



EFFECT OF STRATEGIC MANAGEMENT ON PERFORMANCE OF FARO WATER COMPANY IN YOLA ADAMAWA STATE NIGERIA

Mr. Hamisu Idris

Department of Business Administration, Taraba State University Jalingo

hamisuidris014@gmail.com

And

Mr. Salisu Ali Hamza

Department of Business Administration, Taraba State University Jalingo

salisalham@gmail.com

Abstract

This study investigate the effect of strategic management on performance of Faro Water Company in Yola Adamawa State Nigeria. The research used strategic planning, strategic formulation, strategic implementation and strategic evaluation as independent variables influencing Faro Water performance. The study employed a survey research design. The population of the study is 192 employees and Taro Yamane simple size formula was used to get a sample size of respondents from the population of the study and 102 was determined as the sample size according. Therefore, one hundred and two (102) questionnaires were administered to the respondents, and only 100 were returned. The data collected and hypothesis was analyzed using SPSS. The findings showed that strategic planning, strategic formulation and strategic implementation have a positive significant relationship with Faro water performance. Best on finding, the study recommends that Faro Water Company in Yola Adamawa State Nigeria should encourage employees' involvement in decision making since this will allow people to devote more of their resources to projects that will improve performance.

Key Words: *strategic management, strategic planning, strategic formulation, strategic implementation, strategic evaluation and performance.*

Introduction

Strategic management is globally becoming more relevant in contemporary times, especially in digitally inclined organizations due to its ability to ensure the cooperation of a diverse work force and to increase resource efficiency and also enhance organizational performance. Numerous sectors have changed as a result of globalization. Every shift necessitates better services and better products. In the age of globalization, strategic management is thought to be the most crucial technique that sets companies apart from one another.

Achieving an organization's vision, mission, strategy, and objectives requires the use of strategic management. The management of organizational resources toward the achievement of a goal or objective is known as strategic management (Al-Edenat 2023). Strategic management ought to be practiced by all organizations, regardless of their nature or purpose. To become more competitive and acquire more advantages, they need to use strategic management techniques. In continents like Europe, Asia and North America People who operate in business and industry, as well as those who exercise in other sectors like organization are unable to resist the high demands of strategic management. This enormous challenge necessitates improvements in all aspects of the organization, including leadership, creativity, and inventive potential. For an organization to produce truly innovative goods, it must have procedures, systems, and frameworks that allow for the timely and effective completion of projects (Tushman, 2022). The use of strategic management techniques helps the organization to achieve its objectives. The successful use of innovative concepts within an organization is called invention (Scott, 2019).

However, in Nigeria true success and ground-breaking innovation necessitate discomfort because discomfort pushes organizations to grow. This is why differences in opinion and ideas becomes a welcome idea. Diversity helps to bring new obstacles as well as new strategies that help to improve the growth of an organization (Chetty, 2018). Elements or determinants of strategic management such as strategic planning, formulation, implementation as well as evaluation will if effectively managed will help the organization to grow in areas like emotional security, self-confidence as well as the ability to plan.

Galleli (2021), notes that strategic implementation and strategic evaluation are the major problems affecting the performance of Faro Water Company Yola Adamawa State. Also, another problem the organization faces as regards strategic management is lack of clear definition of strategic management and its objectives. However, the secret to excellent productivity is in accurate strategic planning. It is important to note that strategic management has been proven to increase productivity, improve effective circular communication, speed up idea generation, distribute responsibility, and foster an environment where each person feels appreciated and empowered in a variety of businesses.

In order to determine whether and how organization may improve through strategic management, numerous researches have been conducted. However, no definite result has been arrived at as to the lasting solution to the problems of strategic management in organization. It

is in this regard that this research is conducted to examine the effects of strategic management on the organizational performance of Faro Water Company Yola Adamawa State.

The major problem the organization faces is lack of clear definition of strategic management and its objectives. This problem poses a threat to the organization's effectiveness, productivity, social capital as well as knowledge management as seen by the responses of employees. There is equally low productivity in the organization in terms of continuity of a particular strategic management objective when there is a new administration in power. In a bid to ameliorating the problem of lack of clear definition of strategic management and its objectives in the organization, the organization introduced in 2019 a program called Economic Recovery and Growth Plan (ERGP) which failed in achieving its objectives. After which the National Development Control (NDC) and Economic Sustainable Plan (ESP) were equally introduced to proffer lasting solutions to the problem. This equally did not solve the problem as the issue of lack of clear definition of strategic management and its objectives continues to persist in the organization even after all the measures carried out by the management of the organization to solving the problem.

Although several scholars have attempted to investigate the impact of strategic management on the performance of organizations, little has been researched as regards its effect in the government owned organization. This is why the researcher considered the effect of strategic management in a government owned organization, which is the Faro Water Company Yola Adamawa State as it affects its performance.

The overall objective of the study is to investigate the effect of strategic management on performance of Faro Water Company in Yola Adamawa State as it affects its performance. Other specific objectives are:

- i. To investigate the effect of strategic planning on the performance of Faro Water Company in Yola Adamawa State.
- ii. To examine the effect of strategic formulation on the performance of Faro Water Company in Yola Adamawa State.
- iii. To evaluate the effect of strategic implementation on the performance of Faro Water Company in Yola Adamawa State.

The following null hypotheses will guide the study:

H_{0i} Strategic planning has no significant positive effect on the performance of Faro Water Company in Yola Adamawa State

H_{0ii} Strategic formulation has no significant positive effect on the performance of Faro Water Company in Yola Adamawa State.

H_{0iii} Strategic implementation has no significant positive effect on the performance of Faro Water Company in Yola Adamawa State.

Review of Literature

Conceptual Framework.

Independent Variables

Dependent Variable

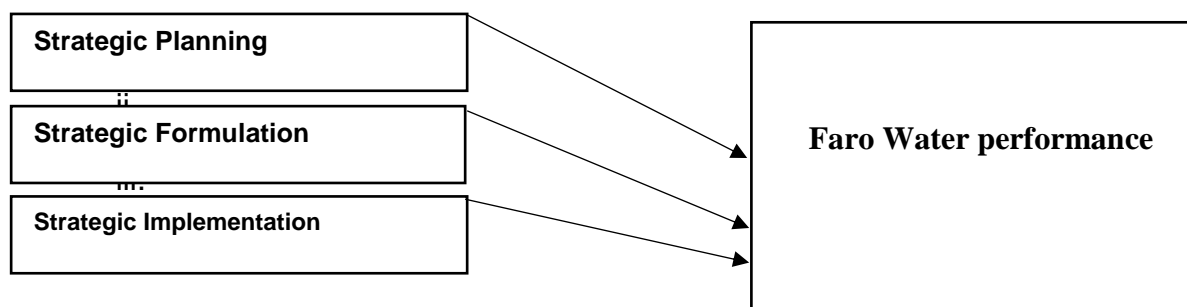


Figure 1: Conceptual Review

Source: Brainslav (2022) and modified by Researcher (2025)

Concept of Strategic Management.

Strategic management deals with the planning, organizing, as well as directing and coordinating of resources in the future. Strategic management is majorly futuristic because management of an organization is a progressive in nature and so organization must take this into cognizance (Bracker, 2020). Management entails effective planning, which centers on knowing what to do and then knowing how to do it. Management involves putting things in the right order for effective usage. Strategic management deals with futuristic plans to enable organization survive effectively no matter the changes that eventually come up Strategic management tries to merge accounting, research, policy making and development management in other to have a clear picture of how to effectively to manage them in the future. Strategic management introduces ways of doing certain activity in other to achieve the organization's set goals.

Strategic planning According to Mintzberg (1994), is not the formulation of strategy itself but a formalized process to support strategic thinking. Strategic planning involves setting goals, analyzing the competitive environment, assessing internal capabilities, and formulating and implementing action plans. Pearce and Robinson (2013) defined it as a systematic process aimed at aligning an organization's direction with its environment through vision and mission development, objective setting, strategy formulation, and implementation.

Strategy Formulation: This includes developing a vision and mission, identifying the organization's external opportunities and threats, determining its internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies and setting policy guidelines and rules (Branislav, 2019). As elucidated in Burugo and Owour (2017), a

strong mission statement together with situational analysis tools facilitates the formulation of a competitive strategy.

Strategy Implementation: Strategy implementation, according to Wheelen and Hunger (2021), is the sum total of the activities and choices required for the execution of a strategic plan to accomplish the objectives of the organization. Koech & Were (2019) explains that this process encompasses the functional, business and corporate levels of any organization.

Concept of Organizational Performance

Organizational performance ratings of the organizations as regards the effective implementation of strategic policies. Al Ahbabi (2019) observed that the use of knowledge production, knowledge capture and storage, knowledge sharing, and knowledge application has a good and significant impact on organizational performance of the public sector in terms of operations, quality, and innovation. Internal performance results are typically measured by performance. Associated with improved or more efficient procedures, as well as other outside measures like corporate social responsibility that involve factors that go beyond economic assessment. According to Karanja (2018) performance is the work carried out by individuals or teams of individuals within an organization in accordance with each employee's authority and responsibility in an effort to fulfill the relevant organization's objectives morally, legally, and ethically. So, it is possible to argue that organizational performance is an example of the efforts made by the organization to attain its goal which are obviously influenced by the resources it possesses.

Empirical Review

Paton (2023) analyzed the long-term impact of strategic management on performance, using strategic planning as a proxy. The study posited that employee efficiency promotes strategic management through enhanced employee involvement and organizational rewards. With a population of 380 employees and a sample size of 190, the study employed correlation analysis to test the hypotheses. The findings revealed a positive and significant relationship between strategic management and performance.

Baas (2020) investigated the relationship between collaboration and workplace efficiency. The study focused on employees' opinions in the Ministry of Budget and Economic Planning, Abuja. From a total population of 370 employees, a sample size of 134 was selected. The findings indicated a significant relationship between teamwork and workplace efficiency.



Barbosa (2020) established that organizations emphasizing strategy achieve better outcomes, improved employee performance, and increased productivity. The study used correlation analysis to test its hypotheses. It found that conducting tasks concurrently rather than sequentially saves time, while teams integrate information more effectively and affordably compared to traditional methods. Independent thinking, collaboration, and organizational skills were found to promote innovation and enhance information retention. The study, which had a population of 350 employees and a sample size of 170, concluded that independent variables had a strong positive impact on the dependent variable. The report recommended implementing team-building exercises to boost organizational productivity.

Al Ahbabi (2019) examined the role of strategic management in a firm's performance within an oil and Gas Company in Turkey. The study adopted a survey research design, and Taro Yamane's formula was used to reduce the population size from 1,300 to a sample size of 322. Ordinary least squares (OLS) regression analysis was employed, revealing a positive and significant relationship between strategic management and organizational performance.

Theoretical Framework

Balance scorecard theory.

The study is anchored on Balance scorecard theory. According to Kaplan and Norton (1992), formal management techniques, such as the Balanced Scorecard, are utilized for creating, implementing, and managing corporate strategies. However, assessing the effectiveness of these techniques remains a challenging task. The majority of the literature published on its application is written by people who have a stake in the technology's commercial success.

Though not particularly with regard to adopting a balanced scorecard, several articles have been written about obstacles to plan implementation. This indicates that studies on the implementation of BSC in business environments concentrate on maximizing organizational performance, assisting in decision making, helping with component selection, evaluating results and learning, and promoting sustainable development and understanding of the application of the Balanced Scorecard in any type of organization.

Methodology

The survey research design was adopted for the study. This method allowed research to collect data through the use of questionnaires. The population of the study is 102 employees, comprised engineers, and other staffs made up the 8-person management team. It also had 48 junior

employees, including 18 machine operators and 20 clerks and others. Therefore, the total population of the study is 102 employees of Faro Water Company Yola Adamawa State.

The sample size of the study is 102 that is all the population was used as sample size. Therefore, study made use of simple random technique in order to get adequate response by collecting information from all levels in the population. Data was collected through the administered questionnaires. The researcher personally visited the office of Faro Water Company Yola Adamawa State and administered the questionnaires to all the respondents. After seven days, the researcher went back and retrieved the questionnaires. Data collected was analyzed and hypotheses was tested with the aid of SPSS version 20 at 5% level of significance

Results and Discussion

Data was collected, analyzed and interpreted using both descriptive and inferential statistics the results are as follows:

Test of Hypotheses

Hypothesis testing on Regression analysis of response variables

Hypothesis I

H0₁: There is no significant relationship between Strategic planning and performance in the Ministry of Faro Water Company Adamawa State.

The study employed simple linear regression, the least square estimates of the model parameters Bo and B1 are denoted b0 and b1. Hence, an estimated regression equation for this hypothesis is constructed as $y=b_0+b_1x$, $Y=0.844+0.654x$

Table 1: Model Summary:

| Model | R | R Square | Adjusted R Square | Std Error of The Estimate | Sig | F |
|-------|------|----------|-------------------|---------------------------|-------|---|
| 1 | .807 | .652 | .651 | 2.009 | <.000 | |

Predictors: (Constant), Strategic Planning Dependent Variable: **Performance**

Source: Survey 2025.

From the above table, it can be deduced that R square is 0.651 which indicates a high and positive correlation between the dependent variable (Faro water performance) and independent variable (strategic planning). It also specifies the degree at which the independent variable can explain the variance in the dependent variable. Therefore, the implication of this is that about

65.1% of the variation is explained by the variables in the model while the remaining 34.9% is explained by other factors which are not included in the model. The regression equation (model formulated) appears to be very useful for making predictions since the value of R^2 is close to 1.

Hypothesis II

H₀₂: Strategic formulation in strategic management has no significant effect on performance in the Faro Water Company Adamawa State.

The study employed simple linear regression, the least square estimates of the model parameters B_0 and B_1 are denoted b_0 and b_1 . Hence, an estimated regression equation for this hypothesis is constructed as $y = b_0 + b_1x$

$$Y = .431 + .282x$$

Table 2: Model Summary:

| Model | R | R Square | Adjusted R Square | Std Error of The Estimate | Sig. F |
|-------|-------------------|----------|-------------------|---------------------------|--------|
| 1 | .807 ^a | .272 | .268 | 1.943 | <.000 |

Predictors: (Constant), Strategic formulation **Dependent Variable: Performance**

Source: Survey 2025.

From the above table, it can be seen that R^2 is 0.272; which indicates a positive correlation between the dependent variable (Faro water performance) and independent variable (Strategic Formulation). It also explains specifies the degree at which the independent variable can explain the variance in the dependent variable. The implication of this is that about 27.2% of the variation is explained by the variable in the model while the remaining 72.9% is explained by other factors which are not included in the model. The regression equation (model formulated) appears to be very useful for making predictions since the value of R^2 is close

Hypothesis III

H₀₃: There is no significant relationship between Strategic planning and performance in the Faro Water Company Adamawa State.

The study employed simple linear regression, the least square estimates of the model parameters B_0 and B_1 are denoted b_0 and b_1 . Hence, an estimated regression equation for this hypothesis is constructed as $y = b_0 + b_1x$

$$Y = 0.844 + 0.654x$$

Table 3: Model Summary:

| Model | R | R Square | Adjusted R Square | Std Error of The Estimate | Sig F |
|-------|------|----------|-------------------|---------------------------|-------|
| 1 | .827 | .652 | .651 | 1.109 | <.001 |

Predictors: (Constant), Strategic Implement **Dependent Variable: Performance** **Source: Survey, 2025.**

From the above table, it can be deduced that R square is 0.651 which indicates a high and positive correlation between the dependent variable (Faro water performance) and independent variable (strategic implementation). It also specifies the degree at which the independent variable can explain the variance in the dependent variable. Therefore, the implication of this is that about 65.1% of the variation is explained by the variables in the model while the remaining 34.9% is explained by other factors which are not included in the model. The regression equation (model formulated) appears to be very useful for making predictions since the value of R² is close to 1.

Table 4 Test of Hypotheses Results

| | Hypotheses | p-value | Sig | Decision |
|----------------|--|---------|-----|----------|
| H ₁ | Strategic planning has no significant positive effect on the performance of Faro Water Company Yola Adamawa State. | .000 | .05 | Rejected |
| H ₂ | Strategic formulation has no significant positive effect on the performance of Faro Water Company Yola Adamawa State | .000 | .05 | Rejected |
| H ₃ | Strategic implementation has no significant positive effect on the performance of Ministry of Faro Water Company Yola Adamawa State. | .001 | .05 | Rejected |

Findings of the Study

The major findings of the study are listed in accordance with the research question and hypothesis the specific findings are as follows;

1. Strategic planning has significant positive effect on the performance of Faro Water Company Yola Adamawa State. .
2. Strategic formulation has significant positive effect on the performance of Faro Water Company Yola Adamawa State.
3. Strategic implementation has significant positive effect on the performance of Faro Water Company Yola Adamawa State. .



Conclusion and Recommendations

The organization will be more productive as a result of improved strategic planning and strategic formulation. Strategic formulation will increase the organization if strategic management is properly evaluated for performance advancement in the Faro Water Company Adamawa State. Additionally, effective strategic planning will promote and distribute workload, effective communication, and development of a productive workplace for the staff of the company.

This study made the following recommendations based on the study's findings:

- i. The management of the organization should through strategic planning develop and design suitable solutions that would help to improve organizational effectiveness.
- ii. The management of the organization should consider formulating strategies that would help the organization to be more productive and efficient, since there is a positive relationship between strategic formulation and productivity.
- iii. The management of the organization should put strategy into effect and getting the organization moving in the chosen direction calls for a different set of managerial skills since successful strategy implementation depends on working.



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