



MANAGEMENT POLICY, STRATEGIC PLANNING, AND HUMAN RESOURCE PERFORMANCE IN BUSINESS ORGANISATIONS: UNRAVELLING THE OVERLAPPING CORRELATIONS FOR EFFECTIVE DECISION-MAKING.

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Cite this article:

Okorefe C., Okuoyibo M. A., Sylvester M. A. (2024), Management Policy, Strategic Planning, and Human Resource Performance in Business Organisations: Unravelling the Overlapping Correlations for Effective Decision-Making. British Journal of Management and Marketing Studies 7(2), 26-33. DOI: 10.52589/BJMMS-63NBA4OA

Manuscript History

Received: 12 Jan 2024

Accepted: 28 Mar 2024

Published: 29 Apr 2024

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ABSTRACT: *The objective of the study is to ascertain how organisational policies and strategies affect human resource performance in business enterprises. The study is anchored on decision theory and adopted a review of the literature to justify its findings. The study found that there is an intricate correlation between policy and strategy concerning organisational management and human resource performance. Also, it is revealed that worker's oriented policies and strategies affect their performance and the overall growth of the organisation. The study concludes that business policies and strategies are veritable and dynamic decision-making tools applied by managers in responding to changes in the business world.*

KEYWORDS: Business organisation, human resource performance, management policy, strategic planning



INTRODUCTION

The human asset is a critical success factor (Omisore & Okufu, 2014), judging from the fact that technologies cannot perform a given task in isolation without being operated on or giving instructions in a working environment. They are pivotal to organizational management and performance (Salami *et al.*, 2013), and a veritable, indispensable asset to the growth and development of the organisation (Edih, 2021). It is the utmost need to boost workers' morale, commitment, and productivity that pushed management thinkers to develop theories on motivation and related concerns (e.g. Herzberg two two-factor theories). Undoubtedly, every organisation, profit or non-profit, is run by men.

Achieving optimal performance, and growth are hinged on several factors. In similar instances, human resource or worker performance is dependent on some propelling socio-cultural ingredients (Heinz *et al.*, 2003; Ogbor, 2019). Policies, programmes and strategies are formulated by top-level management to achieve target goals and objectives for a specified period (Eromafuru, 2016; Ogbor, 2019). How policies, programmes, and strategies are carried out varies from one organisation to the other and how they influence personnel depends on various decision variables (i.e. worker's welfare, environmental factors, etc.) (Oyoo, 2014).

Organisational performance measurement may also be classified into short-term and long-term performance. Financial performance is tied to long-term plans and growth in terms of size and assets are influenced by strategic planning models, policy, and programme (Baker & Thompson, 1986; Sheehan, 1975 both cited in Jayawarna & Dissanayake, 2019). In other studies, there exists a positive connection between strategic planning and financial performance, and strategic planning tools include; mission statement, competitor's analysis, long-term goals, annual goals, short-term action plan and ongoing evaluation (Aldehayyat & Twaissi, 2011; Jayawarna & Dissanayake, 2019). The literature review by Jayawarna and Dissanayake (2019) suggests that strategic planning has positive performance effects as demonstrated in Mintzberg (1973), Wood & LaForge (1976), and Sapp & Seiler (1981). Planning is a key lever for transformative change in an industry (Flamholtz & Kurland, 2006), which helps in evaluating and identifying long-term goals and objectives, motivates and organises the workforce, allocates scarce resources and ensures control and monitors actual performance in comparison with standard performance/target (Sophia & Owuor, 2015).

The Problem

The business environment is dynamic and very competitive due to the effects of globalisation and advancement in the application of modern technologies, innovations and knowledge. Based on threatening competition, most firms are finding it very difficult to remain afloat while others are folding up. The recent COVID-19 pandemic has worsened the problem of business survival. The place of policy and strategy in driving growth and sustainability has been undermined; hence, the need to determine the correlation between policy, strategy, and business performance in a dynamic world.

Aims of the study

The main purpose of the study is to determine the effect of management policy and strategic planning on human resource performance, while the secondary objective is to ascertain the correlation between policy, strategic planning and organisational performance.



Research questions

1. What is the effect of policy on workers' performance?
2. What is the impact of strategic planning on business performance?
3. Is there any relationship between policy, strategies and employee performance

Research Process

The study entails a thorough review of relevant literature. In that case journals, textbooks, and conference papers were consulted. The study is organised accordingly—introduction, review of literature, and conclusion.

REVIEW OF RELATED LITERATURE

A Discourse on the Strategic Planning Process

The Strategy planning process (SPP) is a tool and guidelines used by top management and leaders (Shu-Hsiang *et al.*, 2018), as a toolkit for mapping out strategies. As a key element for the successful management of an organisation, SPP provides direction for managers/leaders (Paris, 2003). Planning, policy, programme as well as strategic plans envision the future and develop a realistic plan of action and they are necessary components for making decisions in every organisation in profit and non-profit enterprises (Schmidt & Laycock, n.d, as cited in Shu-Hsiang, *et al.*, 2018). Strategic planning or planning is the backbone of strategic management and helps in understanding the planning processes or practices, corporate culture, decision-making process, organisational structure and performance (Mohammad & John, 2012). The SPP model designed by Kotler and Murphy (Shu-Hsiang *et al.*, 2018) has six components—environmental analysis, resource analysis, goal formulation, strategy formulation, organisation design, and system design.

Strategic planning is a channel for internal and external communication (Jarzkowski, 2010) and the determination of the basic long-term goals and objectives of an enterprise (Barbosa & Romeo, 2016). It is the setting of vision, objectives, and methods of achieving the goals, mission and vision (Strickland, 2003) and the document that promotes interactions between staff at the workplace (Spee & Jarzkowski, 2011). The process that defines strategies and provides direction for making decisions is known as strategic planning (Kathleen *et al.*, n.d). Strategic planning is critical to institutions of higher education because it gives stakeholders opportunities to agree and build commitment (Allison & Kaye, 2005; Kathleen *et al.*, n.d). As a formal process, SP identifies and maximises optimal results (Rowley & Sherman, 2001) and represents a leadership tool for giving direction (Kathleen, *et al.*, n.d). Bryson (2011) sees SP as a focused, disciplined, and fundamental decision-making process that shapes the culture of the organisation.

Heinz *et al.* (2011) contend that strategies and policies are necessary for the effective management of an enterprise. Strategies are executed through action plans known as tactics. Strategies, programmes, and policies are designed to direct overall operations in aspects of organisational growth, financial management, personnel management, public relationships, promotion of products and services, and general marketing. The strategic planning process (SPP) is central to making decisions in the organisation. Ogbor (2019) explains the strategy to



mean a game plan, chosen to achieve organisational objectives, gain customer's trust, attain competitive advantage, and acquire a market position, among other factors. Therefore, Strategy can represent a unified and integrated plan, dynamic with a long-term perspective usually formulated by top-level management. Ogbor (2019) tried to distinguish policy from strategy. According to him, strategy is a plan of action while policy is a principle of action. Strategy is more dynamic but policy is likely uniform in nature. The policy is a set of common rules and regulations which serve as the basis for daily operations. Policies are driven inside-out and strategies are outside-driven. Policies and strategies are both formulated at top-level management.

The correlation between policy, strategy and human resource performance

Heinz *et al.* (2011) defines planning as the "selection of missions, objectives, and actions to achieve them". Planning requires decision-making, choosing a course of action, usually among alternatives. The authors classified plans into mission or purpose, objectives or goals, strategies, policies, procedures, rules, programmes and budgets. Policy, programme and strategy are intertwined in usage and application. There may be a thin difference but intended to achieve the target objectives and goals of the organisation. The policy is a plan that demonstrates a general statement or understanding that guides logical thinking in decision-making. It defines areas where decisions are to be made and assists in deciding knotty issues and resolving problems. A programme is a complex goal, policy, procedure, rules, task, steps to be taken, resources to be employed and other necessary elements to execute a chosen course of duty.

Policy can be seen as part of a programme while policy is a broad guide for a given project or programme. Programme is always backed by budgets and may be grouped into major and minor in terms of budget, size and duration. Strategy connotes the "determination of the basic long-term objectives of an enterprise". It involves the adoption of courses of action and the allocation of resources appropriate for attaining set standards (Heinz *et al.*, 2011). Eromafuru (2019) sees the programme as a detailed course of action which embodies the missions and objectives of an organisation. It encompasses policy, procedure, or rules employed in achieving organisational goals. According to Ogbor (2019), policy defines the limit within which decisions are considered, and it is the responsibility of top-level management to design the policy of an organisation. As internal management law, it may be written or oral. It guides the discretion of low-level management in dealing with daily issues and problems.

REVIEW OF PREVIOUS STUDIES

According to Ogonji (2014), the strategic planning model is developed in line with the peculiar needs of the organisation, meaning, SPM for firm A is never the same as for firm B. SP is a vital component of the organisational management kit. It helps to identify strengths and weaknesses and provides a roadmap for leaders (Moody, n.d). The maximisation of objectives and goals rests on strategies (James, 2009). Oyoo (2014) identified some determinants of SP, which include leadership, commitment, socio-cultural climate, trends, past events and available resources.



Several organisations are responding to the big question of "opportunities and threats" through three levels of strategic plans - organisational, pragmatic, and operational strategies (Joe, 2015). Other strategic planning dimensions include conventional, issues-based, organic, real-time, and alignment models. Each model is designed to fit the situational problem, mission and vision, and objectives of the organisation. Effective application of strategies assists in identifying long-term goals, organising a productive workforce, allocating scarce resources, necessitates growth and monitors performance (Odongo & Dutche, 2015). Technological advancements are seen to compel firms to find ways to be competitive and remain in business and one such way is designing suitable strategies (Jovica *et al.*, 2016).

Kingsley (2018) describes policy as a basic managerial instrument used to enhance employee work quality, and engagement and enhance the administration of an enterprise. It is argued that workers become more engaged and productive when involved in policy formulation. Employees are motivated through their contributions to organisational policies and this fosters competitive advantage (Fopohunda, 2013; Lasrado, *et al.*, 2016, both cited in Kingsley, 2018). Employee participation in developing policies has led to work balance and higher performance (Maxwell, 2005; Walter, 2015, both cited in Kingsley, 2018). Thorough implementation of organisational policies lies in worker's commitment (Danaeifar *et al.*, 2016). It is affirmed that change is a major part of human life (Lucie, 2013) and policy change represents the incremental shift in existing structures and/or simply put, innovations (Bennett & Howlett, 1992, as cited in Lucie, 2013). Policy has become one of the basic tools (for example, monetary and fiscal policies, naira redesign policy, etc..) used to stabilise and develop an economy. It helps to integrate the various departments (personnel, Finance, marketing, etc.) in the organisation (Sunday & Idodo, 2016).

Decision Theory

Decision-making has become one of the interdisciplinary sciences (Steve, 1990). According to the designation of Suppes (1961 as cited in Steve, 1990), the major sciences involved in decision theory (i.e. then) are based on normative and descriptive theories. There are prerequisites or procedures or factors for rational decision-making or norms of rationality. Decision theory provides methods, approaches, and diagnoses for managers and/or leaders to achieve business growth, worker optimal performance and maximise profits (Steve, 2005).

According to Dewey (1978, as cited in Steve, 2005), problems may be solved in the following succession; the felt difficulty, defining the characteristics of the difficulty, suggesting possible solutions, evaluating the solutions, do further observation and experimentation before accepting or rejecting a position. These steps were modified by Simon's work (Steve, 2005) into three major stages: find the occasion for making a decision, find courses of action, and choose a course of action. These three phases can be expressed as, the intelligence stage, design stage and choice stage. In Brim *et al.*, (1962), the decision-making process is divided into five consecutive steps; identify the problem, obtain relevant data, etc. However, some scholars disagreed or criticised the sequential format of processing decision(s). They advocate a non-sequential model for making decisions and a key proponent is Mintzberg *et al.*, (1976 as cited in Steve, 2005). Mintzberg *et al.*, (1976) provided three distinct, but not sequential approaches; identification, development and selection.

In modern management, decision-making steps include; identifying the problem, specifying objectives and criteria for the solutions, developing suitable alternatives, analysing and



comparing alternatives, selecting the best alternative, implementing the solution and monitoring results (Eromafuru, 2016; Heinz *et al.*, 2003; Ogbor, 2016).

CONCLUSION

The study affirms the connection between the conceptual variables in terms of plans or the process of developing plans. However, they represent different categories of planning in the organisation. More so, it is one of the basic responsibilities of top-level management to design appropriate policies and strategic planning models for the growth and development of the organisation.

Strategic planning is driven by the policy, mission, and vision statements of the organisation and such policies and strategies vary from one institution to another. Since policies and strategies are plans and decision-making tools used by top-level management, they should be fine-tuned to improve human resource performance. However, the study was restricted to the review of previous works which means it could be strengthened by carrying out empirical research.

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