

IMPACT OF STRATEGIC MANAGEMENT PRACTICES ON ORGANIZATIONAL ENTREPRENEURSHIP: MEDIATING EFFECT OF STRATEGIC INTELLIGENCE

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ABSTRACT

The objective of this research is to identify the mediating effect of strategic intelligence in the relationship between strategic management practices and entrepreneurship in Iraqi universities. The data was collected from the university professors and the questionnaire was used as a tool for data collection. The data were analyzed using the structural equation modeling (SEM) with SmartPLS 3 software. The research results indicated that the relationship between variables was positive significant relationship while strategic intelligence leads to more effective strategic management practices in order to achieve entrepreneurship.

Keywords: Environmental Scanning, Strategy Formulation, Strategy Implementation, Strategy Evaluation-Monitoring, SEM, SmartPls.

INTRODUCTION

Today, universities try to survive and remain in a very competitive environment, so they are forced to look for tools, systems, models, processes; that allow making better decisions and raising the performance and promoting entrepreneurship. All these require universities to play an important role in achieving its academic goals and to take care of academic classification and ranking among the universities of the world and promote entrepreneurship (Patzelt & Shepherd, 2009). Entrepreneurship has become one of the most important issues of wide international interest due to the role it plays in economic and social development (Noe et al., 2017), in addition to its role in involving many social groups in economic activity (Kraakman & Hansmann, 2017). The decision undertaken by the leadership is always laid within the limits of the organization as per the strategies initial formulated. The effects of the strategic management practices on entrepreneurship stem from the original core values and mission of the organization. As the society changes and the dynamic nature of business world keep changing, the strategic reformulation is always undertaken regularly in response to any changes in the industry (Hitt & Duane, 2017). Strategic intelligence constitutes the provision of information and for strategic formulation. In the formulation of strategies, the goal of the organization is always to promote new innovative aspects, sustain the growth and possibly take the organization to a high notch in matters entrepreneurship in all sectors which need a successful management (Ansoff et al., 2019).

In the academic field management is increasingly becoming one of the most critical elements of human practice in many countries around the world, including Iraq. The practice is significant due to its direct social, economic, and political impact on the quality of Iraqi society (Blackburn, 2012). Consequently, investment in a good higher education plan is significant for

the evolution of future societies and generations and requires extraordinary effort from management in the planning as well as execution phases for the planned education (Nauffal & Nasser, 2012). In this regard, the conceptual idea of strategic management practices plays a key role in the development of the Iraqi educational process, and many researchers have explored it as a critical tool that prepares universities to respond to future scenarios and educational needs. Achieving organizational communication in university education requires reliance on advanced techniques, mechanisms, and strategies, including strategic intelligence, which used by entrepreneurs as a tool that helps in strategic planning, decision-making, and evaluation. The main problem of this study is identifying the impact of strategic management in organizational entrepreneurship with the mediation role of strategic intelligence.

Accordingly, this research aims to answer the question of investigation: what is the impact of strategic management on organizational entrepreneurship with the mediation role of strategic intelligence.

LITERATURE REVIEW

Strategic Management Practices

Strategic management is considered as one of the major tools of success in an enterprise. It is the systematic maintenance and structuring of success potentials in the enterprise. Strategic management aligns external factors and the internal factors that affect an enterprise. The internal factors bring the strengths and weaknesses in an enterprise while the external factors bring opportunities and threats in the enterprise (Hitt & Duane, 2017). Strategic management includes environment scanning, strategy formulation, strategy implementation, and strategy evaluation (Ramadan & Borgonovi, 2016).

Environmental scanning is the act of surveying and interpreting relevant data in a bid to explore both internal and external opportunities as well as external threats in a business venture (Smeltzer et al., 1988), strategic formulation encompasses the process of choosing the most appropriate action plan or in other words the next course of action in order to achieve the set objectives (Pearce et al., 2000). Immediately after strategic formulation, the next move is to implement strategies and take a closer look at how things pan out. Rapert et al. (2002) defined strategic implementation as the act of putting strategies, plans, and ideas into action and evaluate to see if the desired goals were arrived at. Finally, strategy evaluation and monitoring aims at improving the management outputs by reviewing the effects of the formulated strategies (Ramadan & Borgonovi, 2016).

Strategic Intelligence

Strategic intelligence is a set of actions and activities used to find, analyze and evaluate all business information in order to achieve a certain set goal and it focuses mainly on issues pertaining strategic planning for a business (Sternberg, 2004).

Entrepreneurship

Entrepreneurship is the ability, quality or ability to conceive and realize a business opportunity, it is a way of thinking, reasoning and acting linked to and stimulated by the search

for business opportunities (Bridge & O'Neill, 2012). Successful entrepreneurs exploit opportunities that have not been identified by competitors.

MATERIAL AND METHODS

Research Model and Hypotheses

Based on the literature and previous studies, the main dimensions of this research were identified. Figure 1 shows the study model showing the independent variable within the Strategic Management Practices (SMP) which includes Environment Scanning (ES), Strategy Formulation (SF), Strategy Implementation (SI), and Strategy Evaluation (SE)), the mediating variable is Strategic Intelligence (SIN), and the dependent variable is Entrepreneurship (EN). In order to test the relationships, the following hypotheses have been developed:

H₁: Strategic management practices have a positive impact on strategic intelligence.

H₂: Strategic intelligence positively affects entrepreneurship.

H₃: Strategic management practices positively affect strategic intelligence.

H₄: It is expected that the relationship between strategic management practices and entrepreneurship will be mediated by strategic intelligence.

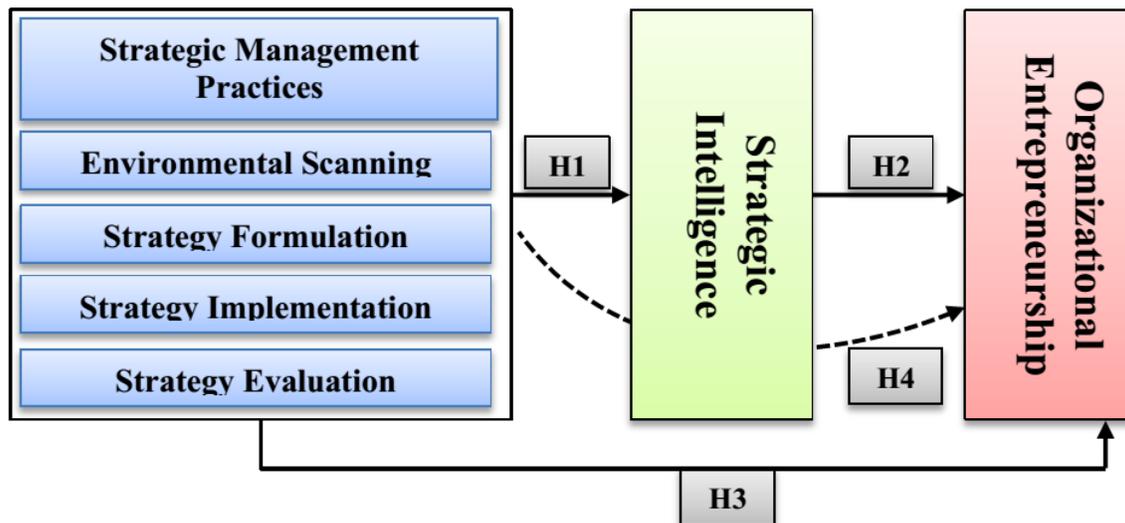


FIGURE 1
RESEARCH MODEL

Research Design and Procedure

This research is based on Structural Equation Modeling (SEM) in order to study the relationships assumed in the research model and test hypotheses that have been developed. Data collected by tools of the questionnaire. The random sample was used and the data were analyzed using the five-dimensional Likert scale. The conceptual validity of the instrument was based on previous studies and related literature, as well as the views of a sample of experts. The reliability analysis of this instrument showed Cronbach Alpha of 0.937. Values above 0.80 have high

reliability. The populations of this study were professors in Iraqi universities in Baghdad. Sample selection was conducted among them.

RESULTS

Measurement Model

The Confirmation Factor Analysis (CFA) was performed to verify the properties of the instrument elements.

Figure 2 shows the goodness of valid indicators in the evaluation of this sample study selected to SM. Since CFA model were not acceptable, three elements (q2, q5, and q14) were deleted for an appropriate measurement model (Table 1). The revised CFA results indicated that (chi-square=427.565(p<0.05), ($\chi^2/df=427.565/103=4.151$); threshold less than 5, the incremental containment (IFI=0.901), the Tucker-Lewis index (TLI=0.879), the (CFI=0.956), (GFI=0.908), (AGFI=0.902), and the RMSEA square root square error of 0.078 (RMSEA<0.08). Based on these measurement indexes, the model seemed to fit well (Henseler & Sarstedt, 2013).

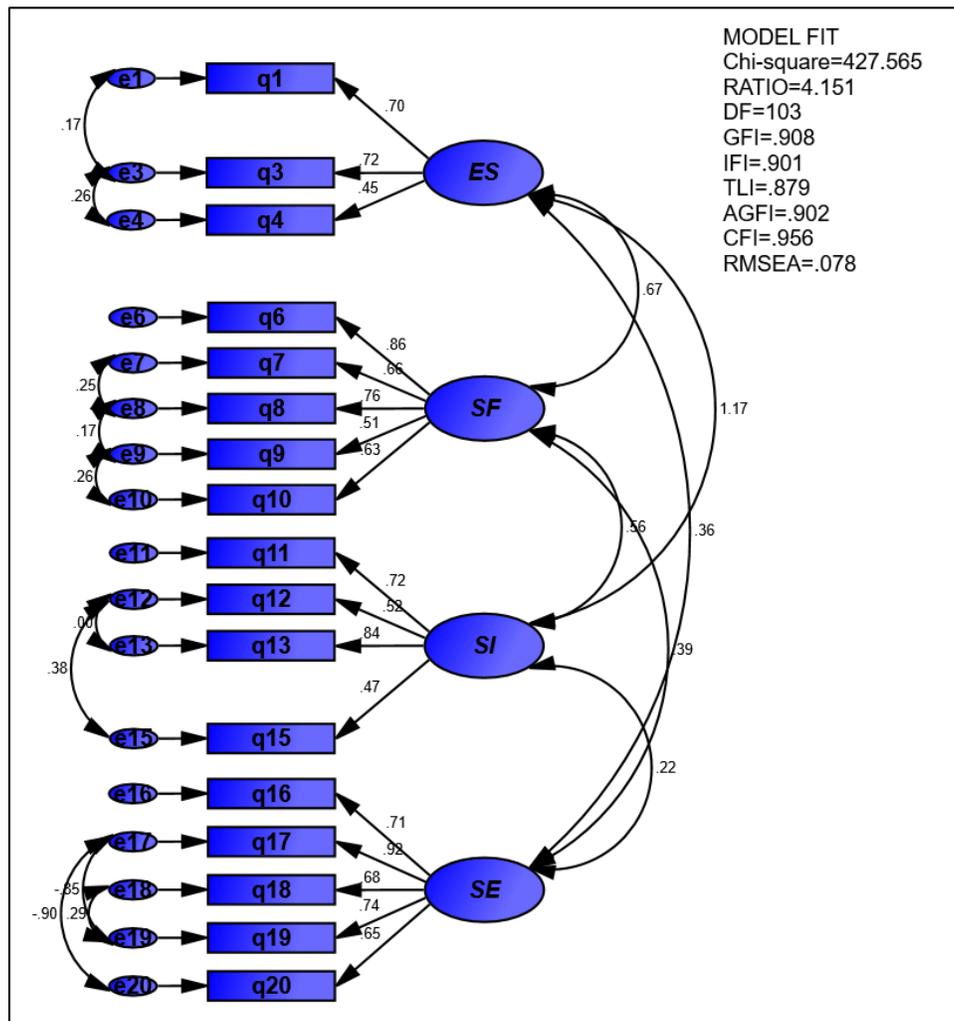


FIGURE 2
SM BEST SEM MODEL BASED ON GOODNESS OF FIT

Regarding SIN Figure 3 indicated that CFA model did not acceptable fit, one element (M4) was deleted for an appropriate measurement model. The results indicated that (chi-square =19.574 ($p < 0.05$)). The other indicators were ($\chi^2/df=1.305$), (IFI=0.993), (TLI=0.981), the (CFI=0.992), (GFI=0.976), (AGFI=0.927), and the RMSEA 0.042 (RMSEA<0.08). Accordingly, the model seemed to fit well.

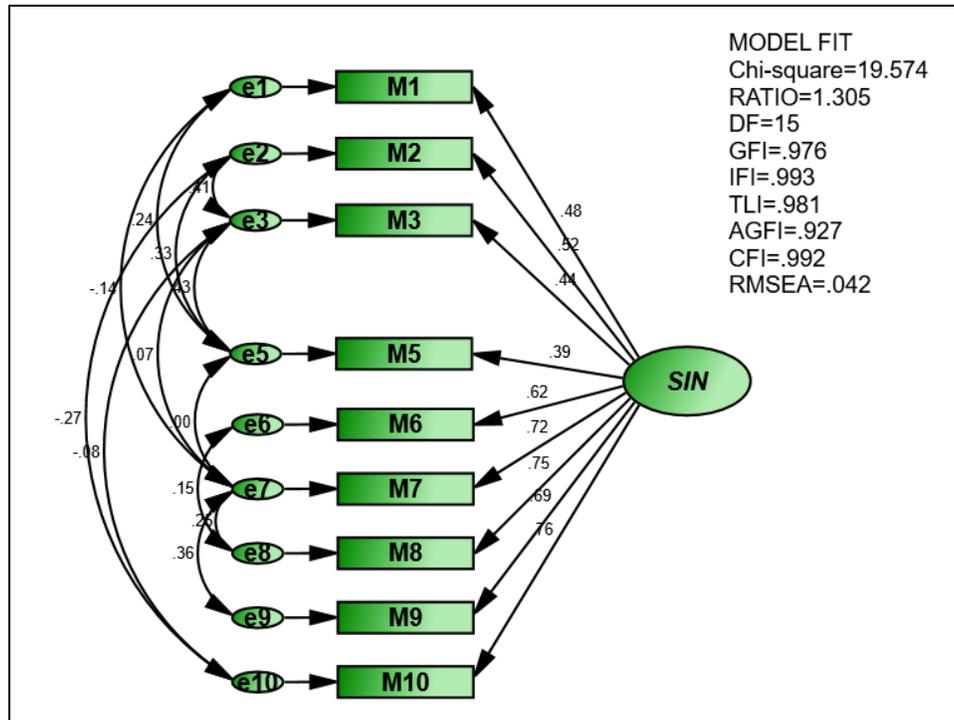


FIGURE 3
SIN BEST SEM MODEL BASED ON GOODNESS OF FIT

As for EN Figure 4 indicated that CFA model provided an acceptable fit. (Chi-square=22.78 ($p < 0.05$)). The other indicators were ($\chi^2/df = 1.340$), (IFI=0.993), (TLI=0.980), (CFI=0.992), (GFI=0.976), (AGFI=0.921), (RMSEA=0.044). Accordingly, the model seemed to fit well.

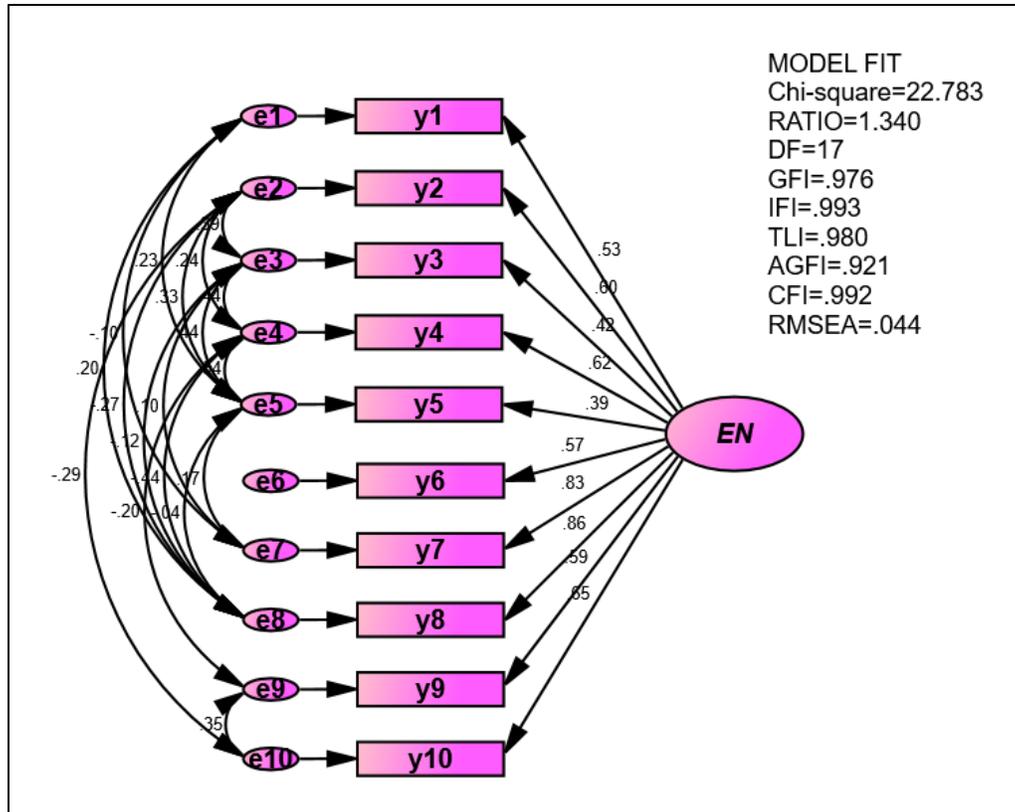


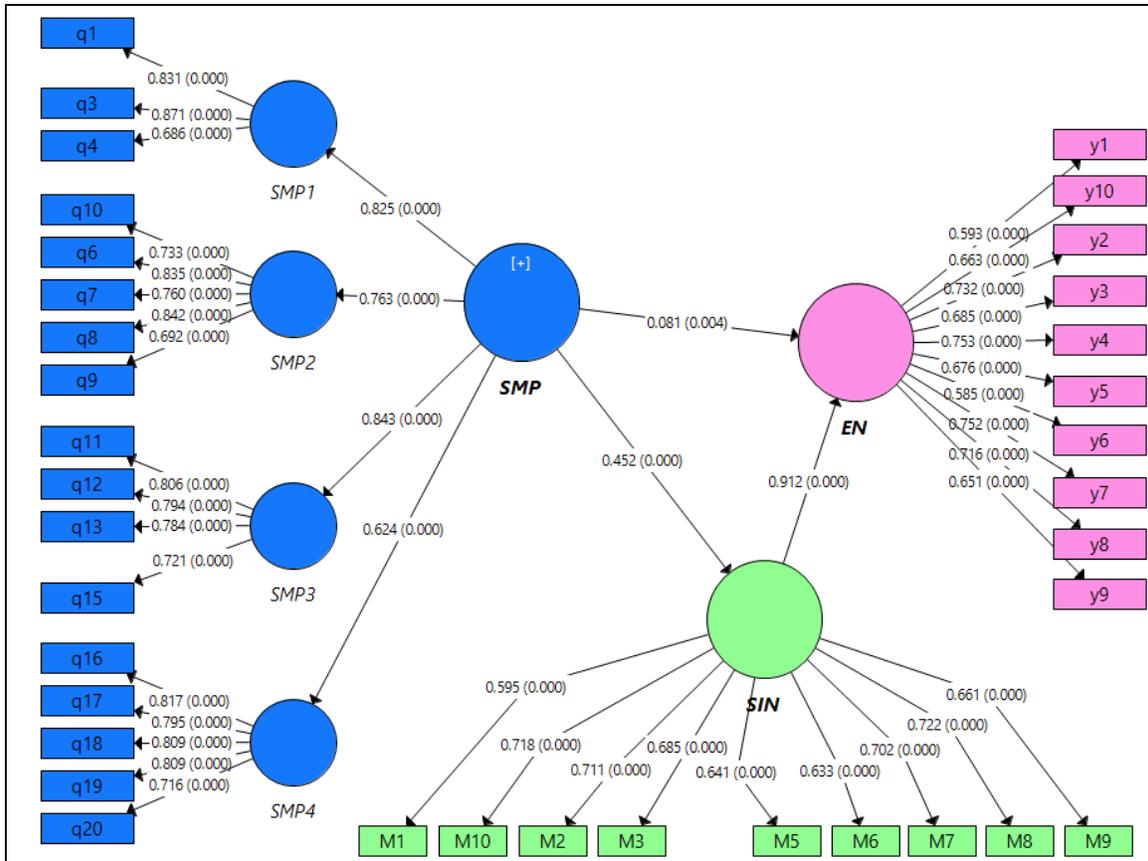
FIGURE 4
EN BEST SEM MODEL BASED ON GOODNESS OF FIT

Structural Model

To examine whether strategic intelligence mediates the relationship between strategic management practices and entrepreneurship we used (SEM). Table 1, Figure 5 indicates a SEM analysis that showed that the effect of SMP is positive on SIN. The direct effect coefficients were ($\beta=0.452$, $t=7.134$, $p=0.000$); Thus, H_1 was supported. Also, SIN positively affects EN where ($\beta=0.912$, $t=46.072$, $p=0.000$); hence H_2 was supported. Similarly, H_3 was supported with ($\beta=0.081$, $t=3.121$, $p=0.002$) which proved positive weak effect of SMP on EN.

Lastly, the indirect effect of SMP on EN through the mediation of SIN is positive, were ($\beta=0.412$, $t=7.131$, $p=0.000$); Thus, H_4 was supported. In addition, the R^2 for the model is 0.904, indicates that SMP explains 90.3% of variance in EN.

Accordingly, the effect of strategic management practices on entrepreneurship is more effective when using strategic intelligence as a mediator which changes from (0.081 to 0.412).



**FIGURE 5
STRUCTURAL MODEL**

**Table 1
RESULT OF MEASUREMENT MODEL**

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values
SMP→ SIN	0.452	0.456	0.063	7.134	0.000
SIN→EN	0.912	0.914	0.02	46.072	0.000
SMP→EN	0.081	0.08	0.026	3.121	0.002
SMP→SIN→EN	0.4520912=0.412	0.417	0.058	7.131	0.000
R2			0.904		
R2-Adj			0.903		

DISCUSSION

From the literature, we have established the need for universities to develop their entrepreneurship, which is now at the heart of the competitiveness. The main objective of this study was to identify the mediating effect of strategic intelligence in the relationship between strategic management practices and entrepreneurship.

Several studies have sought to relate these variables. Although these disciplines have separate histories, their relationship brings effect on entrepreneurship (Gillis et al., 2018). In entrepreneurship, strategic management is a combination of environmental scanning, strategy formulation, strategy implementation, and strategy evaluation and monitoring (De & Crispeels,

2018). These sub-divisions have a positive effect on entrepreneurship depending on the intelligence in which they are unleashed. Strategic intelligence is used by entrepreneurs as a tool that helps in strategic planning, decision-making, and evaluation. On the study of the effects of strategic intelligence on business decision-making McKie & Heath (2016) found that strategic intelligence helps to inform the decisions of the managers and help to success their plans.

CONCLUSION

The results indicated that strategic intelligence mediates the relationship between strategic management practices and entrepreneurship. Strategic intelligence and strategic management are supportive tools of entrepreneurship. Entrepreneurship is even inseparable from strategic management and strategic intelligence since without them many enterprise goals will not be achieved. Moreover, the research results on strategic management cannot be fully understood without including its effect on entrepreneurship. Strategic management involves identifying opportunities and exploiting them in a better way to create value to the enterprise which is also the aim of entrepreneurship.

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