Strategic Scenario as a Success Key for Academic Organizations

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Abstract

This study seeks to understand the impact of the strategic scenario and its factors in achieving organizational success. The question of this study is "what are the impact of strategic scenario on organizational success", to answer this question the study used the analytical method according to structural modeling. The analytical results showed that the adoption of the strategic scenario based on scientific methodology contributes significantly to organizational success.

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Organizations, Scenario

Introduction

Strategic scenario, also called scenario thinking or strategic planning is a technique that most successful businesses use to make their future plans (Roney & Curtis, 2013). It defines the ability of the organization to meet its objectives or to achieve its mission. Strategic scenario and scenario thinking work hand in hand with forecasting processes. It uses the history of the organization to project the future plans. When planning through strategic scenario, agencies assume that the past has a significant role to play in determining its future. It further assumes that the business practice is in eternal nature, and its success depends on linking of the continuous business processes. Environmental stability is also a key factor that cannot be overlooked when talking about strategic scenario of an organization (Nutt & Paul, 2014).

A successful strategic scenario process is healthy for a business because it creates the scope of work for the individual firms (Mitchell, Donald, and Carol Coles, 2014). A successful strategic scenario process also lays the ground for review of business processes and further improvements. It makes possible for managers to think through business events that are likely to occur in the future and suggest ways to fix them in case they occur (Gupta, Boyd and Sussman, 2014). Business risks and portfolio are best managed through the implementation of functional strategic scenario processes. However, it is hard to use strategic scenario for large organizations such as the governments, because governments always experience constant changes.

Strategic scenario specializes in creating a series of possible events that are likely to happen in future scenarios (Von Oetinger & Bolko, 2014). Organizations are required to respond to these scenarios in two broad ways. The first way to respond, which is common among organizations is the examination of the scenario to determine whether the firm can handle it. The
examination of the scenario is guided by the firm’s current strategy which will define whether the firm can survive through the strategy or not. The second-way organizations can respond to the scenarios is by diverting the strategy of the business and function from a new business line. In this case, the firm shall institute the future state that it admires to acquire and work towards achieving it. They must ensure that they put all the resources together to work them in harmony towards meeting the desired point. Generally, the main purpose of scenario planning is to establish how best a business can respond to the changes in the business world, considering that the business environment is dynamic (Schnaars, Steven, and Paschalina Ziamou, 2016).

Through strategic scenarios, firms can identify specific plans that can alter the structure of the whole business sector through the close assessment of the determinant factors (Schoemaker & Paul, 2015). The major advantage of scenario planning is that it applies to both huge and small size organizations. Those firms that make good use of scenario planning have always made their events relevant, especially in the long run. The goal of strategic scenario or strategic scenario is the same for all organizations that apply it, whether a small or big organization, local or international (Lindgren, Mats, and Hans Bandhold, 2013).

Finally, strategic scenario helps businesses appreciate that the process of making business decisions is not limited to approval of budgets and reading of income statements (Mitroff & Ian, 2013). It is more of viewing business as a wider picture of plans and future business events that are likely to affect the business. That is why these scenarios are brought about by the uncertain environment of the organizations. As much as businesses are unique and different, business success cuts across all these organizations. Therefore, success is best guaranteed when business planning and scenario planning are highly correlated with the environment surrounding them (Epstein & Jeffery, 2012). Best strategic scenario practices present enormous opportunities for organizations that have embraced it while posing a great threat or challenge to those that are not adequately prepared for future business changes.

The current study sought to identify the influence of strategic scenario on organizational success.

**Strategic Scenario**

The use of the strategic scenario as a tool to enhance strategy and build consensus in participation in work seems like clear and logic (Chermack, 2007). The strategic scenario has been suggested in planning as a tool for organizations to promote a competitive advantage and achieve desired performance results (Haeflner et al., 2012).

The strategic scenario in the business as a methodology is not recent, and there have been many attempts to develop it over time, the first systematic development based on scientific vision by the group of (Shel & Royal) (Wack, 1985).

In this context, the researchers pointed out that there are many changes to this methodology, these studies have provided a set of preconditions for the strategic scenario methodology, which must adopt the current level of strategic management in terms of knowledge, strategic vision, culture, diagnosis and evaluation (Perlaki, 1998).

The strategic scenario is defined as a planned approach to complex objectives, involving joint cooperation and taking into account possible future developments of strategic factors and alliances (Balatesht, 2010).

Although research studies have addressed the effects of the strategic scenario on decision-making, and the need to participate in it depending on the nature of the strategic scenario. 50 it needs a set of prerequisites to achieve the objective and success of the organization, therefore, feedback of the strategic scenario must be based on the correct construction cycle. Here, the regular construction of the strategic scenario was presented as shown in figure (1).

The strategic scenario requires complex procedures. So the solutions must be flexible and suitable (Kaimikara, 2008), and must be appropriate for time and place and be continuous and dynamic (Atkinson et al., 2017) accordingly, objective of the strategic scenario is to envision the medium and long term future (Mininni, 2011).

There is a fact that has been confirmed " all our knowledge is about the past, but all our decisions are about the future", The literatures presented four possibilities or types for the future (Possible, Plausible, Probable and Preferable), (Stewart, 2010) it shown in figure (2).
Strategic planning

Strategic planning is closely related to management and organizational culture. In general, the strategic planning system is described at the level of public administration in the balance between management and budget. Strategic planning includes the vision, values and environmental analysis of the internal and external environment, as well as medium-term priorities (Caymaz et al., 2013).

Historically, authors and researchers have published researches on strategic planning (Poister et al., 2010) and developed the concept for the first time and was used in business-related firms to maximize interest (Piorun, 2011).

Organizations are increasingly relying on strategic planning to sustain their growth and prosperity as vital to their success by analyzing the present and predicting the future in order to maintain competitive advantage (Fathi & Wilson, 2009). Strategic planning has become a major challenge for business organizations today, whether public or private, profit or not (Kahveci et al., 2012). Organizations need a comprehensive plan to deal with external changes. (Tafti et al., 2012). The most important tools are (SWOT) analysis, internal and
external matrices (Mintzberg et al., 1998). In this context, strategic planning is defined as a means of identifying key objectives, by focusing resources and exploring the greatest possible future benefit (Paris, 2003). It represents the process of implementing mission, vision, goals and organizational goals (Mahazril et al., 2012).

**Innovation**

Innovation has long been an important issue for organizations to look for new production to attract customers. Studies show that innovation has become a complex issue (Tohidi & Jabbari, 2012) because of its role in the contemporary business environment (Jaskyte, 2011). Innovation has become a key factor in ensuring future growth for organizations. It allows organizations to adapt to environmental changes. In this regard, literature has addressed the importance of innovation on a large scale as an important factor in the long-term innovation of products and services (Tohidi & Jabbari, 2012).

As a result, these studies have explored what contributes to the success of innovation. It is a critical factor for the survival of organizations in a competitive environment. It contributes to the introduction of new products, and the concept of innovation has not been clearly interpreted in literatures. Its concept depends on the nature of implementation (Hyjek, 2014), in this regard, Innovation is defined as the acceptance of ideas and concepts that improve behavior and attain innovative behavior over time (Dodgson, 1997). Therefore, innovation was described as an important and fundamental factor for the functioning of organizations and their survival in a competitive environment (Tohidi & Jabbari, 2012). These changes lead to new products (Hyjek, 2014) by developing new value for customers through solutions that meet new needs and identify needs in new ways (Jaskyte, 2011). It represents creative thinking aimed at applying and using appropriate solutions in technology and organization (Pomykaski, 2001).

As a result, innovation has become the transformation of ideas into improved modern products, or the improvement of the operating process used to produce products and services (Pomykaski, 2002).

**Human Capital**

The concept of human capital is not recent (Ciutiene, 2015). The concept was developed from several theories, including growth theory, and the relationship between economic and human growth was analyzed for decades (Cadil et al., 2014). Schutz (1972) studies were the first attempts to conceptualize human capital (Ciutiene, 2015).

Human capital is defined by the understanding of two components: human and capital. In this context, capital is seen as the factor of production, and human as the entity that take care the economic activities such as production (Ciutiene, 2015). Kwon (2009) points out that human capital is linked to the generation of value added, while Mincer (1996) focuses on the relationship between human capital and economic growth, and emphasizes that human capital growth can be one of the determinants of economic growth, while at the same time human capital assessment is linked from an economic perspective (Son, 2010).

As a result, human capital represents a strategic and collective value for the labor force, as well as not the individual, but the benefit that individuals bring to the organization (Stevens, 2010).

**Organizational success**

The past decade has witnessed a new phase of success for organizations, ranging from organizational satisfaction to organizational commitment (Avery et al., 2007), and how to achieve the goals, that was considered an important factor in organizational success (Kaliannan & Adjovu, 2015).

The literatures in this area is distinguished between the success of the organization and the success of the organization's management (Wit, 1998). However, the relationship between organizational management and organizational success requires a combination of factors that contribute to its achievement, taking into account organizational objectives, evaluating implementation and creating factors such as cost, time and cost. As well as integrating them together to achieve sustainable success (Cooke & Davies, 2002).

In this area, three trends affecting organizational success have been developed. (Gemunden, 2005) success factors for organizational success are combined to increase the likelihood of achieving and evaluating the desired success (Freeman, 1998). These factors are a standard parameter based on the creation of organizational value, where it refers to the importance of creating value for any project (Reich et al., 2010). On the basis of success
factors, the possibility of achieving regulatory objectives is determined and measurable. (Sebestyen, 2017) points out that these factors fall within two levels of the partial level of time and cost as well as the level of performance, confirmed by (Morris & Hough, 1986) as well as emphasis on organizational execution.

Cooke & Davies (2002) identified the key factors for organizational success as follows:

Practice associated with timing.
Budgetary practices.
Success factors associated with project operation and completion.

Methodology

Research Goal

The aim of this research is to discuss the concept of the strategic scenario and its impact on the success of organizations, especially educational organizations.

Data Collection

This research is based on descriptive and structural analysis, and it based on questionnaire as the main instrument of data collection, the study was applied at the university of Kufa, the data was collected from a random sample of 216 respondents. The sample was calculated based on the Stephen Thompson equation, and 250 questionnaire were distributed, 223 were collected, seven were not valid.

In order to measure the reliability of the questionnaire, Cronbach Alpha was adopted to estimate the internal consistency of the questionnaire.

The questionnaire was based on a five-year scale, and the reliability of acceptable values in table (1) was between (0.781-0.897), indicating that the questionnaire was highly reliable.

Model Validity

Using confirmatory factor analysis (CFA) with structural equation modeling (SEM) modeling are statistical techniques for model validity can use to reduce the number of observed variables of latent variables by examining the variance between them (James et al., 2006: 323)

The adequacy of this tools is is most appropriately applied to measures that are fully developed models, and its validation, and the legitimacy of the application of variables, of course, is linked to the conceptual rationale as a hypothesis test approach to data analysis. this means, based on theory, experimental research, or combination of the two, that the researcher assumes a model and then tests its validity given the sample data (Berne, 2012: 95) all based on appropriate indicators as in Table (2).

Strategic Scenario

According to the values of the indicators shown in figure (3), it is appeared that the model were valid and not good to measure this variable, All values are statistically acceptable values.

Organizational success

According to the values of the indicators shown in figure (4), it is appeared that the model were valid and not good to measure this variable, All values are statistically acceptable values.

Table 1: Research Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Scenario</td>
<td>15</td>
<td>0.803</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>5</td>
<td>0.763</td>
</tr>
<tr>
<td>Innovation</td>
<td>5</td>
<td>0.748</td>
</tr>
<tr>
<td>Human Capital</td>
<td>5</td>
<td>0.861</td>
</tr>
<tr>
<td>Organizational success</td>
<td>10</td>
<td>0.901</td>
</tr>
</tbody>
</table>
### Table 2: Fit indices for modeling

<table>
<thead>
<tr>
<th>Fit Index</th>
<th>Acceptable Threshold Levels</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute $\chi^2$ (degrees of freedom)</td>
<td>Low $\chi^2$ relative to degrees of freedom with an insignificant $p$ value ($p &gt; 0.05$)</td>
<td></td>
</tr>
<tr>
<td>Relative $\chi^2$ ($\chi^2$/df)</td>
<td>$2:1$ (Tabachnik &amp; Fidell, 2007) $\cdot$ $3:1$ (Kline, 2005)</td>
<td>Adjusts for sample size.</td>
</tr>
<tr>
<td>RMSEA</td>
<td>Values less than 0.05 (Steiger, 2007)</td>
<td>Has a known distribution. Favours parsimony.</td>
</tr>
<tr>
<td>AGFI</td>
<td>Values greater than 0.95</td>
<td>Adjusts the GFI based on the number of parameters in the model. Values can fall outside the 0-1 range.</td>
</tr>
<tr>
<td>RMR</td>
<td>Good models have small RMR (Tabachnik and Fidell, 2007)</td>
<td>Residual based. The average squared differences between the residuals of the sample covariance and the residuals of the estimated covariance.</td>
</tr>
<tr>
<td>SRMR</td>
<td>SRMR less 0.08 (Hu &amp; Bentler, 1999)</td>
<td>Standardized version of the RMR. Easier to interpret due to its Standardized nature.</td>
</tr>
<tr>
<td>NFI</td>
<td>Values greater than 0.95</td>
<td>Assesses fit relative to a baseline model which assumes no covariance between the observed variables. Has a tendency to fit in small samples.</td>
</tr>
<tr>
<td>NNFI (TLI)</td>
<td>Values greater than 0.95</td>
<td>Non-normed, values can fall outside the 0-1 range. Favours parsimony.</td>
</tr>
<tr>
<td>CFI</td>
<td>Values greater than 0.95</td>
<td>Normed, 0-1 range.</td>
</tr>
</tbody>
</table>

Source: Daire, 2008.

### Fig. 3: Strategic Scenario Model

![Strategic Scenario Model](image1)

### Fig. 4: Organizational Success Model

![Organizational Success Model](image2)
Analysis & Results

In order to calculate the relationship between the variables, Pearson correlation coefficient and simple and multiple regression analysis were adopted in order to analyze the data, in addition to the adoption of the program (SPSS v.24), (Lisrel 9) and (Amos v.18), the results of the table (3) indicate that the correlation coefficient between the strategic scenario and organizational success is (0.502), indicating a positive relationship between the two variables.

This means that the use of the strategic scenario increases the success of the organization. The correlation between strategic planning and strategic scenario is (0.424) indicates the adoption of strategic planning increases the chances of organizational success, while the correlation coefficient between the innovation and the strategic scenario is (0.502).

This indicates that the high innovation contributes to the positive requirements of the success of the organizations. In terms of human capital, the coefficient of correlation is (0.474), which indicates that interest in human capital with high performance leads to organizational success. That’s means the first hypotheses are accepted.

Hypothesis (2)

There is a statistically significant influence of Strategic Scenario on organizational success.

When we want to measure an effect at any study, and use traditional statistical methods we find that it depends on (effect size, effect direction and effect significant) tests, while at (SEM) tools we find the plausibility of postulated relations from the (goodness of fit index) (Byrne, 2010: 3).

Table (4) shows the results to path and regression and (T, R2) for the independent variable Strategic Scenario and it's dimensions in the dependent variable), it has to test (Sub- hypotheses) in order to test the major hypothesis as follows:

Hypothesis (2-1): influence of Strategic planning on organizational success

The analysis results shows there are statistically influence of Strategic planning on organizational success as the (R²=0.180) that means Strategic planning interpreted (18%) of the variable organizational success, also the Beta value (B=0.372) that means: one amount of change could expect in Strategic planning given a (0.372) change in the value of organizational success, at the level of significance, then the regression model (simple linear regression) is represented by the following equation:

\[ y = 2.310 +0.372 \text{ (Strategic planning)} \]

Therefore the first sub-hypothesis are accepted.

Hypothesis (2-2): influence of innovation on organizational success

The analysis results shows there are statistically influence of innovation on organizational success as the (R²=0.252) that means innovation interpreted (25.2%) of the variable organizational success, also the Beta value (B= 0.481) that means: one amount of change could expect in innovation given a (0.481) change in the value of organizational success, at the level of significance, then the regression model (simple linear regression) is represented by the following equation:

\[ y = 1.828 +0.481 \text{ (innovation)} \]

Therefore the first sub-hypothesis are accepted.

Hypothesis (2-3): influence of human capital on organizational success

The analysis results shows there are statistically influence of human capital on organizational success as the (R²=0.224) that means human capital interpreted (24%) of the variable organizational success, also the Beta value (B=0.479) that means: one amount of change could expect in human capital given a (0.479) change in the value of organizational success, at the level of significance, then the regression model (simple linear regression) is represented by the following equation:

\[ y = 1.813 +0.479 \text{ (human capital)} \]

Therefore the first sub-hypothesis are accepted.
model (simple linear regression) is represented by the following equation:

\[ y = 1.752 + 0.511 \text{ (Strategic Scenario)} \]

Therefore the first sub-hypothesis are accepted.

And with multiple regression that shown in table (5) and figure (5), there are statistically influence of the dimensions of Strategic Scenario on organizational success with \( R^2 = 0.265 \) that means these dimensions interpreted (26.5%) of the variable organizational success, then the regression model (multiple linear regression) is represented by the following equation:

\[ y = 1.675 + 0.09 \text{ (Strategic planning)} + 0.305 \text{ (Innovation)} + 0.133 \text{ (Human Capital)} \]

### Table 3: Correlation Coefficient of the Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Correlation</th>
<th>T</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning</td>
<td>0.424</td>
<td>6.858</td>
<td>0.000</td>
<td>validated</td>
</tr>
<tr>
<td>Innovation</td>
<td>0.502</td>
<td>8.501</td>
<td>0.000</td>
<td>validated</td>
</tr>
<tr>
<td>Human Capital</td>
<td>0.474</td>
<td>7.869</td>
<td>0.000</td>
<td>validated</td>
</tr>
<tr>
<td>Strategic Scenario</td>
<td>0.504</td>
<td>8.540</td>
<td>0.000</td>
<td>validated</td>
</tr>
</tbody>
</table>

### Table 4: Simple Regression Coefficients

<table>
<thead>
<tr>
<th>Hypothesis 2</th>
<th>Path</th>
<th>B</th>
<th>T</th>
<th>( R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2-1</td>
<td>X1 ----&gt; y</td>
<td>0.372</td>
<td>6.858</td>
<td>0.180</td>
</tr>
<tr>
<td>H2-2</td>
<td>X2 ----&gt; y</td>
<td>0.481</td>
<td>8.501</td>
<td>0.252</td>
</tr>
<tr>
<td>H2-3</td>
<td>X3 ----&gt; y</td>
<td>0.479</td>
<td>7.869</td>
<td>0.224</td>
</tr>
<tr>
<td>H2</td>
<td>X ----&gt; y</td>
<td>0.511</td>
<td>8.540</td>
<td>0.254</td>
</tr>
</tbody>
</table>

### Table 5: Multiple Regression Coefficients

<table>
<thead>
<tr>
<th>Path</th>
<th>( a )</th>
<th>B</th>
<th>Sig.</th>
<th>( R^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 ----&gt; y</td>
<td>1.675</td>
<td>0.870</td>
<td>0.049</td>
<td>0.265</td>
</tr>
<tr>
<td>X2 ----&gt; y</td>
<td>0.305</td>
<td>0.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X3 ----&gt; y</td>
<td>0.133</td>
<td>0.047</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Fig. 5: Multiple regression according to (SEM)

In Conclusion, the last decades, in terms of phenomena, relations and interactions among them, the problems of environmental uncertainty have increased. In this regard, literature since the 1950s pointed out that the organization was considered a closed system that does not allow interaction between the organization and the environment. The environmental uncertainty was low, and at the present time this problem has increased and...
required appropriate solutions. The concept of the strategic scenario has emerged to address these problems and to help these organizations succeed.

Therefore, this study examined the relationship between the strategic scenario and the organizational success. This relationship has been proven. In addition, the components of the strategic scenario showed their direct role in achieving organizational success.

The study indicates that the strategic scenario has become a key factor for organizational success in the modern global competitive environment. Hence, the organizations must be aware of the strategic scenario and how to employ it in drawing the future picture and building the steps necessary to deal with it successfully. In the future.

Therefore, the study recommends that:

The strategy scenario should be adopted to draw future plans.

Alternative strategic scenarios should be created if the scenario is not achieved.

Corrective and remedial actions must be established for all possible cases.

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