

**THE STUDY ON STRATEGIC PLANNING PROCESS AND  
PERFORMANCE OF UNIVERSITI MALAYSIA PERLIS**

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MEI 2015**

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## **ABSTRACT**

This research aims to identify strategic planning process characteristics in Universiti Malaysia Perlis (UniMAP) and to examine its relationship with firm performance. Existing literature, both theoretical and empirical, is examined to identify the state of knowledge regarding strategic planning process. This study was done via a survey of Universiti Malaysia Perlis (UniMAP) staf who involves in strategic planning process. The results of the survey provided information on the relationship of strategic planning process applied in UniMAP and how it reflects towards the firm performance. Key findings provided empirical evidence about the involvement of top and line management in planning, and the impact of strategic planning process towards UniMAP performance. Furthermore, the study found a strong positive relationship between strategic planning and firm performance. This research gives new empirical evidence about the value of strategic planning to corporate performance in the context of UniMAP.

**Keywords: Strategic planning, Firm Performance, Malaysia.**

## **ABSTRAK**

Kajian ini bertujuan untuk mengenal pasti setiap proses perancangan strategik di Universiti Malaysia Perlis (UniMAP) dan untuk mengenalpasti hubungkaitnya dengan prestasi firma. Melalui kajian yang sedia ada, kedua-dua teori dan empirik, diperiksa untuk mengenal pasti tahap pengetahuan mengenai proses perancangan strategik. Kajian ini dilakukan melalui satu kajian ke atas Universiti Malaysia Perlis (UniMAP) di mana staf yang terlibat dalam proses perancangan strategik diambil kira. Keputusan kaji selidik ini memberikan maklumat mengenai hubungan proses perancangan strategik digunakan di UniMAP dan bagaimana ia mencerminkan hubungkaitnya ke arah prestasi firma yang memuaskan. Penemuan utama mengemukakan bukti empirikal tentang penglibatan pengurusan atasan dan baris staf pengurusan dan professional dalam perancangan, dan kesan proses perancangan strategik ke arah prestasi UniMAP. Tambahan pula, kajian ini mendapati hubungan positif yang kuat antara perancangan strategik dan prestasi firma. Kajian ini memberi bukti baru empirikal tentang nilai perancangan strategik dengan prestasi korporat dalam konteks UniMAP.

**Keywords: Perancangan Strategik, Prestasi Firma, Malaysia.**

## **ACKNOWLEDGEMENT**

In the Name of Allah, the Most Forgiving, Most Merciful

All praise and gratitude be given to Allah, Lord of the Lords, for giving me such a great strength, patience, courage, and ability to complete this study. The completion of this study would not have been possible without the contribution of a number of people that help and guide me to complete this research.

To begin with, my highest appreciation goes to Dr. Darwina Hj. Ahmad Arshad, my amazing supervisor who has provided ultimate amount of encouragement and professional support. Thank you to Dr. Darwina Hj Ahmad Arshad, for your time, opinion, constructive suggestion, a superb positive attitude, outlook and approachable. Without your support, this research would not have been come into reality.

Secondly, an honest gratitude and special thanks for my family that always give a support and motivation to finish this study. Moreover, I want to express a sincere appreciation to friends and staff of Uniersiti Malaysia Perlis who always gave a grate support during this research.

Last but not lease, I hope this research will be of assistance of someone in the future despite this is the fundamental tool necessary for academic work. May Allah blessing be upon the readers for this research.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Based on (Thune and House, 1999; Ansoff, 2000; Herold, 2001) in 1999, there's many researches began to make a research to determine the performance and the needs of having strategic planning and more than 40 research on strategic planning and performance have been done at that time. Unfortunately, these types of research are a bit getting slow down.

Therefore, it being proves that a strategic planning and firm performance have a relationship with the significant on the strategic planning and management research. In that case, this type of research should not be left out by scholars. This study used to identify and evaluates the strategic planning process and its impact on firm performance. In this case, researcher have choose to make a research based on one university located in the northern area of Malaysia that in Universiti Malaysia Perlis (UniMAP).

The strategic planning can best defined as a systematically process that have been investigate in addition to formulate the strategies, implementing it and also controlling the strategy with the formal written document for the sake of organization exceptions (Higgins and Vineze, 1993; Mintzberg, 1994; Pearce and Robinson, 1994). It also being defined as a process of envisions of the future to develop a suitable standard procedures and rules of operation in addition to influence all the managers and staff towards the organization future vision and goals that have been set at the first place. There is also an area where strategic planning of the professional often did their work in their own words without the understanding of the staff and even stakeholders. In the real world today, strategic planning processes are neither complicated nor scientific. Trough out the modern area now a days, starting form

front desk to the end of the top management, there are always play a part in the strategic planning process and implementation.

In strategic planning process it contain a set of undefined process that being crate to manipulate the situation in addition to build a better performance outcome for an organization. This process is different from the traditional way where tactical element have been used in creating a strategic planning that is more reliable and depends on the current situation and competitors act along the way towards the success of the organization. Talking about strategic planning in business site, strategic planning give the overall picture for the specific department such as finance department, human resource department, marketing department and operational department. Strategic planning will be design convulsively based on the capabilities of each department where it is consensus with the mission and objectives of the organization. Technical part and technology also being take into consideration in aligning the strategic plan within each department.

Throughout the world, organizations are facing a universal challenge consequentially from rapid changes in a new knowledge and technology. Not to be left behind, the Higher Institution in Malaysia. The change of politic bodies, the change of top management will affect the point of view of the existing strategic plan made. Hence, institutions have to improve the activities in term of creating new initiatives in order to gain sustainable competitive advantage. In this case strategic planning plays an important part that allows decision-makers to get in-depth knowledge about the impact of the strategic management towards the institutions. The awareness of the Higher Learning Institution on knowledge of the strategic planning have been enforced to build and revise the strategy of the university, whether the strategic initiative are fully utilize to achieve the competitive advantage and at the same time maintaining its performance.

This study will explore the relationship between strategic planning process and the performance of the university. This study will be focusing on strategic planning that have been create and applied by University Malaysia Perlis (UniMAP).

## **1.2 Problem Statement**

Although UniMAP shows positive appearance, failure sometime occurs without notice. Based on the observation of the researcher, there are a few studies that have been done on strategic planning and performance in learning organization such as UniMAP. Former researcher have made a study on this issues and it is cleared stated that there are uncertainty factor from internal and external of opportunity and treats due to the lack of awareness of the learning organization address by Aaltonen (2003). This issues need to be facilitate through the right way of environment and direction.

Many of non-profit firm such as higher institution spending their time to realized and react to the unexpected issues of problem and orientation without play a part in preparing to face the consequences. That is why, in this area it is call crisis management. In UniMAP and any other university in Malaysia, this units or department have been set up to deal with the uncertainty and to overcome it in the best way. Nowadays, they faced the challenges with a little energy and did not really incorporate in dealing with the challenges and everything that will be faced by the university. Sometimes this situation have lock many firm, organization and even university that's we are talking about from being reactive. Due to this research study is vital to assess the impact of strategic planning on firm performance, which at the long run could enhance the organizational survival.

## **1.3 Research Objectives**

The objective of this research is to investigate the effect of strategic planning towards Universiti Malaysia Perlis performance. At the end of this research we will determine need for strategic planning in University Malaysia Perlis, the challenges faced by UniMAP who practice in strategic planning and the significant factors essential for effective strategic planning practice and how they affect the university performance. To be more specific, this research was design to examine the influence of strategic planning on university performance. To be more specific, this research was design to:

- i. To re-evaluate the planning performance relationship in organization.
- ii. To determine the extent to which strategic planning affects performance of Universiti Malaysia Perlis (UniMAP).

#### **1.4 Research Question**

The research questions is build based on other research where it involve question on what are effect of strategic planning on university performance. (1) Does strategic planning intensity is determined by managerial, environmental and firm factors?; and (2) Dose strategic planning enhance better firm performance?

#### **1.5 Significant of the study**

This research will enable the researcher to achieve a Master Science Management. It is a requirement for partial fulfilment of Master Science in Management. The researcher will be able to understand how strategic planning can impact on firm performance. Future researchers who will be interested in this area of study can use this research as a reference material or past study for their research work. This research will provide a brief study about the implementation of strategic planning in UniMAP itself and the impact towards the firm performance. Finally, the study will also benefit scholars and academics by filling a gap in literature on the relationship of the strategic planning process applied and the university or firm performance.

#### **1.6 Limitation of the Study**

This study will covers most of officers that manage and deal with the Key Performance Indicators (KPIs) in University Malaysia Perlis (UniMAP). There are a 300 people dealing with KPIs and Strategic Planning in UniMAP. The difficulties on dealing with this people are, university often reshuffling its staffs, and it also affected those who are dealing with the strategic planning process. Finding the right person to



take part in this research survey is quite hard. This research does not claim perfection as it is faced with other limitations inherent in the survey design adopted.

### 1.7 Scope of the study

The study is to investigate the impact of strategic planning on firm performance. A survey technique was used with the administration of questionnaires to 200 respondents comprising of Vice Chancellor, Deputy Vice Chancellor, Dean, Head of Department, Administrator and Middle level of staff.

### 1.8 Definition of Key Terms

Table 1.1 : Definition of key terms

<b>Terms</b>	<b>Definition</b>
<b>Firm Performance</b>	According to Lucky (2001), firm performance can be defined as the tendency to provide information on efficiency, profit, liquidity, size, growth, and success/failure.
<b>Mission Objectives</b>	Referring to Westhead & Howorth (2006), the purpose of a company existence is what we called a mission statement. It is the written declaration of an organization on what is the reason of its existence. This mission statement are not easily being changed.
<b>Environmental Scanning</b>	According to Hambrick (1982), environmental scanning is a process of systematically surveys and analysis of the environmental are the identification over the relevant

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data of opportunities and threats internal and external of the organization being analyzed. It also gathers all the information about the entire world of competitors.

### **Strategy Formulation**

Referring to Pryor, Anderson, Toombs, & Humphreys (1988); Hofer & Schendel (1978) the strategy formulation is including the way the organization perform and operates. It is also a book of strategic decision about how the organization going to compete with the competitors. At the end the goals and objectives are measured for the organization to continue performing.

### **Strategy Implementation**

According to Atkinson (2006) the initiative taken by the organization should develop its organization structure towards the strategic planning that lead toward the competitive advantage and to be at the better and best performance are called strategy implementation.

### **Evaluation & Control**

The main focus of strategy evaluation and control activities are to review the factor internal and external based on strategic plan. The initiative being measures by the performance archive and if not, a corrective action and also preventive action need to be taken into consideration.

### **Improvisation**

According to Cerossan (1998), improvisation refers to a creative and spontaneous action; in which involves simultaneous planning and

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implementation process. In this research, it being studied to identified the improvisations being made based on the concurrent movement of the strategic planning.

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## **1.9 Organization of the Thesis**

The researcher organizes this research with chapters divided in the study. Chapter 1 is an introduction part for this research which explains the direction of this research by presenting a problem statement that has led to the concepts, the objective of the research and the question of the research, the significant of the study, the scope of the research, and its limitations. This chapter is important in order to provide a depth understanding to the reader about the roadmap of the research.

In Chapter 2, the study discusses on the literature review concerning to the definitions and the concepts that are linked to the strategic planning process and firm performance. In addition, this chapter also demonstrates the details about strategic planning process including mission & objective, environmental scanning, strategy formulation, strategy implementation, evaluation & control, and improvisation towards firm performance. Moreover the researcher explains a bit on contingency theory which is applied in the study. After that, the researcher will explain the outcomes of previous researcher related to the strategic planning and firm performance.

After that, Chapter 3 explains the research methodology in the research. The researcher explains regarding to theoretical framework, research hypothesis, research design, operational definition, research population and sample, data collection method, and the data analysis techniques.

In Chapter 4, the researcher discusses the finding of the study and data analysis. This chapter presents the overall results from the analysis in the form of text, tables, and

figure to the reader. After that, the explanation and discussion regarding the findings will be done by the researcher properly.

Finally, conclusion and recommendations are discussed in the Chapter 5. The researcher provides the implications and recommendation for this research and gives some suggestion for the future research. After that, the researcher concludes and summarizes all the study based on the analysis results.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this section, the researcher presents theories and retrospective previous study which is relevant to the study. The researcher has used a variety of references material such as manual journals, books, magazine, thesis, mass media and other printed material. The material is used to help researcher to understand and deepen the study. In addition, this section describes the approach and findings form previous studies whether form within or form the outside the country in connection with this research. The literature review begins with a brief introduction to strategy, the strategic planning process, and to strategy development. Strategy as a practice deserves special mention in this scenario since managers as actors simultaneously develop and implement strategy. It also discusses the internal and external organizational factors related to developing and implementing strategy.

#### **2.2 Strategic Planning**

Strategic planning can be defined as process of systematic taken due to response to the reason of the existence. It is also a set of document the will motivate the desire to create a good and ideal alternatives to reach the organization target in the future. The factors that allow and block the realization of the idea are taken into consideration. (Johnson et al, 2007) observed that the strategic planning is the approach that organization takes for a long-term target for the benefit of the dynamic environment by reorganizing the resources and capabilities to meet the stakeholder expectations.

The strategic planning process give the direction of the organization to archive it goals by illustrating the organization efforts based on the statements of the organization commitments in dealing with the mission and objectives. In this way, the organization

will find the strategic initiatives that suitable with the environment of the organization surroundings by taking consideration of its long term existence.

According to (Ungerer et al, 2007), a process of collaborating people and the effort to maintain the organization performance and survival by practicing the strategic planning process. As a leader in an organization, he/she must be a smart strategists in addition to make the managers to perform for the sake of the organization growth and sustainability. A committed managers always used the strategy that have been formulate by focusing on their commitment and capabilities to give a direction of their decision making and the action that need to be taken for the organization to delegate with the strategic planning process and management (Poister et al, 2010). By having a knowledge on how importance the strategic planning and its purpose, the organization will never have to face the complexity and uncertainty problem in the future Poister et al (2010). Despite there are many researcher mentioning about strategic planning, especially on the private sector since early 1970s, it is good to know that every point of view of the researcher on strategy are originally generate form the military of science. The word strategy comes from the Greek word that is “strategos” in other meaning is the “Art of the General” (Snow and Hambrick, 1980), as cited by (Llewellyn and Tappin, 2003). According to Ungerer et al (2007) it have become the input of the development in the military strategy towards the organization strategy of the private sector then followed by the public sectors. Ungerer et al (2007) defined that the commanders of the military is to win the wars and they need to be intelligence by exploring the options and decided the best way to react and implement the plan in conjunctions with the objectives of winning the war. The strategic planning is generally build through the managerial leadership tool in private that represent profit and non-profit sectors and not to be left out the public sectors. By the fact that the strategy oriented by the military sector have been practice in the strategic planning that been polished to be adapted in the private sectors and generally now it’s also applied by the public sector. This approach has facilitated the managers to have a strategic thinking to produce generic strategic plans for the organization. Kaufman and Jacobs (1993) have made his point of view when the organization had pointed out the strategic thinking as the based on decision making process dealing with the long

term goals and directions of the organization being oriented by the business schools and now being applied by the administration sector in organization.

Goldman and Casey (2010) indicates that strategic planning is a strategic and systematic oriented on the directional and opportunity of thinking in leading to discover the imaginary of the organization strategy. The continuous exercise on the strategic planning may not only by gaining competitive advantage but it would be to increase the market shares if it dealing with the private sector and to defeat the enemy if it is in the consideration of the military point of view. The purpose of existing, the point of view and its direction, is mission and vision or some originations call it as a goals or target that have been taken into consideration by the public sector generally in dealing with strategic planning process. According to Poister et al (2010), the mutual sense of strategy is the significance essential for the managers in public sectors in positioning the organization in dealing with the complexity and uncertainty in the future.

The concept and practice of the strategic planning has been applied from time to time in the private and public sector worldwide because it have been proven that the strategic planning may contribute towards the effectiveness of the organization and its performance. Strategic planning can be said one of the important ingredient in conducting strategic management. Porter (1985) observation during the 1970s and 80s, the strategic planning have been extremely criticism but indirectly it is still useful tools in planning organization in the future but from time to time the concept of strategic planning need to be improved based on the current situation and environment. Greenly (1986) explain the strategic planning have its own values and potential advantages in addition to translate the written strategic plan in to an action to upgrade and improve the organization performance. Strategic planning provides and guides the staffs in addition to improve the organization performance. The best way to describe the strategic planning, where it is the process with the point of view of what the organization going to be in the future.

Each firm have its own different element of the strategic plan. Grants (2003) found that there are lots of research have been done about strategic planning system being focused on two area which is (1) the impact of the strategic planning towards firm performance and the role of strategic planning in making a decision. (2) How the strategy formulation explore the organizational process. Berry (1994) explain that the management process containing the combination of five basic elements which is (1) organization's mission that is clear; (2) identify the agency of the external stakeholders or customers, (3) the differentiation of strategic goals and objectives, (4) the time frame are also being taken into consideration which is normally the strategic plan being set up for the time frame of 3 to 5 years plan; (5) how the organization develop its strategies in archiving the vision and goals.

Perhaps the most famous description of the strategic planning consists of eight widely recognized steps; an initial agreement document or "plan for planning"; identification and clarification of mandates from the ministry; mission formulation; external environmental assessment or scanning; internal resource assessment which is referring to staffing and capability of staffs; strategic issue identification; strategy development, and; development of a description of the firm in the future – its "vision of success" (Byrson, 1989).

### **2.3 The Process of Strategic Planning**

The models of strategic planning have been identified in addition to provide and creating an environment of the effective decision of the organization in the future. (O'Regan and Ghobadian, 2002) mention that the organization must understand the strategic planning process as it will delegate and pass out the issues and the systematic methods in addition to archive the organization targets. (Paul and Moutinho, 2000) recommend that the standard of the strategic planning process must be delegate widely all over the organization so that the commitment of all staffs can be realized through the systematic process and procedures. By the guide of the various players with the knowledge on the strategic planning in organization, the commitment and



participation of the staffs can be in diversity in point of view. Through a good and effective communication the vision of an organization can successfully share and secured (Paul and Moutinho, 2000). (Paul and Moutinho, 2000) also claim that the current process can easily achieved by using the multi-dimensional managerial techniques including the use of experiences based on length of service at different management levels.

According to (Jhonson et. al, 2009), a strategic planning process will illustrate the strategic intent by combining the vision and mission statements that is agreeable with the goals and objectives. At the end points, the vision statement will tell the idea of what the organization will be and what the organization intends to do in addition to reach the target point. The organization efforts are directed by the specific goals and objectives by focusing on specific outcomes that the organization want to be. He also identify that the environmental scanning or analysis is the main factors in the strategic planning process. When conducting environmental analysis, (Johnson et al, 2009) recommend the organization to use the PESTAL framework, where this PESTAL framework contains six elements in it.

Diagram 2.1 : PESTEL Analysis Framework



(Johnson et. al., 2009) recommend when dealing with the factual, details and prediction about the future of the organization would be he suggested that the organization provide and generate a strategy mapping based on the current scenario. According to (Johnson et al, 2009), the tangible and intangible resources of the organization and competence need to put into consideration as there is a threshold where at a level which they may achieve the competitive advantages. He also recommend the organization to make a benchmarking within the organization in the same field to see and compared the services provided as it will guide the organization to be in the best in its own class.

SWOT analysis is a useful tools or framework that can be used by the organization to recognize their strengths, weaknesses, opportunities and as well as threats (Johnson et al., 2009). By knowing the different of the organization specialties, the organization can improve it accessibility, its affordability and its adequacy to be an excellence organization compared to other competitors (Johnson et al., 2009). The other suggestion for the organization to consider the developments in increasing their capacity. (Johnson et al., 2009) also stated that, the important element in strategic planning are the communication and interaction between management and overall of the organization. The resources must be used optimally in the practice of good management. In the management strategic planning is concerning in establishing the principles that cooperate the stakeholders to have the good point of view of the organization towards the common purposed for the stakeholders (Johanson, 2009).

### **2.3.1 Mission and Objective**

(Forbes and Seena, 2006), mention that in addition to motivates staffs and to influenced people to participate in the decision making process is the mission statements. (Ungerer et al., 2007), clarify that organization would want to operate must ensure that the employee are commuted and have the understanding towards the organization purpose of existence. There are a studies made by the researcher clarify the relationship between the mission

statement have an impact towards the organization performance (Bart and Hupfer, 2004; Hong and Park, 2010). By using the data from 84 large Canadian and US organization, Bart et al. (2001) clarify that the organization performance being occurred through the process of identifying the mission statements. It shown that the mission statements have to do in dealing with organization performance. The same results found by (Strong's, 1997) in his study, where it identifies that the formulation of the mission statements made by the UK organization definitely have the positive relationship with the firm performance.

(Forbes and Seena, 2006) also made a research and provide the similarity with (Hirota et al., 2010) to confits that the corporate mission and objectives really contribute to the organization performance. Firms also need to develop a vision statement as part of strategic planning process (David 2003). While mission statement of the organization being created, the vision statement give the clear point of view of what the organization want to be in the future. It have been mention by (Rossouw et al., 2003) to reach the goals, a vision statement need to be stated where the organization intents to be at the first place. That explain and clarify what benefits of services will be offered by the organization to the stakeholders. In other hand, (Finkelstein et al., 2008), tell us that the philosophy of the organization can be illustrated in terms of value, purpose, and direction of the organization mission and objectives.

In the research made by (Kantabutra and Avery, 2010), they found that the organization performance are guide by the historical of the organization strategic planning in the pass. They perform the best by learning through experience and lesson. According to (Ungerer et al., 2007), the vision need to be spread and shared with the entire organization so that the staffs have the clear point of view of what the organization want to attained an archived. The vision also must be able to clarify the organizations' desired to be in the future, to be a sustainable, and to nurture in a constant process.

Moreover, the organization vision should be clear enough and should be as a solution to solve the current problems of the organization. In that case, the authors recommended for a business to be emotionalize in creating the business mission statement. This is because, the vision and mission of the organization being created by the inspirational of the leadership of top management and this will affect the organization performance (Kantabutra, 2010). (Kantabutra, 2010), have made a study of the power of vision and found that the characteristic of the vision content a positive direction and impact the satisfaction of stakeholders and staff itself.

However, in the study conducted by (Sufi & Lyons, 2003) within the hospitality sector, no relationship could be found between the mission statement and the organization success of a company. That brings up the question of how these researchers are able to define what a good mission statement is when there is no real connection on the definition and the formulation of the statement.

### **2.3.2 Environmental Scanning**

Based on researcher understanding, environmental scanning is where the organization scan and adapt the dynamic and the uncertainty from the environment whether from internal or external factors of the organization (Jorosi, 2008). The important of scanning the environment of the internal and external of the organization is that it may provide a better way in dealing with the changes in the area the organization being operated. An organization first have to identify and evaluate the information gathered form both external and internal environment. This is the reasons that have been underline by (Hunger and Wheelen, 2007) where all the information gathered may be affected the organization in different and many ways. The strengths and weaknesses of an organization being identifies through external scanning the establishment of opportunities and threats of the organization.

(Smit et al., 2007) mention that there are three environments that is (1) micro-environment; (2) market environment; and (3) macro-environments. Micro-environment consists of the environment of the organization, suppliers, intermediaries, competitors, publics and customers or stakeholders. The market environment consist of market entry and feasibility, competitors and competitive, business partners evaluation, channels and value of chain, customer decision dynamic, price and country and business development. While macro- environment that must be put into consideration are fast growing economy, higher purchasing power of the population, changing disease progile towards chronic, government policies and increasing health insurance penetration (Smit et al. 2007).

(Karami, 2008) also stated that socio-cultural variables encompass lifestyles, cultural trends, consumerism, attitude to work, crime rate and women empowerment aspects. Technology factors comprise of research and development, government spending on research, information technology infrastructure, innovation in materials and services, and rates of obsolescence.

In the field of environmental scanning, the first famous study was carried out by (Aguilar, 1967). Aguilar defines environmental scanning as the needs of information about events and relationships in an organization's outside environment, the knowledge of which would assist top management and leaders in its task of mapping the organization's future course of action. Based on this definition, organizations scan the environment in order to get a strategic understanding of external influences so that they may be able to develop effective response that secures or adjusts their position in the future. (Aaker, 1983) pointed out that environmental scanning should focus on the target information needs, allocate the capabilities employees exposed to relevant information, and have an effective system for storing, processing and cause and effect of information. According to (Daft and Weick, 1984), the way an organization convert its environment in order to learn from it may be divided into three phases: scanning (information seeking), the action of

explaining meaning to something or interpretation (giving meaning to the collected data) and learning (taking action based on the data). Similarly, (Lester and Waters, 1989) define environmental scanning as a management process of using information from the environment to the decision-making with three key components: gaining the information, analyzing the information and using the information for the organization purpose. These definitions highlight the steps by steps after information are obtained. (Hough and White, 2004) view environment scanning as a process of identifying, collecting, processing and translating information about external influences into useful plans and decisions.

### **2.3.3 Strategy Formulation**

Strategy formulation is a part of the purpose that needs to be taken into consideration in formulating the strategic plan of the organization. It is an ongoing process in developing and revising the objectives of the organization by considering the capabilities, environment area which it's operates and the constrains facing by the organization. In the diagnose part this element have been put into consideration that is (a) the current analysis of the internal environment of the organization, (b) by analyzing opportunities and threats with the consequences of external environment, and (c) identify two to five major issues regarding the organization. In the formulation stage, the organization must have a clear set of strategic management process that need to be implemented by supporting the justification and the necessary of the mission and objectives of existing. In this area, the organization are trying to be in the current situation and changing its objectives to meet the current aspect and purpose. To make the organization stay sustainable in the competitive advantage arena the good strategic planning implementation need to be work out to compete with others competitors.

There are four primary steps in this phase: (1) by identify and evaluate the current point of view of the objectives and strategies of the organizations can be diagnose; (2) by taking into consideration of dealing with the critical issues will identify the wide range of the strategic alternatives; (3) the feasibility and expected effect on the issues and its contribution to the organization success is the process of balancing the evaluation of advantages and disadvantages of the alternatives; and (4) for the sake of the organization success, it is recommended for the organization to determine all the alternatives that will be implement. In organizations, and in the practice of strategic planning, strategies must be implemented to achieve the planned results. The most wonderful strategy in the history of the world is useless and not fulfilling or not expected to achieve if not implemented successfully.

#### **3.3.4 Strategy Implementation**

This next strategic planning process involves developing an implementation plan and then takes the action on doing whatever it takes to make the new strategy operational and effective in achieving the organization's objectives. It remains the case that over in the two decades since (Alexander, 1985) look at the lip service paid to research into strategy implementation, there continues to be a lack of proportion or relation between corresponding things between the apparent importance of formulation and implementation (Al Ghamdi, 1998; Okumus and Roper, 1998; Okumus, 2001). Yet the main weaknesses of strategic planning practice are generally associated with the implementation stage. So, (Mintzberg, 1994) asserts that more than half of the strategies formulated by organizations are never actually implemented. Despite the clear importance of this management area and the apparent problems associated with its course of action, it has however, been substantially surfing a lack of proper care by academics (Alexander, 1985; Edgar and Taylor, 1996; Okumus and Roper, 1998; Aaltonen and Ikavalko, 2002). Moreover, the literature available appears to approach the subject matter from a wide range of different

disciplines and relating to cognition domains. For instance, the verity of viewpoints is recognized by (Noble, 1999), (Okumus and Roper, 1998) distinguish five schools of thought, while (Neely et al., 1994) identify such disparate standpoints as organizational behavior, organizational culture and organization strategists. (Alexander, 1985; Bungay and Goold, 1991; Bartlett and Goshal, 1996; Aaltonen and Ikavalko, 2002; Marginson, 2002) identified that, some problem occurs during identify the relevant performance indicators that can be significantly paly by the middle-level managers is the issues of communication. There are many important gaps waiting to be filed in with the agreed theoretical framework for example the common with a somewhat unclear knowledge based is.

### **Strategy Implementation Problems**

According to (Alexander, 1985), the time frame given and needed in implementing the task is the major problem. Inspire that it is hard to control the external environment factors that have been found in the planning phase and it have a significant form the first issues that occurs in Alexander study. He also found the best way to coordinate all of the activities initiatives so that the organization can implement all the strategic planning in a reflexed and natural way. It is very dependable on the commitment and involvement of the employee, leadership and direction to search for the satisfactory of the employees (Alexander, 1985). There were a discussion made by (Reed and Buckley, 1988) regarding the problem in dealing with the strategy implementation. They found that there is compatibility in the context of the operating environment where the challenges need to be clear point out between strategy and structures. (Tavakoli and Perks, 2001) supported that, there is the need to control the uncertainty changes on the environment as it effect he goal setting by identifying, recognizing and coordinate targets and problem in various level in the organization.



There is more articles confirm notable barriers to successful strategy implementation about which there appears to be a degree of accord including (Beer and Eisenstat's, 2000) "six silent killers of strategy implementation" These comprise: (1) a top-down/a policy or attitude of letting things taken their own course on senior management style; (2) unclear strategic intentions and contradictory priorities of implementation; (3) senior management team are not effective ; (4) communication in vertical way are poor; (5) weak co-ordination across functions, businesses or borders; and (6) inadequate down-the-line leadership skills development such as training and attending courses (Beer and Eisenstat, 2000). It is recognized that such change requires a shared ownership of vision and consensus (Beer et al., 1990) and "failures of strategy implementation are certain to happened" if competence, coordination and commitment are lacking in the organization (Eisenstat, 1993). (Corboy and O'Corrbui, 1999), meanwhile, identify the " deadly sins of strategy implementation" which involve: lack of understanding of how the strategy should be implemented by the subordinate; staff not fully appreciating and committed towards the strategy that have been planned; unclear individual responsibilities in the change process in the other words, they did not have a clear view of what they are doing; difficulties and obstacles not acknowledged and realized, recognized or acted upon; and ignoring the day-to-day business imperatives. Overall though, it is increasingly acknowledged that the traditionally recognized problems not suitable for the organizational structure and lack of top management backing are not the main inhibiting factors to effective strategy implementation (Aaltonen and Ikavalko, 2002). Rather, the major challenges to be overcome appear to be more cultural and behavioral in nature, including the impact of poor communication and diminished feelings of leadership and commitment (Alexander, 1985; Giles, 1991; Corboy and O'Corrbui, 1999; Aaltonen and Ikavalko, 2002; Franco and Bourne, 2003). Recognize the role of middle-level managers, arguing they are the "key actors" or the front player "who have a crucial importance role in strategic

communication” (Aaltonen and Ikavalko, 2002) meanwhile (Bartlett and Goshal, 1996) talk about middle-level managers as threatened silent resistors whose role needs to change more towards that of a “coach” and mentoring, building capabilities, providing support and guidance through the encouragement of managing attributes.

### **3.3.5 Strategy Evaluation and Control**

The last stage in strategic planning process is strategy evaluation and control. The cause of internal and external factors a keeping changing so the strategies that have been planned need to modified to suit with the current situation. In the strategy evaluation and control process managers determine whether the chosen strategy is achieving the organization's objectives. The fundamental strategy on evaluation and control activities are: (1) for the sake of current strategies, the organization need to make e review on internal and external factors; (2) handle a performance measures; (3) try to make preventive and corrective action towards all initiatives planned.

Without the process of evaluation, the strategy can either be formulate or adjusted in dealing with the circumstances. The process of having the effective organization is by having a standard procedure in evaluating the management of the organization. A simple appraisal form were built in addition to meet the strategic planning evaluation. By doing it, we can analyze the organization grown based on the last achievement. If the answers to these questions are yes or positive, it is argued that the organization strategy is being delegate successfully towards all level of management which is from top to the bottom of the organization management. Despite it is unable to attract the simplicity, this line of reasoning misses the whole point of strategy that the critical factors determining the quality of long-term results are often not directly observable or simply measured, and that by the time strategic opportunities or threats do directly affect operating results, it may be too late for an effective response.

Thus, strategy evaluation is an action taken to look beyond the obvious facts regarding the short-term mission of an organization and assess the value of quality instead those more fundamental factors and trends that govern success in the chosen field of the organization.

According to (Fahey, 1986) evaluation and control of strategy consist of firstly, an evaluation of the extent to which strategy is embedded in the organization and has been attained. Secondly, an evaluation of the assumptions underlying the strategy: 'firm performance is a function of both the potential of the strategy created and the quality of its implementation. Thirdly, an evaluation to what extent to which strategy has influenced the thinking of those at the bottom level.

A strategy is only a value if it is built on firm founding assumptions about how to manage the strategic planning for future of the organization. If the assumptions are wrong then there is no basis for strategic planning, for there can be no intervention of others without a theory of intervention, and a strategy is about making theories of strategic intervention explicit and known throughout an organization. As others have argued, changes in the assumptions that underlie strategy need to be monitored both for shifts in the 'world-taken-for-granted' and in relation to the validity of the assumptions. Strategic assumptions are dealing with past theories about how the world is going to be, in the sense of how the world will work.

### **3.3.6 Improvisation**

Improvisation is not a part of task in strategic planning. But the researcher intent to test the significant of using improvisation towards the firm performance which connect directly to the implementation of the strategic planning process.

There are numerous definitions about improvisation. Specifically, according to (Miner et al., 2001), the improvisation is a combination of intentional and substantive design and implementation of novel production. In particular improvisation is a creative process, has the characteristics of spontaneous action, specific characteristics that often been overemphasized by the literature (Moorman and Miner, 1997; Crossan, 1998; Weick, 1998). Moreover, (Crossan & Sorrenti, 1997) state that improvisation is led by intuition and is featured by both real-time and purposely types of actions (Cunha, Cunha & Kameche, 1999; Vera & Crossan, 2004; 2007). It being approve that the improvisation is useful solution in addition to provide the right partway of managing and organizing. To enhance the strategic renewal of an organization, the orientation technique needs to be used. In addition to develop the capacity of improvisation, the distance between theory and practice has occurred during all the exercises. (Crossan, 1998) presented six key areas that related to the improvisation exercise that is: (1) how to did the environment interpreting; (2) how to make a strategy crafting; (3) how the leadership is cultivate; (4) in which way teamwork foster; (5) how individual skills being develop; and (6) identify the culture assessing the organization.

(Moorman & Miner, 1998) the researchers try to examine the theoretical potential towards this improvisation to the degree in which the composition planning and execution play a part. The outcomes that have been generate through the improvisation meet the purpose of both skill knowledge and fact knowledge. The researcher also influence how to memorize the organization improvisation trough this proses: (1) experiments and (2) make an improvisation on the development of higher-level of competent.

(Cunha, Clegg, & Kamoche, 2012) explain that the role of improvisation has two important competitions that are: (1) structure and (2) view on process based. This two approach is the conceptualize of the phenomenon of the improvisation in the organization. The organization design and the

management of the organizational behavior need to be considered as the role of management disciplines especially when it is directed dealing with the strategy, the improvisation concept need to be considered. The link of discipline boundary and articulate attention, action and context are the skill involved in the improvisation concepts. (Cunha et al., 2012) does not define the micro processes that taking place in the competitive environment is the fact that will convert the structure base approach to a valuable of the strategy. In addition to address the fundamental issues on human rights and the roles of people, it is important to consider the competition in structural features.

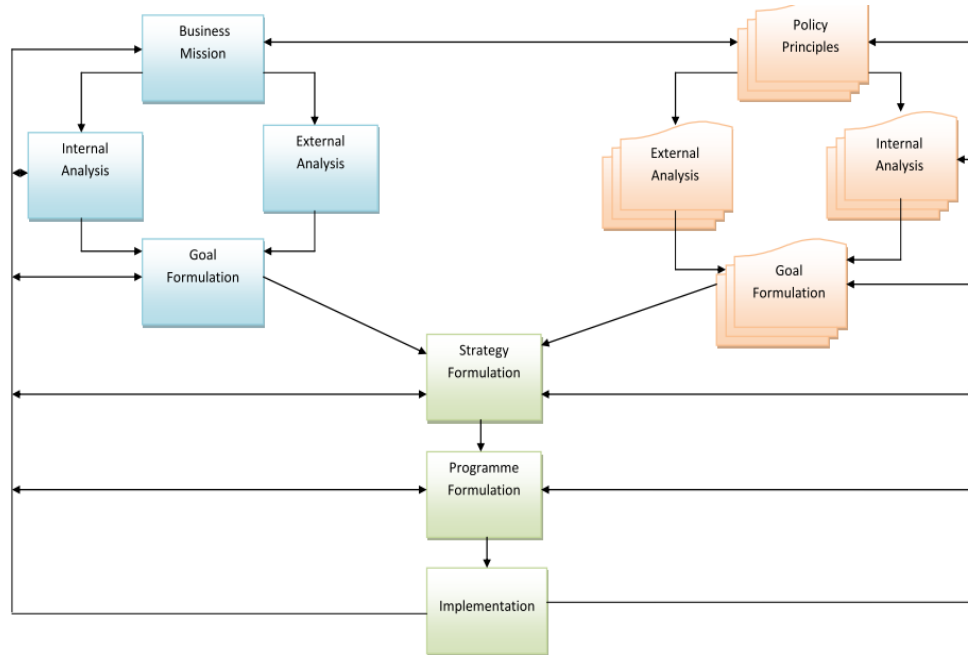
(Macklin, Hvenegaard, & Johnson, 2010) mention that in addition to seek of the company crafting process, the best way to handed of the predetermined cause of execution will involve the specific final goals and predictable numbers of event. When it going to a relative stability period, the model will work well in the organization. The current situation, however, is not stable: Companies are still trying to navigate the technological tsunami created by the Internet. Under the circumstances, it makes much more sense for companies to follow an improvisational model that is, to throw out the script, bring in the audience and trust the actors to innovate on the spot.

The metaphor of improvisational theatre helps executives think about the way in which an entire organization can become an arena for staging experiments that can transform a company's overarching strategy. Harvard Business School professor Rosabeth Moss Kanter lays out the six elements of strategic improvisation and illustrates how companies have made use of each one to get the most out of new technologies (Spolin, 1999). Senior managers who understand these elements can create an atmosphere in which improvisational theatre thrives; change then becomes an organic process rather than a painful reaction to circumstances beyond the company's control.

Although this approach does not advocate a big plunge into something totally new, it is anything but conservative. Companies that engage in continual improvisation through innovative projects of all sizes and shapes are much



Diagram 2.2 : Nieboer's Adaptation of the Kotler Strategic Planning Process Model



The strategic planning processes used by Kotler's used the point of departure in creating the mission. It illustrate on what the organization intends to do and for who it want to be. It gives a clear view of the purpose of the existence of the organization. By looking at the strategic planning efforts, the strategy development can be exercise in the first step. It is followed by the internal and external factor analysis which will be in either positive or negative towards the organization mission. The strategic priorities being identified by enabling the factors that neutralize the laminating factors.

By responding to the critical issues on the organization in external and internal process the strategies can be developed. In the strategic planning process strategy development is the main part. Its translate the entire written document into programs with a clear deliverables to be measured and identify by the stakeholders. In the implementation process, a specific steps need to be taken into consideration concurrently with the specific objectives and time frame. Through this process it will provide a basis feedback constitute with the implementation plan.

Citing (Poiser and Streib, 2005), (Kriemadis and Theakou, 2007) point out that it should be the model that adapts to organizational realities, and not the other way

around. This point was also made by (Ring and Perr, 1985) when they observed that the value of strategic planning can be felt only when it is tailored to the specific circumstances in which the organization finds itself. (Wilkinson and Monkhouse, 1994) suggest that to be effective in the public sector any strategic planning model should acknowledge the key differences between the public and private sectors, as the reality in which the organization finds itself dictates how it adapts the models to suit its use in its organizational context. One of the most important features of these models is that they simplify organizational processes that are understood to be complex as well as important. The next section will discuss the form these strategic planning processes assume.

## **2.5 Firm Performance**

A study of several different mechanisms have been made by Agrawal and (Knoeber, 1996) to find out the relationship towards firm performance. Based on the outsiders, marginal cost, institutional shareholdings are found as the mechanisms affecting the firm performance. Mechanisms whose levels are decided by outsiders, however, need not be set to maximize firm value. In this case, cross-sectional variation in firm performance should be unrelated to the levels of internally decided mechanisms, but could be related to the levels of mechanisms decided by outsiders. In their empirical analysis, Agrawal and Knoeber report that firm performance is significantly related to board composition, but unrelated to the other control mechanisms that they examine.

(Grant, 2003) stress out that there is two areas focusing on the empirical strategic planning research that is: (1) the firm performance based on strategic planning process and (2) the strategic decision making at the role of strategic planning. It is also being the main concerns of the researcher that the exploration of the organization proses on strategy formulation are being considered. With the direction of causality of the performance through the strategic planning, there is a positive connection between both indicators (Greenley, 1994). (Greenley, 1986) by using strategic planning, he identifies the gain of range of advantages. Some authors have claimed that it is the act



of planning which is of real value (Sinha, 1990; Ramanujam and Venkatraman, 1987). The contribution towards effectiveness will give a managers a feeling of confides to control. As a part of the management process, the performance achieved may be effective in the strategic planning process. (Capon et al., 1994) stress out that, for a better organization performance, the organization need to give the greater degree of grate strategic planning. As the strategic planners, they need to focus on the adaptation of the environment, financial, current issues considering strategic and also the priorities to relocate all the resources. This will occurs the appropriate action form firm and lead to the better identification of opportunities and threats. The managers should know how to perform well.

(Boyd, 1991) based on previous research, the organization performance still remain uncluear by taking the effect of the strategic planning into consideration. A test have been done by (Thune and House, 1970), where a group of formal planners and non-planner being test out. It have been published that the test of the planning performance relationship have many consequences. Some studies have reported strong benefits of planning (Karger and Malik, 1975; Rhyne, 1986), many report no quantifiable benefit Analysis of formal strategic planning 369 (Grinyer and Norburn, 1975; Kudla, 1980), and others (Fulmer and Rue, 1974; Whitehead and Gup, 1985) have even reported that planners perform worse on some measures than their non-planning counterparts. Several papers have reviewed this body of early empirical work in an effort to integrate these findings. The methodological shortcomings in the prior empirical literature have been identified by a number of reviews (Pearce et al., 1987; Rhyne, 1986; Greenley, 1994). The most prominent ones are related to the definition of planning and the selection of performance measures. Most studies have characterized firms as either planners or non-planners based on the extensiveness of the formal planning system. The presence of an elaborate system does not necessarily mean, however, that a firm's planning process will be effective.

## **2.6 Link between Strategic Planning and Firm Performance**

It has been discovered that the firm that applied a strategic planning process in the organization performed better compared to those who not. (David, 1997) defend that, the effective of strategic planning may improve the organization performance along the way of performing. There are lots and many various strategic planning steps in addition to provide the facilities in realization the organization effectiveness. The organization may enhance the coordination and control of the organization activity by knowing well on the organization purpose of existence, the goals and the direction of strategic planning. It has been proven that there is a link between organization performance through implementing the strategic planning in the organization. But there are some barriers will be faced by the organization in addition to implement the strategic planning initiatives. (Wagner, 2006) found out that the effectiveness of the tools of strategic planning in management will increase the organization performance. This has been voice out through many debates with mixed evidence provided by the researcher. (Byrson, 1989) defined that when the firm is heading to expanding their major efforts, the strategic planning will provide the direction for all the members in the organization. It will be a guide for all organization including business firm to archive their target towards the end. This is how an organization being shaped systematically, logically and rationally. This framework will provide the best way to clarify the opportunities and threats in consequences of making decisions. Strategic planning looks ahead towards desired goals. (Dusenbury, 2000) once said that after the strategic planning being implement, it need to be evaluate and measured to identify the performance of the organization.

It permits managers to look at the firm as a whole and the interrelationships of parts. It provides a framework for coordination and control of organization's activities, decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance (Arasa and K'Obonyo, 2012). (Kotter, 1996) argues that the strategic planning process can be used as a means of repository and transforming the organization. (Thompson, Strickland and Gamble, 2007) postulate that the essence of good strategy making is to build a strong enough market

position and a firm capable to produce successful performance despite unforeseeable events, potent competitive and internal difficulties.

## **2.7 System Theory**

For the underpinning theory the researcher used systems theory by (Henry Mintzberg, 1994), that has a significant effect on management science and understanding organizations performance and describe the relationship between independent variable and dependent variables. A system is a collection of part unified to accomplish an overall goal. Based on this study, the researcher addresses it as mission and objectives. If one part of the system is removed, the nature of the system is changed as well. A system can be looked at as having inputs (e.g., resources such as raw materials, money, technologies, people), processes (e.g., planning, organizing, motivating, and controlling), outputs (products or services) and outcomes (e.g., enhanced quality of life or productivity for customers/clients, productivity). Systems share feedback among each of these four aspects of the system.

By refereeing to this research, researchers illustrate that, input at the top management, administrator, equipment, system and all those things that needed to fulfill the requirements. When it comes to process part, it represents the overall of the dependents variables of the framework that is by putting up the mission and objectives, environmental scanning, strategy formulation, strategy implementation and also evaluation and control. At this being implement, the output will be the stakeholder satisfaction that will bring to the university at the successful level of achievement.

The systems theory may seem quite basic. Yet, decades of management training and practices in the workplace have not followed this theory. Only recently, with tremendous changes facing organizations and how they operate, have educators and managers come to face this new way of looking at things. The effect of systems theory in management is that it helps managers to look at the organization more broadly. It has also enabled managers to interpret patterns and events in the workplace – i.e., by

enabling managers to recognize the various parts of the organization, and, in particular, the interrelations of the parts.

The researcher also explores the Henry Mintzberg's Theory of Strategy which posits that firm performance is led by the good strategic planning. This theory which describe the relationship between independent viable and firm performance that is UniMAP performance. With the perspective, this study use the concept of strategic planning process as kind of management strategies to propose a conceptual model suitable in addition to link the strategic planning process with the firm performance.

As the model to be proposed, the main element is the management commitment, which exposing the manager's decision making priorities. In addition, the researcher also explores the Henry Mintzberg Theory of Strategy which posits that firm performance is led by the good strategic planning. According to Henry Mintzberg's theory of strategy, strategy is a component of all these - it is plan, ploy, pattern, position and perspective. Strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the others. Strategy and tactics together straddle and gap between ends and means. In short explanation strategy is a term that refers to a complex of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that provide general guidance for specific actions in addition to meet the targeted goals.

Henry Mintzberg, in his 1994 book, *The Rise and Fall of Strategic Planning*, points out that people use "strategy" or "strategic planning" in several different ways, the most common being these four; (1) Strategy is a plan, a "how", a means of getting from here to there; (2) Strategy is a pattern in actions over time; (3) Strategy is position; that is, it reflects decisions to offer particular stakeholders and (4) Strategy is perspective, that is, vision and direction.

In this research, the researcher has added improvisation as one of the dependent variables in the strategic planning process. This is because, the researcher wanted to test whether the improvisation contributing towards the university performance in situation where the university are facing with the uncertainty in the environment.

For the improvisation, the researcher has explore the chaos theory is advocated by (Tom Peters, 1942). As chaotic and random as global events seem today, they are equally chaotic in organizations. Yet for many decades, managers have acted on the basis that organizational events can always be controlled. Thus, a new theory, known as chaos theory, has emerged to recognize that events are rarely controlled. Chaos theorists suggest that systems naturally go to more complexity, and as they do so, they become more volatile and must, therefore, expend more energy to maintain that complexity. As they expend more energy, they seek more structure to maintain stability. This trend continues until the system splits, combines with another complex system or falls apart entirely. It will need an effective manager for the latter worst scenario not to happen.

The last management theory is the team building approach or theory. This theory emphasizes quality circles, best practices, and continuous improvement. It is a theory that mainly hinges on reliance on teamwork. It also emphasizes flattening of management pyramid, and reducing the levels of hierarchy. Finally, it is all about consensus management – i.e., involving more people at all levels in decision-making.

## CHAPTER 3

### METHODOLOGY

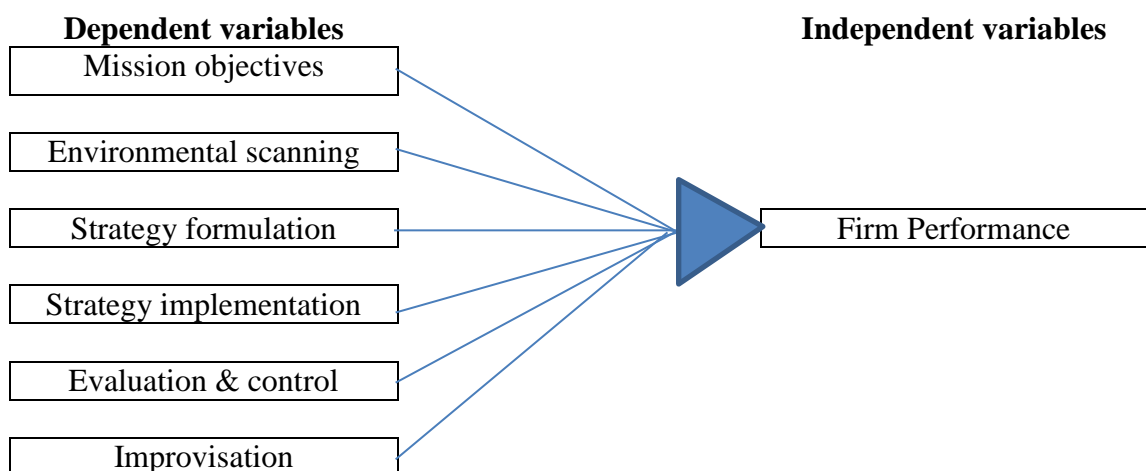
#### 3.1 Introduction

This chapter explains more details about the research design are implemented and the method used in order to obtain the required data for answering the research questions by the researcher. The purpose of this chapter is to measure and analyze the variables such as mission objectives, environmental scanning, strategy formulation, strategy implementation, evaluation & control and improvisation towards firm performance in order to received research objectives which are include theoretical framework, research hypothesis, research design, operational definition, research sample and population, measurement of variables, sampling technique, data collection method and procedures, reliability test, and data analysis techniques.

#### 3.2 Research Framework

This study is to determine the factor influencing firm performance focus on strategic planning process which is mission objectives, environmental scanning, strategy formulation, strategy implementation, evaluation & control and improvisation. Thus, a theoretical framework model is formed as shown in Figure 3.1.

Figure 3.1 : Theoretical Framework



### 3.2.1 Dependent Variable

The dependent variable of this research is firm performance of University Malaysia Perlis which measures in term of the usefulness and, infect necessity of having a formal proactive strategic planning in an organization.

### 3.2.2 Independent Variables

There are six independent variables have been used which consist of mission objectives, environmental scanning, strategy formulation, strategy implementation and evaluation & control and improvisation.

### 3.2.3 Hypotheses/Propositions Development

H1 : There is positive influence of mission and objective on firm performance.

H2 : There is positive influence of environmental scanning on firm performance.

H3 : There is positive influence of strategy formulation on firm performances.

H4 : There is positive influence of strategy implementation towards firm performance.

H5 : There is positive influence of evaluation & control on firm performance.

H6 : There is positive influence of improvisation towards firm performance.

### 3.3 Operational Definition and Measures of Variables

Table 3.1 : Operational Definition

Variables		Operational Definitions	Items/measures
<b>Mission Objective</b>	<b>and</b>	The organization's mission describes why the	<ul style="list-style-type: none"><li>• Mission statement</li><li>• Long term mission</li></ul>

	organization exists and guides what it should be doing.	<ul style="list-style-type: none"> <li>• Understanding of mission</li> <li>• Knowledge of mission</li> <li>• Long rang and short range of mission</li> <li>• The development of continuously goals and objectives</li> <li>• Participation of top management</li> </ul>
<b>Environmental Process</b>	Environmental scanning is what Choo (1998) calls formal searching, using formal methodologies for obtaining information for a specific purpose.	<ul style="list-style-type: none"> <li>• Firm strength point</li> <li>• Form weakness points</li> <li>• Management participation</li> <li>• Long term impact – strength</li> <li>• Long term impact weaknesses</li> <li>• External and internal analysis</li> </ul>
<b>Strategy Formulation</b>	The important or essential part (Strategy) of a plan of action, which is express in systematic terms and concepts. (Michael P. Wallace, 2001)	<ul style="list-style-type: none"> <li>• Management participation</li> <li>• Budget</li> <li>• How strategic plan being pass out</li> <li>• Alternatives for strategic planning</li> <li>• Procedures</li> <li>• Developing alternatives</li> </ul>
<b>Strategy Implementation</b>	The critical action moves a strategic plan from a document that sits on the shelf to action that drive firm performance.	<ul style="list-style-type: none"> <li>• How strategy selected</li> <li>• Factor of implementing strategy</li> <li>• How strategies being monitor</li> <li>• Strategic decision review</li> <li>• Individual responsibility on strategic plan.</li> </ul>
<b>Evaluation &amp; Control</b>	The critical actions move a strategic plan from a document that sits on the shelf to action that drives firm performance.	<ul style="list-style-type: none"> <li>• Management participation</li> <li>• Importance of evaluate and control</li> <li>• Procedures</li> </ul>



		<ul style="list-style-type: none"> <li>• Continuous review on strategic plan</li> <li>• Concept of strategic planning</li> <li>• Strategic plan synchronization with mission and objectives</li> </ul>
<b>Improvisation</b>	The act of development being done concurrent with the strategic implementation plan that have been setup.	<ul style="list-style-type: none"> <li>• Strategic initiatives</li> <li>• New ideas</li> <li>• Area of improvisation</li> </ul>
<b>Firm Performance</b>	Strengthening the institutions that receive those grants and loans — has become the key to improving the efficiency and effectiveness of development assistance.	<ul style="list-style-type: none"> <li>• Effectiveness</li> <li>• Efficiency</li> <li>• Relevance</li> <li>• Financial Viability</li> </ul>

### 3.4 Research Design

This study is carried out with one research questionnaires. In this experimental research, the implementation of discovery-learning through knowledge management on UniMAP Strategic Planning (independent variable) will be monitored, and acquisition about the participation of top management, IT application used, communication of strategic and training or continues improvement (dependent variables) will be measured.

### 3.5 Research Population and Sample

In general, population refers to all elements, individuals, or units that meet the selection criteria for a group to be studied, and from which a representative sample is taken for detailed examination. The total of all populations is called a universe. Moreover, the population also can be defining as any the number of people who live in a place which share some common set of characteristic. The sampling is the processes used in statistical analysis in which a predetermined number of observations will be taken form a larger population.

According to (Zikmund, 2003), sampling is the process of using small number or part of larger population to make a conclusion about the whole population. So, the samples are used in statistical testing when population sizes are too large for the test to include all possible members or observations. A sample should represent the whole population and not reflect bias towards a specific attribute. Thus, research sampling is a significant methodology in order to run the social science research.

For the purpose of this study, the population covers UniMAP staff form top management to middle management. Its include Vice Chancellor, Deputy Vice Chancellor, Dean, Head of Department, CAPs Lead and all assistant registrar from all faculty and department. The main reason why researcher chooses the particular person above is because they are currently interact directly towards strategic planning process development and the also the care taker for all the initiatives that have been stated. Besides that they always can defined as having a vision of where to go and ability to manage it. Hence, they own the capability to view and evaluate better on their firms, and they must be aware of their organization in term of decision making, operation and performance (Barry, 2008).

### **3.6 Sampling Method**

In this study, researcher chooses simple random sampling because the researcher has a free time to select any elements of respondents in the population of executive in Universiti Malaysia Perlis.

According to (Yamane, 1967), he has provided a table for determining the sample size based on population. Based on the information obtained from the Registra Department, there are around 500 administrative officer that deal with strategic planning. Therefore, based on Yamane's table of sample size  $(n) = 90$  is sufficient for the respondents to answer the questionnaire to get an accurate results. As the population in this study was not too high, so the researcher has no problem to gain the feedback form respondents.

### **3.7 Questionnaire Design**

Research instrument is one of the methods to gather data and information. Various methods or techniques can be used in order to gain data through interviews, questionnaires, focus group, interviews and so on. Questionnaires is the most famous and command method to collect the data due to its ability and inexpensiveness to get huge number of respondents (Zikmund, 2000). Hence, in the research, research chooses the questionnaire method to conduct the data collection. Pursuant to (Sekaran, 2003), questionnaire method is used because it has more advantages compared with other data collection techniques such as observation and interviews. According to (Majid, 1993), he stressed that the questionnaire also used to obtain information on facts, desires, belief, feelings, and need. The questionnaires were distributed in order to determine the impact of strategic planning process towards firm performance in Universiti Malaysia Perlis.

Section A was a set of demographic question containing questions on gender, age, race, and education, level of position and length of working experiences. In Section B, I consists of eight questions on mission objectives that have been adopted form (Mintzberg, 1996), nine questions on environmental analysis that have been adopted form (Oladele, 2006), twelve questions on strategy formulation that have been adopted form (Herbiniak, 2006), six questions on strategy implementation that have been adopted form (Al-Khateeb, 2003), six question on evaluation & control that have been adopted form (Riwkey, Lunan and Dolence, 1997), seven question on improvisation that have been adopted form (Sewanyana and Busler, 2007) and eight question on firm performance that have been adopted form (Mitchell, Obeidat and Bray, 2003).

### **3.8 Measurement of Variables**

This study has used a Likert scale to obtain a statically measurement in Section B. (Puruant to Keegan, 2009), a Likert Scale is a measure of attitude that developed by Likert Rensis. Likert Scale provides huge advantage because this scale is easy for researcher to construct and administer the scale, and it also facilitate respondent to

understand the scale (Malhotra, 2006). This questionnaire has been developed using a five point Likert Scale method as stated below:

Table 3.2 : Likert Scale

<b>No. of Scale</b>	<b>Scale</b>
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

Several items have been identified from the previous researchers and adopted to measure all the variables. The table below shows the item measurement in this study.

Table 3.3 : Item Measure

<b>Variables</b>	<b>Authors</b>
<b>Mission Objective</b>	Adopted from Mintzberg, 1996
<b>Environment Scanning</b>	Adopted from Oladele, 2006
<b>Strategy Formulation</b>	Adopted from Hrebiniak, 2006
<b>Strategy Implementation</b>	Adopted from Al-Khateeb, 2003
<b>Evaluation &amp; Control</b>	Adopted from Rowley, Lujan, & Dolence, 1997
<b>Improvisation</b>	Adopted from Sewanyana and Busler, 2007
<b>Organization Performance</b>	Adopted from Mitchell, Obeidat, & Bray, 2013

### **3.9 Data Collection Method and Procedures**

The questionnaire was used as a data collection method in this study. The set of questionnaires was transform into electronic application by using Google D application. All the questionnaires were distributed by using internal email to the entire respondent. They have to click at the link given to answer the question.

### **3.10 Data Analysis Techniques**

This study used the quantitative method in analyszing the data. Statistical Package for the Social Science Version 21.0 (SPSS) was used in this research to analyse the data. Researcher chooses a data (Malin and Birch, 1997). For the purpose of this study, the researcher used data screening in the data analysis techniques. Data screening is the process of inspecting data for errors and correcting them prior to doing data analysis. The screening may involve checking raw data, identifying outliers, dealing with missing data and screening normality. Furthermore, statically technique such as descriptive analysis was used to test the data collected from survey of respondent which represents analysis of demographics and test of mean, t-test, reliability test, correlation analysis and multiple regression analysis. The statistical analysis results are shown at Appendix B.

#### **3.10.1 Identifying Outliers**

Various technique of statistical is sensitive to outliers, thus it is vital to test the outliers and do conclusion towards identifying them. Pursuant to (Stevens, 2002), the reasons for determining outliers because we want the statistical result of analysis to affect most of the data and will not be greatly affected by only one or two data points that are not responsible.

According to (Tabachnick & Fidell, 2007) reasons for outliers are to (1) incorrect data entry. (2) Failure to specify missing values in computer syntax so missing values are read as real data. (3) Outliers is not a member of population that you intended to sample. (4) Outlier is representative of

population you intended to sample but population has more extreme scores than a normal distribution.

### **3.10.2 Missing Data**

Missing data existed when the respondent in a research do not give a feedback to some items, participant attrition, and data management mistakes, etc. According to (Stevens, 2002), probably the “best” solution is to make every attempt to minimize the problem before and during the study, rather than having to manufacture data. Pursuant to (Tabachnick and Fidell, 2007), they determined (1) missing data pattern. (2) the percentage of missing data.

Furthermore, (Tabachnick and Fidell, 2007) determined the missing value which are (1) delete cases or viable (2) estimating missing values and (3) repeating analysis with and without missing data.

### **3.10.3 Screening Normality**

Normality test is one of the prerequisite of inferential analysis and it is developed to make sure the data obtained from the survey is almost to or normally distributed (Hait, Babin, Anderson, and Tatham, 2007). The normality assumption is important when organized intervals for variables (Rayston, 1991). Histogram, stem-and-leaf plot, and boxplot are examples steps that can be done in order to test the normality in the survey. Thus, appendix B shows the histogram, *Normal Q-Q Plot*, *Detrended Normal Q-Q Plot*, and *boxplot* for every variable tested.

For brief explanation, histogram issued to indicate the tabulation of variables in which normal curve indicates the comparison between actual distribution and normal curve. In addition, Normal Q-Q Plots used to describe normal distribution that each of sample unit is located near the straight line. Then, boxplot provides clear indication of the score in the distribution and using median to summarize the distribution.

### **3.11 Descriptive Analysis**

In this research, researcher applied descriptive analysis in order to perform frequency analysis in identify the mean test. The research will analyses the frequency distribution if respondents demographic at the beginning of the analysis in this study. A frequency analysis is tabular information form the set of data and information form the survey and it shows the value and percentage of data efficiency. According to (Osterbaan, 1994), this analysis very important to assume in how frequent the certain values or figures of variables trend might happen and to evaluate the reliability of the forecast.

By implemented this analysis, researcher is able to structured and summarize the data systematically and effectively. Mostly, the analysis is applied to measure the data of respondent's demography. Eleven demographic information in section A which are includes gender, age, race, highest level of education, level of position and years of working experiences is using frequency analysis by researcher.

Mean is the average value is taken as the value that represents a lot of values and it is measure of central tendency method (Frederick et al., 1991). In this study, the mean value is used to describe the average level of agreement of respondents to items questions.

### **3.12 T-Test Analysis**

The t-test is used to determine whether there is a significant difference between two sets of scores. Two main types of t-test may be applied that is: (1) one-sample and (2) independent groups. Through one-sample t-test the researcher will determine whether a single sample of scores was likely to have been drawn form a hypotheses population. This step extends the understanding of the sampling distribution to know whether the two set of scores are random samples from the same or different populations. An independent groups of t-test is appropriate when it is different

participants have performed in each different conditions, or in other words, when the participation are the different form the participation in other conditions.

### 3.13 Reliability Test

Reliability test was conducted by researcher at the end of January 2015 in order to test the reliability of the research instrument used by the researcher. In general, reliability test is to determine the degree to which a test is consistent and stable in measuring what it is intended to measure. This test is applied to signify the measurement of the internal consistency due to identifying either all the items in eat variable in the questionnaire are highly related to the reliable. According to (Salkind, 2006), reliability data existed when a test to measure data was done repeatedly and produces the same results. Hus, in this research project, the reliability test is applied to test the scale items. Cronbach's Coefficient Alpha is adopted to generate the data and its value tends to increase with an increase in the number of scale items.

Pursuant to (Sekaran, 2003), he mentioned that the closer Alpha value to 1, it represented a high level of reliability (Cronbach's Alpha = > 0.90). If the Alpha value is less than 0.6, it may be predicted that instrument used in the study had a low reliability (Cronbach's Alpha = < 0.60). If value of Alpha is more than 0,7 (Cronbach's Alpha = 0.7 < 0.9), it indicates the instrument is good and acceptable reliability. Table 3.4 shows the range of reliability values of Cronbach's Alpha are as follows:

Value	Level of Reliability
< 0.6	Weak
0.6 to 0.7	Moderate / Received
0.7 < 0.8	Good
0.8 < 0.9	Very Good
> 0.9	Strong

(Source: Hair, Money, Samouel, and Page (2009); Sekaran, U. (2006))



However, taking account of the special nature of the data in this study, one can consider 0.5 to 0.7 as ‘moderate’, and 0.7 and over as ‘substantial’, and these descriptions have informed the discussion of the adequacy of the coefficients. (H. Schene, Maarten et. al., 2000).

### **3.14 Validity and Reliability Test**

Pursuant to (Hair, Babin, Money and Samuel, 2003), validity analysis is to measure what are claim to measure by the researcher. Validity is answered that how far the social reality can be measured through the study which is constence with the arrangement of the study by origin researcher. The research instrument used by the researcher is the instrument that develop by the (Mintzberg, 1996) for mission objective; (Oladele, 2006) for environment scanning; (Hrebiniak, 2006) for strategy formulation; (Al-Khateen, 2003) for strategy implementation; (Rowley, Lujan & Dolence, 1997) for evaluation & control; (Sewanyana and Busler, 2007) for improvisation; and firm performance by (Mitchell, Obeidat & Bray, 2013).

On other hand, this instrument also were used by many researchers before and become the essential instruments or variables to study in the strategic planning. Hence, it definitely proves that this dependent and independent variables instrument possesses high level of validity and certainty can be implemented by the researcher to get outcomes form the respondent in UniMAP.

Notwithstanding above, the researcher still want to make a validity test for those dependent because researcher want to examine whether the respondents understand with the questionnaire or not. Thus, validity test is needed to be concern by the researcher in order to indicate the quality results of the research. The researcher used Cronbach’s Alpha analysis to measure the reliability of the research instrument. The reliability test can be defined as to the stability and consistence of the test in measuring the variables in the study based on the samples. On other hand, the validity test is prerequisite of the reliability test. Thus, this can be assumed that the validity test is not valid in the study, so there is no point to discuss about reliability test. The

relationship between both of the test is important in order to improve the quality of the research results.

### 3.15 Pearson's Correlation Analysis

(Zikmund, 2003) stated that the Pearson Correlation coefficient is the tools that being used to measure the strength of the linear relationship between to variables. So, the Correlation coefficient represents the relationship between two variables that are measured on the same interval or ratio scale. Pearson correlation coefficient ( $r$ ) is applied to determine the relationship between variables and two-tailed significant level is used to test null hypothesis. Moreover, the coefficient ( $r$ ) indicates that the direction of the relationship and also the magnitude of the liner relationship. The coefficient at ranges from +1.0 indicates perfect positive relationship to -1.0 indicates perfect negative relationship. A correlation of 0 means there is no linear relationship between the two variables (Hair et al., 2002). The researcher has indicates the scale which is outlined by (Hair, Money Samouel, and Page, 2008) than can be implemented to interpret the relationship between two variables as follows:

Table 3.5 : The Coefficient Scale and Relationship Strength of Correlation

Coefficient Scale	Relationship Strength
0.01 – 1.00	Vary Strong
0.71 – 0.90	Strong
0.41 – 0.70	Moderate
0.21 – 0.40	Weak
0.01 – 0.20	Very Weak

(Source: Hair, Money, Samouel, and Page (2008))

### 3.16 Multiple Regression Analysis

Multiple regressions are the statistical tool used to derive the value of a criterion form several or independent, or predictor, variables. It is the simultaneous combination of multiple factors to assess how and what extent they affect ta certain outcome. (Zikmund, 2003) also stated that the multiple regression analysis is an analysis of association in which the effect of two or more independent variables on single dependent variables is investigated simultaneously. In other word, multiple regressions are used to learn about the relationship between several independent or predictor variables and dependent variables.

Table 3.6 : Summary of Data Analysis Technique

<b>Hypothesis</b>		<b>Statistical Analysis</b>
<b>H1</b>	There is the positive influence of mission objectives towards firm performance	Multiple Regression Analysis
<b>H2</b>	There is the positive influence of environmental scanning towards firm performance	Multiple Regression Analysis
<b>H3</b>	There is the positive influence of strategy formulation towards firm performance	Multiple Regression Analysis
<b>H4</b>	There is the positive influence of strategy implementation towards firm performance	Multiple Regression Analysis
<b>H5</b>	There is the positive influence of evaluation & control towards firm performance	Multiple Regression Analysis
<b>H6</b>	There is the positive influence of improvisation towards firm performance	Multiple Regression Analysis

### **3.17 Summary**

This chapter outlined the method instruments that used to conducting this research project. It covers research design, research sample and population, instrument method, measurement of variables, data collection method and procedure, reliability test, and data analysis technique. Development stage of questionnaire also discussed and it has aligned with the aims and research objective and also the literature reviewed. The analysis of the results of this study is presented in the next chapter. It explains about the findings or results which are obtained in this research.

## **CHAPTER 4**

### **DATA ANALYSIS AND FINDINGS**

#### **4.1 Introduction**

This chapter discusses the findings obtained from the data analysis. The data collected was screened, factor analysis was conducted in order to validate the instruments followed the reliability test.

#### **4.2 Data screening**

##### **4.2.1 Missing Data**

A frequency test has been carried out for every variable to detect any missing responses. According to this, all the returned questionnaires were found to be no missing responses. A reviewed of the data set showed that there were complete responses in section A (Demographic Variable) and section B of the questionnaires.

##### **4.2.3 Response Rate**

Two hundred fifty email contains link of the questionnaires have been pass out through UniMAP. Out of 250 questionnaires, 202 were returned making the response rate 80.8%.

#### **4.3 Respondents Profile**

This part of study shows the background of the demographic profile of the respondents who is involved in the current study, which is important and useful aspect to understand the segmentation of the data.

Table 4.1 : Demographic Profile of the Respondents (Gender)

		<b>Gender</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	85	42.1	42.1	42.1
	Female	117	57.9	57.9	100.0
	Total	202	100.0	100.0	

Based on table 4.1 above, it shows that, from the total of 202 respondents 85 (42.1%) respondents are male and 117 (57.9%) are female. It shown that in the UniMAP, female worker are the majority gender that been in position as executive and professional field.

Table 4.2 : Demographic Profile of the Respondents (Age)

		<b>Age</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 24	1	.5	.5	.5
	25-34	64	31.7	31.7	32.2
	35-44	89	44.1	44.1	76.2
	45-54	36	17.8	17.8	94.1
	55-58	12	5.9	5.9	100.0
	Total	202	100.0	100.0	

Based on table above, it shown that 64 (31.7%) of the total 202 respondents were 25 to 34 years old, 89 (44.1%) were 35 to 44 years old, 36 (17.8%) were 45 to 54 years old and 12 (5.9%) of the respondents were 55 to 58 years old. It shows that, the biggest respondents that have involved in this survey was 35 to 44 years old.

Table 4.3 : Demographic Profile of the Respondents (Race)

		<b>Race</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	188	93.1	93.1	93.1
	Indian	6	3.0	3.0	96.0
	Chinese	8	4.0	4.0	100.0
	Total	202	100.0	100.0	

Based on the table above, 188 (93.1%) of UniMAP staff how take part in this research are Malay, 6 (3%) are and Indian, 8 (4%) are Chinese. It shown that, most of public university being field by Malay workers compared to other race.

Table 4.4 : Demographic Profile of the Respondents (Education)

		<b>Education</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor's Degree	122	60.4	90.4	90.4
	Master's Degree	13	6.4	9.6	100.0
	Doctorate	67	33.2		
Total		202	100.0		

Based on the table above, it shown that out of 202 respondents, 122 (60.4%) are a holder of Bachelor's Degree, 13 (6.4%) were Master Degree holder, and 67 (33.2 %) were Doctorate holder. It reflects the respondent current positon which is most of them were Lectures, Head of department and top management of University Malaysia Perlis.

Table 4.5 : Demographic Profile of the Respondents (Level of Position)

		<b>Level of position</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	41	135	66.8	66.8	66.8
	51/52	63	31.2	31.2	98.0
	54 & above	4	2.0	2.0	100.0
	Total	202	100.0	100.0	

Based on the table above, 135 (66.8%) respondent were at the grade 41, 63 (31.2%) were 51/52, 4 (2%) are 54 and above. The researcher can integrate that most of the respondent were administrative who dealing directly with the strategy planning at their own department.

Table 4.6: Demographic Profile of the Respondents (Length of Service)

		<b>Length of service</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than a year	1	.5	.5	.5
	1-5 years	60	29.7	29.7	30.2
	5-10 years	121	59.9	59.9	90.1
	11-15 years	14	6.9	6.9	97.0
	16-20 years	5	2.5	2.5	99.5
	31-35 years	1	.5	.5	100.0
	Total	202	100.0	100.0	

Based on the table above, the highest number were 121 (59.9%) of respondents work with UniMAP almost 5 to 10 years, 60 (29.7%) work with UniMAP around 1 to 5 years, and 14 (6.9%) work about 11 to 15 years. For respondents who select the length of service within 16 to 20 years and 31 – 35 years are not so relevant, because UniMAP was only 15 years old operated in Perlis. So researcher can conclude that



this respondent have wrong interpretation on the concept of length of services required.

#### 4.6 Descriptive Analysis

Descriptive analysis was used to identify the overall range of answers for each construct in the form of mean and standard deviation. The responses receive from the respondent are analyzed through SPSS Version 21.0. All the variables recorded ranging from 1.80 to 3.00 in the minimum response. In the maximum value of response received all variables have obtained 5.0 from the respondents.

Besides that, the mean values of the variables were obtained by the measure on a five Likert scale, which means the higher the number on the five-point scale, higher the goodness of the variable will be. The values that are nearer to five are provides a positive answer, while the values close to zero reflects negative thoughts from the respondent. In addition, a mean value equal or more than 4 indicates a high agreement with a particular value of 3 was considered as a moderate agreement. For this study the mean values is generally moderate and high in nature, the highest mean 4.2459 for evaluation & control and the lowest is 4.1902 for improvisation. The descriptive analysis of all 7 variables is presented in the Table 4.7

Table 4.7 : Descriptive Analysis – Descriptive Statistics for Variables

<b>N</b>		<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>202</b>	<b>Mission Objective</b>	3.25	9.38	4.2153	.47680
<b>202</b>	<b>Environmental Scanning</b>	3.44	9.33	4.2123	.39610
<b>202</b>	<b>Strategy Formulation</b>	3.42	5.00	4.2038	.28974
<b>202</b>	<b>Strategy Implementation</b>	3.50	5.00	4.2318	.28314

<b>202</b>	<b>Evaluation &amp; Control</b>	3.50	5.00	4.2459	.29841
<b>202</b>	<b>Improvisation</b>	3.43	5.00	4.1902	.42760
<b>202</b>	<b>Firm Performance</b>	3.50	5.00	4.2054	.40349

#### 4.4 T-Test

##### 4.3.1 T-Test for Mission Objective and Demographic Data

Based on t-test analysis that has been made through SPSS on mission and gender, female staffs are more aware of UniMAP mission statement compare to male staff. It also shown that, staff at the age of 25 to 34 as it shown that there was a significant different in the score for 25 to 34 years old  $m=4.2402$  and  $sd=.72863$  is the major group of staff that contributes in strategic planning process. Based on races, it shown that, Malay staff is the majority staffs in UniMAP who contribute the idea and committed towards the mission and objectives of the firm. On the education part, the data collection shown that education play an important part in helping the firm to set the mission and objectives. In setting up the mission and objectives of the firm, it shown that the involvement of middle administrating staff is important as it contribute,  $m=4.1793$  and  $sd=.54713$  on level of position of 41. The length of service of 1 to 5 years can be interpret that, they are more aggressive and committed in dealing with mission objectives of the firm. This analysis can be seen more on the Appendix B.

##### 4.3.2 T-Test for Environmental Scanning and Demographic Data

Environmental scanning is the second step of strategic planning process. T-test analysis also has been done to this set of questionnaire dealing with demographic data. Most of the respondents agree that environmental scanning is important in setting up the firm strategy. Female staff response with  $m=.48196$  compared to male staff with  $m=.23369$ . t-test analysis being paired

with age, race, education, level of position and length of services shown that, it have a significant of  $m=4.2188$  with  $sd=.59949$  representing female,  $m=4.2963$  with  $sd=.22886$  representing age from 55 to 58 years old,  $m=4.3704$  with  $sd=.09072$  representing Indian,  $m=4.1995$  with  $sd=.47805$  which represent Bachelor's Degree,  $m=4.3333$  with  $sd=.15713$  represent level of position form 54 and above (Vice Chancellor, Deputy Vice chancellors, Head of Department and Dean) and  $m=4.2112$  with  $sd=.61654$  represent length of service from 1 to 5 years respectively. Through this it can be intemperate that top management play and important role in analyzing the environmental factor in indicating the terms and alternatives in strategic planning decision.

### **4.3.3 T-Test for Strategy Formulation and Demographic Data**

Based on the strategy formulation and demographic data the highest mean  $m=4.2157$  with  $sd=.26267$  shown that male staff are more active in strategy formulation and their understanding and agreeable of the form strategy formulation is high compared to female respondents. For strategy formulation linking with age it shown that respondent form age 55 to 58 years old have a high significant where  $m=4.2038$  and  $sd=.28974$ . Based on race, education, level of position, and length of services, it shown respectively as  $m=4.4028$  with  $sd=.28585$  on Indian respondent, Master's Degree with  $m=4.1987$  ,  $sd=.16853$  recorded,  $m=4.2712$  with  $sd=.23711$  located for 51/52 level position and  $m=4.2202$  with  $sd=.23252$  for 11-14 years of services. It can be concluding that UniMAP have a set of strategy that has successfully passed out to all of staff that has been response in the survey done. This is because, most of them agree and strongly agree on the strategy formulation that was setup and manage by the top management who have lots of experience in managing and dealing with strategic planning. For more information please see Appendix B.

#### **4.3.4 T-Test for Strategy Implementation and Demographic Data**

On the strategy implementation part, the t-test analysis have found that, female respondents with  $m=4.2322$  and  $sd=.30635$  reflect that female respondents or staff of UniMAP are more addicted and committed to the strategy implementation based on expect that have been point out. They feel that the strategy implementation is important and agree with it in the way of realizing firm performance. Based on the analysis also the researcher found that, respondent from age of 55 to 58 are the highest and significant in strategy implementation. It can be said that this people are top management and the high level of position and also long length of services in time. For further detail please see Appendix B.

#### **4.3.5 T-Test for Evaluation & Control and Demographic Data**

Evaluation and control are the fifth independent variables that being measured. It shown that, all respondent agree that strategies that have been implementing have to be evaluated and control. UniMAP have been evaluating its strategy 4 times a year and it's being realized by the respondents. Male respondents form age 55 to 58 years old and Indian and have a Master Degree with the level of position of 51/52 (lectures and head of department) and with the length of service 11-15 years are significantly related to the evaluation and control of the strategic planning. It can be seen at the t-test table at Appendix B.

#### **4.3.6 T-Test for Improvisation and Demographic Data**

The improvisation is an additional variable that have been added based on the significant of the variables towards strategic planning and firm performance. Male respondents who are 45 to 54 years old with Doctorate in education and currently positioning at level 54 and above with services length is 11 – 15 years are agree with the improvisation on strategic planning. They satisfied the improvisation and work to improvisation to maintain the firm performance. For more detail please refer to table on Appendix B.

#### 4.3.7 T-Test for Firm Performance and Demographic Data

Based on the t-test analysis made on the independent variables that is firm performance it shows that there is a significant made by the male respondent, which in age of 45 to 54 years old and a holder in Doctorate and have a working experience about 11 50n15 years are agree with all the dependent variables that all strategic planning process are reflecting the firm performance.

#### 4.5 Reliability Analysis

Reliability test is used to measure the goodness of instruments to be used in the actual field. According to (Sekaran and Bougie, 2010), reliability is a measuring instrument that measures the consistency of an instrument. The reliability of the instrument used in this study was tested using Cronbach's Alpha. Table 4.8 shows the reliability results for this study.

Table 4.8 : Summary of the reliability results of the study variables.

<b>Variable</b>	<b>No. of items</b>	<b>Reliability Cronbachs' Alpha</b>
Firm Performance	8	.851
Mission Objective	8	.569
Environmental Scanning	9	.500
Strategy Formulation	12	.747
Strategy Implementation	6	.516
Evaluation & Control	6	.621
Improvisation	7	.834

According to (Hair, Anderson, Tatham and Black, 1998), the lowest limit of the value of Cronbach's Alpha is 0.70. The larger of 0 to 1 indicates Cronbach's Alpha

coefficient of dependability of the data. Therefore, based on the above table, the value of Cronbach's Alpha ranging from 0.4 to 0.834 where the value is closer to 1. This shows that this data has reliability of internal consistency (Sekaran, 2003).

## 4.7 Correlation

This analysis allows the researcher to establish the relationship between the variables used in this study. For this study the relationship between variables will be tested based on the guidelines outlined by (Hair, Money, Semoule, and Page, 2008). The correlation less than .02 indicate as very weak relationship, .02 to .40 as weak, .40 to .70 as moderate correlation followed by .70 to .90 as strong and more than .90 respectively as very strong correlation. Based on the guideline above, there is a correlation between the variables in this study. Correlation does not involve cause and effect but only shows how satisfactory the relationships are (Zickmund, 2003).

### 4.7.1 The Correlation of the independent variables with the firm performance.

Table 4.9 : Correlation Table

Variables	DV	IV1	IV2	IV3	IV4	IV5	IV6
DV – Firm Performance	1						
IV1 – Mission Objectives	.799**	1					
IV2 – Environmental Scanning	.135	.496**	1				
IV3 – Strategy Formulation	.177*	.490**	.900**	1			
IV4 – Strategy Implimentation	.059	.391**	.853**	.884**	1		
IV5 – Evaluation &	.019	.303**	.783*	.536**	.726**	1	

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Control						
IV6 -	.024	.300**	.798**	.590**	.784**	.992**
Improvisation						

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\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

In this study, researcher used the Pearson correlation to test the above objective. The table 4.9 summarizes the correlation between all the variables. The highest correlation coefficient is registered between .799\*\*,  $p < 0.01$  which fall under mission objective. The second highest is strategy formulation recorded a correlation coefficient of .177\*  $p > 0.01$  followed by environmental scanning which is .135,  $p < 0.01$ . For strategy formulation, evaluation and control and improvisation it shows that the correlation coefficient is register between .059,  $p > 0.01$ , 0.19,  $p > 0.01$  and 0.24,  $p > 0.01$  respectively.

Based on the discussed above, three independent variables, namely mission objectives, environmental scanning and strategy formulation have a moderate correlation with firm performance and another three independent variables which is strategy implementation, evaluation & control and improvisation has a weak correlation with firm performance.

#### 4.8 Regression

Multiple regressions was carried out to identify the independent variables as well as the contribution of these dimensions; mission objectives, environmental scanning, strategy formation, strategy implementation, evaluation & control and improvisation in predicting firm performance as a dependent variables. The findings of the multiple regressions based on statistical assessment is shown in table 4.11 below. Based as shown in table 4.11, the ANOVA table indicates that the model as a whole is significant ( $F(6, 6763.784)$ ,  $p < 0.001$ ). The six (6) determinants of independent variables explained 99.5% ( $R^2 = .995$ ) of total variance in university performance.

Table 4.10 : R Square Model Summary

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998 <sup>a</sup>	.995	.995	.02833

a. Predictors: (Constant), IMPROVISATION, MISSION, STRATEGY IMPLEMENTATION, ENVIRONMENTAL SCANNING, EVALUATION AND CONTROL , STRATEGI FORMULATION

b. Dependent Variable: FIRM PERFORMANCE

Table 4.11 : Table of One-way ANOVA

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	32.568	6	5.428	6763.784	.000 <sup>b</sup>
Residual	.156	195	.001		
Total	32.724	201			

a. Dependent Variable: FIRM PERFORMANCE

b. Predictors: (Constant), IMPROVISATION, MISSION, STRATEGY IMPLEMENTATION, ENVIRONMENTAL SCANNING, EVALUATION AND CONTROL , STRATEGI FORMULATION

Table 4.12: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	$\beta$		
1	(Constant)	-.082	.035		-2.348	.020
	Mission	.045	.008	.054	5.422	.000
	Environmental Scanning	-.071	.011	-.070	-6.300	.000
	Strategy Formulation	-.223	.035	-.160	-6.405	.000
	Strategy Implementation	.184	.037	.129	5.018	.000
	Evaluation And Control	.156	.023	.115	6.748	.000
	Improvisation	.929	.015	.984	63.302	.000

a. Dependent Variable: FIRM PERFORMANCE



The variables having the significant value and explaining the firm performance because they have the highest beta value as follows, mission objectives ( $\beta=0.54$ ,  $p<0.01$ ), strategy implementation ( $\beta=.129$ ,  $p<0.01$ ), evaluation and control ( $\beta=115$ ,  $p<0.01$ ) and improvisation ( $\beta=984$ ,  $p<0.01$ ). Only two independent variables namely, environmental scanning and strategy formulation was found refuted with university performance with environmental scanning ( $\beta=-0.70$ ) and strategy formulation ( $\beta=-1.60$ ) but at the same time it show a significant on the process of the environmental scanning and formulation of strategy.

#### 4.8 Hypothesis Testing

Table 4.13 : Summary of Hypothesis Result

	<b>Hypothesis</b>	<b>Result</b>
<b>H1</b>	There is positive influence of mission and objective on firm performance	Accepted
<b>H2</b>	There is positive influence of environmental scanning on firm performance	Refuted
<b>H3</b>	There is positive influence of strategy formulation on firm performance	Refuted
<b>H4</b>	There is positive influence of strategy implementation on firm performance	Accepted
<b>H5</b>	There is positive influence of evaluation & control on firm performance	Accepted
<b>H6</b>	There is positive influence of improvisation on firm performance	Accepted

## **4.9 Summary**

In this chapter, response rate, t-test, reliability test, descriptive analysis, correlation and finally discussion of the hypothesis has been done. This chapter also presented the analysis of the collected of the collected data, which has accepted and rejected some variables as a contributor to the dependent variable. This study will further discuss the findings of the research, the theoretical implication, suggestion for future studies, limitations of the research and conclusion of the study on the next chapter.

## CHAPTER 5

### DISCUSSION AND CONCLUSION

#### 5.1 Introduction

In this chapter, the researcher summarizes the findings which obtained from the previous chapter. It is important for the researcher to conclude and provides recommendation in this study which based on the research findings. It also discusses the theoretical and managerial implication of the study and consequently the limitation and some suggestions for future research. This chapter ends with the conclusion of the study.

#### 5.2 Recapitulation of the Study

This study attempted the determine the relationship between the independent variables (mission objective, environmental scanning, strategy formulation, strategy implementation, evaluation & control and improvisation), and the dependent variable which is firm performance. It also attempted to identify the most influencing determinant factor of firm performance. The data was collected form staff of Universiti Malaysia Perlis (UniMAP). Two hundred fifty (250) questionnaires were distributed and 202 were returned (80.8%).

This research had also set up to accomplish the following particular objectives:

1. To identify the relationship between mission objectives and firm performance
2. To identify the relationship between environmental scanning and firm performance.
3. To identify the relationship between strategy formulation and firm performance
4. To identify the relationship between strategy implementation and firm performance

5. To identify the relationship between evaluation & control and firm performance
6. To identify the relationship between improvisation and firm performance.

### **5.3 Discussion**

The main focus of the study is firm performance. Consequently, analyzing firm performance is important so as to determine the firm performance is explain by mission objective, environmental scanning, strategy formulation, strategy implementation, evaluation & control and improvisation. If yes firm performance can focus on these dominants of the performance. Several researchers have studied firm performance based on strategic planning process that has been mention above. For example (Atkinson , 2006; Ahmad & Schroeder, 2011; Amir & Parvar, 2014; Ansoff, 2005; Bruch, Gerber, & Maier, 2005; Langfield-Smith, 1997; Minonne & Turner, 2009; Mintzberg, 1994; Pryor et al., 1988; Rudd, Greenley, Beatson, & Lings, 2008) and etc.

#### **5.3.1 Mission and Objective and University Performance**

The first research question deals with the relationship between mission objectives and university performance. Accordingly, hypothesis one (H1) states, “there is a significant between mission and objective and university performance. The finding of this dimension had a positive relationship with university performance. This study support previous research by Bart, Bontis, & Taggar, (2001) which examined the relationship between mission and organizational performance are directly and shows a strong positive correlation. Based on the research question also, the staffs of UniMAP understand and know the path of the mission and objectives of the university and looking forward in accomplish it. Through this section also, the management play an important role and involvement at the starting point where is shown that there is a significant relationship between last question in section of mission and objectives towards university performance. In this case,

there is no doubt that mission and objectives play an important part in strategic planning process towards university or firm performance.

### **5.3.2 Environmental Scanning and University Performance**

Research question number two deals with the relationship between environmental scanning and university performance. By referring to hypothesis 2 (H2) through the SPSS analysis the result found that there is a significant relationship between environmental scanning and university performance but it shows a negative figure on the beta that makes it refuted. This can be illustrated that if the university are focusing more on the environmental scanning it might affect the performance of the university.

It can't be deny that environmental scanning could provide early warning signals for organizations, emerging from environmental uncertainties, risks, threats and opportunities but UniMAP did not put too much focus on it. By practicing it could help university to develop and modify their strategies to meet changing external circumstances and hence improve their competitiveness and performance. In today's turbulent environment, it is more desirable for university to conduct environmental scanning activities systematically and regularly. By practicing this, the university will be able to recognize their strengths and weaknesses and put some effort in the strategic planning formulation plan on how to overcome the weaknesses by grasping the opportunity that have been discovered in the environmental scanning process. Based on the result from the survey, UniMAP did the environmental scanning by benchmarking their performance with the other research university in addition to see to what extent did their performance are.

### **5.3.3 Strategy Formulation and University Performance**

Research question number three are referring to the strategy formulation and the relationship with the university performance. By referring to hypothesis three (H3) there is a significant relationship between strategy formulation and the university performance but there shown a negative figure on the beta that

makes it refuted for this study. Same as the environmental scanning, strategy formulation also is a part of the process of strategic planning, but UniMAP did not put too much focus on it so that they can focus more on the other area such as implementation the initiative stated. Developing a strategy is only effective if it is put into place. A university may take all the necessary steps to understand the environment, define it, and identify the competition. Based on hypothesis 3 (H3), without implementing the strategy, the university's work will be of little to no value. The methods employed for implementing strategies are known as tactics. These individual actions enable a university to build a foundation for implementation. University is able to identify which of their efforts are more successful than others and will uncover new methods of implementation, if necessary.

#### **5.3.4 Strategy Implementation and University Performance**

By referring to the forth research question, it's showing a significant relationship between strategy implementation and university performance that being represent by hypothesis four (H4). Mankins and Steele (2005), reported that university realize only 63% of the university performance promised by their strategies. In addition, Kaplan and Norton (2008) attribute this strategy-to-performance gap, in part, to the fact that 95% of a company's employees are not aware of or do not understand their company's strategy. According to Johnson (2009) however, 66% of corporate strategy is never implemented. This suggests that the problem lies somewhere in the middle of this strategy-to-performance gap, with a more likely source of being a gap in the formulation-to-implantation process. If employees lack knowledge about the company's strategy, it is unlikely that proper implementation will occur, which in turn leads to poor financial performance. Bonoma and Crittenden (2005) suggested that this habitual mode of poor strategy execution then shapes the strategy formulated subsequently. Without a doubt, the overall neglect of strategy implementation leads to poor performance both in the current execution and in future strategy formulation processes. Unless caught

in time, the endless formulation-implementation-performance cycle leads to subsequent attempts at implementing a mistaken strategy. When this occurs, it is hard to tell if weak performance is due to good implementation of a bad strategy, or the result of poor implementation of a good strategy.

Crittenden and Crittenden (2006) stated that it is unfortunate that decades of research, teaching and consulting interactions with companies suggest that strategy implementation has become a catchall of phrases and recommendations, with little clarity as to what compromises this necessary cornerstone of a capable organization.

### **5.3.5 Evaluation and Control and University Performance**

Question number five in the research question are regarding the evaluation and control and the relationship towards the university performance. It have been illustrate in the hypothesis five (H5) that shown a significant in the relation. Based on the researcher observation, UniMAP currently have a system that is called Electronic Performance Indicator Channel (epic) where all the data collection being made and verify. At this point UniMAP have practice quarterly period of collecting data. Through this process, UniMAP be able to analyze at which point they are not archive according to the target set before they will be able to make some adjustment to control it. As in any plan, a regular evaluation of processes and results is vital to ongoing success. UniMAP must keep track of the progress it is making as defined by its strategic plan. If goals are not being met, the university must be adaptable and flexible to recognize that changes may be needed.

### **5.3.6 Improvisation and University Performance**

Currently improvisation are not a part of strategic planning process. But the researchers are able to make it happened by putting it in the dependent variables and it show a positive relationship whit the university performance. It being read through hypothesis six (H6) where it shown a significant with the university performance. It have been found that between this element, there

was a relationship by demonstrating it as direct relation between variables that have been found. In addition to act to immediate access and creativity of the spontaneous conditions the organizations have to applied improvisation form training and learning medium. This will help the university in dealing with the crucial situation and uncertainties changes in environment. In this way, it will give the opportunity to the managers to act creatively and spontaneously in dealing with critical decision-making and problem solving by executing and implementing improvisation activities.

All of this may provide the necessary increase in responsiveness and creativity needed to outmaneuver competitors and hence increase university performance. By looking at the contribution to knowledge, previous theory shows that managers follow a step by step process of planning in strategic management. However in reality, the process between strategic formulation and execution could be done simultaneously and most managers will generate real time action as it unfolds. The ability to build solutions from available resources as well as to understand and adapt to real-time scenarios is highly required from the university's manager. At this point, it involves the reasoning system in the manager's mind whether to make intuitive or rational reasoning in dealing with solutions. This study explores these conceptual understandings and it provides critical empirical evidence and a practical source of information to stimulate better decision-making processes, performance outcomes and ultimately competitive advantage.

#### **5.4 Contribution of the Study**

This research study might be useful to many parties due to its significant towards university performance. Thus, the finding provides contribution and implications that are classified in the following section.



#### **5.4.1 Managerial Implication**

The overall results of this study through examination and analysis of the sets of variables in the research framework on how these variables influence the university performance provide significant implication to the entire university for the realization of the important of strategic planning process implementation.

The findings of the study can be utilized by all university in their effort to enhance the possibility of university performance success by considering the deterrent factors involved in the study particularly in focusing on the strategic planning process (mission objective, environmental process, strategy formulation, strategy implementation, evaluation & control and improvisation).

#### **5.5 Limitation of the Study**

There are some limitations that appeared in the current study to be discuss to recognized limitation and anticipated possibilities for research. First, due to time constraints (not doing this study full time basis). In order to increase the accuracy of the data based on the data sample, the researcher distributed the questionnaire through Google Drive Application. Thus, this research was only limited to staff of Universiti Malaysia Perlis (UniAMP).

In addition, another limitation of this research is respondents cooperative. The researcher face difficulties getting the respondents survey as they are busy and some of them were irresponsible while answering the questionnaires. As mentioned earlier in this section, there are total 250 questionnaire were distributed to the respondents, but only 202 of total questionnaires are gained back by the researcher.

Moreover, the researcher found out the demographic data characteristics among the staff of UniMAP has influence the firm performance towards it success.

## **5.6 Recommendations for the research**

After completing this study, the researcher has open a new window by exposing the exactly topic to be studied. This study could not be attended to conclusively without the initial intention from others to come out with the issues and the scope. There must be more attention being stress out by the researcher in dealing with the relationship between strategic planning and the consequences to archive the organization/university or even firm performance because the implication of t participatory are oriented. The constraints of resources scope and time being faced by the researcher during conducting this research. The researcher suggested that the research can be carried out by giving attention to this dimension. Every step of the strategic planning process is important as it been revel in the study by the researcher. In a nutshell what we are saying is that the process of strategic planning should be given its deserved attention in terms of all the prescribed steps within the existing literature. This study mainly focused on the connection between the strategic planning process and firm performance. It would be of interest to investigate the role of intervening variables in translating the strategic planning intentions into reality.

## **5.7 Suggestions for Future Research**

For the recommendation for the future research the researcher recommended people to try to explore the use of IT in conducting firm performance. Because of the value scenarios bring to decision making, IT other operational-level scenarios are likely assets in unit-level planning (IT strategy) and firm strategic planning.

Create an integrated strategic planning process. The strategic planning framework described in this document has established a way to integrate the data created by a strategic planning process, the critical success factor method, and scenario planning. This work also showed that a typical strategic planning process could be enhanced by augmenting it with the critical success factor and scenario methods; however, an integrated process remains undefined. This integration will vary with different strategic planning approaches, but the integration need not be complicated, only

explicit. Future work should support the codification, use, and refinement of a strategic thinking and planning process.

## **5.8 Conclusion**

A strategic planning is a written set of document that will guide the organization in making changes and grows together with the effect of the environmental changing. In terms of the university, the university must constantly be aware of the competitors outside the range and must be able to be flexible to make some changes in addition to adapt and modify the plan maximally.

By formulating the strategy, the university may take the action to define its goals. All employees of the university need to be brief continuously on the university objectives, mission and purpose of existing. Through the strategic planning, the university able to allocate all the resources, budget allocated by the government and endowment to make a valuable return in investment. The lack of using the strategic planning will cause the organization without the right pathways of direction. The five step of strategic planning and additional one that is improvisation that have been added by the researcher are completely defined in this research. The university must implement the strategic plan in order to maintain and to achieve the successful performance. It must be develop appropriately with certain tactics to be deferent with others and to be in the complacent place at the competitive advantage. Strategies must be evaluated and revised on a regular basis in order to meet the changing needs and challenges of the marketplace and business environment.

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