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Applying Strategic Management approaches to a nursery school in the United Arab Emirates

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ABSTRACT

Strategic management is the evaluation, planning, and implementation process to maintain or improve competitive advantage. The examination consists of appraising the macro and the microenvironmental contexts. The strategic implementation looks forward to effective leadership in practice to establish the suitable structure of the firm, foster organizational culture and evaluate the strategic processes through the relevant control systems and tools. The organizational results demonstrate the success of the strategic measures undertaken like revenues, market shares, profitability and the return on investment. We chose a nursery located in the UAE where one of the authors was associated and explored the application of the salient strategic management concepts and business strategies. Permission was taken from the management to conform to the ethical guidelines. The brief case study can light the future research implications on the management and overcoming the obstacles encountered in the process.

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#Introduction

Strategy is a fundamental component of a business action plan, and identifying the appropriate strategy positions the company well and effectively understands the customers (Akan et al., 2006). The strategy presents a directional route map for the firm and eventually ensures the achievement of the objectives and counters the business environment's risks and opportunities (Schendel & Hofer, 1979). Drucker (1954) further describes strategy as analyzing the present circumstances and modifying as necessary. Cannon (1968) implies strategies as the targeted action decisions that imbue competitive orientation to the company. Nevertheless, strategies ask for the decision-makers' support, commitment and resources.

To sum up, strategies are long-term oriented and are multifaceted in predicting the outcomes. Schools implementing strategic management approaches can successfully apply their goals through day-to-day operations. Through strategic management, schools carve and accomplish their goals (Yenipı and Akgün, 2017). The successful application of the strategic dimensions helps achieve the goals, which is possible by fine-tuning the daily operating activities of the school (Moindi et al., 2016).

We studied the nursery activities under the backdrop of the salient strategic management concepts, primarily Strength-Weakness-Opportunity- Threat analysis (SWOT), Porter's generic strategies, Strategic Implementation and evaluation. Interviews were also conducted with the management and teaching and administrative staff representatives. The organization chosen was a nursery school where the second author was employed. Permission was obtained from the management of the nursery as a part of the ethical guidelines.

1.1 About the organization

Al Sedrah Nursery is based in the Sharjah Emirate of the UAE. Al Sedrah Nursery was founded in September 2013. It is located in the Al Azra area of Sharjah. It caters to children from 6 months to -3.5 years. It has 12 staff, including a nursery manager, teachers, Assistant teachers, nurses, visiting doctors, cleaners, nannies and bus drivers. It follows NWEA American Curriculum. The nursery owner is Mr.Ahmed Al Mughanni. The nursery director is Ms. Doha Yousif, and the nursery manager is Ms. Hnan Bakour. The nursery aims to create a stimulating and developing learning environment for children. The programs and the teaching and learning dynamics are a unique blend of educational theories and experiential learning.

Strategic Management concepts and the case of the nursery school

2.1 Strategic Implementation

Strategy implementation is in a state of flux, recurring and multifaceted and consists of several activities by the organizational members to transform strategic plans into concrete goal accomplishments (Yang et al., 2010). Herein emerges the significance of understanding and achieving the strategic intentions; the more effectively they can be achieved, the more successful the strategic implementation mechanism (Lee & Puranam, 2016). The implantation of the strategy is vital to the firm's success and focuses on route mapping to reach the expected goals and objectives. Implementation occurs after the environmental scanning and Strength-Weakness-Opportunity-Threat (SWOT) analyses and identifying the strategic aspects and objectives. Implementation relates to organizing human resources to work assigned and scheduled deadlines that enable organizations to reach their goals effectively. SI is how the programs, budgets, and policies are implemented through developing programs, budgets and procedures. SI involves formulating programs to establish the sequence of organizational activities, budgets to allocate funds, and procedures to monitor operational activities. Programs impart an action hue on the strategic implementation dimensions. The budget then addresses the viability of the strategy selected. Procedures emanate after the initial programs and budgets are developed and are commonly termed Standard Operating Procedures (SOP). In recent years, SI has been an extensive area of research in strategic management (de Oliveira et al., 2019) and organization theory (Kastanakis et al., 2019).

The case of the Nursery school's strategic implementation:

The implementation discussion has been related to the programs, budgets and procedures.

2.1.1 Program

This program has attracted children who aim to join American Curriculum schools. The nursery follows the NDNA American curriculum. Teachers are guided and instructed to follow the program to follow standards laid down by NATIONAL Day Nursery Association. It was a part of their strategy of cost leadership. Since NDNA registration is not expensive, it serves the purpose. Also, staff training was on the agenda as well.

2.1.2 Budget

Nursery had various expenses like annual license renewal and UAE National sponsorship fees. In U.A.E, It is a rule to have U.A.E National as any business sponsor. However, they are non-active partners in nursery operations and management. Moreover, there are economic department fees, town planning department, staff salaries, transportation costs, municipality fees, and nurse and Doctor fees per visit. Water, electricity and other utility fees. The nursery has kept the total monthly expense at AED 25,000/ and AED 5,000 goes for bank deposits for government fees to be paid at the end of each year for renewal. Profits are seen as monthly 20,000/. Its income has increased from year to year by 5 %.

2.1.3 Procedures

The nursery follows different procedures to ensure it complies with the Ministry of Education and NDNA. Written policies and procedures are circulated among all employees and parents. So that all stakeholders are aware of it.

Child protection

The Ministry of Education, UAE, has formulated strict guidelines under the Child Protection Unit. This unit implements child protection guidelines in academic institutions as Federal Law No prescribes. (3) for 2016. The unit emphasizes the child's right to education and health per stipulated law and guidelines. The child's protection also has been emphasized, more specifically from damage, neglect, unjust or prejudicial treatment, and exploitation experienced by any individual at school or home. Additionally, a safe and sheltered school environment has also been stressed to improve the physical and mental health of the student.

The nursery's child protection policy:-

It is the first on the list as parents trust the nursery to safeguard and protect their children.

Equal rights for all: Al Sedrah nursery has a clear policy of treating all children of any nationality equally. Favoritism based on status, wealth and family background is prohibited in the nursery. Rights are fair and granted to all.

Health and safety policy

Cleanliness is maintained in the Nursery 24/7. It clearly defines the health rules and regulations for all. It also defines rules for nurses and doctors. Children are kept 1.5 meters away from each other to avoid any infections.

Staff training

Staff is given training like cleanliness, class management, parent interaction, solving children's issues daily, behavior, communication training, child safety training, and fire drills in case of a mishap. These training pieces have helped the nursery maintain its reputation and child services. Thus, attracting more children.

2.1.7 Children Registration policy

Registration fees are AED 500/ which is nonrefundable. It is paid annually. Uniform and books price need to be paid as well. It is AED 200/

2.1.8 Admission policy

Admission policy requires parents to submit documents like passports copy, Emirates ID copies, birth certificates of child and vaccination cards to the child. Other forms need to be filled by parents as well, which include emergency numbers.

2.1.9 Staff leave and lateness policy

Nursery defines leave as 30 days every 2 years for contracted staff and yearly 7 sick leave per government and labor department rules in U.A.E. Nursery deducts half-day salary if staff is found late for 5 consecutive days a month.

Designing jobs for strategy implementation

The nursery has designed jobs for each of its employees. Nursery studies job designs to make better decisions. It helps to give staff more of the work that is related to it. It makes explicit to staff what is asked of them.

The nursery workers allocated tasks

To give care to children, for example, making timetables, routines, diaper changes and toys

To ensure learning of children by basic skills, manners and general eating etiquettes.

Maintain a safe environment for children and take care of their safety

Communicate with the nursery manager and parents about the child's academic reports and behavior.

3.1.1 Job rotation

Job rotation is done so that each staff learns and experiences other staff's jobs, roles and duties. It helps the nursery replace staff in an emergency, leave and sick leave.

3.1.2 Job enlargement

Nursery staff is given duties similar to the one they are doing. For example, the nursery cleaner is given a nanny job at the nursery as part of the job enlargement initiatives.

3.1.3 Job characteristics

Job characteristics are defined in the job description of each staff as shown above. It also helps management to review when it is time for a bonus or yearly appraisal.

Traditional financial measures

Traditional measures concentrate primarily on the organization's earnings and have been used to calculate financial performance for years. The traditional critical measures used in the firm are Return on Equity (ROE), Earnings per Share (EPS), Return on Investment (ROI), and Return on Capital Employed (ROCE) etc.

The nursery, on average, earns a monthly AED 50,000-55,000.

Operating cash flow: Operating cash flow is AED 30,000

Free cash flow: The owner can take monthly AED 20,000 without harming nursery operations

SWOT Analysis

The strength, weakness, opportunities and threats (SWOT) analysis is a critical method for organizations to assess their position in the business environment and has been applied to examine the internal and external environments during the need for vital strategic decisions to be taken (Wu, 2020). Strengths and weaknesses are the internal dimensions; the former enables the achievement of goals while the latter creates hindrances in organizational effectiveness. Opportunities are the potential scopes that trigger the organization in goal achievement and identify the gaps that need to be closed. Finally, the threats encompass the drawbacks and obstacles to achieving goals (Aldehayyat & Anchor, 2008). Interestingly, the SWOT analysis has been extensively used to formulate suitable strategies as a strategic planning technique. The usage has been in the political, economic, sociological, technological, environmental and legal perspectives and the five forces model (Adem et al., 2018; Muzahidul et al., 2020).

Nevertheless, because of the SWOT's usage in varied backgrounds, there have been challenges in developing a standard narrative (Benzaghta et al., 2021). At the same time, the SWOT traces the key internal and external elements of goal achievement (Benzaghta et al., 2021). The internal dimensions are within the firm's control, but the external elements are beyond the company's control (Bull et al., 2016; David et al., 2017). A deep study of these four factors can generate new insights and alternatives for the business (Wang, 2007).

We conducted the SWOT analysis of the nursery, and below is the elaborate framework:

Strengths

Professional staff

The nursery staff is highly professional. All of them are trained in Pediatric safety training and should have professional daycare and teaching degrees. Parents usually put their children in the nursery because the staff can care for them well and provide good teaching and delivery.

5.1.2 Staff-student ratio

Unlike other nurseries, Al Sedrah has a 1: 4 teacher-student ratio helping them to play, eat and learn. It helps students to get appropriate care and understand things better.

5.1.3 Nutrition for Children

With the help of a doctor and a nutritionist, the nursery provides parents with the healthy nutrition needed for children. They provide feedback on a weekly and monthly basis on a child's health, weight, height etc. It helps parents understand their child's requirements better.

New furniture

The nursery buys new furniture for toddlers and playgroup children yearly. It maintains the beauty and cleanliness of the nursery. It also provides children with hygienic and clean toys and educational tools only for them.

5.1.5 Low fees

Fees of the Nursery have been kept very low to attract customers compared to other nurseries. Parents are loyal customers and don't go anywhere as the price is attractive with quality education.

Special needs children

The nursery also caters to special needs children, which no other nursery does in the area. The fees for these children are a little higher compared to other children. Special trained staff and accommodations are made to serve these children. It helps the nursery to earn profits or increase its profit margin.

Weakness

5.2.1 Staff Accommodation

Finding staff accommodation near the nursery is challenging as the nursery lies between the villas of the local community, and the buildings are quite far. This can be considered a weakness.

5.2.2 Quality Staff

Getting experienced and qualified staff quickly in standard salary packages is difficult. The nursery needs to give bonuses or extra salaries to get staff.

5.2.3 High setup cost

Keeping the Nursery running requires a lot of finances for government department annual renewals, license completion, and formalities of health care and the department of economics and Ministry of Education .license is renewed annually.

Opportunities

5.3.1 High Demand

Since the nursery is located in the local community, many people drop their children at the nursery since schools or other preschools are far away.

5.3.2 Extended nursery hours

The nursery was also open over the weekends to facilitate working parents and allow them time for themselves. Even the staff is available on weekends as well.

5.3.3 Opening a new branch

Since the financial situation improves, the new branch could be opened in a similar area where there is no other nursery and people find it hard to commute to the nursery.

5.3.4 Getting new customers

The survey has been conducted to understand the prospective customers' demands and expectations to obtain more children admissions.

Threats

5.4.1 Competitors

However, competitors face a challenge as they reduce their fees and try to lure nursery customers. To overcome the challenges, the nursery keeps coming up with promotional offers and discounts. Other competitors are not located in the same area but are far off.

5.4.2 Covid 19 Crises

Due to the recent Covid ’19 crisis, the nursery faced a time when parents kept children at home, and they handled them. The nursery lost a lot of business during this pandemic outbreak.

5.4.3 Short of children during summer and winter holidays

Parents remove their children during the break of summer and winter. The fees are paid monthly, which is a significant setback for the nursery as all expenses must be paid. Accumulated fees are not collected for these periods, and hence there is always the risk of parents not paying up or withdrawing admissions.

Porter’s Competitive strategies

Michael Porter’s strategies have been the most commonly agreed methods of analyzing, sorting and eventually narrowing down the company strategies (Akan et al., 2006). Porter’s generic strategies are associated with organizational performance (Islami et al., 2020). Porter’s generic strategies are considered crucial in strategic management theories. However, the industry specificity has to be understood. Generic strategies imply greater functionality and scope for creating a sustainable competitive focus (Herbert and Deresky, 1987). Based on Porter’s approach, the competitive advantage can be garnered from three dimensions: cost leadership, differentiation and focus (Porter, 1985) and these bases have been termed generic strategies (David, 2011). Some organizations emphasize low-cost unit products compared to the competitors and sell a high volume to customers who prefer economical and cost-effective decisions (David, 2011). Here, low cost does not mean the cheapest product made available but lower than the rivals, keeping in mind the essential attributes and functions to be sustained (Thompson et al., 2018). More specifically, there is value addition in the eventual organizational outcome and productivity targeted in the manufacturing and distribution-supply dynamics. There are two areas in which Porter puts stress on the low-cost strategy, namely, customary products and fierce pricing. The challenge lies here as the organization should not focus on low-quality products but maintain standards of similar products and services offered by the other players in the industry (Pulaj, 2014). The nursery case in this paper has followed a low-cost strategy to stabilize competitive gains by monitoring the costs and simultaneously increasing the performance.

Strategies used by Al Sedrah Nursery are Michael Porter Competitive strategy

Cost Leadership

The monthly fees of the Nursery are Dhs 800/ as compared to other competitors who ask for Dhs 1,000-1,200/-Nursery has successfully targeted the mass market. The number of students has tremendously increased due to the price factor:

6.1.1.1 Increase the number of children

Cost leadership strategy has helped Al Sedrah Nursery attract many children. Seats remain full throughout the year.

6.1.1.2 Working and non-working couples

The nursery has a long-term relationship with working and non-working couples. It caters to working couples' needs by extended hours till 6:30 pm. It also serves non-working parents by providing extracurricular activities and satisfying their children's needs even in a short time.

6.1.1.3 Aims to be a low-cost nursery in the area

Nursery aimed to be the best low-cost nursery in the area. It helped to gain more children. Since the nursery needs to run its operations even if there are few children, it adopted this strategy to increase income and annual returns.

6.1.1.4 Provide defense against competitors

It protected the nursery from its competitors and helped it survive in competition for a shorter term.

6.1.1.5 Above-average returns

Nursery earned above-average income. It is reflected in their reports as well. Monthly income went to AED 52,000, and profit went to AED 20,000 after the removal of expenses

Covid times strategy

In Covid'19, the nursery adopted a Corporate Directional strategy of Retrenchment. Since the Ministry of Education announced that the nurseries were instructed to remain closed indefinitely, the nursery management decided to adopt a Sell-out strategy.

6.1.1.7 Good price

It got a reasonable price. It was sold to a buyer who was aware of the nursery's reputation and had enough finance and investments to buy the nursery. The buyer already had other businesses in the Sharjah region of the UAE.

6.1.2 Employee job safety

There was no downsizing of the employees in the acquiring process.

6.1.3 Management decision

The old nursery management got its share, and the transfer process was concluded.

Strategy evaluation

6.2.1 Balance Scorecard

Nursery management has score cards that reflect the following

Financial: Nursery has a profitable business image in front of shareholders. It has value and rarity in serving special needs children as other nurseries are not doing that in the same location. The nursery was making profits above the average.

Customer: Parents perceive Al Sedrah nursery as an American curriculum nursery following high standards of cleanliness and expert staff with less amount charged fees. That was the unique selling proposition to the parents.

Internal business perspective: Nursery aims at excelling in children's care and education. It is the main target and is an economic nursery in the area.

Innovation and learning: Nursery aims to keep increasing value and creating value. The nursery has summer camps and winter camps for students. It attracts children. Every year, the nursery comes up with new programs and functions to improve their confidence in children, increase their knowledge, and make them ready to clear school admission tests and requirements.

6.2.2 Chairman CEO feedback instrument

A questionnaire is designed to get feedback from higher management. The nursery owner does this to check on nursery performance. As nursery owner is male and in the U.A.E, nurseries are perceived as women's business.

Company performance

The performance of the company in terms of finances and social responsibility is checked annually. Audit reports and income expense statements are reviewed to get a better insight.

6.2.3.2 The leadership of the organization

Leadership is involved in most decisions. It has a direct relationship with staff to solve any issue. Leadership has shown its role in supporting decisions better for the nursery and even changing some practices for the betterment of children additional beds were purchased in the middle of the year for children's safety and comfort.

Team building management

The nursery aims to move forward with team spirit. It ensures mild breaks in the day and parties on weekends to bring staff close to each other every last Friday, and the nursery served free lunch to staff. It provided vouchers for AED 200 for the best staff of the month.

The leadership of external factors:

Higher management has made sure to assess the relationship with the Government department, such as when the municipality and Ministry visit the nursery, what comments and feedback they give and how the nursery has taken action. Based on the feedback, every year, actions are planned and implemented.

The leadership examined the following aspects:

Whether the actions are satisfactory.

Academic perception of the nursery in the eyes of the Ministry of education.

Taking nursery every year to yield high profits and reputation.

Below is the nursery's format of the CEO feedback instrument:

CEO feedback instrument format

Answer the following questions by rating on a scale from 1-5 where 1 being low achievement and 5 being high achievement, and provide comments wherever needed.

Q1) Did the nursery achieve its targets set for the year?

_____

Q2) Did shareholders get high returns?

_____

Q3) Is nursery up to the expectations of parents?

_____

Q4) Did the Ministry of Education pass the nursery practices?

_____
___

Q5) New methods to increase nursery value could be implemented next year.

_____
___

Signature:

Date:

Contribution of the Strategic factors in the school operations

The contribution of the Program, Procedures and Budget in the school, as discussed above, contributes to a host of factors. These strategic factors impart effective administration and the requisite support of the operations. Besides fulfilling the students' daily physical, psycho-social and intellectual needs, the implications of the programs, budget and procedures for the administrative system also have far-reaching effects on student data management and well-being. The procedures and the programs have enabled a robust system of assessment, learning observations of teaching strategies catered for the teachers and aid in combining the different datasets. Managing communications with the parents and other stakeholders also facilitate a streamlined communication process.

7.1 Designing of the jobs

The job designing strategic factor significantly contributes to the employee motivational dynamics of the teaching and non-teaching staff. The non-teaching staff, for instance, are given multiple higher-order jobs to train them for better roles. Similarly, designing jobs can simultaneously suggest broader roles for the teaching faculty, like academic-associated administrative roles and stakeholder relations. The combination of job designing can also be implemented in unprecedented times.

7.2 Porters generic strategies

The nursery school has been using the cost-leadership approach. Cost leadership type of generic strategy if properly implemented results in business sustainability and increase in the revenues through sales-volume strategy. Hence the contribution of the generic strategies of Porter is strategically relevant. The nursery school that was practicing a cost-oriented strategy was challenging the new entry of prospective competitors. However, cost leadership in nursery school management should sync with brand presence and suitable positioning in the parents' and other stakeholders' minds.

7.3.Strategy evaluation

The strategic evaluation processes comprised the Balanced Scorecard and the Chairman CEO feedback instruments. The school identified strategic goals for improvement through the Balanced Scorecard approach by quantifying progress and providing realistic results measurements. As per the administrators, identifying the departments for better coordination could be done. One or two metrics were selected to measure the progress, the

standards of the key performance indicators were described, and the strategic measures were budgeted.

The directors and senior administrators were assessed by the teaching and non-teaching staff based on different agreed competencies. The main result areas determined were strategy formulation, implementation, innovation, driving financial results, fostering culture, developing talent. Behavioral competencies like initiative, risk-orientation, team orientation and values were also evaluated. Again the Chairman CEO's feedback was the second instrument that was a novel way of evaluation for a nursery school.

Finally, the SWOT analysis of the nursery school focused on the present situational perspective. It highlighted the good practices of the school, the internal shortcomings, the positive changes that are beneficial for the school and are outside the school and the challenges found in the outside environment

Conclusion

Our research aimed to reinforce the significance of the principles and approaches to strategic management concerning a school at the nursery level—the main thrust of the strategic implementation and evaluation dimensions. An extensive SWOT analysis was conducted to identify the internal-external aspects. Finally, the school implanted Porter's competitive strategies and elaborately discussed them with illustrations. Future case research studies can extensively explore other strategies and present competitive mapping. We suggest comparative studies of nursery start-up schools, especially the operational mechanisms during contingent times.

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