

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

**SITI FARAH SYAZANA BINTI MOHAMED YUSOFF**

**MASTER SCIENCE (MANAGEMENT)  
UNIVERSITI UTARA MALAYSIA  
MEI 2015**

## DECLARATION

I declare that the thesis work described in this research paper is my own work (unless otherwise acknowledged in the text) and that there is no previous work which has been previously submitted for any academic Master's program. All sources quoted have been acknowledged by reference.

Signature : \_\_\_\_\_

Name : Siti Farah Syazana Mohamed Yusoff

Date :

## **PERMISSION TO USE**

In presenting this project paper in fulfilment the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my project paper. It is understood that any copying of publication of use of this project paper or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my project paper.

Request for permission to copy or to make other use of materials in this project paper in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business  
Universiti Utara Malaysia  
060100 UUM Sintok  
Kedah Darul Aman

## **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.

## TABLE OF CONTENT

PERMISSION TO USE.....	ii
ABSTRACT.....	iii
ABSTRAK.....	iii
ACKNOWLEDGEMENT .....	iv
TABLE OF CONTENT .....	v
LIST OF FIGURES .....	ix
LIST OF DIAGRAM.....	ix
LIST OF TABLE .....	ix
CHAPTER 1 .....	1
INTRODUCTION.....	1
1.1 Background of the Study .....	1
1.2 Problem Statement.....	3
1.3 Research Objectives .....	3
1.4 Research Question .....	4
1.5 Significant of the study.....	4
1.6 Limitation of the Study.....	4
1.7 Scope of the study.....	5
1.8 Definition of Key Terms.....	5

1.9	Organization of the Thesis.....	7
CHAPTER 2 .....		9
LITERATURE REVIEW.....		9
2.1	Introduction .....	9
2.2	Strategic Planning.....	9
2.3	The Process of Strategic Planning .....	12
2.4	Strategic Planning Conceptual Model .....	26
2.5	Firm Performance .....	28
2.6	Link between Strategic Planning and Firm Performance .....	30
2.7	System Theory.....	31
CHAPTER 3 .....		34
METHODOLOGY.....		34
3.1	Introduction .....	34
3.2	Research Framework .....	34
3.3	Operational Definition and Measures of Variables .....	35
3.4	Research Design .....	37
3.5	Research Population and Sample .....	37
3.6	Sampling Method .....	38
3.7	Questionnaire Design .....	39
3.8	Measurement of Variables.....	39



3.9	Data Collection Method and Procedures .....	41
3.10	Data Analysis Techniques.....	41
3.11	Descriptive Analysis .....	43
3.12	T-Test Analysis.....	43
3.13	Reliability Test.....	44
3.14	Validity and Reliability Test.....	45
3.15	Pearson’s Correlation Analysis.....	46
3.16	Multiple Regression Analysis .....	47
3.17	Summary .....	48
CHAPTER 4 .....		49
DATA ANALYSIS AND FINDINGS.....		49
4.1	Introduction .....	49
4.2	Data screening .....	49
4.3	Respondents Profile.....	49
4.6	Descriptive Analysis.....	53
4.4	T-Test.....	54
4.5	Reliability Analysis .....	57
4.7	Correlation.....	58
4.8	Regression .....	59
4.8	Hypothesis Testing .....	61

4.9	Summary.....	62
CHAPTER 5 .....		63
DISCUSSION AND CONCLUSION .....		63
5.1	Introduction .....	63
5.2	Recapitulation of the Study .....	63
5.3	Discussion.....	64
5.4	Contribution of the Study .....	68
5.5	Limitation of the Study.....	69
5.6	Recommendations for the research.....	70
5.7	Suggestions for Future Research .....	70
5.8	Conclusion.....	71
REFERENCES .....		72
APPENDIX A		
APPENDIX B		

## **LIST OF FIGURES**

- Figure 2.1 Kotler's Strategic Planning Process Model
- Figure 2.2 A System of Contingency Theory – based on strategic research
- Figure 3.1 Theoretical Framework

## **LIST OF DIAGRAM**

- Diagram 2.1 PESTEL Analysis Frameworks
- Diagram 2.2 Nieboer's Adaptation of the Kotler Strategic Planning Process Model

## **LIST OF TABLE**

- Table 1.1 Definition of key terms
- Table 3.1 Operational Definition
- Table 3.2 Likert Scale
- Table 3.3 Item Measures
- Table 3.4 Reliability Values of Cronbach's Alpha
- Table 3.5 The Coefficient Scale and Relationship Strength of Correlation
- Table 3.6 Summary of Data Analysis Technique
- Table 4.1 Demographic Profile of the Respondents (Gender)
- Table 4.2 Demographic Profile of the Respondents (Age)
- Table 4.3 Demographic Profile of the Respondents (Race)

Table 4.4	Demographic Profile of the Respondents (Education)
Table 4.5	Demographic Profile of the Respondents (Level of position)
Table 4.6	Demographic Profile of the Respondents (Length of service)
Table 4.7	Descriptive Analysis – Descriptive Statistics for Variables
Table 4.8	Summary of the reliability results of the study variables
Table 4.9	Correlation Table
Table 4.10	Table of $R^2$
Table 4.11	Table of One-way ANOVA
Table 4.12	Regression Analysis
Table 4.13	Summary of Hypothesis Result

# 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

The contents of  
the thesis is for  
internal user  
only

## REFERENCES

- Aaker, D. A. (2011). *Strategic Market Management*. Ansoff HI New York. doi:978-0-470-68975-2
- Aaltonen, P. (2003). Actions that realise strategy. In *19th EGOS Colloquium, Copenhagen, July 3-5, 2003* (pp. 1–23).
- Agrawal, A., & Knoeber, C. R. (1996a). Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of Financial and Quantitative Analysis*, 31(3), 22.
- Agrawal, A., & Knoeber, C. R. (1996b). Firm performance and mechanisms to control agency problems between managers and shareholders. *Social Science Research Network*. doi:10.2307/2331397
- Aguilar, S. (2002). Environmental non-government organizations in Argentina. *Review of European Community and International Environmental Law*, 11(2), 225–234.
- Alexander , Keith . (1994). A Strategy for Facilities Management. *Facilities*.
- Al-Ghamdi , Salem M. . (1998). Obstacles to successful implementation of strategic decisions: the British experience. *European Business Review*.
- Ansoff, H. I. (2005). Strategic Management. *Management*, 29, 1–56.
- Atkinson , Helen . (2006). Strategy implementation: a role for the balanced scorecard? *Management Decision*.
- Azzara, C. D. (Author). (2002). Improvisation. In *The new handbook of research on music teaching and learning: A project of the Music Educators National Conference* (pp. 171–187).
- Bart, C. K., & Hupfer, M. (2004). Mission statements in Canadian hospitals. *Journal of Health Organization and Management*, 18(2-3), 92–110.
- Beer, M. (1996). Developing an Organization Capable of Implementing Strategy and Learning. *Human Relations*.
- Beer, M., & Eisenstat, R. A. (2000). The Silent Killers of Strategy Implementation and Learning. *Sloan Management Review*, 41(4), 29–40.

- Bolton, P., & Harris, C. (1999). Strategic Experimentation. *Econometrica*. doi:10.1111/1468-0262.00022
- Bose, R. (2003). Knowledge management-enabled health care management systems: Capabilities, infrastructure, and decision-support. *Expert Systems with Applications*, 24, 59–71.
- Casey, A. J., & Goldman, E. F. (2010). Enhancing the ability to think strategically: A learning model. *Management Learning*.
- Cepeda, G., & Vera, D. (2007). Dynamic capabilities and operational capabilities: A knowledge management perspective. *Journal of Business Research*, 60, 426–437.
- Chourides, P., Longbottom, David, & Murphy, William. (2003). Excellence in knowledge management: an empirical study to identify critical factors and performance measures. *Measuring Business Excellence*.
- Christopher K. Bart, Nick Bontis, & Simon Taggar. (2001). A model of the impact of mission statements on firm performance. *Management Decision*, 39(1), 19. Collins, J. C., & Porras, J. I. (1991). Organizational vision and visionary organizations. *California Management Review*, 34(1), 30–51.
- Costa, D. P. (2007). A conceptual model of the variation in parental attendance in response to environmental fluctuation: Foraging energetics of lactating sea lions and fur seals. In *Aquatic Conservation: Marine and Freshwater Ecosystems* (Vol. 17).
- Crossan, M., Sorrenti, M., Shrivastava, P., Huff, A., & Dutton, J. (1997). Making Sense Of Improvisation. In *Advances In Strategic Management* (Vol. 14, pp. 155–180).
- Cunha, M. P. E., Clegg, S. R., & Kamoche, K. (2012). Improvisation as “real time foresight.” *Futures*, 44(3), 265–272.
- Daft, R. L., & Weick, K. E. (1984). Toward a Model of Organizations as Interpretation Systems. *Academy of Management Review*.
- Davenport, T. H., & Prusak, L. (1998). Working Knowledge-How Organizations Manage What They Know. *Harvard Business School Press*, 5, 193–211.
- Dell, M. (1998). The power of virtual integration: an interview with Dell Computer’s Michael Dell. Interview by Joan Magretta. *Harvard Business Review*, 76, 73–84.



- DeTienne, K. B., & Jackson, Lisa Ann. (2001). KNOWLEDGE MANAGEMENT: UNDERSTANDING THEORY AND DEVELOPING STRATEGY. *Competitiveness Review: An International Business Journal Incorporating Journal of Global Competitiveness*.
- Drucker, P. F. (2006). Knowledge-worker productivity: the biggest challenge. *IEEE Engineering Management Review*, 34(2).
- Fenton, E. M. (2007). Visualising Strategic Change: *European Management Journal*.
- Finkelstein, J. M. (1983). A Logarithmic Reliability-Growth Model for Single-Mission Systems. *IEEE Transactions on Reliability*, R-32(5).
- Forbes, D. J., & Seena, S. (2006). The value of a mission statement in an association of not-for-profit hospitals. *International Journal of Health Care Quality Assurance Incorporating Leadership in Health Services*, 19(4-5), 409–419.
- Gray, P. (1988). Strategy, Strategy, Strategy. *Journal of Information Systems Management*.
- Hambrick, D. C. (1982). Environmental Scanning and Organizational Strategy. *Strategic Management Journal*, 3(2), 159–174.
- Harrison, P. (2000). Making sense: Embodiment and the sensibilities of the everyday. *Environment and Planning D: Society and Space*, 18(4), 497–517.
- Hirota, S., Kubo, K., Miyajima, H., Hong, P., & Park, Y. W. (2010). Corporate mission, corporate policies and business outcomes: evidence from Japan. *Management Decision*.
- Hofer, C. W., & Schendel, D. (1978). *Strategy formulation: Analytical concepts*. New York (Vol. 1986).
- Hough, J. R., & White, M. A. (2003). Environmental dynamism and strategic decision-making rationality: An examination at the decision level. *Strategic Management Journal*, 24(5), 481–489.
- Ikävalko, H., & Aaltonen, P. (2001). Middle Managers' Role in Strategy Implementation - Middle Managers View. In *17th EGOS Colloquium* (pp. 1–20).
- Johnson, C. (2007). Strategic planning for post-disaster temporary housing. *Disasters*, 31(4), 435–458.
- Jorosi, B. N. (2008). Environmental scanning in Botswana's SMEs: A study of the manufacturing industry. *Libri*, 58(4), 224–233.

- Kamoche, C. and C. (2003). Preface Improvisation in Organizations. *Spring*, 33(1), 3–9.
- Kantabutra, S. (2009). Toward a behavioral theory of vision in organizational settings. *Leadership & Organization Development Journal*. doi:10.1108/01437730910961667
- Karami, A. (2012). An investigation on environmental scanning and growth strategy in high-tech small and medium-sized enterprises. *New Technology Based Firms in the New Millennium*.
- Kaufman, J. L., & Jacobs, H. M. (1987). A Public Planning Perspective on Strategic Planning. *Journal of the American Planning Association*, 53(1), 23–33.
- Khandwalla, P. N. (1977). *The Design of Organizations*. Harcourt.
- Kim, Y. G., Yu, S. H., & Lee, J. H. (2003). Knowledge strategy planning: Methodology and case. *Expert Systems with Applications*, 24, 295–307.
- Kotler, P. (1979). Strategies for Introducing Marketing into Nonprofit Organizations. *Journal of Marketing*, 43(1), 37–44.
- Kriemadis , Athanasios . (1997). Strategic planning in higher education athletic departments. *International Journal of Educational Management*. doi:10.1108/09513549710186803
- Kriemadis, Thanos (Department of Sport Management, U. of P., & Theakou, Elena (Department of Sport Management, U. of P. (2007). Strategic Planning Models in Public and Non-Profit Sport Organizations. *Sport Management International Journal*, 3(2), 27–37.
- Kuada, J. (2009). Gender, Social Networks, and Entrepreneurship in Ghana. *Journal of African Business*. doi:10.1080/15228910802701445
- Kuada, J. (2010). Culture and leadership in Africa: a conceptual model and research agenda. *African Journal of Economic and Management Studies*.
- Llewellyn, S., & Tappin, E. (2003). Strategy in the Public Sector: Management in the Wilderness. *Journal of Management Studies*, 40, 955–982.
- Martens, K. (2002). Mission impossible? Defining nongovernmental organizations. *Voluntas*, 13(3), 271–285.
- Meijers, J. M. M., van Bokhorst-de van der Schueren, M. A. E., Schols, J. M. G. A., Soeters, P. B., & Halfens, R. J. G. (2010). Defining malnutrition: Mission or mission impossible? *Nutrition*, 26(4), 432–440.
- Miller, D., & Friesen, P. H. (1977). Strategy-Making in Context: Ten Empirical Archetypes. *Journal of Management Studies*, 14(3), 253–280.

- Miller, D., & Friesen, P. H. (1986). Porter's (1980) Generic Strategies and Performance: An Empirical Examination with American Data: Part II: Performance Implications. *Organization Studies*.
- Miner, A. S., Bassoff, P., & Moorman, C. (2001). Organizational Improvisation and Learning: A Field Study. *Administrative Science Quarterly*, 46(2), 304.
- Mintzberg, H. (1973). Strategy-Making in Three Modes. *California Management Review*, 16(2), 44–53.
- Mintzberg, H. (1977). STRATEGY FORMULATION AS A HISTORICAL PROCESS. *International Studies of Management & Organization*, 7(2), 28–40. Mintzberg, H. (1978). Patterns in Strategy Formation. *Management Science*.
- Mintzberg, H. (1987). The Strategy Concept I: Five Ps For Strategy. *California Management Review*, 30(1), 11–24. doi:10.2307/41165263
- Mintzberg, H. (1990). Strategy formation: Schools of thought. In *Perspectives on Strategic Management* (pp. 105–237).
- Mirvis, P. (1998). Practice Improvisation. *Organization Science*, 9(5), 586–592.
- Mohd Majid Konting. (1990). Alat Penyelidikan Pendidikan. In *Kaedah Penyelidikan Pendidikan* (p. 202).
- Moorman, C., & Miner, A. S. (1997). The Impact of Organizational Memory on New Product Performance and Creativity. *Journal of Marketing Research*, 34(1), 91–106.
- Moorman, C., & Miner, A. S. (1998). Organizational improvisation and organizational memory. *Academy of Management Review*, 23(4), 698–723.
- Moorman, C., & Miner, A. S. (1998). Organizational improvisation and organizational memory. *Academy of Management Review*, 23(4), 698–723.
- Neely, A., Mills, John, Platts, Ken, Gregory, Mike, & Richards, Huw. (1994). Realizing Strategy through Measurement. *International Journal of Operations & Production Management*.
- Nieboer, N. (2011). Strategic planning process models: a step further. *Property Management*.
- Nonaka, I. (2006). JobKnowledge Creation Theory: Evolutionary Paths and Future Advances. *FirmStudies*.
- O'Regan, N., & Ghobadian, Abby. (2002). Formal strategic planning: The key to effective business process management? *Business Process Management Journal*.

- Okumus , Fevzi . (2001). Towards a strategy implementation framework. *International Journal of Contemporary Hospitality Management*.
- Pearce, J. A., & David, F. (1987). Corporate Mission Statements: The Bottom Line. *Academy of Management Executive*.
- Peters, G. (1988). Evaluating your computer investment strategy. *Journal of Information Technology*, 3(3). doi:10.1057/jit.1988.33
- Poister, T. H. (2010). The future of strategic planning in the public sector: Linking strategic management and performance. *Public Administration Review*, 70(SUPPL. 1), 246–254.
- Popoola, B. I. (2005). A Study of Procrastinatory Behaviour and Academic Performance of Undergraduate Students in South Western Nigeria. *Journal of Social Sciences*.
- Porter, M. (2005). Michael Porter on Strategy. *Leadership Excellence*, 22, 14.
- Pryor, M. G., Anderson, D., Toombs, L. a, & Humphreys, J. H. (1988). Strategic Implementation as a Core Competency. *Journal of Management Research*, 7, 3–17.
- Roper, J. (2005). Symmetrical Communication: Excellent Public Relations or a Strategy for Hegemony? *Journal of Public Relations Research*.
- Rossouw. (2008). Balancing corporate and social interests: Corporate governance theory and practice. *African Journal of Business Ethics*.
- Schene, A. H., Koeter, M., Van Wijngaarden, B., Knudsen, H. C., Leese, M., Ruggeri, M., ... Vázquez-Barquero, J. L. (2000). Methodology of a multi-site reliability study. Epsilon study 3. *British Journal of Psychiatry*, 177(SUPPL. 39).
- Senge, P. M. (1997). THE FIFTH DISCIPLINE. *Measuring Business Excellence*.
- Simões, E. A., Takinami, F. K., & Hirota, E. H. (2008). An analysis of low-income housing business chain in the light of target costing concept: A case study in Brazil. In *Proceedings of IGLC16: 16th Annual Conference of the International Group for Lean Construction* (pp. 623–632).
- Snow, C. C., & Hambrick, D. C. (1980). Measuring organizational strategies: Some theoretical and methodological problems. *Academy of Management Review*, 5(4), 527–538.
- Spaling, H., & Smit, B. (1993). Cumulative environmental change: Conceptual frameworks, evaluation approaches, and institutional perspectives. *Environmental Management*.
- Sufi , T., & Lyons , Howard . (2003). Mission statements exposed. *International Journal of Contemporary Hospitality Management*. doi:10.1108/09596110310482173

- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18, 509–533.
- Tiwana, A. (2002). *The Knowledge Management Toolkit: Orchestrating IT, Strategy, and Knowledge Platforms (2nd Edition)*. Prentice Hall (Vol. 2, p. 416).
- Ungerer, C. (2007). The “middle power” concept in Australian foreign policy. *Australian Journal of Politics and History*, 53(4), 538–551.
- Vera, D., & Crossan, M. (2005). Improvisation and Innovative Performance in Teams. *Organization Science*.
- Westhead, P., & Howorth, C. (2006). Ownership and management issues associated with family firm performance and company objectives. *Family Business Review*, 19(4), 301–316.
- Wheelen, T. L., & Hunger, J. D. (2006). *Strategic management and business policy*. Policy.
- Yuan, L. L. (2005). Sources of bias in weighted average inferences of environmental conditions. *Journal of Paleolimnology*, 34(2), 245–255.
- Zhao, Y., Li, Z., & Wang, H. (2012). How knowledge management process influences customer knowledge management performance: An empirical study based on balanced score card of manager’s opinions. In *Proceedings of the 2012 5th International Conference on Business Intelligence and Financial Engineering, BIFE 2012* (pp. 465–469).