

Impact of Strategic Planning and Innovation on Organisational Performance of the Saudi Red Crescent Authority

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Abstract - A survey-based empirical examination was made on the impact of strategic planning and innovation on the organizational performance of Saudi Red Crescent Authority. Data was collected from 212 workers in Riyadh and Jeddah. The majority of the sample are educated and experienced. The results of a multiple regression analysis test revealed statistically significant positive associations between each of strategic planning and innovation with organizational performance. Theoretical and practical implications are drawn and recommendations are made as well to assist decision-makers in undertaking strategic planning and emphasizing innovation.

Key Words: Organizational performance; Saudi Red Crescent Authority; strategic planning; innovation

1. INTRODUCTION

Organisations face many challenges within the current competitive world due to a rapid increase in the number of new products, processes, technologies, and shopper preferences. Survival may also be compromised by changing environmental threats, and success in such surroundings are more likely to occur by way of improving organisational performance and giving more attention to those factors that could improve it efficaciously. Weak organisational overall performance can appreciably reduce the likelihood of attracting new customers whilst simultaneously destroying the trust of present customers.

The requirement for enhanced performance is a concern not solely for the private sector, but for the public sector as well. Organisational performance is an essential element in organisational analysis, and there is no organisational theory that does not have this concept. In the rapidly changing and dynamic present-day environment, a positive element for organisational success and developing the ability to survive amid a highly competitive environment is to enhance innovation and strategic planning. Some studies have highlighted the importance of innovation for developing competitive advantage (Aziz & Samad, 2016[15]; Naranjo-Valencia et al., 2016[73]; Nishitani & Itoh, 2016[75]; Amarakoon et al., 2018[7]; Salunke et al., 2019[91]). A culture of innovation in organisations is an important factor for success in developing new and improved products, services and processes. Many researchers regard innovation as a key strategy for improving and creating new products and services, developing new tactics in production, distribution and supply chains, in altering managerial procedures, and in supplying ideas with the

potential to help achieve high overall performance and competitive advantage (Aziz & Samad, 2016[15]; Nishitani & Itoh, 2016[75]; El-Kassar & Singh, 2019[37]; Salunke et al., 2019[91]). For this reason, innovation-based strategies are being adopted for achieving performance gains (Sandvik et al., 2014[93]). Due to the increasing importance of strategic planning and innovation in achieving performance gains (Bryson, 2018[24]), many empirical studies have been undertaken to examine the relationship between these two factors and overall organizational performance in a number of business-related fields (Hilmi et al., 2010[54]; Rhee et al., 2010[86]; Rosli & Sidek, 2013[88]; Audenaert et al., 2019[13]). Empirical investigations linking these variables in government organizations remain limited (De Vries, Bekkers, & Tummers, 2016[36]), especially in the context of social service organisations. Public sector organizations are keen to engage in innovative practices in order to improve the services provided for enhancing the quality of life for their citizens. The concern of public organizations with respect to innovation is to improve organisational performance (Pihl-Thingvad & Klausen, 2016[81]). However, research is inconclusive on the role of innovation in leading to positive outcomes. Some studies suggest there is a positive association between the two constructs of innovation and performance; however, these findings are mixed, and there is no consensus in this matter (Walker & Damanpour, 2009[111]). However, unlike private sector investigations in which the emphasis is usually on product innovation-based performance, the centre of attention in public sector research has been on the role of service-based innovation. Additionally, strategic planning is another very important component that can affect performance. It is considered as a managerial tool for dealing with uncertain cases, and in

addition, to stimulate organisational performance. Strategic planning is an integral mechanism in organizational settings, and is recognised as a method used for determining and achieving an organization's objectives and goals, and it helps bridge any gaps between the present position and where the organisation seeks to reposition itself (Adeleke, 2001[3]). However, planning is no longer an easy task because it requires knowledge and skills, and the ability to make sound decisions in relation to business strategies, and in regard to applying resources for achieving desired outcomes. Not engaging in strategic planning can result in poor performance and diminished ability to survive in the market (Salkic, 2014[90]). Strategic planning should therefore be targeted on factors that may have a significant effect through identifying strengths, weaknesses and strategic goals, and by planning ways to capitalise on strengths, deal with weaknesses, and to accomplish organisational goals. In contrast, private organisations have managed to apply strategic planning more successfully overall. This shows the potential of strategic planning to also be used in public organizations to improve customer satisfaction and public services, and for managing limited resources both rationally and equitably (Salkic, 2014[90]). Public organizations, such as social service organisations, strive to provide services in order to meet business needs and interests. In practice however, there are concerns over social service organisations around the world due to criticisms directed at them by practitioners and researchers with respect to weak organisation and lack of effective development plans (De Maillard & Savage, 2018[35]; Bryson, 2018[24]). This has resulted in ineffectiveness and inefficiencies arising, which are evident in the form of reduced quality of services and lower satisfaction of stakeholders. The deteriorating organisational performance has impacted negatively on many of them resulting in long-term financial penalties and adverse economic development. Such organisations play an important role in a nation's overall economic development, but as shown for a police organisation, poor strategic planning inevitably results in negative performance (De Maillard & Savage, 2018[35]). This study aims to investigate the factors of innovation and strategic planning on organizational performance in social service organisations, and their impact. It is noted that very few studies have been conducted previously in this area. Through this investigation on innovation and strategic planning, it is anticipated that the findings could contribute by expanding the body of knowledge currently available on strategic planning and innovation in social service organisations. A few similar investigations have shed some light, but a synthesis of understanding is still lacking. With this need in mind, this study attempts to obtain relevant and critical evidence based on prior research to achieve the goal of understanding the impact of strategic planning and innovation on overall

organizational performance of Saudi Red Crescent Authority.

2. LITERATURE REVIEW

2.1 ORGANISATIONAL PERFORMANCE

Organisational performance refers to achievements attained after the implementation of certain practices. Performance measurement involves assessment of achievements from implementing practices (Neely et al., 2005[74]). It is a method of growth assessment to attain objectives that were predetermined. By making measurements, organisations assess their manufacturing processes to bring about improvements, and then evaluate their achievements. If the measures to assess performance are deficient or inappropriate, it may lead to misinterpreting and undermining the efforts of the organisation instead (Upton, 1998)[107]. Neely et al. (2005)[74] and Ghalayini & Noble (1996)[42] before them have noted several changes in the systems used for measuring organisational performance. Initially, the focus was on financial aspects, and over time it has incorporated a widening range of characteristics. Ghalayini & Noble noted that performance measurement has undergone two major developmental changes. The first was the move away from a focus on purely financial measures of performance, such as profit, prices, return on sales, return on investment and sales per employee. Performance during this phase was typically reported in the form of financial metrics (Abdel-Maksoud et al., 2005)[2], but this was later accepted as insufficient for indicating a company's true position in terms of strengths and prospects (Schonberger, 1996)[96]. The problem is that important non-financial indicators, such as quality and flexibility are unable to be precisely quantified, thus making measures of financial performance misleading, and jeopardising the organisation's ability to achieve its strategic goals and objectives (Bhasin, 2008)[19]. This limited information is therefore inadequate for being used to make strategic decisions. Financial performance alone is thus irrelevant to practice because it attempts to quantify performance purely in financial terms, whereas many organisational improvements cannot be quantified in financial terms (Ghalayini & Noble, 1996)[42]. Traditional measures of performance are thus inadequate for supporting continuous efforts in making organisational improvements. During the second phase of the developmental changes, a number of scholars pointed out several shortcomings of the existing approach limited to financial measures. For example, Kaplan & Norton (1992)[58] highlighted issues of lack of precision and neutrality, imbalance, narrow focus on the short-term and past statistics, and so on. All these issues led to a failure on the part of organisations to accurately reflect their overall performance, as well as issues related to strategic planning. Subsequently, many scholars began to include additional non-financial indicators to complement the financial data for evaluating performance (Grawe et al.,

2009[45]; Wadongo et al., 2010[109]; Saunila, Pekkola, & Ukko, 2014[95]). One such popular tool is the BSC (Balanced Scorecard) method, which provides a more balanced assessment of organizational performance. It has been used, for example, by Habidin et al. (2016)[49] and Mehralian et al. (2017)[68] for measuring organisational performance. The BSC retains the financial measures already use, but introduces three additional views pertaining to customers, internal processes, and information on organisational learning and growth, thus providing more balanced measure of performance (Kaplan & Norton,1996)[59]. In spite of the attempts to improve measures of organisational performance during the second phase, most of these BSC-based measures have been adopted only in the private sector, and only few in the public sector. Overall performance also depends on organisational goals and the nature of the business (Northcott & Taulapapa, 2012)[76]. Private organisations are more focused on increasing profits and enhancing value for their customers, whereas public sector organisations are more geared to improving their own performance, and ensuring quality and customer satisfaction (Serrano Cinca et al., 2003[98]). Governments on the other hand, seek to enhance their overall performance to tackle or reduce corruption, promote transparency and accountability, bolster integrity and customer satisfaction, support participation of citizens, and in using public resources (Ashour, 2004[12]). Furthermore, the reforms are necessary to improve public quarter performance for the sake of protecting and developing public performance, and to strengthen its role in supplying basic services to its citizens. Performance measurements in the context of the public sector is an important component of the process of managing an organisation, and additionally to assess whether it is meeting its strategic targets, whether there are any major problems that must be dealt with, and dealing with them to increase the likelihood of improved future conditions (Kanji & Sa, 2007[57]). Presently, public organisations regard performance measurement as vital for improving service quality and providing customers with value for money (Morgan & Murgatroyd, 1994). Both private and public sector organisations reap good results albeit by approaching the task of measuring performance differently (Eskildsen et al., 2004[38]). However, due to the differences, the findings of researches on the private sector cannot be applied to the public sector. Some previous studies on organisational performance measurement have shown that BSC can be used as a model for this purpose in the context of social service organisations (Najafi et al., 2009[72]). According to Najafi et al. (2009)[72], BSC can be used for measuring all elements related to social service organisations, including the achievement of strategic goals, making more efficient resource usage, gain balance, and to obtain information on cause and effect based on the BSC. Due to the established use of the BSC, this present study applies

the same in order to assess the organizational performance of the Saudi Red Crescent Authority.

2.2 STRATEGIC PLANNING

Planning refers to the manner of arranging to meet the goals of an organisation, and seeking to achieve its objectives within a stipulated time frame. This makes it an action process directed toward gaining a desirable level of performance. The fundamental challenge of strategic planning is to ensure that every person working for an organisation is firstly aware of these goals and objectives before engaging them to strive and help achieve them. If these efforts are to prove effective, it is necessary for them to understand what they have to do. The planning should therefore include setting clear goals and clarifying the organisation's vision and mission, and also identify the necessary resources, activities and processes to be applied in order to achieve them (Oyedijo, 2004[79]). Strategic planning with which this study is concerned may be defined as "a method used to position an organization, via prioritizing its use of resources according to recognized goals, in an effort to information its direction and development over a duration of time" (Wilkinson & Monkhouse, 1994[113]). As such, it is a vital management tool (Aldehayyat, 2011[4]) that has the potential to assist companies in handling several variable elements in the environment in order to gain competitive advantage over competitors (Al-Shaikh, 2001[6]). The process of strategic management involves a thorough managerial dedication whilst setting the long-term vision of firms (Oktafiga, 2015[77]). Furthermore, it involves making and implementing strategic decisions, as well as actions to attain strategic competitiveness, and thereby gain a greater than average return and maintain a sustained competitive advantage. Organizations may be able to gain several benefits by implementing strategic planning. Al Shaikh (2001)[6] and Posch & Garaus (2019) [85] noted that it plays an important part in improving motivation, innovation, enhancing communication, stimulating new ideas, producing information, assessing the external environment, and for considering appropriate options. Long-term planning is imperative for organizations of all sizes. Lack of adequate strategic planning prevents organisations from realising and exploiting the advantages and opportunities they could have gained otherwise (Steiner, 1967)[103]. Moreover, there is a potential of strategic planning in having a tremendous impact in terms of economic success (Kylaheiko et al., 2016)[62]. Similarly, Sexton & Van Auken (1985)[99] found that weak strategic planning results in a greater likelihood of the organisation failing, whereas strong planning can improve chances of success. This shows that strategic planning can assist firms to survive longer. Singhvi (2000)[101] established this value of strategic planning as vital to the organisation's success. Strategic planning in the public sector tends to take various forms. For example, it may include specifying goals, objectives, tasks and activities, identifying critical

issues, team-building, suggesting techniques and strategies to deal with important concerns, identifying consequences and evaluating options (Salkic, 2014[90]; Bryson, 2018[24]; Kemp, 2018[60]). For public sector organisations, there are five potential benefits of strategic planning (Bryson, 2018[24]):

1. Enhanced strategic thinking and actions inside organisations;
2. General improvement within organisations;
3. Improved process of decision-making;
4. Improved results and work;
5. Benefits for employees.

Besides the above, strategic planning may assist decision-makers in dealing with challenges and other issues faced by organisations (Kemp, 2018[60]; Salkic, 2014[90]). Strategic planning can also make it easy to set goals and targets, and in decision-making to achieve future vision. The present study was conducted due to a scarcity of studies specifically on strategic planning and its effect on performance in the context of social service organisations. This study attempts to fulfil this gap in the literature and investigate this relationship in the aforementioned context.

2.3 INNOVATION

Innovation may be defined as the generation or adoption of new objects, practices or ideas (O'Toole, 1997[78]). It enables organisations to change, whether pre-emptively make an impact in its internal or external environment, or in response to outside changes. The innovation in this case may be seen as as masking certain aspects of the organisation, such as its structure, or relating to its existing or new products, services, technologies being used, or to future plans or programmes for its employees. Innovation is a key concern in all progressive organizations, particularly in those concerned with issues of organisational behaviour, operational management or marketing, those engaged in product and service development, technology-based organisations, and where there are issues related to improving management quality (Hauser et al., 2006[53]). In short, innovation is of fundamental importance in any organisation or country concerned with financial growth and competitiveness (Beaver, 2002[18]). According to Sandvik & Sandvik (2003)[94], it also serves as a potentially powerful tool or 'weapon' and a 'core value capability', Lumpkin & Dess (1996)[64] consider it as an efficient way to enhance organisational productivity, Bakar & Ahmad (2010)[16] point out innovation can help exploit new possibilities, and Naranjo-Valencia et al. (2016)[73] suggest it can help to gain competitive advantage over competitors. Avermaete et al. (2003)[14] suggest there are four kinds of innovation, namely (1) market, (2) organizational, (3) method, and (4) product innovation. According to Damanpour (1996)[31], the second one of 'organizational innovation' describes the creation and adoption of new ideas and behaviour across the entire organisation, and according to Gunday et al. (2011)[48], it is strongly

linked to administrative efforts in the organisation to renew its procedures, systems, routines, mechanisms, etc. Several researchers consider it to be a good source of sustained competitive advantage (Aziz & Samad, 2016[15]; Naranjo-Valencia et al., 2016[73]; Nishitani & Itoh, 2016[75]; Amarakoon et al., 2018[7]; Salunke et al., 2019)[91], as well as a catalyst for business and economic growth. Organisation-wide innovations have the potential to improve performance by reducing costs, particularly those related to transactions and administration; to improve employee satisfaction in the workplace, gain access to non-tradable assets, or reduce their supply costs (Avermaete et al., 2003)[14]. This may also include adjustments in management or to work activities, and more fundamental changes in the organisations, such as to administrative processes and structural changes, that help to generate new products and services (Chang et al., 2012)[29]. Notably, there is a difference in the way innovation is viewed by public organisations compared to how it is viewed by private organisations despite its prevalence in both organisation types (Aas et al., 2016[1]; Sucupira et al., 2018[104]). It has been argued that innovation in the public sector is challenged by various obstacles, particularly due to the existence of monopolies and insufficient incentives to innovate due to lack of competitive pressure (Aas et al., 2016[1]; Audenaert et al., 2019[13]). Employee innovation is further hindered by bureaucratic measures and red tape, which are common in many public organisations. Nonetheless, innovation is receiving growing academic interest in the context of public organisations as well. Case studies related to public organisations have been conducted in a variety of fields, including healthcare (Pillay & Morris, 2016[82]), educational choice (Roberts & King, 1996[87]), civic environmentalism (John, 1994[56]), and policing (Bond & Gabriele, 2018[21]; Menelau et al., 2019[69]). Much of the focus of innovation in the context of public organisations has been on techniques and strategies to limit or reduce their resource usage, and functions of privatised government. It has not been on effectiveness of innovation or its impact, an area in which research is lacking (Christensen & Lægheid, 2006[30]), hence the need to expand the scope of studies on innovation to consider the impact or outcome of innovation. Regarding innovation in social service organisations, some researchers have pointed out that bringing about performance improvement by means of innovating is not an easy process, and the reason for this is the high reluctance to change and social service workers finding it difficult to implement changed programmes (Capowich & Roehl, 1994[28]). However, there are some useful things that can be obtained from these studies. In particular, they have confirmed that innovation in social service organisations can help to enhance the relationship with local communities and also prevent social issues. Furthermore, they identify some key dimensions of performance, such as effectiveness of

social control measures and maintaining community satisfaction through providing services.

2.4 ASSOCIATION BETWEEN STRATEGIC PLANNING AND PERFORMANCE

Strategic planning has a valuable role in enhancing organisational performance. Studies show organizations that undertake strategic planning report higher overall performance and greater efficiency or effectiveness than those that choose not to engage in strategic planning (Greenley, 1986[46]; Miller & Cardinal, 1994[70]). This Strategic planning can clarify the organisation's direction, help control activities, and strengthen coordination between employees and departments (McCarthy & Minichiello, 1996)[66]. A sustainable foundation to create and maintain competitive advantage relies on strategies that specify these aspects and lead to consolidating organisational performance (Veskaisri et al., 2007)[108]. Strategic management practices that result in higher or stronger profitability and market share for an organisation are considered as best practices because they demonstrate the value of strategic planning in organisations to realise the aforementioned benefits (Dauda et al., 2010)[33]. Strategic planning has the potential to make managerial and administrative practices more efficient, and this shows in terms of organisational performance (Greenley, 1994)[47]. If strategic planning is conducted well, it can assist organisations in connecting their operational plans and short-term objectives to their longer-term goals (Falshaw et al., 2006)[39]. Additionally, it can help to coordinate actions and combine them in order to enhance effectiveness, integrate their business departments, and to assess their strategic direction, which all tend to impact positively in terms of organisational performance (Andersen & Nielsen, 2009)[8]. Strategic planning can also facilitate organisations to deal with or prepare for any emerging environmental instability, which supports them in competing with other organisations in the industry (Falshaw et al., 2006)[39]. Similarly, Capon et al. (1994)[27] have highlighted the capability of strategic planning in assisting organisations to improve their performance through considering adaptation to changing environments, and applying systematic procedures for dealing with strategic matters.

In contrast with the above, there are also studies that have shown different and negative outcomes (Yusuf & Saffu, 2005[115]; Falshaw et al., 2006[39]; Ghobadian et al., 2008[43]; Gica & Negrusa, 2011)[44]. According to Armstrong (1982)[11], these contradictory and inconsistent findings have arisen due to deficiencies in research. For example, in order to assess the worth of strategic planning, it is essential to provide descriptions of the planning methods applied. Other studies have placed doubts over the capability of researchers to properly understand the effect of strategic planning on organisational performance due to methodological limitations. Although the relationship between strategic planning and overall organisational performance is

modestly positive, the contradictory results arise from mistakes in measurement that have led to underestimating this association.

The following hypothesis is proposed in this present study in view of the above review of previous studies on the impact of strategic planning on enhancing organisational performance:

H1: Strategic planning has a positive impact on organisational performance to a significant degree.

2.5 ASSOCIATION BETWEEN INNOVATION AND PERFORMANCE

Previous studies suggest innovation is a vital success factor to improve overall organisational performance (Wheelwright & Clark, 1992[112]), and to ensure longer-term success (Scott et al., 2017[97]). Innovation can often be critical to improve productivity, and to increase productive efficiency (Baumann & Kritikos, 2016[17]), for raising a firm's value (Bowen et al., 2010), and for enhancing revenue (Shefer & Frenkel, 2005[100]). Additionally, innovation makes organisations able to provide more differentiated products and services that can improve their overall financial performance as well. (Hitt et al., 2001[55]). A positive impact of innovation on overall organisational performance has been established in numerous studies, such as Bowen et al. (2010)[22], Hilmi et al. (2010)[54], Liao & Rice (2010)[63], Rhee et al. (2010)[86], Gunday et al. (2011)[48], Tajuddin et al. (2015)[106], Rosman et al. (2018)[89], Cai & Li (2018)[25], Khin & Ho (2019)[61], and Davila et al. (2019)[34] during the previous decade alone. Notably, these aforementioned studies were conducted in various economic contexts around the world. For instance, McMillan (2010)[67] showed that innovation results in greater effectiveness and improved efficiency, which are two key qualities that can ensure success and long-term survival for an organisation. Larger organisations specifically can benefit from innovation to improve their overall performance, gain sustained competitive advantage, and deal with challenges and necessary transformations (Bommer & Jalajas, 2004)[20]. That is, innovation enables an organisation to respond to changes in the environment more appropriately, and to develop its own capabilities in order to create and sustain competitive advantages (Salunke et al., 2019)[91]. In this way, innovation tends to play a major role in bringing about improvements in organisational performance (Tajuddin et al., 2015)[106]. The speed at which the innovation takes place provides opportunities for obtaining a larger market share, and consequently higher income and profitability (Garcia-Morales et al., 2008)[41]. Furthermore, the adoption of a culture of innovation to create "isolation mechanisms" if the knowledge gained by innovating is enjoyed exclusively at the expense of rivals (Aragon-Correa et al., 2007)[9]. This situation allows the organisation to make performance improvements, and thereby to reap greater profits, and sustain their

competitive advantage. At the same time however, there are some limitations in examining the relationship in question, i.e. between innovation and organisational performance, with respect to innovation in the public sector due to the inadequate number of empirical studies in this field (Audenaert et al., 2019[13]). Regardless, performance outcomes resulting from innovation has not been sufficiently investigated that could shed light on innovation having a multi-dimensional impact on organisational performance aspects. Such findings would have furthered the research of Walker (2005)[110] related to innovation in both the private and public sectors, including their effects in terms of organisational performance. In short, although innovation can be risky and cannot guarantee improved organisational performance, implementing innovative changes and practices could nonetheless help to support it. The following hypothesis is proposed in this present study in view of the above review of previous studies on the impact of innovation on enhancing organisational performance:

H2: Innovation has a positive impact on organisational performance to a significant degree.

3. METHODOLOGY

In order to test for the above two hypotheses, a survey questionnaire was devised under a quantitative research methodology. The Saudi Red Crescent Authority was selected as the public organisation in this study, and a total of 240 questionnaires were administered to workers in the Saudi Red Crescent Authority to distribute among their staff across two major cities, namely Riyadh and Jeddah. The Saudi Red Crescent Authority was established in 1934 from the idea of creating an ambulance association to provide emergency medical service in the Saudi kingdom (SRCA, 2020). It was the first such government organisation to provide this kind of care. Its main city is Riyadh. The quantitative data gathered was analysed using SPSS software and by applying PLS-SEM (Partial Least Square Structural Equation Modelling).

3.1 VARIABLES

Measurement of the variables used in this present study was informed by the review of literature. Those for measuring organisational performance were based on Kaplan & Norton (1992)[58] for BSC. The specific items used for indicating performance were adapted from Mafini & Pooe (2013)[65] who examined organisational performance in the context of social services in South Africa, measures for strategic planning were taken from Samson & Terziovski (1999)[92], and the questions relating to innovation were adapted from Pinar & Girard

(2008)[83]. The specific items used in this study are listed in the appendix. The survey responses were indicated on a five-point Likert scale from 1 for 'strongly disagree' to 5 for 'strongly agree'.

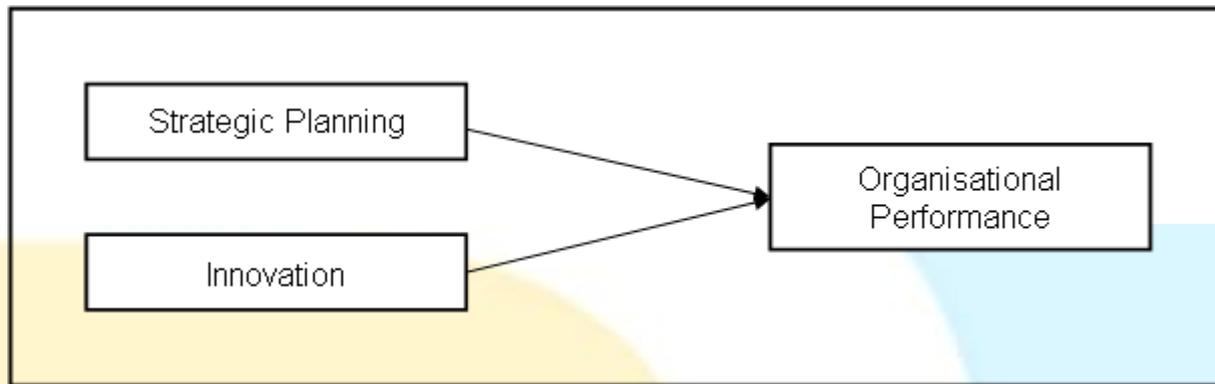
3.2 SAMPLING AND DATA COLLECTION

The survey questionnaire administered to 240 workers in the Saudi Red Crescent Authority was distributed equally in two cities, thus making it 120 in each. The workers in the sample were all personnel of the Saudi Red Crescent Authority. Workers of other similar social service organisations were not included in this study. The questions were stated in both Arabic and English to prevent any confusion given that Arabic is the national language of the kingdom. The sampling was done using proportionate stratified random sampling. The rationale for adopting this method was due to the nature of and hierarchy present in the Saudi Red Crescent Authority with its centres and generic departments. This may have provided a highly representative sample for the population under study. This approach also enabled generalising the results to the wider Saudi population of social workers. The sample size was determined by conducting a power analysis test, as recommended by Hair et al. (2014), and the power analysis was done, a priori, using G*Power software. For the regression analysis, a minimum sample size of 107 was considered adequate based on the statistical parameters of 0.15 for f^2 (medium effect measurement); 0.05 α error probability for alpha significance degree; 1 - β error probability at the 0.95 significance level for power; two predictors (of strategic planning and innovation), and three main predictors altogether with organisational performance in addition to the aforementioned. In order to prevent a low response rate, measures were taken to ensure a larger size for the sample. The target sample size was thus set at 240. The survey questionnaires were despatched at the beginning of November 2020, and the respondents were asked to complete the questionnaire within two weeks, after which reminders were sent by SMS. On the twentieth day, the completed questionnaires were collected by the researcher. This set of completed questionnaires numbered 212 making this the actual sample size and giving a response rate of 88%. A further 11 were rejected and therefore not included in the obtained sample due to being incomplete, and the remainder 17 were treated as unreturned.

3.3 THEORETICAL FRAMEWORK

The theoretical framework applied in this study incorporates the indigenous variable of 'organisational performance' and two exogenous variables of 'strategic planning' and 'innovation'. This is depicted in below.

Figure 1: Theoretical framework



Two relationships are shown in the above theoretical framework between the dependent and independent variables. One is between strategic planning and organisational performance, and the second is between innovation and organisational performance. The two hypotheses for examining the framework conceptually are based on the RBV (Resource-Based View), which suggests that organisations are capable of attaining higher performance by using their resources and potential relative to their competitors. Strategic planning and innovation are the capabilities that are considered as possibly having an impact on organisational performance. Table 1 below. Three types of data pertaining to the demographics of the respondents were collected, namely gender in two classes (male and female), qualifications in four classes, and experience in three classes. The majority of the respondents were male (86%), are educated to

Table 1: Demographic data

Variable	Category	Frequency (n=212)	%
Gender	Male	183	86.3
	Female	29	13.7
Qualifications	Lower than high school	0	0
	High school	22	10.4
	College level	147	69.3
	University level	43	20.3
Experience	Less than 5 years	26	12.3
	Between 5 and 10 years	51	24.1
	More than 10 years	135	63.7

4.2 DESCRIPTIVES

The results of the descriptive analysis is presented in Table 2. This information shows that strategic planning has the greatest mean value (3.781) and the lowest standard deviation (0.528). This result shows an appropriate degree of awareness among employees of the importance of strategic planning for improving organisational performance. Innovation had the second

4. ANALYSIS

A preliminary evaluation was done for the second data collection stage to check the validity of the results. This preliminary analysis involved screening for missing values, normality and outliers. The data was entered into SPSS software for analysis by first applying the measurement model and then the structural model.

4.1 OBTAINED SAMPLE

The demographic data of the respondents is presented in

college level (69%), and have been in service for more than ten years (64%). The distribution of both qualifications and experience are skewed to the upper end. Notably, many of the respondents in this study were highly qualified and experienced.

greatest mean value (3.662) but the highest standard deviation (0.634). Organisational performance had the lowest value for mean (3.314) and a standard deviation value (0.535) between those of the other two variables, which shows a relative lack of focus of its role.

Table 2: Construct validity and reliability

	N	Min.	Max.	Mean	SD
Strategic planning	212	1.00	5.00	3.781	0.528
Innovation	212	1.00	5.00	3.662	0.634
Organisational performance	212	1.00	5.00	3.314	0.535

4.3 TEST FOR NORMALITY

It is important that normality is assessed prior to checking the data for indications of multivariate skewness and kurtosis (Hair et al., 2017; Cain et al., 2017). The results of the test for normality showed that the collected data is not multivariate normal. The values for Mardia's multivariate skewness ($\beta=8.389$, $p<0.01$), and Mardia's multivariate kurtosis (59.87, $p<0.01$) confirmed that the data was indeed not normal. It is for this reason that non-parametric analysis software had to be used.

Table 3 are above these aforementioned threshold values.

Table 3: Construct validity and reliability

	Cronbach's Alpha	Composite Reliability	VAR (AVE)
Strategic planning	0.776	0.734	0.558
Innovation	0.817	0.899	0.807
Organisational performance	0.744	0.839	0.584

Discriminant validity is the measurement of which construct differs completely from other constructs. If this value is high, it establishes the exclusivity of the construct, as it captures some elements that other measures are unable to show, and this can be measured by AVE for the correlation square value (Hair et al., 2010). Multicollinearity is not present if the AVE values are higher than the correlation square (Hair et al., 2010), but cross-loading between the items may indicate an issue with discriminant validity (Hair et al., 2010). Fornell-Larcker's (1981) criterion was used to measure the Table 4 shows the Fornell-Larcker criterion, and that the results exhibit discriminant validity.

Table 4: Discriminant validity

	Strategic Planning	Innovation	Organisational Performance
Strategic planning	0.718	0.655	0.704
Innovation		0.853	
Organisational performance	0.739	0.572	

4.5 HYPOTHESIS TESTING

Several methods could have been used to test the two hypotheses formed in this study to ascertain the direct impact of the independent variables of strategic planning Table 5. The relationship between strategic planning and organisational performance is positive and significant at the 1% significance level ($\beta=0.581$, $t=6.878$, $p<0.001$). Similarly, these results show that innovation also has a

Table 5: Hypotheses

H	Hypothesis	β	t-value	p-value
H1	Strategic Planning → Organisational Performance	0.581	6.878	0.001
H2	Innovation → Organisational Performance	0.359	3.105	0.002

5. CONCLUDING DISCUSSION

Organisations seek to achieve an acceptable level of performance and to make performance gains. This is an important concern for many organisations, and to achieve such gains, it is often necessary for them to implement

4.4 TEST FOR VALIDITY

Tests for convergent and discriminant validity were undertaken to evaluate the measurement model. Convergent validity is the extent to which a group of items converges to measure a specific construct, and this can be measured via Cronbach's alpha, composite reliability, and AVE (Average Variance Extracted) (Hair et al., 2010). The Cronbach's alpha's cut-off value and composite reliability should be 0.7 or greater, and the AVE value 0.5 or greater. All three values in

discriminant validity for the model in question, as recommended by Hair et al. (2017). This approach suggests the variance extracted estimates are larger than the squared correlation estimate shown for two constructs relative to the correlation values from the row and column, and must be greater than the square root of AVE. If these criteria are confirmed by these values, this shows the framework has been developed to attain its discriminant validity and is therefore suitable for undergoing further analysis.

and innovation on the dependent variable of organisational performance. Smart PLS bootstrapping was used for this purpose of testing these two hypotheses. The results of this test are presented below in significant positive impact on organisational performance, at the 5% significance level ($\beta=0.359$, $t=3.105$, $p<0.005$). Based on these results, both hypotheses H1 and H2 are upheld.

strategies and other practices that arise from strategic planning or which are of an innovative nature. Strategic planning and innovation are thus key ingredients for improving performance. Both of these factors were examined for their potential impact on organisational performance. The present study suggested each of them

has a positive relationship with organisational performance. The results confirmed a statistically significant positive association between strategic planning and organisational performance based on empirical data ($\beta=0.581$, $t=6.878$, $p<0.001$), thus supporting the first hypothesis (H1), and also a statistically significant positive association between innovation and organisational performance ($\beta=0.359$, $t=3.105$, $p<0.005$), thus supporting the second hypothesis (H2). These two key results are consistent with the results of other researchers whose findings were examined in the literature review, and which also established the existence of statistically significant positive relationships. For strategic planning being positively related with organisational performance, these studies include those by Aldehayyat & Twaissi (2011)[5], Gica & Negrusa (2011)[44], Arasa & K'Obonyo (2012)[10], Suklev & Debarliev (2012)[105], Wolf & Floyd (2017)[114], and Pollanen et al. (2017)[84]. For innovation being positively related with organisational performance, these studies include those by Rosman et al. (2018)[89] and Tajuddin et al. (2015)[106]. Additionally, these two findings uphold the theory of RBV, which states that strategic planning and innovation give precious insight into the role of managers in adopting these two techniques for enhancing performance in order to gain competitive advantages, and thereby for sustaining their organisation's success. The findings thus imply that strategic planning and innovation are both important drivers of organisational performance because they create the potential for organisations to engage in strategic planning and innovative behaviour. This present study makes theoretical and practical contributions to the field through its identification of several ways by which organisational capabilities and resources may be directed to affect the organisational performance of social service workers positively. The theoretical value of this research is that it has shown the RBV theory to be relevant for explaining the interaction between strategic planning, innovation and organisational performance within the same model. This gives a new research direction on organisational performance predictors or impactors within the context of not only the Saudi Red Crescent Authority, but also social service organisations in general. Researchers stand to gain several benefits from a higher understanding of how strategic planning and innovation can be used to impact favourably on worker performance. Usually in the past, social service organisations have been considered to be organisations aloof from the need for any strategic planning or innovation. It has been shown that in reality, strategic planning and innovation are also important for improving performance in social service organisations. In particular, an environment of rapid transformation places pressure on these organisations in terms of systems and resources, which compel managers and employees to take action. The link between these two areas can generate valuable knowledge to encourage innovative activities in social service organisations. Additionally, this study has reduced

the gap identified in the literature in which these relationships were examined in the context of social service organisations as public organisations. The results can therefore be used for practical benefits by managers, leaders, decision-makers and other practitioners alike of either public or private organisations. There are also implications for decision-makers managing social service organisations in terms of how to manage organisational resources and for improving organisational performance. The valuable role of strategic planning in organisations such as social service organisations should be acknowledged and exploited by managers if they seek to improve the performance of their organisations. Similarly, given that innovation is instrumental in impacting positively on organisational performance, and its value for gaining competitive advantage, emphasis should also be placed on developing a culture of innovation in the organisation. This practices recommended in this paper should therefore be considered seriously to develop such an innovative culture. This shows the need for decision-makers involved in social service organisations to firstly recognise this potential of strategic planning and innovation in terms of the performance value that can be added in their organisations. Having examined the impact of strategic planning and innovation on organisational performance in the Saudi Red Crescent Authority, this study has the potential to be extended to other similar organisations in the public and private sectors. Finally, the cross-sectional method applied in this study can be used to gather further data over another or longer period of time. Due to the complex nature of the positive impact of strategic planning and innovation on organisational performance, this may take the form of longitudinal research to shed more light on and clarify this complex relationship. For example, a specific strategy can be examined for the changes it brings about with respect to the variables examined through to studying its effects or outcome on performance.

6. REFERENCES

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APPENDIX

Items in the scale used to measure the variables:

Organizational performance measure:

- OP1 Resources are managed efficiently in our department
- OP2 Our department is always able to meet its financial goals
- OP3 Our section is able to meet our client demands
- OP4 Most of our department's clients are satisfied
- OP5 Programs are implemented speedily
- OP6 The level of wastage in our department is low
- OP7 Our department has successfully developed the procedure to improve the quality of service offered
- OP8 We have ample opportunities to make independent decisions

Strategic planning measure:

SP1 In our department, we have a mission statement, which has been effectively communicated to all the employees and gained their support

SP2 In our department, we have comprehensive planning process, which sets and reviews short and long-term goals

SP3 Our plans focus on the achievement of the best practice in the other police departments

SP4 When we develop our plans, policies and objectives, we always incorporate customer requirements

and the needs of all stakeholders, including the community

Innovation measure:

IN1 Our department encourages employee innovation

IN2 Our employees seldom provide new product ideas

IN3 Our employees often provide new operational ideas

IN4 Our company believes in experimenting with new ideas