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## The Effect of Strategic Thinking Skills on the Effectiveness of Strategy Creation Process in Sport Federations

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### ABSTRACT

The purpose of this study was to investigate the effect of strategic thinking skills on the effectiveness of strategy creation process of team sport federations in Iran. 57 questionnaires distributed among the managers of team sport federations to collect the required data. Strategic thinking skills questionnaire and effectiveness of strategy creation process questionnaire adapted from Moghimi and Ramezan questionnaire (2015). Structural equation modeling with partial least squares (PLS) approach was employed for data analysis. The results indicated that strategic thinking skills of managers had a significant effect on the effectiveness of strategy creation process in team sport federations. According to the findings, improving the strategic thinking skills of managers in sport federations, is critical in the process of creating effective strategies.

### Introduction

The rapid development of sports have significantly affected the leadership and management of sport organizations. The increase of environmental uncertainties have made sport organization formulate their strategy in a more complex and global environment. To cope with these challenges, sport managers need to be equipped with strategic thinking skills (Dragoni, 2014). There is general consensus on the importance of strategic thinking for sustainable performance of organizations

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(Steptoe-Warren et al., 2011). Theorists have shown that there is a need for strategic thinking capability at different organizational levels. Strategic thinking leads to the efficient evaluation of action plan (Jelenc and Pisapia, 2015). In a strategic environment, strategic thinking is critical for overcoming the unfamiliar problems (Desarbo, 2005). Strategic thinking means putting any big or small decision within the context of the organization's goals (Davey, 2014). Strategic thinking is an informal process of thinking to help the organization, with a future look at achieving objectives. Organizations can no longer respond to diversities and changes by employing traditional approaches. Not too long ago, strategic management and planning for organizations was a new phenomenon, but now organizations have to adopt strategic thinking as their basic reference. What seems to be the problem in this way is the durability and sustainability of strategic planning (Ginter et al., 2018). Strategic thinking of managers and employees of the organization ensures this durability, so the importance of creating strategic thinking in the managers of the organization is much more than the establishment of strategic plans. Strategic thinking helps managers formulate the suitable strategy for survival and success. Strategic thinking in unpredictable environment is a proper strategic approach for the organizations (Desarbo., 2005). Mintzberg believes that strategic planning is not strategic thinking. Focusing on strategic thinking is the ability to create integrated perspectives, also called systems thinking. Mintzberg also argues that organizations should emphasize strategic thinking strategy rather than strategic planning. Because strategic issues are complex, organizations should support managers to think strategically (Mintzberg, 1994).

Today, strategic thinking is one of the skills needed for top-level managers (Shirvani and Shojaie, 2011). It is better to consider the ability of strategic thinking among organizational leaders, especially those who are more likely to get a higher position (Dragoni et al., 2011). Strategic management researchers believe that strategic thinking helps managers to show correct reactions against unpredicted issues (Carpenter et al., 2001). Using strategic thinking enables managers to analyze, discover, understand and define complex situations more easily (Kazmi et al., 2016). Equipping top-level managers with a strategic approach seems to be essential (Poorsadegh and Behrang, 2011).

One thing to keep in mind is that it is difficult to create a strategy in the organization. Creating and implementing strategy effectively in an organization is even more difficult. Without effective implementation, no organizational strategy can be successful. Unfortunately, most managers are more aware of the requirements of good strategic planning and strategy formulation than creating effective strategy. Currently, managers use a wide variety of planning models and techniques in their organization. However, poor performance is usually not because of planning, but it is because of the lack of effective planning. Creating an effective strategy involve an integrated process that is the result of a set of integrated decisions or actions over time (Hrebiniak, 2006). Azizi et al. (2018) believe that there is a significant relationship between organizational performance and strategic thinking dimensions such as systematic thinking, positive thinking, creativity, organizational perspective and organizational intelligence so that by increasing these scores, organizational performance score also increased. Moon (2013) showed that the solution to market turbulence and technological turbulence is to promote strategic thinking at organizational level and there is a positive relationship between strategic thinking and performance (Moon, 2013). According to Derue and Myers (2014), strategic thinking development approaches have similar issues and challenges to general leadership development programs that include a limited theoretical base, limited focus, low effectiveness of methods, and poor evaluation (Derue and Myers, 2014). Despite the consensus on the need for strategic thinking, there is limited literature on what organizations can really do to help develop the strategic thinking capability of leaders, and how it will impact the process of creating an organization's strategy (Goldman et al., 2015). Strategic thinking is a popular topic in management journals, and many scholars have emphasized the importance of strategic thinking in management contexts. However, there is no information on how strategic thinking can lead to the effectiveness of strategy creation (Hinz and Suokas, 2018). Given the critical role of strategic thinking skills in the dynamic condition of sport environment, as well as the lack of existing knowledge on the relationship of strategic thinking skills on effectiveness of the strategy creation process, are the most important contribution of this study in sport management literature. This research was set up to investigate the

effect of strategic thinking skills on the effectiveness of the strategy creation process in team sport federations in Iran.

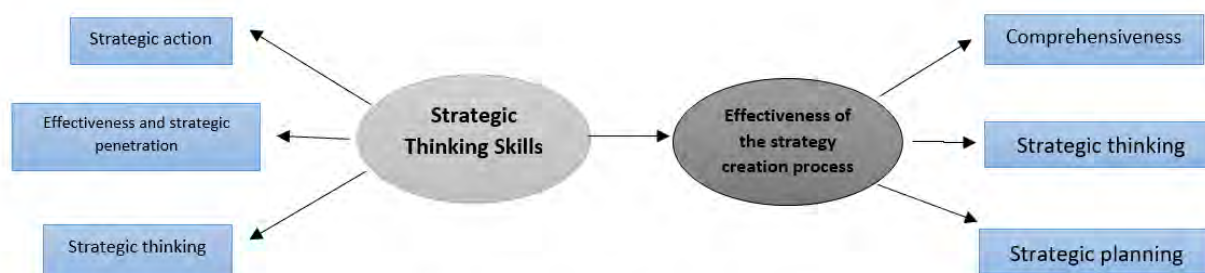


Figure 1. Conceptual model of the research

## Methodology

The overall purpose of this study was to study the impact of strategic thinking skills on the effectiveness of the strategy creation process in team sports federations in Islamic Republic of Iran. This survey study is a descriptive and practical one. The statistical population of the research consisted of the members of the board of directors of team sport federations in Islamic Republic of Iran (N= 57) (according to the official websites of federations). The research sample was selected through total sampling approach. 57 subject participated in this study and completed the research questionnaires. Of 57 distributed questionnaires, 52 questionnaires were returned, of which 8 were rejected due to missed data, and finally 44 accepted questionnaires were utilized in data analysis. Strategic thinking skills questionnaire and effectiveness of strategy creation process questionnaire adapted from Moghimi and Ramezan questionnaire (2015). The Strategic Thinking Skills Questionnaire consisted of 20 items measuring the dimensions of strategic thinking skills in management in three components (strategic thinking, strategic action in management, effectiveness and strategic penetration). Items 1 to 8 in the questionnaire are related to strategic thinking, items 9 to 13 are related to strategic action in management, items 14 to 20 are related to strategic effectiveness and penetration. The questionnaire of the effectiveness of the strategy creation process consists of 20 items in the form of 3 components. Items 1 to 8 in the questionnaire relate to strategic thinking, items 9 to 11 relate to strategic planning in management, and items 12 to 20 relate to comprehensiveness. Both questionnaires were designed based on the 5-point Likert scale and included 6 demographic items. The face and content validity of the questionnaires were verified according to comments of experts in the field of strategic management and sport management. Also, in order to evaluate the tools used in the present study, in a pilot study (pre-test), 30 questionnaires were distributed among sport managers and after collecting, the basis of the tool reliability was evaluated. Cronbach's alpha coefficient was found to be 0.78 for strategic thinking skills questionnaire and 83% for strategy effectiveness process questionnaire. To test the conceptual model and research hypotheses, data analysis was conducted using structural equation modeling. The software used for this purpose was smart pls2. This software uses the partial least squares method to present structural equation models. The partial least squares method is considered as a powerful structural modeling tool because it is not sensitive to sample volume, normal data distribution, and the measurement scale interval (Chin, 2010).

## Findings

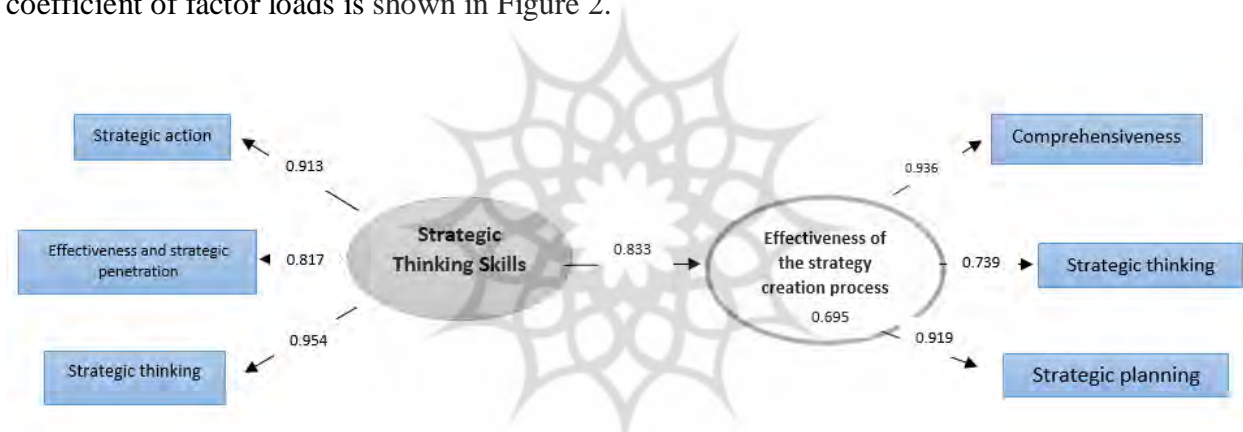
The results of descriptive statistics in Table (1) indicated that of 46 subjects participated in this study, 65% (21) were male and 35% (15) were female. Also 36.5% (n = 16) were 40-50 years old. 50% (n = 22) had a master's degree, and 35% (n = 15) had a work experience between 11 and 20 years. The demographic characteristics is fully illustrated in Table 1.

**Table 1.** Demographic characteristics of the samples

Demographic characteristics		Frequency	frequency percentage
Gender	Male	29	65
	Female	15	35
Ages	20 - 30 years old	12	27.5
	30- 40 years old	8	18
	40 - 50 years old	16	36.5
	Over 50 years old	8	18
Level of Education	Bachelor	5	12
	Masters	22	50
	P.H.D	17	38
Work Experience	Less than 5 years	12	27
	5 to 10 years	6	13
	11 to 20 years	15	35
	21 to 30 years	11	25

### Factor loading

The factor loading of each question must be equal to or greater than 0.4 (Hulland et al., 1999). The coefficient of factor loads is shown in Figure 2.

**Figure 2.** Measurement model

According to Figure 2, all factor loading are more than 0.4. Therefore, the structure of validity, which was performed to investigate the accuracy and importance of selected measurements for measuring structures, shows that the measurements provided appropriate structures to measure the dimensions studied in the research model.

**Table 2.** Reliability results, composite reliability coefficient, and average variance extracted of research variables

	Latent variable	Cronbach's alpha coefficient	Composite Reliability (CR)	Average Variance Extracted (AVE)
1	Strategic Thinking Skills	0.83	0.90	0.75
2	Effectiveness of the strategy creation process	0.87	0.92	0.80

To measure the reliability of research tools and variables, Cronbach's alpha coefficient, and Composite Reliability (CR) were used. The Composite Reliability coefficient of all variables were more than 0.7. Cronbach's alpha coefficient for all the research variables were higher than 0.7, which showed the appropriate reliability of the research variables.

To obtain convergent validity and correlation, Composite Reliability and average variance extracted values were measured. Composite Reliability was found to be more than 0.8, with and the average variance extracted values was found to be more than 0.5. Therefore, according to the results of Table 2 on latent structures, the high correlation and reliability of the data were confirmed.

**Table 3.** The Divergent validity results

Variable	Strategic impact and Strategic action	Strategic thinking
Strategic Thinking Skills	0.86	
Effectiveness of the strategy creation process	0.83	0.89

According to Table 3, the divergent validity results is appropriate.

**The fitness of the structural model:** The fitness of the structural model includes t-value,  $R^2$  index, and  $Q^2$  criteria.

T-value: The first and most basic criterion for assessing the fitness of the structural model is the t-value, which must be greater than 1.96 to confirm the casual path. Figure 3 shows the t-value of the research paths.



**Figure 3.** t-value of the casual path

According to Figure 3, the t-value of the casual path is greater than 1.96, which indicates the significance of the proposed path.

$R^2$  criteria: The  $R^2$  criteria is related to the latent variables associated with the model. The value more than 0.67 are considered as strong value for  $R^2$  values (Chin, 1998). According to the Table 4, the values indicates the appropriate fitness of the research model.

**Table 4.** Results of  $R^2$  and  $Q^2$  criteria

Variable	$R^2$	$Q^2$
Effectiveness of the strategy creation process	0.695	0.35

$Q^2$  criteria: This criterion determines the predictive power of the model. The value more than 0.33 is a strong value for  $Q^2$  index (Henseler et al., 2009). According to Table (4), its rate is higher than the average level. Therefore, the research model has a good fitness.

The general fitness of the model: GOF is used to evaluate fitness of the general model. The value more than 0.36 is regarded as a strong values for GOF (Wetzels et al., 2009). This criterion is calculated by the following formula:

$$\text{GOF} = \sqrt{(\text{Comunalitie}) \times R^2}$$

Accordingly, the GOF value in this study is 0.53, which indicates that the research model has a strong fitness.

**Table 5.** Results of path coefficient

Hypothesis	path coefficient	t-value	Result
The effect of strategic thinking skills on the effectiveness of the strategy creation process	0.833	15.565	confirmed

\*  $p < 0.01$ .

Table 5 shows the test results of the hypotheses. According to findings in Table 5, the research hypothesis has been confirmed.

### Conclusion and Discussion

Given the rapid changes and global competition that governs the sport organizations, strategic thinking is a competitive advantage that helps managers to handle the sport organizations effectively. The main purpose of this study was to investigate the effect of strategic thinking skills on the effectiveness of the strategy creation process in team sport federations in Iran. The research findings showed that strategic thinking skills has a significant effect on the effectiveness of the strategy creation process. Via strategic thinking, decisions are made about the goals, policies, strategies, programs, and activities of the sports organization. Sports organizations operate in a complex environment that includes a large number of stakeholders; therefore, strategic thinking can be a critical skill that provide sport managers with an effective capability to address the growing expectations of various stakeholders. The strategic effectiveness and penetration is one of the dimensions strategic thinking skills that was effective on the effectiveness of the strategy creation process.

The strategic action is another dimension of strategic thinking that had a significant effect on the effectiveness of the strategy creation process. As strategic action improves so will the effectiveness of the strategy creation process. This finding is consistent with the findings of Khazaei and Moshabaki's research (2008), and Dufour et al. (2018). Once the strategy has been developed, it is time to be implemented. The transition between these two stages is very critical, and during this transition, many problems arise. The strategic actions play a vital role here. Programs need to be operationalized, but more importantly, strategic actions must be taken to prevent additional costs and plans for specific tasks. The weakness of strategic thinking and strategic actions by senior managers make it impossible for the organization to take advantage of the opportunities available in the environment.

The research findings showed that strategic thinking has a significant effect on the effectiveness of the strategy creation process. As strategic thinking improves, so will the effectiveness of the strategy creation process. This finding is consistent with the findings of Nazemi et al. (2010), and Derue and Myers (2014). Sports organizations are growing in size (in terms of staff, volunteers and service providers) to meet the growing needs of sports environment. The pressure for change may be from internal and external environment of the sports organization. These pressures are exerted by fans, the sports community, the sports media, sports venue owners, and sometimes by athletes, coaches, and sports managers. Managers need to be equipped with strategic thinking skills to properly deal with these challenges, and employ effective organizational strategies. Today, strategic thinking is recognized as a critical factor in various economic and social fields, and it is emphasized that senior managers must be equipped with strategic thinking to act efficiently (Ghasemi and Feyzi, 2016).

According to the findings of this research, sport organizations should encourage strategic thinking and its dimensions to provide a significant opportunity for efficient strategy creation.

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