

Why Do Public Sector Organizations Fail In Implementation Of Strategic Plan In Pakistan?

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Abstract

Public sector organizations have best strategic policies but results of all organization are not rewarding in accordance to long term objectives. Implementation of the strategic plan is more important than formulation; otherwise it is nothing except well documented pieces of paper in the organization. The purpose of study is to explore and confirm the effective factors of failure of the strategic plan implementation in public sector organizations in Pakistan. The study has been conducted on purely public sector organizations of the Twin City (Islamabad and Rawalpindi). For this study close ended Questionnaire are distributed among sample organizations. After the review of literature and experts opinion the study identified 16 factors of failure. Then by using the explorative and confirmative factor analysis these dimensions have been categorized into main four factors. The results these four factors are contextual dimensions (0.89), content dimensions (0.62), structural dimensions (0.730) and operational dimensions (0.95).

Key Words: Strategy, Strategy Implementation, Failure of Strategy Implementation, Public Sector Organization and Factor Analysis.

Introduction

• Background

Strategic Management is combination of the set of decisions and actions which are viewed in the form of strategy formulation, implementation and control of plans designed to achieve a corporation's vision, mission and long term performance of the organization. Strategy is most important concept in management context. Strategy was introduced in first time by Chandler et al. (1975) in second half of twentieth century in the management sciences course outline. In earlier days, after the study of Chandler et al. all the researchers focused the successful strategy formulation. However, in the recent years' studies, attention has shifted toward the successful strategic plan implementation. The best Strategy formulation is an effort like a well-documented piece of paper only but strategy implementation is key to better organizational performance and effectiveness, it is more important than formulation (Jooste and Fourie, 2009). Strategy implementation is becoming more difficult rather than strategy formulation and top management is required to keep in mind three levels of strategic planning process context of the organization, content of strategy and procedure of implementation (Lau 1999). Failure of strategic plan implementation consists of sixteen factors which have been discussed in (Kalali et al, 2011). Study which is conducted in Iranian health sector,

explored the factors which cause the failure of strategy plan implementation in public health sectors. Leadership role is important in formulation and strategic plan implementation and if the strategic leader is not involved in strategy implementation, leadership is not able to create a vivid vision for any strategic program (Mapetere, 2012). There is clearly reported in the white paper of strategy implementation of Chinese corporation in 2006 that strategy implementation has become very high level challenges for the management of all kinds of organizations. The survey also described that out of 100% surveyed organizations 83% organizations fail in implementation of their strategy smoothly and only 17% organizations were successful in implementation. It cannot be rejected that the strategic decision is most important for the organizational survival and growth. No doubt in Pakistan public sector organizations have best strategic policies but all policies do not have appropriate and fruitful results. Insufficient endeavor of the management and ineligible management are the greatest challenges for the policy and decisions makers in public sector organization in Pakistan, while they implement the strategic decisions due to shortcomings almost strategic decisions fail during the implementation process. Literature shows that many researchers have been conducted to find the factors which involve in success or failure of the strategic plan in many countries. In Pakistan authors' studies show that the no research has been yet conducted to identify those factors which cause the failure of the policies in Pakistan. This negligence shows how we are sincere with our public sector for the progress of organizations and growth of the economy. Hence, it is important issue for the current study to identify the main reasons of failure of strategic plan implementation.

1.2 Objectives of the Study

This study sets following important objectives:

- To explore the factors which cause the failure of implementation of the strategic plan from previous literature and experts' opinions.
- To confirm these explorative factors which cause the failure of implementation of the strategic plan in public sector organizations in Pakistan.
- **Research Questions**

The most important questions of the research are:

- What are the most important factors behind the failure of the strategic plans implementation in public sectors organizations in Pakistan?
- What is the most important rate of the described factors in failure of strategic plans implementation among the public sector organizations in Pakistan?

1.3 Statement of the Problem

Implementation of the strategic plan is more important than formulation; otherwise it is nothing except well documented pieces of paper in an organization (Jooste and Fourie, 2009). In Pakistan public sector organizations performance has been declining since last many years, while the public sector organizations has the best strategic policies. Keeping in view that having the best policies, public sector organizations fail in implementation of these strategic plans, due to failure of plans performance of the public sector organization is declining day by day. This study will explore and confirm the factors which cause the failure of the strategic plans in Pakistan.

- **Significance of the Study**

The study has academic importance as well as has importance in strategic policy making and strategic plan implementation; there are no studies about the factors which cause the failure of the strategic plan implementation in Pakistan. This study takes into account the academic research as well as practical life situations to suggest the reasons and causes which influence the successful implementation of the strategic plan in public sector organization in Pakistan.

- **Scope of the Study**

The study sets the three major determined objectives to contribute in academic literature of public policy and business management as well as adds the important tactics for successful strategic plan implementation in practical life of the public sector organizations in Pakistan. The study encompasses major factors which cause the failure of strategic plan implementation in shape of contextual, content, operational and structural dimensions.

- **Study Plan**

The study is compiled in the main five chapters; the first chapter consists of background, problem statement, objectives, research questions and area of the research while the next chapter consists of review of literature previously done by various authors about this study and experts opinion about the implementation. It encounters the

observations of relevant studies found in literature history. In the third chapter Methodology and sources of data are given which state the contents of study like population, sample and analysis tools to be used. The last two chapters are composed of all discussion and data analysis regarding the statistical findings of the study and also conclusion of the result.

Literature Review

2.1 Strategy

Hiksen et al. (1986) defines the strategy as the decisions which are related to the long term performance and progress of the organization. Strategy is a combination of the set of decisions and actions which are viewed in the form of strategy formulation, implementation and control of plans designed to achieve a corporation's vision, mission and long term performance of the organization. Strategy is determination of the basic long term goals, objects and performance of the organization and taking actions, decisions and allocation of the resources essential for to carry out goals of the organizations (Chandler et al., 1975)

2.2 Strategy Implementation

There is a large pool of literature about the strategic planning, from formulation to implementation and assessment and control. Miller et al (2007) states that strategic decisions' scope is very wide; these are the combination of the introducing new products and services, huge advertisement, merger and acquisition and change in structure of organizations. Strategy formulation is first stair in strategic planning in business. However, strategic planning procedure does not come to finish here and it goes on to other two steps namely strategy implementation and assessment & control. Strategy implementation is combination of necessary actions and steps to implement strategic plan in organization. The best Strategy formulation is an effort like a well documentation only but strategy implementation is key to better organizational performance, it is more important than formulation (Jooste and Fourie 2009). In earlier days after the study of (Chandler et al. 1975) all the researches focused the successful strategy formulation, however, in the recent years' studies, attention has been shifted toward the successful strategic plan implementation.

2.3 Failure of Strategy Implementation

Strategy implementation is more important for the organization than the strategy formulation, because if the strategic plan is not successfully implemented by the staff and management, its cost and damages grow more than the failure of strategy formulation. It is necessary for the management and staff to use the appropriate and authentic models and framework for the implementation of the strategic plan in an organization. The main reason of failure of the strategic plan implementation is lack of appropriate models and frameworks to guide the management and staff which are involved in implementation of the strategic plan in well-known organizations (Alexander, 1991). Feurer et al. (1995) identified the other significant factors for the failures of the strategic plan are the lack of communication among the strategy makers and staff and management of the organization. They conducted the study at Hewlett-Packard in which top management used the efficient task force for the formulation of the strategy and then implementation was done by the interior business management team which solved many problems in implementation of the plan in appropriate way. Kalali et al (2011) explored and confirmed the main factors which are bases and causes of failure of the Iranian health sector in Iran. They have identified and confirmed four factors which involved in failure of the strategic plan in Iranian health sector are context, content, structure as well as operational framework of the organization.

Kaplan and Norton (1996) also recommended the other four key factors which assure the success of implementation of the strategic plan. They collected data of 6 companies, clarified and translated strategy according to the structure of the organization, links and relationship with the executive team, planning and goal setting and strategic feedback and learning. Miller (1997) identified the more factors rather than these commonly used in almost studies and categorized these factors into two groups according their effects as achiever and enabler as well as backing, specificity, cultural receptivity, auspicious familiarity, availability of resources, and structural priority.

Jooste and Fourie (2009) worked on the strategic plan implementation in African culture and also evaluated the factors and reasons of the failure in African countries. They argued that there are many organizations which have vigorous strategies but due to lack of commitments of the policy makers and lack of strategic leadership, these vigorous strategies do not generate the fruitful results. The main reasons behind the failure of the strategy are lack of interest, commitment and efficient leadership to implementation. Mapeter et.al (2012) stated that the reasons which cause the failure of the strategic plan and despite the best strategies, they could not bring forth fruitful results in Zimbabwe it was only on account of negative leadership behavior which shows the strategy executive people were

not liable, they were less committed to strategy. Lack of creative strategic vision in the organization they could not motivate and boot up morals of the staff to obtain the determined objectives, besides, communication among the middle level management and high level management in organization remained very low. Owing to lack of communication, the top level management could not the convey their appropriate messages to low level management and the last most important reason of the failure is lack of the leadership skills in leaders which engendered many ambiguities among the working staff and leaders who could not understand the situations of the organization. Mackenzie et al (2001) also focused the leadership style of an organization by which one can obtain the desired goals and objectives of the company through creating the vision for the organization according to the setup of the firm, aligning the staff for the achievement of the goals of the firm rather than the personal goals, providing the assistant to the intellectual individuals in complicated things and clarifying expectations of the organization from the team and their performance for the organization.

Aaltonen and Ikavalko (2002) also explored the three main factors which cause the success of the strategy implementation are proper and significant communication among the executor and top management, strategic acting, identifying, supporting and assisting the major key player of the strategy implementation and also establish the relationship between the system and structure of the organization with the content and context of the strategy. Brenes et al (2007) identified the major key factors which influenced the success of the strategy implementation in organization; he identified the execution process in organization, strategy formulation procedure from internal scanning to external scanning of the organization, strategy control process and motivation of the top level management and strategic leader to achieve objectives of the organization, and corporate governance issues in and organization.

After analyzing all the previous literature of studies, the research has agreed on the main sixteen factors which are used repeatedly and frequently in almost all researches and also taken by kalali et al (2011) which is conducted in Iranian health sector. All the factors which are taken by the researchers are shown in the following table of the study of kalali et al (2011).

Figure 3.1 Factor Detail

1.Content dimension	Content dimensions include the ingredients involved in strategy formulation
2.Contextual dimensions	Contextual dimensions include the internal and external environmental for the strategy implementation in public sector organizations.
3.Operational dimensions	Operational dimensions refer to the problems which happen in the operational level during the strategy implementation.
4.Structural dimensions	Structural dimensions point out the organizational structure and power and responsibilities distributions

Figure 3.2 Detail of the factors dimensions which cause the failure of the plan in public sector of Pakistan.

1 Resource limitation	Budget, technology, tools and human resources are inadequate for strategic decision implementation in Pakistan.
2 Background	It is culture of public sector organization to always fail in implementation.
3 Lack of integration (Poor communication)	All Most departments of the public sector organization are not integrated to each other.
4 Conflicting goals and priorities	Goals and priorities are influenced by personal interest.
5 Environmental uncertainty	Unpredicted problems happen due to change in government, political, social and leadership.
6 Non-convergence	Coordination of core player activities is poor and inefficient.
7 lack of competent people	The employees who are involved in the strategy implementation are not competent and recommended people.
8 lack of team management	Instruction and involvement of team leader is insufficient.
9 ineffective operational arrangement	Responsibilities of people are not assigned and defined in proper manner.
10 lack of support of Top level	Insufficient support of Director and head of department in implementation of strategic plan implementation.
11 Unclear Target of success	The criteria of the success of strategic decision are not specific and clear.
12 Non-acceptor organizational Culture	Beliefs and values of the employees of organization are conflicting with implementing the considered strategy
13 Divergent organizational structure	The current organization structure prevents from the implementation of the strategy.
14 lack of commitment of decision-makers	Decision makers do not have interest and commitment to implement the strategy
15 Ambiguous strategy	The decided strategy is not understandable and well-defined
16 Non convergence of organizational varied aspects to considered strategy	There is no arrangement between processes, work systems and other dimensions of the organization with the organizational strategy

Figure 4.1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.724
Bartlett's Test of Sphericity	Approx. Chi-Square	215.55
	Df	120
	Sig.	.000

Figure 4.2 Detail of the factors dimensions

Detail	Content dimension	Contextual dimensions	Operational dimensions	Structural dimensions
1 Environmental uncertainty	.659			
2 Background	.616			
3 Non-acceptor organizational Culture	.584			
4 Non convergence of organizational varied aspects to considered strategy	.573			
5 Unclear strategy		.624		
6 Conflicting goals and priorities		.702		
7 lack of support of Top level		.608		
8 lack of commitment of decision makers		.650		
9 Non-assess ability of implemented strategic decision		.643		
10 Resource limitation			.502	
11 lack of team management			.614	
12 Unclear Target of success			.578	
13 Lack of integration (Poor communication)			.626	
14 Disharmony				.614
15 lack of competent people				.592
16 Divergent organizational structure				.568
Variances	10.73%	13.45%	21.711%	14.576%
Cumulative Variances	60.47%	49.74%	36.288%	14.57%
Eigen value	1.376	2.332	3.474	1.494

Relationship content of Factor in overall Failure

Operational .95
 Context 0.89
 Factors (1)
 Structural .73
 Content.62

5. Research Methodology and Procedure

Study is conducted to first identify the factors for the failure of the strategic plans implementation and then to confirm them in public sector organization of the Pakistan.

5.1 Population: Study covers the twin city (Islamabad and Rawalpindi) and surrounding areas ‘federal organizations among population. In population all the organization are fully public sector organizations (fully depend on the federal government in term of financing and strategy) and semi government, public sectors corporations and autonomous bodies are not involved.

5.2 Sample: Wapda, National savings, Pakistan survey institute, Pakistan agriculture research institute, PARC, FBR, and CDA are the samples of the study. About Two hundreds Questionnaires are distributed in mentioned organizations for the collection of the data. But only 150 Questioners have been collected from these organizations.

5.3 Instrument: for the data collection close ended Questionnaire are used which contain five options as Strongly Agree, Agree, Neither, Strongly disagree and disagree. The scales (Questionnaire) that are used in study are the positive and negative affect scale. Weston, Clark and Tellegen (1988) stated that for the factor analysis it is compulsory that the questions of the scale must be in positive and negative form. So in the study scale has total 16 questions in which the 8 are positive in nature and 8 are in negative form.

5.4 Reliability: Questionnaire is reviewed in term of the reliability and validity, cronbatch’s alpha is used in SPSS version 20. The result of alpha is in the term of validity is 95 % and reliability is 73.1% which shows the significant result for the reliability and validity.

5.5 Exploration: To conduct the research for the reasons of the failure of the strategic plan implementation in public sector organization researcher initially tried to explore the factors of failure from previous researches literature by using the Delphi techniques and then dimensions are survey by exploratory factors analysis.

5.6 Confirmation: for the factor analysis it is initially required that these number of data are suitable for the factors analysis, then researcher put the Questionnaire in SPSS for the KMO measures and Bartlett's test. According to KMO's measurement 0.734 which is greater than 0.6 and significance level is .000 which is less than 0.05 shows that the data are suitable for the factor analysis.

5.7 Confirmatory Factor analysis: The result from the confirmatory factor analysis is that Root mean square error of approximation (RMSEA) is equal to 0.067 which is less than 0.1 and Goodness of fit index (GFI) 0.72 and adjusted goodness of fit index (AGFI) 0.74 which are between the 0 and 1 shows the model fitness is good. Chi-square 215.457 and freedom degree rate is 120 so the ratio is 1: 2.09 which is also less than the 3. So it is concluded that our factors are fit for the model of factor analysis.

The obtain result from factor analysis about the factor are as operational dimensions (0.95), context dimensions (0.89), structural dimensions (0.73) and content dimensions are (0.620) effective factors in failure of public sector. Operational dimension is at top (0.95) which shows that operational dimensions include; resources limitation, incompetent management and staff, poor planning for execution and lack of integration among the department are the main reasons for failure, after that context dimensions, structural and content dimensions.

Conclusion:

Due to globalization the competition among organizations has significantly increased and tough time job for the managers to maintain the level of organization in market and survive in competition. Today it is very difficult for management to make accurate and vigorous decision and implementation of the plan in successful manner. A single mistake by management in strategy formulation and implementation can drop whole the organization status from peak point to shut down situation. Therefore it is necessary for the manager or in case of public sector organization head of the department, directors and top level management to take the action in right time, with adequate resources and competent labor forces. As a mentioned in last chapter of the study, the factors which are the reasons for the failure of the strategic plan in public sector organizations of Pakistan. Reviewing the previous literature and expert Bauru curate opinion researcher has enable to explore the 16 dimensions as effective factors on the failure of the strategic plan implementation in Pakistan. The result of the factor analysis in both forms explorative and confirmative classified these dimension into four main factors contextual dimension (0.89), content dimensions (0.62), structural dimensions (0.730) and operational Dimensions (0.95).

The result shows that the most important reason for the failure of the strategic plan implementation in public sectors organization in Pakistan is operational plan of the implementation. Operational dimensions include; resources limitation, incompetent management and staff, poor planning for execution and lack of integration among the department are the main reasons for failure, after that context dimensions, structural and content dimensions. Therefore paying the more attentions on plan implementation of the public sector can achieve the desired result in shape goals, benefit, surplus budget and long term survival in market by hiring the competent staff according to requirement (avoid from idle labor .i.e. PIA has 45000employees for 36 airplanes), hire the competent people, Proper monetize the plan and increase the communication among the departments frequently.

Future Researches Guideline:

There are not only the above mentioned factors which cause the failure of the strategic plan implementation in public sector organization. Many others dimension also having the detriment effect of failure in Public sector organizations are:

- Improper monetization
- Political influence
- Lack of responsibility acceptance
- Idle human resources
- Incremental budget rather than activity base budget.

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Research Questionnaire

Why do public sector organizations fail in Implementation of strategic plan in Pakistan?

National University of Modern Languages H-9 Islamabad

Name of Organization _____

Designation _____

E-mail _____

SA =Strongly Agree , A=Agree, N=Neither, SD= Strongly Disagree , D= Disagree						
	Select only one column	SA	A	N	SD	D
1	Limited resources cause to implement or accomplish strategic plan.					
2	Your organization can't implement strategic plan for the reason that it is Public sector organization.					
3	Strategic plans fail due to deficient communication system of your organization.					
4	The difference of opinion among you and your higher management in the way of objective affects performance of your organization.					
5	New problems may occur while implementing the strategic plan.					
6	The people who execute the strategic plan may agree to another plan too.					
7	The people who are assigned to execute the strategic plan must have					

	education and expertise.					
8	Lack of leadership or instructions of leadership cause failure of the strategic plan implementation.					
9	The Executive of organization may help you in implementation of the strategic plan.					
10	Before implementation of the strategic plan all material or important information is necessary to be achieved.					
11	After having developed the strategic plan opinion of the people must be obtained for its implementation, rejection or acceptance.					
12	The structure of an organization may become a barrier in implementation the strategic plan.					
13	Whatever the strategic plan is, it must be prepared in accordance to information of the objectives.					
14	The strategic plan must be prepared in accordance to the system of an organization.					
15	The managers must adopt strict attitude to implement the strategic plan once developed.					
16	Before implementation these strategic plan, duties and nature of assignments of the managers must clearly be defined.					

- Note: Purpose of Questionnaire is only to collect the data for research which is conducted in NUML.
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