6	O.P.C.7	O.P.C.8	O.P.C.9	O.P.C.10	O.P.C.11
O.P.C.1	1.000										
O.P.C.2	.126	1.000									
O.P.C.3	.331	.362	1.000								
O.P.C.4	.169	.111	.309	1.000							
O.P.C.5	.101	.138	.305	.676	1.000						
O.P.C.6	.206	.223	.374	.517	.480	1.000					
O.P.C.7	.104	.288	.209	.399	.460	.531	1.000				
O.P.C.8	.310	.409	.352	.271	.259	.363	.559	1.000			
O.P.C.9	.213	.411	.466	.156	.225	.247	.232	.568	1.000		
O.P.C.10	.409	.188	.291	.124	.130	.269	.333	.494	.237	1.000	
O.P.C.11	.104	.236	.219	.077	.085	.163	.100	.213	.177	.521	1.000

#### 4.4. Assessing the Reliability of Scale Items

The Cronbach Alpha constant used to notice the reliability of the study constructs. The following table (4.8) summarizes the outcome of the internal reliability of study items.

Table 4.8 - Reliability of Research Items

Construct	Cronbach Alpha Coefficient
Customer Perspective	0.829
Internal Business Processes Perspective	0.632
Employee Learning and Growth Perspective	0.679
Financial Perspective	0.734
Organizational Performance Effectiveness	0.816

The values for each variable are higher than the 0.6 (Gliem and Gliem 2003) measured the rational indicator of the internal reliability of scale items. The Cronbach Alpha Coefficient values were deviating from 0.632 to 0.829 throughout the variables.

#### 4.5. Hypothesis Testing

##### 4.5.1. Simple Linear Regression (Bivariate Analysis)

The purpose of the bivariate data analysis is to assistance to recognize the relationship between the two quantitative variables. The rule of thumb that a correlation between 0.0 and 0.20 is very weak; 0.20 to 0.40 is weak; 0.40 to 0.60 is moderate; 0.60 to 0.80 is strong; and greater than 0.80 is very strong.

##### Durbin-Watson Statistics

The correlation among the residuals can also be quantified using the Durbin Watson (DW) statistics. The DW value ranges from 0 to 4, where values around 2 indicate no problem of autocorrelation. If the DW value is close to 0, there is a possibility of positive autocorrelation, the residuals increasing in value. When the DW value is close to 4, there is an indication of negative autocorrelation.

Table 4.9 – Values for Simple Linear Regression

Variable Name	Correlation (R)	Adjusted R square	Durbin Watson	Significance	Beta
S.P	.483	.225	1.694	0.00	.568
E.L.G.P	.204	.032	1.723	0.042	.179
C.P	.280	.069	1.702	0.005	.253
I.B.P.P	.900	.809	1.945	0.00	.900
F.P	.254	.055	1.730	0.011	.210

Dependent Variable: O.P.E

#### H1: There is a significant relationship between strategic planning and organizational performance in public sector organizations

The r value between strategic planning and organizational performance was 0.483, which is more than 0.3. Thus there is an association. The value for correlation was 0.483, which would be characterized as a moderate relationship. The  $R^2 = 0.225$ , this means 22.5% of the variation in O.P. is explained by S.P. The p-value is less than 0.05. This means S.P. can be used to predict O.P. The Durbin-Watson statistic of 1.694 is not too far from 2. **The research hypothesis that there was a relationship between the variables was supported.** Also can conclude the there is a positive and no strong relationship between the variables.

#### H2: There is a significant relationship between customer processes and organizational performance in public sector organizations

The r value between customer processes and organizational performance was 0.280, which is less than 0.3. Thus there is an association. The value for correlation was 0.280, which would be characterized as a weak relationship.



The  $R^2 = 0.069$ , this means 7% of the variation in O.P. is explained by C.P. The p-value is less than 0.05. This means C.P. can be used to predict O.P. The Durbin-Watson statistic of 1.702 is not too far from 2. **The research hypothesis that there was a relationship between the variables was supported.** Also can conclude the there is a positive and no strong relationship between the variables.

**H3: There is a significant relationship between internal business processes and organizational performance in public sector organizations**

The r value between customer processes and organizational performance was 0.900, which is more than 0.3. Thus there is an association. The value for correlation was 0.900, which would be characterized as a strong relationship. The  $R^2 = 0.809$ , this means 81% of the variation in O.P. is explained by I.B.P.P. The p-value is less than 0.05. This means I.B.P.P. can be used to predict O.P. The Durbin-Watson statistic of 1.945 is not too far from 2. **The research hypothesis that there was a relationship between the variables was supported.** Also can conclude the there is a positive and no strong relationship between the variables.

**H4: There is a significant relationship between employee learning and growth and organizational performance in public sector organizations**

The r value between customer processes and organizational performance was 0.204, which is less than 0.3. Thus there is an association. The value for correlation was 0.204, which would be characterized as a weak relationship. The  $R^2 = 0.032$ , this means 3% of the variation in O.P. is explained by E.L.G.P. The p-value is less than 0.05. This means E.L.G.P. can be used to predict O.P. The Durbin-Watson statistic of 1.702 is not too far from 2. **The research hypothesis that there was a relationship between the variables was supported.** Also can conclude the there is a positive and no strong relationship between the variables.

**H5: There is a significant relationship between financial process and organizational performance in public sector organizations**

The r value between customer processes and organizational performance was 0.254, which is less than 0.3. Thus there is an association. The value for correlation was 0.254, which would be characterized as a weak relationship. The  $R^2 = 0.055$ , this means 6% of the variation in O.P. is explained by F.P. The p-value is less than 0.05. This means F.P. can be used to predict O.P. The Durbin-Watson statistic of 1.730 is not too far from 2. **The research hypothesis that there was a relationship between the variables was supported.** Also can conclude the there is a positive and no strong relationship between the variables.

**5. Conclusion, Recommendations and Implications**

**5.1. Conclusion**

The under mentioned table shows the relationships between each variables, and these are hypothetically proved. According to the table 5.1, all hypotheses were supported.

Table 5.1: Summary of Hypothesized Results

Hypothesis	Simple Linear Regression		
	Summary Description	Results	Objective
H1	There is a positive relationship between strategic planning and organizational performance in public sector organizations	Supported	01
H2	There is a positive relationship between customer processes and organizational performance in public sector organizations	Supported	02
H3	There is a positive relationship between internal business processes and organizational performance in public sector organizations	Supported	03
H4	There is a positive relationship between employee learning and growth and organizational performance in public sector organizations	Supported	04
H5	There is a positive relationship between financial processes and organizational performance in public sector organizations	Supported	05

Source: Author compilation

**5.2. Recommendations**

This study contributes to the study of strategic planning and its impact on performance effectiveness in public sector organizations in various ways. Also studies the fact that through the conceptual model was examined and can be used by the students, lecturers, educational institutes, and specially for public sector organizations for decision making purposes and the further studies. Following emphasis the research recommendations.

The Public Services of Sri Lanka are a series of services groups that provide specialized professional services to the Government of Sri Lanka. These are government employees who carry out public duties; however they are not elected officials. The most senior of these is the Sri Lanka Administrative Service which is the country's permanent bureaucracy. The Sri Lankan Government is the largest employer in the country and the

public services are often criticized as overstuffed and inefficient.

The relevant ministries or body of organizations have responsibility to offer them the technical and financial support needed. Also provide professional training to them. This will allow them to build their respective capacities and respond more effectively to rising accountability demands.

The relationship between C.P, E.L.G.P, F.P and organizational performance effectiveness in public organizations in Sri Lanka has recorded lower relationships. Aside from the above, a further recommended is that strategic planning activities should follow through year by year with modifications, by conducting strategic planning activities based on the organizational goals and developments based on operational efficiency, consideration of the environmental factors and identify critical issues and address those issues. It is further recommended that the plan of day to day activities of the coworkers and consistently try to achieve the organizational mission statement. According to the hypothesis testing by using simple linear regression method all variables are significance at the level of 0.05 and all developed hypothesis are accepted and supported to the organizational performance effectiveness.

The internal business process perspective highly correlates with performance effectiveness. The internal business process includes, consistently improving strategic process, quality programming, quality control system, service delivery process and develop policies and procedures. All these activities do not highly correlate with the organizational performance effectiveness. Thus, it is highly recommended in order to make necessary improvement to the above activities. Organizational quality control process and service delivery system should be formalized according to the stakeholder's expectations.

According to the customer process, it is weakly related with the organizational performance effectiveness. Which mean that they are required to consistently meet expectation of community and funding organizations, in addition to improve the service quality and types of services rendered to their customers. This perspective is very important to every public organization, which means they are the responsible body to give maximum service to their stakeholders. Why our country is mainly depends on the public service and most of the peoples getting their services from the public sector organizations.

According to the employee learning and growth, it is weakly related with the organizational performance effectiveness. The activities include the new challenges given to the employees, satisfaction with the reward and recognitions system and adequacy of information. It is recommended that these activities should highly concern.

The financial perspective is weakly associates with the organizational performance effectiveness. The organizational cost control system, lower operating and properly allocating of financial resources includes the financial perspective. It is recommended that these factors should perform according to the organizational requirements and expectations from the stakeholders.

The results therefore, support all hypothesis, under the simple regression that the strategic planning makes lower supported, which mean that there is a gap of strategic planning applications. In other words, the investigated public sector did not pay more attention to the other strategic planning factors in their performance effectiveness.

It is also recommended that in order to find some ways for mutual cooperation and coordination among government organizations in providing the various public services needed by the society. On the other hand, more inclusion of women and youth leadership should be encouraged and promoted through the managerial development of both Sri Lankan women and youth potentials.

No managerial considerations were given to strategic planning, customer process, financial processes and employees' learning and growth as important indicators in performance evaluation and therefore, they did not carry any significant weight in measuring overall performance effectiveness based on the application of strategic planning processes.

### 5.3. Implications

1. Communicate the important role of strategic management protocols on public sector performance effectiveness as indicated by mission achievement and sustainable competitive advantage. Strategic planning can be used as a guide to strengthening and sustaining mission achievement in public sector.
2. Maintain public sector authorities in Sri Lanka aware of the strong accountability demands and the importance of incorporating the Balanced Scorecard into their performance evaluation efforts.
3. Introduce the modified Balanced Scorecard to the public sector in Sri Lanka as a performance effective measurement tool. The new tool would allow them to improve their performance as mandated by the demands of the government, clients, and general public.

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