

# IMPACT OF STRATEGIC PLANNING ON MANAGEMENT OF PUBLIC ORGANIZATIONS IN BOSNIA AND HERZEGOVINA

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DOI: 10.7906/indecs.12.1.4  
Regular article

Received: 24. December 2013.  
Accepted: 21. January 2014.

## ABSTRACT

Modern public organizations should be familiar with the internal and external factors that affect their business. Striking a balance between these factors is the main prerequisite for building a successful business model in the current conditions of rapid change and increased competition. The aim of this study is to determine the impact of strategic planning on management of public organizations. An empirical research was conducted in public organizations in Bosnia and Herzegovina. The results of the research indicate that the use of strategic planning in public organizations enables more rational, efficient and effective management of organizational resources. Strategic planning defines certain aspects of the performance measurement, which reduces the possibility that managers allocate resources on the basis of their subjective preferences or feelings, ambitions or as some kind of response to certain political pressures. This contributes to a transparent, rational, more efficient and effective management of the organization in providing quality public services.

## KEY WORDS

strategic management, strategic planning, public organization, management

## CLASSIFICATION

JEL: H1

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## INTRODUCTION

Strategic planning is a way and approach to the work of public organizations which has been successfully applied in a private sector for a long time. In this way, public organizations can make timely decisions, with an aim to manage limited resources in a more rational manner, to increase and improve services and achieve a greater satisfaction of citizens and business entities.

Public organizations serve social interest, i.e. provide public services with an aim to meet the interests and needs of citizens and business entities. Until recently public organizations were poorly organized and their operations have been developed in an unstructured manner, without any serious plans. That resulted in inefficiency and ineffectiveness, which ultimately led to a decline in the quality of public services and increased dissatisfaction of all stakeholders. That very *modus operandi* of public organizations has long-term consequences, because public organizations create environment for the development of economy and create ambiance for social entrepreneurship, as a special aspect of strategic entrepreneurship. Accordingly, public organizations have a great social responsibility and implications on the economic development of a certain country.

Strategic planning is a concept that has already shown remarkable results in market operations. Today, it is almost impossible to find a serious profit organization which does not apply the methods and approaches of strategic planning in their business. Organizations that have a clearly defined concept of strategic planning are more likely to achieve their goals. Organizations that do not apply strategic planning in their business have little chance of survival in the market. A formulated strategy takes into account the external factors that have a significant impact on the organization, analyses the internal strengths and weaknesses of the organization, defines the organization's goals and ways to achieve the set goals, the strategy implementation method, as well as the means for the measurement and evaluation of the implementation of goals. It is very difficult for an organization which does not apply strategic planning to measure a degree of implementation of the goals as well as work efficiency. Such organizations run their business *in an unstructured manner*, without serious plans and that often leads to high costs and produces very little results.

In Bosnia and Herzegovina, as well as in other transition countries, the importance of strategic planning in public organizations is still not sufficiently studied. A great number of public organizations in Bosnia and Herzegovina do not have sufficient knowledge, culture and routine to strategically plan their activities. The consequences of such a situation are extremely negative. This is the reason why these problems should be consistently researched, identified and properly addressed, because they imply and multiply many adverse consequences for B&H society and economy.

## LITERATURE REVIEW

Dooris, Kelley and coach believe that strategic planning is still a relatively new concept in management. These authors have identified the period between the 1950s and 1970s, as the time when strategic planning emerged. They find that the last several decades have been a boom period for strategic planning [1; p.6]. When strategic planning gained popularity, researchers have begun paying more attention to the definition of strategic planning. Bryson defines strategic planning as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it" [2; p.6]. Mintzberg says that the concept of formalization is a key to understand planning. He defines strategic planning as "formalized procedure to produce articulated result, in the form of an integrated system of decision" [3; p.12]. Wilkinson and Monkhouse define strategic planning

as “a method used to position an organization, through prioritizing its use of resources according to identified goals, in an effort to guide its direction and development over a period of time” [4; p.16]. Šehić defines strategic planning as “making present decisions in the light of their future implementation” [5; p.27]. Kotler defines strategic planning as „the process of developing and maintaining a strategic fit between the organization’s goals and capabilities and its changing marketing [6; p.44]. Strategic planning in public organizations has a task to analyze external factors influencing their operations, perceive internal strengths and weaknesses and, on that basis, set organizational goals and takes all necessary measures in order to achieve planned goals.

Many authors [7] believe that application of strategic planning can bring many benefits to an organization, such as: development of mission and vision of the organization, adjustment to the surroundings and achievement of set goals. Strategic planning in public organizations includes variety of activities, such as: setting organizational goals, defining tasks, establishing internal and external tasks and task forces, identifying key issues, developing strategies for each particular issue, planning control and adopting of procedures, planning adoption and producing fundamental decisions, taking actions, constant control and communication of results [7]. Bryson lists five benefits of strategic planning in the public and non-profit organizations: 1) promotion of strategic thinking and action, 2) improvement of a decision making process 3) improvement of organization, 4) improvement of the overall organization of work and results within an organization and 5) strategic planning can directly benefit all employees within the organization [7; p.5].

Strategic planning focuses attention on the important issues and challenges in organizational forms and helps key decision-makers to find the ways to address them. Strategic planning can, therefore, help organizations to define their strategic goals and to make today’s decisions in the light of their future consequences. Organizations that use strategic planning pay more attention to major organizational issues and are prepared to respond to internal and external demands and pressures, efficiently dealing with the consequences of all changes. Strategic planning can directly benefit employees of an organisation, enabling those who create policies and make key decisions to work more effectively and fulfil their obligations. It can also help them build teamwork and expertise. [7].

The process of implementation of the strategy involves defining specific requirements which an organization needs to fulfil in order to achieve the expected effects. We can say that the strategy entails the use and development of certain resources, abilities and skills, in order to enforce the implementation process. Organizational structure of a company defines the manner, structure, distribution and model of the management of tangible and intangible assets of a company [8; p.40].

There is a large degree of agreement in theoretical works that managers have a very important role in the planning process. The literature states that managers are very important part of the planning process, i.e. that people are the most important factor for successful implementation of strategic planning [9-12]. Streib [12] acknowledges that it is difficult to define the components of a successful strategic effort, but he identifies four management functions that he finds critical to the success of any strategic planning effort: leadership, human resources, managerial skills, and external support. The importance of people in the strategic planning process is evident in the fact that three of the four critical functions specifically address people and their role in planning. Eadie states the importance of people to the planning process by writing “the human factor looms large in strategy implementation, as well as in formulation and selection of strategies”. [11; p.448]. Hosmer describes strategic planning as an organizational task. She writes “Strategic management is an organizational

task and requires an integrated effort by all members of the organization for successful completion” [13; p.55]. Bloom (1986) states that “the failure to involve interested parties in the planning process can reduce the chances for implementation” [10; p.254].

Lorange and Vancil [14] draw attention to the specific role of corporate planners and suggest that planning must be done by line managers because it is likely to be successful if it is not the work of just one person, but a people-interactive process involving all employees. The authors acknowledge the need for corporate planners, but view the corporate planner as an organizer who facilitates the process of planning. Bryson and Roering [15] acknowledge a similar role that they refer to as a manager. In their study of strategic planning in government, they identify the need that a manager is present everywhere in the process, in order to implement strategic planning.

Leadership has been identified as critical to the planning process because it is important for balancing the internal and external forces that affect the organization [9, 16]. Additionally, an active leader builds managerial support for the planning process which results in greater support for implementation of the plan [10]. Hosmer [13] clearly identifies the critical importance of leadership to the planning process. Leadership is important; it is not an outdated concept. There is a need for leaders. Much of the literature agrees that strong leadership committed to strategic planning is important for successful implementation of the plan. If the leader makes strategic planning a priority, which means that the organisation considers strategic planning as priority. The challenge, however, comes from the idea that the people in the organization are more likely to be accountable for the plan if they are involved in the development of the plan. This, intuitively, is very easy to comprehend. In practice, however, it is more difficult because the strong leader, the only person planning the process, may also be the leader who does not like to relinquish control of the process. With participation and involvement of other employees in the planning process, the leader necessarily loses some control. As a result, the strong leadership that the literature calls for and the participatory process for all employees can make implementing the strategic plan a difficult challenge. In addition to this challenge, the literature acknowledges that people play an important role in the planning process for strategic planning to be effective. Organizations must ensure participation and support of leaders and employees who will implement the plan.

Streib [12] after identifying the importance of leadership to the strategic planning process questions whether the public sector possesses the level of leadership necessary to succeed. Difficulties arise in maintaining a shared vision among elected and appointed officials, who change frequently due to elections and staff changes. Streib and Poister [17] discuss public sector limitation in terms of strategic capacity and question whether public organizations are able to compile the information necessary for the completion of a strategic plan. While continuity of leadership certainly can help an organization maintain a consistent vision which would, in turn, help the strategic planning process, one could argue that the author’s questioning of leadership and strategic capacity within public organizations is too general and fails to acknowledge individual levels of leadership and strategic capacity. It is safe to assume that just as there are strong and weak leaders in the private sector, there are also strong and weak leaders of public organizations.

## **METHODOLOGY**

### **RESEARCH APPROACH**

The subject of this study is to analyze the connection between strategic planning and responsible management of public organizations in Bosnia and Herzegovina. Public

organizations include public administration bodies, public institutions and public companies. Based on the subject, the objective of the research is defined and that is to determine how and in what way strategic planning leads to a more responsible management of public organizations in Bosnia and Herzegovina. It will be examined to what extent the application of strategic management in public organizations in Bosnia and Herzegovina enables the creation of an efficient strategic planning process, with a clear and distinctive strategy that the organization follows, a more effective development and implementation of business plans, planning and performance measurement. This will contribute to a transparent, rational, efficient and effective management of the organization whilst providing better quality public services.

In public organizations' practice, it is important to ensure objectivity of managers, which directly affects the success of organizational performance. To further support this practice, it will be investigated to what extent the application of strategic planning in public organizations affects their managers' objectivity in allocating resources.

Based on the defined problem, the subject and the research questions, the research hypothesis has been formulated: strategic planning in public organizations defines certain aspects of performance measurement, reduces the possibility that managers allocate resources guided by their subjective assessments and feelings, personal ambition or as some kind of response to certain political pressures.

In order to achieve the stated objectives of the study and examine the above hypothesis, a survey was conducted on a selected sample of public organizations.

## **RESEARCH DESIGN**

Research design defines the characteristics of this research that follow. The survey research for this study has exploratory and explanatory character, stemming from the collection of data on strategic planning in public organizations and the analysis of the impact of strategic planning on a number of indicators of public organizations' performance. The method of online interviewing was selected and conducted in a cross-sectional survey, thus enabling the collection of data from a greater number of public organizations in a given time and space.

The questionnaires were sent to the respondents - top managers of public organizations (directors, managers, administrators, ministers, mayors), selected for the sample. The questionnaire was sent directly to the respondents via e-mail, using a special application to collect responses ([www.SurveyConsole.com](http://www.SurveyConsole.com)).

## **SURVEY INSTRUMENTATION**

Strategic planning was analyzed in the sample, with a separate analyzes of the "function of institutional planning" in the sample (4 items, A1-A4), "existence of a strategic base/framework" in the sample (4 items, B1-B4), as well as "strategic planning development team optimization" in the sample (4 units, F1-F4). Development of the functions of institutional planning in the sample investigated using 4 items, wherein the respondents expressed the extent to which they agree with the statements (items G1-G4). Cronbach's alpha was calculated to test the reliability of the used scales.

## **SURVEY SAMPLE**

The study population was as follows: in Bosnia and Herzegovina there are 200 organizations belonging to public administration, 500 organizations that are organized as public institutions and 100 public companies in which the state holds a majority stake (the state is the owner). It can be concluded that in Bosnia and Herzegovina there are total of 800 public organizations,

of which 200 (25 %) are public institutions, 500 (62,5 %) are public administration bodies and 100 (12,5 %) are public companies. This study sample included 200 public organizations. The sample was proportionally stratified with proportions of groups in the sample matching the population proportions. In order to control the structure of the sample, three strata were used: public institutions, public administration organizations and public enterprises. To select the sampling units within each stratum, a random number generator was used. The stratified sample model of public organizations is based on a legal form as the only criterion of stratification, and is applied with roughly equal allocation of sample units per strata. In this way, the representation of the three types of public organizations in this study is ensured. In this study, the sample of 200 public organizations includes  $n_1 = 124$  public administration organizations,  $n_2 = 47$  public institutions and  $n_3 = 18$  public companies. The sample consists of 24,87 % public institutions, 65,61 % organizations of public administration and 9,62 % public companies. Chi-square test examined whether the difference in the structure of public organizations in the sample is significantly different from the structure of public organizations in the population. Chi-square test showed that the difference was not statistically significant (chi-square = 0,866, p-value = 0,648).

## RESULTS

### FUNCTION OF INSTITUTIONAL PLANNING IN THE SAMPLE (A1-A4)

Table 1 shows the average values of units from A1 to A4. Each unit can be assigned a numerical value on a scale of 1 to 5. The data in the table show that unit A1 has the highest average value (3,97). It is followed by unit A4 with the average value of 3,82. The third is unit A3 (3,68), and the last, fourth, is unit A2 (3,64).

### EXISTENCE OF A STRATEGIC BASE/Framework IN THE SAMPLE (B1-B4)

Table 2 shows the average values of units from B1 to B4. Each unit can be assigned a numerical value on a scale of 1 to 5. The data in the table show that unit B1 has the highest average value (4,14). It is followed by unit B3 with the average value of 4,08. The third is unit B4 (3,56), and the last, fourth, is unit B2 (3,43).

### STRATEGIC PLANNING DEVELOPMENT TEAM OPTIMIZATION IN THE SAMPLE (F1-F4)

Table 3 shows the average values of units from F1 to F4. Each unit can be assigned a numerical value on a scale of 1 to 5. The data in the table show that unit F2 has the highest average value (3,44). It is followed by units F1 and F4 with the average value of 3,55, and the last, fourth, is unit F3 with the average value of 3,31.

**Table 1.** Average values of units A1-A4. Source: author's research in November 2013.

Function of institutional planning (A1-A4)	N	Min	Max	Average	St. Dev.
A1. In your organization, top management takes care of strategic planning.	191	1	5	3,97	1,06
A2. Strategic planning in your organization is a priority activity.	185	1	5	3,64	1,08
A3. The organization follows a defined set of procedures in strategic planning.	184	1	5	3,68	1,02
A4. The organization ensures that all managers participate in the planning process.	186	1	5	3,82	1,09

**Table 2.** Average values of units B1-B4. Source: author's research in November 2013.

<b>Existence of a strategic base/ framework (B1-B4)</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>St. Dev.</b>
B1. The organization has a clearly written mission statement.	183	1	5	4,14	1,03
B2. All employees and all levels of management in the organization understand the mission.	181	1	5	3,43	1,12
B3. The organization has written short-term (1 year) and long term (3-5 years) goals.	181	1	5	4,08	0,99
B4. The organization, as needed, defines the goals by location or geographical area (municipalities, regions, ...).	180	1	5	3,56	1,10

**Table 3.** Average values of units F1-F4. Source: author's research in November 2013.

<b>Strategic planning development team optimization (F1-F4)</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>St. Dev.</b>
F1. The organization makes sure to use the talents and time of each individual board member.	187	1	5	3,35	1,11
F2. The organization ensures adequate involvement of each strategic plan development team member.	190	1	5	3,44	1,10
F3. The organization takes care of the development of new members of the strategic plan development team.	185	1	5	3,31	1,16
F4. The strategic plan development team strives to get all employees involved in the strategic planning process.	184	1	5	3,35	1,18

## **SUBJECTIVITY AND OBJECTIVITY OF THE MANAGEMENT IN THE SAMPLE (G1-G4)**

Table 4 shows the average value of units from G1 to G4. Each unit can be assigned a numerical value on a scale of 1 to 5. The data in the table show that units G1 and G2 have the highest average value (4.06). They are followed by unit G3 with the average value of 3,84, and the fourth is unit G4 with the average value of 3,50.

**Table 4.** Average values of units G1-G4. Source: author's research in November 2013.

<b>Subjectivity and objectivity of management, in the sample (G1-G4)</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>St. Dev.</b>
G1. The organization manager ensures fulfilment of organizational goals.	189	1	5	4,06	0,88
G2. The organization manager takes into account the interests of the community.	183	1	5	4,06	0,97
G3. The organization manager makes decisions on the basis of an objective assessment.	184	1	5	3,84	1,06
G4. The organization manager does not make decisions under the influence of external factors.	181	1	5	3,50	0,96

## **DISCUSSION**

This section of the study will examine the first hypothesis (H1) which assumes that strategic planning in public organizations defines certain aspects of performance measurement, thereby reducing the possibility that managers allocate resources on the basis of their subjective assessments and feelings, personal ambitions or as some kind of response to certain political pressures. In doing so, strategic planning in public organizations shall be measured by the following constructs: "function of institutional planning" (units A1-A4, aggregate unit AM),

“existence of a strategic base/framework” (units B1-B4, aggregate unit BM) and “strategic planning development team optimization” (units F1-F4, aggregate unit FM).

To examine the hypotheses, the correlation and regression method will be used, whereby the following analysis will be conducted:

- 4 multiple linear regression analyses, using aggregate units as independent variables: (1) dependent variable: unit G1i independent variables: aggregate units AM, BM and FM, (2) dependent variable: unit G2i independent variables: aggregate units AM, BM and FM, (3) dependent variable: unit G3i independent variables: aggregate units AM, BM and FM, and (4) dependent variable: unit G4i independent variables: aggregate units AM, BM and FM.
- 4 Stepwise multiple linear regression analyses using individual units as independent variables: (1) dependent variable: unit G1i independent variables: units A1-A4, B1-B4 and F1-F4, (2) dependent variable: unit G2i independent variables: units A1-A4, B1-B4 and F1-F4, (3) dependent variable: unit G3i independent variables: units A1-A4, B1-B4 and F1-F4 and (4) dependent variable: unit G4i independent variables: units A1-A4, B1-B4 and F1-F4.

Table 5 shows the regression model where the unit G1 “organization manager ensures fulfilment of organizational goals” is the dependent variable, and the independent variables are the average values of the units: “institutional planning function (AM)”, “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). The coefficient of determination is 0,555, meaning that 55,5 % of the variations of the dependent variable can be explained by the variations of the independent variables. The regression coefficients with all the independent variables are positive and statistically significant. It can be concluded that “development of institutional planning function“ (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM) significantly influence whether an organization manager ensures fulfilment of organizational goals.

In order to investigate which individual units have statistically significant influence on the dependent variable G1 “the organization manager ensures the fulfilment of organizational goals” a stepwise regression analysis method was used. The independent variables were the units measuring the „function of institutional planning” (A1-A4), “existence of a strategic base/framework” (B1-B4) and “strategic planning development team optimization” (F1-F4). The stepwise regression analysis method was used with an aim of finding such a reduced set of independent variables, of the total number of candidate independent variables, which

**Table 5.** The regression model – the dependent variable is unit G1: “the organization manager ensures fulfilment of organizational goals”; the independent variables are the average values of the units: “institutional planning function”(AM), “existence of a strategic base/ framework”(BM) and “strategic planning development team optimization” (FM). Source: author’s research in November 2013.

Independent variables	Regression model using all independent variables: dependent variable is G1			
	<i>B</i>	Std. Error	<i>t</i>	Sig.
(Constant)	1,330	0,214	6,208	0,000**
AM	0,164	0,093	1,762	0,080*
BM	0,238	0,084	2,845	0,005**
FM	0,359	0,075	4,795	0,000**
R2 adjusted for the number of independent variables	0,555			

\*\* statistically significant at 1 % probability

\* statistically significant at 10 % probability



**Table 6.** The regression model, using all variables, and a reduced regression model (stepwise regression) – the dependent variable is unit G1: “the organization manager ensures fulfilment of organizational goals”; the independent variables: units A1-A4, B1-B4 and F1-F4. Source: author’s research in November 2013.

Independent variables	Reduced model (stepwise regression) dependent variable is G1			
	<i>B</i>	Std. Error	<i>t</i>	Sig.
(Constant)	1,471	0,186	7,903	0,000**
A2. Strategic planning in your organization is a priority activity.	0,129	0,048	2,706	0,008**
A4. The organization ensures that all managers participate in the planning process.	0,159	0,067	2,369	0,019*
B2. All employees and all levels of management in the organization understand the mission.	0,309	0,061	5,098	0,000**
B4. The organization, as needed, defines the goals by location or geographical area (municipalities, regions ...).	0,151	0,057	2,660	0,009**
F1. The organization makes sure to use the talents and time of each individual board member.	1,471	0,186	7,903	0,000**
R2 adjusted for the number of independent variables	0,571			

\*\*statistically significant at 1 % probability,

\*statistically significant at 5 % probability

maximizes the validity of the regression model. The coefficient of the regression model, using all the independent variables, is 0,571, meaning that 57,1 % of the variations of the dependent variable can be explained by the variations of the independent variables. The units that statistically significantly influence the dependent variable are shown in the table. It can be concluded that the units: “strategic planning as a priority activity in an organization” (unit A1), “all managers participate in the planning process” (unit A2), “understanding of the organization’s mission by all employees and all levels of management” (unit B2), “defining goals by place or geographical area” (unit B4) and “use of talents and time of each individual board member” (unit F1) significantly affect whether an organization manager ensures the fulfilment of organizational goals.

Table 7 shows the regression model where the dependent variable is unit G2: “the organization manager takes into account the interests of the community” and the independent variables are the average values of the units: “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). The coefficient of determination is 0.601, meaning that 60.1% of the variations of the dependent variable can be explained by the variations of the independent variables. The regression coefficients, with all the independent variables, are positive and statistically significant. It can be concluded that the units: “development of institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM) statistically significantly affect whether an organization manager takes into account the interests of the community.

In order to investigate which individual units have statistically significant influence on the dependent variable G2: “the organization manager takes into account the interests of the community”, a stepwise regression analysis method was used, taking as independent variables the units measuring the “function of institutional planning” (A1-A4), “existence of a strategic base/framework” (B1-B4) and “strategic planning development team optimization”

**Table 7.** The regression model – the dependent variable is unit G2: “the organization manager takes into account the interests of the community”; the independent variables are the average values of the units: “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). Source: author’s research in November 2013.

Independent variables	Regression model using all independent variables: dependent variable is G2			
	<i>B</i>	Std. Error	<i>t</i>	Sig.
(Constant)	0,917	0,219	4,181	0,000**
AM	0,411	0,096	4,306	0,000**
BM	0,213	0,086	2,494	0,014*
FM	0,234	0,077	3,053	0,003**
R2 adjusted for the number of independent variables	0,601			

\*\*statistically significant at 1 % probability,

\*statistically significant at 5% probability

(F1-F4). The stepwise regression analysis method is used with an aim of finding such a reduced set of independent variables, of the total number of candidate independent variables, which maximizes the validity of the regression model. The coefficient of the regression model, using all the independent variables, is 0,612, meaning that 61,2 % of the variations of the dependent variable can be explained by the variations of the independent variables. The units that significantly influence the dependent variable are shown in the table. It can be concluded that “strategic planning as a priority activity in an organization” (unit A1), “use of a defined set of procedures in strategic planning” (unit A3), “written short and long term goals” (unit B3), “use of time and talents of each individual board member” (unit F1) but also “of each team member” (unit F2) statistically significantly influence whether an organization manager takes into account the interests of the community.

**Table 8.** The regression model using all variables and a reduced regression model (stepwise regression) – the dependent variable is unit G2: “the organization manager takes into account the interests of the community”; the independent variables are units: A1-A4, B1-B4 and F1-F4. author’s research in November 2013.

Independent variables	Reduced model (Stepwise regression): dependent variable is G2			
	<i>B</i>	Std. Error	<i>t</i>	Sig.
(Constant)	1,037	0,206	5,031	0,000***
A1. The top management takes care of strategic planning in your organization.	0,173	0,075	2,311	0,022**
A3. The organization follows a defined set of procedures in strategic planning.	0,146	0,082	1,769	0,079*
B3. The organization has written short-term (one year) and long term (3-5 years) goals.	0,124	0,059	2,101	0,037**
F1. The organization makes sure to use the talents and time of each individual board member.	0,124	0,049	2,531	0,012**
F2. The organization ensures adequate involvement of each strategic plan development team member.	0,282	0,063	4,450	0,000***
R2 adjusted for the number of independent variables	0,612			

\*\*\*statistically significant at 1 % probability,

\*\*statistically significant at 5 % probability,

\*statistically significant at 10 % probability

Table 9 shows the regression model where the dependent variable is the unit “organization manager makes decisions on the basis of an objective assessment”, and the independent variables are the average values of the units: “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). The coefficient of determination is 0,522, meaning that 52,2 % of the variations of the dependent variable can be explained by the variations of the independent variables. The regression coefficients, with all the independent variables, are positive and statistically significant. It can be concluded that the functions “development of institutional planning”(AM), “existence of a strategic base/framework" (BM) and „strategic planning development team optimization” (FM) significantly affect whether an organization manager makes decisions on the basis of an objective assessment.

In order to investigate which individual units have statistically significant influence on the dependent variable G3: “the organization manager makes decisions on the basis of an objective assessment”, the stepwise regression analysis method was used, taking as independent variables the units measuring the “function of institutional planning” (A1-A4), “existence of a strategic base/framework” (B1-B4) and “strategic planning development team optimization” (F1-F4). The stepwise regression analysis method is used with the aim of finding such a reduced set of independent variables, of the total number of candidate independent variables, which maximizes the validity of the regression model. The coefficient of the regression model, using all independent variables, is 0,517, meaning that 51,7 % of the variations of the dependent variable can be explained by the variations of the independent variables. The units that statistically significantly influence the dependent variable are shown in the table. It can be concluded that the units: “strategic planning as a priority activity in an organization” (unit A1), “defining goals by place or geographical area”(unit B4) and “use of talents and time of each individual board member” (unit F1) statistically significantly influence whether an organization manager makes decisions on the basis of an objective assessment.

Table 11 shows the regression model where the dependent variable is unit G4: “the organization manager does not make decisions under the influence of external factors”, and the independent variables are the average values of the units: “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). The coefficient of determination is 0,222, meaning that 22,2 % of the variations of the dependent variable can be explained by the variations of the independent variables. The regression coefficients, with all the independent variables, are positive and

**Table 9.** The regression model – the dependent variable is unit G3: “the organization manager makes decisions on the basis of an objective assessment”; the independent variables are the average values of the units: “institutional planning function” (AM), “existence of a strategic base/framework”(BM) and “strategic planning development team optimization” (FM). Source: author’s research in November 2013.

Independent variables	Regression model using all the independent variables: dependent variable is G3			
	B	Std. Error	t	Sig.
(Constant)	0,771	0,260	2,966	0,003**
AM	0,235	0,113	2,078	0,039*
BM	0,225	0,101	2,220	0,028*
FM	0,397	0,091	4,378	0,000**
R2 adjusted for the number of independent variables	0,522			

\*\*statistically significant at 1 % probability,

\*statistically significant at 5 % probability

**Table 10.** The regression model using all variables and a reduced regression model (stepwise regression) – the dependent variable is unit G3: “the organization manager makes decisions on the basis of an objective assessment”; the independent variables are units A1-A4, B1-B4 and F1-F4. Source: author’s research in November 2013.

Independent variables	Reduced model (stepwise regression): dependent variable is G3			
	B	Std. Error	t	Sig.
(Constant)	0,872	0,247	3,529	0,001*
A1. The top management takes care of strategic planning in your organization.	0,248	0,072	3,470	0,001*
B4. The organization, as needed, defines the goals by location or geographical area (municipalities, regions ...).	0,171	0,057	2,968	0,003*
F1. The organization makes sure to use the talents and time of each individual board member.	0,412	0,070	5,895	0,000*
R2 adjusted for the number of independent variables	0,517			

\*statistically significant at 1 % probability

**Table 11.** The regression model – the dependent variable is unit G4: “the organization manager does not make decisions under the influence of external factors”; the independent variables are the average values of the units: “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). Source: author’s research in November 2013.

Independent variables	Regression model using all independent variables: dependent variable is G4			
	B	Std. Error	t	Sig.
(Constant)	1,793	0,304		0,000*
AM	0,117	0,132	0,117	0,376
BM	0,044	0,118	0,039	0,710
FM	0,328	0,106	0,357	0,002*
R2 adjusted for the number of independent variables	0,222			

\*statistically significant at 1 % probability

statistically significant. It can be concluded that development of “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM) statistically significantly influence whether an organization manager makes decisions under the influence of external factors.

In order to investigate which individual units have statistically significant influence on the dependent variable G4: “the organization manager does not make decisions under the influence of external factors” a stepwise regression analysis method was used, taking as independent variables the units which measure “function of institutional planning” (A1-A4), “existence of a strategic base/framework” (B1-B4) and “strategic planning development team optimization” (F1-F4). The stepwise regression analysis method is used with the aim of finding such a reduced set of independent variables, of the total number of candidate independent variables, which maximizes the validity of the regression model. The coefficient of the regression model, using all independent variables, is 0,282, meaning that 28,2 % of the variations of the dependent variable can be explained by the variations of the independent variables. The units that significantly influence the dependent variable are shown in the table. It can be concluded that a “clearly written mission statement of the organization” (unit B1),

**Table 12.** The regression model using all variables and a reduced regression model (stepwise regression) – the dependent variable is unit G4: “the organization manager does not make decisions under the influence of external factors”, the independent variables are units A1-A4, B1-B4 and F1-F4. Source: author’s research in November 2013.

Independent variables	Reduced model (stepwise regression): Dependent variable G4			
	B	Std. Error	t	Sig.
(Constant)	1,950	0,287	6,803	0,000**
B1. The organization has a clearly written mission statement.	-0,278	0,099	-2,806	0,006**
B2. All employees and all levels of management in the organization understand the mission.	0,255	0,085	2,980	0,003**
B3. The organization has written short-term (one year) and long term (3-5 years) goals.	0,184	0,089	2,058	0,041*
F1. The organization makes sure to use the talents and time of each individual board member.	0,324	0,075	4,345	0,000**
R2 adjusted for the number of independent variables	0,282			

\*\*statistically significant at 1 % probability,

\*statistically significant at 5 % probability

“understanding of the mission by all employees and all levels of management” (unit B2), “written form of short-term and long-term goals” (unit B3) and “use of talents and time of each individual board member” (unit F1) significantly affect whether an organization manager makes decisions under the influence of external factors.

To test the hypothesis (H1) of this study, the results of the conducted correlation and regression analyzes shall be summarized.

Table 13 shows the determination coefficients and regression coefficients of the individual independent variables of the regression models, with dependent variables of units G1-G4, the average values of the independent variables of units: “institutional planning function“(AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). It can be noted that all the aggregate independent variables are statistically significant in all the regression models. Also, the determination coefficients, adjusted for the number of independent variables, were high for the regression models with dependent variables of units G1, G2 and G3, with an exception of the determination coefficient of the regression model with the dependent variable G4. This result is consistent with the results of the correlation analysis presented in the preceding table. The regression analysis suggests that there is a statistically significant relationship between strategic planning and subjectivity/ objectivity in managing organizations.

Table 14 shows the determination and regression coefficients of individual regression models, using as dependent variables the units G1-G4, and as independent variables the units: “function of institutional planning” (A1-A4), “existence of a strategic base/framework” (B1-B4) and “strategic planning development team optimization” (F1-F4). This analysis was conducted to determine which specific aspects of the functions “institutional planning”, “existence of a strategic base/framework” and “strategic planning development team optimization” have the greatest impact on the objectivity of managers in public organizations. It turned out that only the units F3 and F4 do not have statistically significant influence on dependent variables. The stepwise regression analysis leads to a conclusion that there is a statistically significant relationship between strategic planning and subjectivity/objectivity in managing organizations.

**Table 13.** The determination coefficient and the regression coefficients of individual regression models; the dependent variables: units G1-G4, the independent variables: average values of the units “institutional planning function” (AM), “existence of a strategic base/framework” (BM) and “strategic planning development team optimization” (FM). Source: author’s research in November 2013.

Independent variables	Regression models: dependent variables			
	G1. The organization manager ensures the fulfilment of organizational goals.	G2. The organization manager takes into account the interests of the community.	G3. The organization manager makes decisions on the basis of an objective assessment.	G4. The organization manager does not make decisions under the influence of external factors.
(Constant)	1,330***	0,917***	0,771***	1,793***
Function of institutional planning AM	0,164*	0,411***	0,235**	0,117
Existence of a strategic base/ framework BM	0,238***	0,213**	0,225**	0,044
Strategic planning development team optimization	0,359***	0,234***	0,397***	0,328***
R2 adjusted for the number of independent variables	0,555	0,601	0,522	0,222

\*\*\* statistically significant at 1 % probability,

\*\* statistically significant at 5 % probability

Based on the presented analyses, it can be concluded that the research hypothesis (H1) that “strategic planning in public organizations defines certain aspects of performance measurement, thereby reducing the possibility that managers allocate resources on the basis of their subjective assessments and feelings, personal ambitions or as some kind of response to certain political pressures”, can be accepted.

## CONCLUSION

The aim of this study was to analyze the importance of strategic planning to responsible management of public organizations. The conducted study confirmed that application of strategic planning in public organizations in B&H helps managers to manage public organizations in a more responsible manner. Based on the results of the empirical study, we can conclude that the research hypothesis (H1) that “strategic planning in public organizations defines certain aspects of performance measurement, thereby reducing the possibility that managers allocate resources on the basis of their subjective assessments and feelings, personal ambitions or as some kind of response to certain political pressures”, can be accepted.

These results suggest that state/public organizations should pay more attention to the implementation of strategic management, i.e. strategic planning, strategy implementation and control of activities of public organizations, as that will increase the work efficiency and improve the quality of public services delivery.

**Table 14.** (Next page) The determination and regression coefficients of individual regression models: the dependent variables are units G1-G4, the independent variables are units: “institutional planning function” (A1-A4), “existence of a strategic base/framework” (B1-B4) and “strategic planning development team optimization” (F1-F4). Source: author’s research in November 2013.

Independent variables	Reduced model (stepwise regression): dependent variables			
	G1. The organization manager ensures the fulfilment of organizational goals.	G2. The organization manager takes into account the interests of the community.	G3. The organization manager makes decisions on the basis of an objective assessment.	G4. The organization manager does not make decisions under the influence of external factors.
( Constant )	1,471***	1,037***	0,872***	1,950***
A1 Top management takes care of strategic planning in your organization.	-	0,173**	0,248***	-
A2. Strategic planning in your organization is a priority activity.	0,129***	-	-	-
A3. The organization follows a defined set of procedures in strategic planning.	-	0,146*	-	-
A4. The organization ensures that all managers are involved in the planning process.	0,159**	-	-	-
B1. The organization has a clearly written mission statement.	-	-	-	-0,278***
B2. All employees and all levels of management in the organization understand the mission.	0,309***	-	-	0,255***
B3. The organization has written short-term (one year) and long term (3-5 years) goals.	-	0,124**	-	0,184**
B4. The organization, as needed, defines the goals by location or geographical area (municipalities, regions ...).	0,151***	-	0,171***	-
F1. The organization takes care to use the talent and time of each individual board member.	1,471***	0,124**	0,412***	0,324***
F2. The organization ensures adequate involvement of each strategic plan development team member.	-	0,282***	-	-
F3. The organization takes care of the development of new members of the strategic plan development team.	-	-	-	-
F4. The strategic plan development team strives to get all employees involved in the strategic planning process.	-	-	-	-
R2 adjusted for the number of independent variables	0,571	0,612	0,517	0,282

\*\*\*statistically significant at 1 % probability,

\*\*statistically significant at 5 % probability,

\*statistically significant at 10 % probability

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# **UTJECAJ STRATEŠKOG PLANIRANJA NA UPRAVLJANJE JAVNIM ORGANIZACIJAMA U BOSNI I HERCEGOVINI**

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## **SAŽETAK**

Suvremene javne organizacije u svom poslovanju trebaju poznavati unutarnje i vanjske faktore koji utječu na njihovo poslovanje. Uspostava ravnoteže između ovih faktora osnovna je pretpostavka izgradnje uspješnog koncepta poslovanja u današnjim uvjetima brzih promjena i povećane konkurencije. Cilj ovog rada je utvrditi kakav je utjecaj strateškog planiranja na upravljanje javnim organizacijama. Provedeno je empirijsko istraživanje u javnim organizacijama u Bosni i Hercegovini. Rezultati istraživanja pokazuju kako primjena strateškog planiranja u javnim organizacijama omogućava racionalnije, učinkovitije i efektivnije upravljanje resursima organizacije. Strateškim planiranjem definiraju se određeni vidovi mjerenja performansi što smanjuje mogućnost alociranja resurse na temelju subjektivnog stava ili osjećaja, ambicije ili svojevrsnog odgovora na određeni politički pritisak. Time se doprinosi transparentnom, racionalnom, učinkovitom i efektivnijem upravljanju organizacijom u pružanju kvalitetnih javnih usluga.

## **KLJUČNE RIJEČI**

strateški menadžment, strateško planiranje, javna organizacija, menadžment