Examining the effects of strategic management and organizational culture on organizational performance

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ABSTRACT

This study unraveled the effects of strategic management and organizational culture on organizational performance. It also determined the most triggering predictor of organizational performance. In this study, strategic management focused particularly on the formulation and implementation strategy. A number of 291 officers from government organizations participated in this study. Self-administered questionnaire was employed for the data collection. The analysis revealed that the performance of government organizations was impacted by organizational culture, dimensions of formulation and implementation strategy. Organizational culture emerged as the most triggering predictor on organizational performance. The study concludes with some implications for practice and theory.

Keywords: Strategic management Organizational culture Organizational performance

1. Introduction

Organizational culture and strategic management have become an increasingly important topic among scholars and practitioners. An examination of the literature revealed that organizational culture and strategic management are related independently with organizational performance. For example, researchers have examined the relationship between strategic management and organizational performance (Samad et al., 2014); the link between formulation strategy and organizational performance (Ongonge, 2013), and the relationship between implementation strategy and organizational performance (Njagi & Kombo, 2004). Presently there is a great attention of studies among scholars within organizational strategy on the role of organizational culture in influencing the success of organizations (Samad et al., 2014). Furthermore, previous studies indicated significant impact of organizational culture on organizational performance (Gordon & DiTomaso, 1992). A myriad of studies on strategic management literature point towards the role of organizational culture in creating and internalizing different values and beliefs shared by organization members with the view of implementing strategies for achieving high performance (Samad et al., 2015). This implies the importance of understanding and working within the framework of culture for an effective strategic management. However, although strategic management and culture have
been implicitly and explicitly highlighted in organizational theories, the link between these two concepts is less understood. Additionally, limited research has been carried out on the possible impacts of the association between these two concepts on organizational performance in Malaysian government organizations. The limited literature that explored the consequences and outcomes on the relationship of strategic management and culture in the organizations have led to numerous references on the importance of strategic management and organizational culture in achieving organizational performance.

This study aims to fill the above gap by providing empirical evidence on the relationship between strategic management and organizational culture and their influence on organizational performance. This objective could be realised through a quantitative approach based on the cross sectional study in Malaysian government organizations. Furthermore, government organizations in Malaysia play key roles in implementing the strategic planning and in providing important services to people and relevant stakeholders.

2. Literature Review

Strategic management which deals with the objectives, the development of plans and policies of organization is an important concept (Samad et al., 2014). Strategic management has been linked to several theories. For example, profit-maximising and competition theory explain how organizations are based on profit-oriented activities. The ability of organizations to adapt with environmental changes in their strategies is manifested in survival-based theory, which some scholars have equated it to contingency theory. Meanwhile, resource-based theory (RBV) postulates strategic management as an important internal resource in gaining competitive advantage and achieving higher organization performance (Barney & Clark, 2007). Upon analysing the antecedents of organization performance, scholars have attempted to relate them with several theories. RBV for example posits the role of internal resources for achieving performance. Meanwhile, contingency theory has been associated with performance as it provides support that explains the influence of independent factors on organization performance. Contingency theory highlights the role of appropriate strategy as the solution for organizational issues. It draws from the idea that there is no best approach to unravel organization performance, but it depends on a fit between organization and its situation and environment (Zeithaml et al., 1988). Situation in this study refers to the internal resources of an organization in terms of strategic management and culture that could influence performance. The contingency factors have been hypothesized and empirically proven to be significant factors in improving superior organization performance.

2.1 Strategic Management and Performance

Strategic management has been defined differently by scholars due to their variety of backgrounds and context of studies. It is a process that generally encompasses three main aspects namely, formulation, implementation and evaluation (David, 2012). Formulation strategy refers to the mission, objectives, strategies, goals, policy and guidelines of an organization (Mintzberg, 2003). It embraces the identification of external opportunities and threats, determination of internal strengths and weaknesses and choosing the best strategy to be implemented (Esmaeil et al., 2013). Meanwhile, implementation strategy deals with the allocation of the resources and motivation for the staff to achieve the objectives of their organization (Muchira, 2013). In other words, implementation strategy initiates activities in accordance to formulation strategy. On the other hand, evaluation is the process in which actual activities and performance results of an organization are monitored and evaluated based on desired performance (Wheelen & Hunger, 2012).

There are debates among scholars as to which strategic management aspect is more influential on performance. While some researchers suggest the combination influence of formulation, implementation and evaluation, there are scholars who asserted that each strategic management factor contributes differently towards performance (Coldiron, 2011). The frequently arguable notion is on different impacts between
formulation and implementation strategy on performance. These arguments may be due to each aspect connotes different things. For example, Ongonge (2013) stated formulation strategy as an important and critical factor for performance. Meanwhile, Muchira (2013) and Njagi and Kombo (2004) extolled implementation strategy as a vital aspect towards achieving better organizational performance compared to other strategies. This argument may be due to the reasons that implementation strategy appears as the stage of organizations are able to reap the outcomes from the formulation strategy. While disparity and inconsistency exist on this contention, researchers are in agreement that both factors have been profoundly highlighted in performance literature. For example Akinyele and Fasogbon (2010) found that formulation strategy enhanced the survival of Nigerian banks and performance of public organizations. Franklin (2011) found a pertinent link between formulation strategy and performance of non-profit and government organizations. Formulation strategy processes have been also highlighted to be related to superior organizational performance, while poor overall strategic management may result in inefficient use of resources and organizational destabilization (Coldiron, 2011). Formulation strategy has been proven to improve the performance of small and medium enterprises in Jordan (Aldehayyat & Twaissi, 2011). Equally, literature revealed implementation strategy played a major role to improve the performance of public and private organizations (Muchira, 2013; Ogunmokun et al.; 2005). Thus it is important for organizations to know and identify the most important elements or characteristics that are related to organizational performance. Samad et al. (2014) concluded that formulation strategy (policies, vision, mission, goals, and strategic choice) and implementation strategy (organizational structure and strategy, human capital, culture and leadership) are important for performance of organizations. Based on this premise and previous literature, this study examined the links between three main dimensions of formulation: vision, mission, and goals and three dimensions of formulation strategy: structure, strategy, and human resource on performance of government organizations. Thus, the following hypotheses are developed:

H1: Formulation strategy dimension vision positively influences on organizational performance.

H2: Formulation strategy dimension mission positively influences on organizational performance.

H3: Formulation strategy dimension goals positively influences on organizational performance.

H4: Implementation strategy dimension strategy positively influences on organizational performance.

H5: Implementation strategy dimension structure positively influences on organizational performance.

H6: Implementation strategy dimension human resource positively influences on organizational performance.

2.2 Organizational Culture and Performance

A rather anecdotal evidence on the link between strategic management in terms of formulation and implementation strategy and performance has encouraged considerable empirical research to examine the link between culture and organizational performance. Undeniably, the term culture in organization has been attributed as a popular concept in organizational theory and management. This is shown in theoretical perspectives (Martin, 1992) and in the use of this concept in organizational disciplines (Harris & Ogbonna, 1999). One of the widespread popularity and interest in this topic is due to the idea that organizational cultures tend to lead superior organizational performance (Iftikhar & Qureshi, 2014; Shafiq et al., 2014). This is in tandem with Dension’s (1990) assertion that only organizations that possess strong culture can perform at high levels. Organizational culture is defined as an arrangement of convictions and qualities shared by individuals from a similar association that impacts their practices (Schein, 1992). It comprises of a deep level of unconscious basic assumptions manifested in shared valued and organizational artefacts. Upon analysing the concept of organizational culture, it concludes several issues that
have attracted many researchers. Firstly, as has been viewed by Martin (1992), culture is a uniform entity concept and an analytical tool. Secondly, there is a difference between culture, power, politics, and climate (Dension, 1996). Finally, there is no consensus that organizational culture can be changed easily (Legge, 1994).

The contention that organizational culture is related to organizational performance is also based on the premise that culture plays a key role in generating competitive advantage (Scholz, 1987). However, a plethora of literature on a positive link between culture and performance have shown caution among researchers especially in the 1990s (Gordon & DiTomaso, 1992). This is because, according to Dension (1990), the link between culture and performance is relevant if it is able to adapt with changes in the condition of the environment in an organization, consistent with the organizational values, encourage involvement among members, having a clear mission and possess unique qualities that cannot be imitated. This is in line with the RBV notion which postulates that the extent of a culture being theorised as having an influence on competitive advantage sustainability is based on the resources that are characterised as valuable, rare, imperfectly imitable, and non-substitutable (Sami et al., 2016; Zaman et al., 2011). Inevitably, there are myriads of literature pertaining to culture in organization despite arguments and equivocal claims by some researchers. This richness is due to the contention by researchers that superior organizational performance is influenced by a strong culture. Though the universal notion of the link between culture and performance is questionable by some theorists, there is adequate empirical evidence that postulates organizational culture being related to organizational performance. This affirms that organizational culture appears as a vital intangible resource for superior performance as manifested in RBV. Preceding literature suggest the following hypothesis:

H7: Organizational culture positively influences on organizational performance.

2.3 Organizational Performance

Organizational performance is a multidimensional concept. It entails performance in business and organizational effectiveness both in public and private organizations (Chu et al., 2001). Organizational performance is influenced by many factors as it plays a major role in satisfying the needs of the stakeholders and in ensuring the survival of organizations (Griffin, 2003). Venkatraman and Ramanujam (1986) proposes performance based on financial and non-financial such as operational performance. Meanwhile Boyne (2002) proposes organizational performance with five dimensions: outputs, efficiency, service outcomes, responsiveness, and democratic outcomes. Swindell and Kelly (2005) equated performance in public organizations in terms of fulfilling the satisfaction of citizens. Kaplan and Norton (2006) proposed Balance Scorecard (BSC) performance measure based on financial and value creation perspectives. In conclusion, measures of organizational performance have been addressed from financial and non-financial or subjective and objective perspectives. This study adopts subjective perspectives in terms of internal management, employee perspective, learning and growth and internal operation in examining a comprehensive performance in Malaysian government organizations.

3. Methodology

The population of this study consists of middle and senior management officers representing Malaysian government organizations in Kuala Lumpur and Putrajaya. The data was obtained based on a list acquired from the Public Service Department. The sample size in this study follows that of Sekaran (2000) and Roscoe (1975) which state that for social science based studies the minimum sample size is 50 and the maximum is 500; however, according to Randall and Gibson (2013), a minimum of 230 respondents is required for a sample size. A random sample was used of 350 officers, of which 291 respondents returned usable questionnaires with the response rate of 83.14%. This rate is above the average of 35.7% commonly achieved in quantitative studies as suggested by Baruch and Holtom (2008). The drop and collect survey method as suggested by Walker (1976) was employed to collect the data. The researcher has
assigned one representative in each of the selected organization to coordinate the collection of the questionnaires from the respondents. The survey questionnaires were accompanied with a cover letter to explain the objectives of the research and to assure the anonymity of correspondents in order to protect their confidentiality. After three weeks of data collection, the researcher returned to the selected organizations to collect the completed questionnaires from the assigned representatives.

The survey questionnaires consist of four sections each and were employed to collect data from the sample of Malaysian government officers. Section A consists of two aspects of strategic management; formulation and implementation strategy adapted from the developed questionnaire by Qouod (2006). Dimensions of vision (5 items), mission (4 items) and goals (5 items) were designed to measure formulation strategy. While dimensions of strategy (4 items), structure (4 items) and human resource (4 items) were designed to measure implementation strategy. To measure organizational culture in Section B, this study utilises the scales of Denison et al. (2006) with three dimensions, namely involvement (6 items), consistency (5 items) and adaptability (5 items). Measures of organizational performance (Section C) was based on four dimensions, namely internal management (6 items) was adapted from Brewer and Selden (2000), while employee perspective (6 items), learning and growth (8 items) and internal operation (8 items) were measured using scales developed by Blackmon (2008). All items in this study were measured based on the 7 points Likert Scale. Section D consists of the profile of respondents.

4. Findings

4.1 Respondents Profile

From the 350 distributed questionnaires, 291 useful responses were received (male 60% and 40% from the female). Therefore, more than half of the samples in this study were males. In terms of positions, 55% were officers at middle management level and 45% were at senior level. About 42.5% of the respondents was between 35 to 45 years old, 37.5% between 45 to 55 years old and 14.2% between 25 to 35 years old. Only 5.8% were above 55 years old. 66.6% of the respondents hold a Bachelor degree, 26.7% Masters and 6.7% were PhD graduates. In terms of experience, 45.8% respondents have between 10 to 20 years, 23.4% between 5 to 10 years, 20.8% have more than 20 years of experience and 10% of the respondents have working experience between 1 to 5 years.

4.2 Assessment of the Measurement Model

Prior to testing the hypothesis, the first process of SEM (Structural Equation Modelling) analysis in this study was the assessment of the measurement model. This is to evaluate the relationships between the indicators and constructs of the study. In this stage the reliability and validity of the indicators were tested. The overall value of the construct’s reliability and validity is tabulated in Table 1. Cronbach’s alpha (α) and composite reliability (CR) were employed to test the reliability of the constructs. The study revealed that the Cronbach’s alpha values were all above the minimum acceptable value of 0.70 (Nunnally & Bernstein, 1994). The values of CR were also above the minimum rule of thumb of 0.70 as suggested by Hair et al. (2014). Thus, providing evidence and support of the construct measures’ internal consistency reliability.

The validity of the constructs were assessed based on convergent validity and discriminant validity (Hair et al., 2014). The average variance extracted (AVE) is the criterion used to assess the convergent validity. AVE is the sum of the squared loadings of indicators related to the construct based on the summation of the square of the factor loadings divided by the summation of the square of the factor loadings and added with the summation of the error variances. What is expected from the AVE is that the construct should explain more than half of the critical threshold value of variance in its indicators.
Table 1
Overall Measurement Model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Loadings</th>
<th>AVE</th>
<th>CR</th>
<th>Cronbach α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Formulation):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vision (VS)</td>
<td>0.828</td>
<td>0.662</td>
<td>0.854</td>
<td>0.743</td>
</tr>
<tr>
<td>Mission (MS)</td>
<td>0.850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goals (GL)</td>
<td>0.759</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy (ST)</td>
<td>0.896</td>
<td>0.705</td>
<td>0.877</td>
<td>0.788</td>
</tr>
<tr>
<td>Structure (SR)</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resource (HS)</td>
<td>0.750</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Culture (OC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement (INV)</td>
<td>0.879</td>
<td>0.817</td>
<td>0.930</td>
<td>0.888</td>
</tr>
<tr>
<td>Consistency (CNS)</td>
<td>0.918</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptability (ADP)</td>
<td>0.914</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Performance (OP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Management (IM)</td>
<td>0.747</td>
<td>0.699</td>
<td>0.902</td>
<td>0.854</td>
</tr>
<tr>
<td>Employee Commitment (EC)</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Operation (IO)</td>
<td>0.926</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning &amp; Growth (LG)</td>
<td>0.830</td>
<td></td>
<td></td>
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</tbody>
</table>

All of the average variance extracted values in this study were above the threshold value of 0.50 (Hair et al., 2014). Thus, the convergent validity in the study is realised. The t-values that measured all items in this study have also surpassed the significance level of 1.96. This denotes that the constructs of the study were well explained by the measurement of the items. Secondly, the criterion used to assess discriminant validity is based on the Fornell-Lacker criterion (Fornell & Larcker, 1981). (See Table 2). It is performed by square rooting the AVE to contrast against the inter-correlations of the constructs in the model of measurement in order to ensure that the measures are discriminant. The guideline is that if the square root of the AVE, shown in the diagonals, are higher or greater than the values in the row and columns on that particular construct, it can be concluded that the measures are discriminant. The analysis shows that the average variance extracted values are all above the correlations of each variable in the row and columns on that particular construct. The results conclude that the measurement model is appropriate and valid for the structural model assessment based on the acceptable and sufficient reliability, discriminant and convergent validities.

Table 2
Results of Discriminant Validity for Organizational Performance CFA Model

<table>
<thead>
<tr>
<th>Variables</th>
<th>Vision</th>
<th>Mission</th>
<th>Goals</th>
<th>Strategy</th>
<th>Structure</th>
<th>HR</th>
<th>OC</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>0.796</td>
<td></td>
<td>0.801</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mission</td>
<td>0.582</td>
<td>0.483</td>
<td>0.770</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goals</td>
<td>0.430</td>
<td>0.576</td>
<td>0.385</td>
<td>0.837</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>0.514</td>
<td>0.620</td>
<td>0.429</td>
<td>0.719</td>
<td>0.834</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>0.524</td>
<td>0.476</td>
<td>0.372</td>
<td>0.514</td>
<td>0.438</td>
<td>0.887</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR</td>
<td>0.024</td>
<td>0.044</td>
<td>0.002</td>
<td>0.113</td>
<td>0.093</td>
<td>0.904</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC</td>
<td>0.506</td>
<td>0.430</td>
<td>0.402</td>
<td>0.518</td>
<td>0.548</td>
<td>0.468</td>
<td>0.208</td>
<td>0.836</td>
</tr>
<tr>
<td>OP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Values on the diagonal (bolded) are square root of the AVE while the off-diagonals are correlations

4.3 Assessment of the Structural Model

The assessment of structural model in this study involves the evaluation of the relationship between independent variables and dependent variable. This is to confirm that the structural model of the study addresses the proposed relationship between the variables that were being identified and assessed. The structural model in this study was estimated to examine the research hypotheses, using PLS technique and by performing bootstrapping with sample size of 3000 replications while the actual sample size stood
The examination is based on the $R^2$, beta value and the corresponding t-value as suggested by Hair et al. (2014). The second suggested measure for structural model is based on predictive relevance $Q^2$. Predictive relevance for a certain endogenous construct is based on the $Q^2$ value being larger than 0 and otherwise if the value is less than 0 (Hair et al., 2014; Fornell & Cha, 1994; Kline, 2010). The structural model using PLS is used to examine whether the hypotheses in the study are supported or not supported. Figure 1 and Table 3 present the findings of the structural model of the study.

In the assessment of the structural model, an examination was done on the direct effects of strategic management variable which consists of formulation strategy [vision (VS), mission (MS), goals (GL)] and implementation strategy [strategy (ST), structure (SR) human resource (HR)] as well as the second variable of organizational culture and organization performance (OP) as the dependent variable. These effects are reflected in hypotheses H1, H2, H3, H4, H5, H6 and H7 respectively. The analysis reveals that the values of $R^2$ for organizational performance (OP) was 0.529 (See Fig. 1).

![Fig. 1. Results of the Structural Model](image)

This indicates that 52.9% of variations in organization performance (OP) are explained by seven predictors of mission, vision, goals, strategy, structure, human resource, and organizational culture. The result indicates substantial values based on the rule of thumb of low or weak (0.02), moderate (0.13), high and substantial (0.26) by Cohen (1988). Upon examining the value of $Q^2$ for organization performance (OP), the finding indicated a value of 0.389. In evaluating the $Q^2$, Hair et al. (2014) have proposed the guidelines for measuring the relative predictive relevance based on value of small (0.02), moderate (0.15) and large (0.35) to describe or explain the effects of independent variables on dependent variable. The $Q^2$ obtained in this study was 0.389, indicating that the model has a substantial and sufficient predictive relevance.
As mentioned earlier, a bootstrapping technique with a re-sampling of 3000 was performed to calculate path estimates and t-statistic to test the significance of the hypothesized relationships (see Table 3). Based on the significant p value of < 0.05, it was found that the six paths of vision (VS), goals (GL), strategy (ST), structure (SR), human resource (HR) and organizational culture (OC) have indicated a significant impact towards achieving organizational performance (OP). Thus providing support for hypotheses H1, H3, H4, H5, H6 and H7. Conversely, the path of mission (MS) on organization performance (OP) was not statistically significant, thus hypothesis H2 was not supported. The results also indicated that the most significant predictor of organization performance (OP) is organizational culture (OC) with the path coefficient of 0.297.

### Table 3
Path of Coefficients and Testing of Hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path Shape</th>
<th>Path</th>
<th>Standard Coefficient</th>
<th>T-value</th>
<th>Error</th>
<th>P-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>VS → OP</td>
<td>0.231</td>
<td>0.056</td>
<td>4.444</td>
<td>0.000</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>MS → OP</td>
<td>0.065</td>
<td>0.055</td>
<td>1.403</td>
<td>0.173</td>
<td>Not supported</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>GL → OP</td>
<td>0.144</td>
<td>0.046</td>
<td>3.616</td>
<td>0.000</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H4</td>
<td>ST → OP</td>
<td>0.184</td>
<td>0.071</td>
<td>2.841</td>
<td>0.004</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>SR → OP</td>
<td>0.228</td>
<td>0.066</td>
<td>3.621</td>
<td>0.000</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H6</td>
<td>HR → OP</td>
<td>0.165</td>
<td>0.050</td>
<td>3.778</td>
<td>0.000</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H7</td>
<td>OC → OP</td>
<td>0.297</td>
<td>0.070</td>
<td>2.834</td>
<td>0.000</td>
<td>Supported</td>
<td></td>
</tr>
</tbody>
</table>

* Significance level P < 0.05

5. Discussion

Findings of this study verify the complexity of organizational performance construct as highlighted in literature such that the elements may offer different managerial perspectives. Due to this inconsistency, research findings across countries is possible. It can be observed that performance of government organizations may be affected and may not be able to discern the social, political, and economic scenarios. This results revealed that strategic management and organizational culture have affected the performance of government organizations. Literature have documented that the performance of government organizations are influenced significantly by strategic management and culture (Samad et al., 2013; Coldiron, 2011). These findings validate the RBV theory which postulates that strategic management and organizational culture are the competitive intangible resources that will lead to organizational performance (Barney & Clark, 2007). The findings conclude that it is important at formulation stage to have clear vision, mission and goals as they provide directions for the organizations to pursue and provide the required changes to enhance their future position and prospects. Implementation strategy is also profound for organizations to effectively gain the benefits that have been formulated and planned. Dimensions of strategy, structure and resources within implementation strategy are considered as pertinent resources to achieve excellent organizational performance. This is consistent with Lepsinger (2011) who suggest effective implementation strategy should include the ability to manage human resource, strategy, structure and values.

Interestingly, as echoed by many scholars, one aspect that should not be ignored for performance in organization is organizational culture. This variable emerges as the most important predictor that affect performance. This suggests that having a culture that focuses on consistency, adaptability and involvement as proposed by Dension et al. (2006) is pertinent to performance of government organizations. In addition, a lack of these aspects may result in poor employee performance and subsequently the performance and the overall effectiveness of organizations. Organizational culture, along with strategic management proposed in this study will help organizations to achieve superior performance. High performing organizations will find ways to empower and engage the people through involvement, facilitate the coordinated actions by promoting behaviours that are consistent to core values, adapt with organization environment into action, and provide clear purpose and direction as reflected in the mission. The study
consistent to contingency theory which postulates that only appropriate strategy that fit to environment is vital for superior organizational performance.

6. Conclusion, Implications and Suggestions

This study has examined how strategic management, organizational culture and organizational performance are related. The findings suggest that an organization wishing to promote organizational performance could start to consider its strategic management process. This finding is parallel with Aldehayyat and Twaissi (2011) who contend that strategic management to be the primary factor behind organizational success and formulation and implementation aspects are considered critical process that can improve organizational performance (Samad et al., 2015). Equally important is organizational culture which emerged as the most important explanatory variable on organizational performance.

This study provides the characteristics of strategic management, culture and organizational performance based on theoretical perspectives and empirical research. The findings enhance the understanding on the effects of strategic management and organizational culture on organization performance as there is dearth empirical research in this topic particularly in Malaysian Government organizations. One way the performance of organizations can be improved is via strategic management in terms of formulation and implementation and their dimensions. From the perspective of culture, the more the culture is being shared by the employees, the better the organization performance would be. Moreover, organizations that adopts and widely shared strong culture which encourage employee involvement, consistency, and adaptability lead to employees to be more committed and motivated, resulting in superior organizational performance (Samad et al., 2013; DiTomaso, 1987). This single framework-based study has successfully bridged the gap in previous research by integrating dimensions of strategic management with organizational culture in an organization performance model. The novelty of this study is emulated by organizational culture which emerged as the eminent and most significant predictor for the performance of government organizations in Malaysia. This study has also proven the robustness of the contingency theory to explain the contribution of internal resources as a strategy that fits and is appropriate for high organizational performance. This study provides solid evidence for policy makers and practitioners to focus on strategic management and organizational culture in their initiatives to achieve superior performance. This study may posits limitations since it was conducted in public sector and based on cross sectional study. Thus future study may consider qualitative approach with the different subjects and setting and by integrating other variables such as organizational capabilities and variables of economics perspective.

References


