The Influence of Strategy Formulation (Vision, Mission, and Goals) on the Organizational Operations

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ABSTRACT: strategic planning is substantial to the institutions, it gives a clear direction and outlines measurable goals. Strategy formulation refers to the assessment of the external and internal environment and integrating the results into goals and strategies. Most establishments operate as a network of various departments that are inseparably interrelated and all decisions affect the activities and consequences necessarily in other network areas, this drive focus on performance and the growing need for transparency. In this study, the main objective is to examine the impact of strategy formulation on the learning and growth in the context public sector in the UAE. The present study adopts quantitative research design in its quest to achieve a credible study. As such, questionnaire was developed and used to elicit the respondents’ opinion on the effects of strategy formulation on the UAE public sector performance. 403 usable responses were analysed using statistical package for social sciences (SPSS) and pls (partial least squares) sem-vb (structural equation modelling-variance based) was employed to assess the research model. Non-probability sampling technique was adopted to gather the required quantitative data. Based on the findings in relation to this objective, the study concluded that the results indicated that strategy implementation (strategy, structure, and human resources) has a significant and positive impact on organizational performance and has explained 19.3% of the variance in organizational performance. Results would give insights for public sector in the UAE specifically in the judicial departments in Abu Dhabi.

KEYWORDS: Strategy formulation; vision; mission; goals; organizational operation; strategic planning; strategic management

I. INTRODUCTION

The organisations in the world focus primarily on the performance, especially related to their stakeholders and customer expectations (Whittaker 2003). A majority of the organisations are a network of different departments that are interrelated. As a result, any decision can affect the activities of all the departments in the network. Hence, there is a higher need for transparency, which can improve organisational performance (Mackie 2008).

Though the significant determinant of the organisational performance was strategy formulation, many studies have debated the absence of any research in the selection of factors that can affect the strategy formulation. In one such study, Andrews et al. (2011) claimed that the researchers working in the field of strategy implementation have admitted a lack of other empirical studies which connected the strategy formulation and the organisational performance. Very few of these studies focused on strategic planning in the Arabic and Middle East regions (Elbanna 2008)(A Ameen, AlfaIasi, Gazem, & Isaac, 2020; Ali Ameen, Al-Ali, Alshibami, & Isaac, 2019; Ali Ameen, Almari, & Isaac, 2019; Ali Ameen et al., 2020). Hence, very few results were noted with regards to the strategy formulation (Aldehayyat and Anchor 2013).

Moreover, The UAE government institution effectiveness ranks 19 in the world, and that shows how effective is the public sector in the UAE comparing to the MENA countries (Global Innovation Index 2017). The UAE public sector effectiveness is also competing among western countries. This is all corresponds to the government plans.
This is also a concern of the UAE public sector, as there is a space for improvement in term of performance in the public sector, and therefore affecting the full achievement of its expected vision, mission and goals. This study attempts to achieve the following research objectives: (1) to examine the effect of strategy formulation (vision) on organizational performance. (2) To examine the effect of strategy formulation (mission) on organizational performance. (3) To examine the effect of strategy formulation (goals) on organizational performance.

II. LITERATURE REVIEW

2.1 Strategy Formulation (SF)

Strategy formulation is described as the assessment of internal and external environments and the integration of the results into the strategies and goals (Daft 2006). This was also defined as the long-term plans for effectively managing the environmental threats and opportunities based on the weaknesses and strengths of the organisations (Huiru 2011)(Ali Ameen & Ahmad, 2011, 2012, 2013; Pryce, 2005). Strategy formulation has been widely examined and studied by numerous researchers and found that results differ from one organisation to another and be faced with quite a lot of challenges (Njiru 2014). Julian (2013) has described many approaches for formulating some strategies for improving the organisational performance in Kenya. Their experimental findings indicated that the strategy of formulation directly improved the performance of the governmental bodies and the related institutions in their research(Ali Ameen, Almulla, Maram, Al-Shibami, & Ghosh, 2018). The research also discovered that there is a distinction between the outcomes and methodologies for measurement of the effectiveness of formulation strategy and performance of the organisation, which substantiates the case that selection of the suitable methodology for measuring correlation between adoption strategy and performance of the organisation, must be carried out with prudence. This was in agreement with many earlier studies which stated that strategy formulation was positively related to the strategy formulation and affected the organisational performance (David 2003; Daft 2006; Aldehayyat and Twaisi 2011; Owolabi and Makinde 2012; Franklin 2013). Hence, the researchers proposed some hypotheses as follows:

H1: Vision has a positive effect on organizational operation.

H2: Mission has a positive effect on organizational operation.

H3: Goals has a positive effect on organizational operation.
2.2 Organizational Operation (OE)

The organizational performance was one of the most important factors which are investigated in the management research field. It acts as the guide which depicts the general performance of the organisation (Gavrea et al., 2011). The organisational performance acts as the indicator or benchmark for the effectiveness, efficiency and environmental obligation such as waste reduction, time of the cycle, productivity, and compliance of rules (Muchira 2013)(Al-Obthani & Ameen, 2019b; Albreki, Ameen, & Bhaumik, 2019; Alghawi, Ameen, & Bhaumik, 2019b, 2019a; Alshamsi, Ameen, Khalifa, & Bhumic, 2019; AlShamsi, Ameen, Isaac, Al-Shibami, & Bhaumik, 2020; A Ameen et al., 2020). Many studies have considered the organisational performance as an effective tool for achieving all the objectives (Abu-Jarad et al., 2010; Shahzad et al., 2012). Thus, the organisational performance was a vital factor that helped in evaluating the organisations, organisational activities and environments where they worked. This significance was noted by the fact that the organisational performance was a dependent factor used in earlier studies (Richard et al., 2009)(Al-Obthani & Ameen, 2019a; Albreki, Ameen, & Bhaumik, 2019; Alfalasi, Ameen, Isaac, Khalifa, & Midhunchakkaravarthy, 2020; Alshamsi, Rashed Ameen & Isaa, 2020; Alshamsi, Ameen, Nusari, Abuelhassan, & Bhumic, 2019; Ali Ameen, Al-Ali, et al., 2019). Abu-Qouod (2006) described the organisational performance with regards to organisational operations. The effective success and performance of the organisations were based on the exceptional strategies and resources. According to the theory of contingency, no best method or technique could be used for running the organisations (Gavrea et al., 2011).

III. RESEARCH METHOD

3.1 Overview of the Proposed Conceptual Framework

This study proposes a research model based on Resource-Based View Theory and strategic management models postulated in the literature which examined the relationship between formulation strategy consist of (vision, mission, goals) as independent variable and organizational performance (organizational operation) as dependent variable. Based on the above, the research model for this study is depicted in Figure 2.

![Figure 2: The proposed conceptual framework](image)

3.2. Development of Instrument and Data collection

This study has used a quantitative research design for acquiring credible results. Variables were measured using a Likert Scale which recommended in the previous studies (Isaac, Aldholay, Abdullah, & Ramayah, 2019; Isaac, Abdullah, Ramayah, & Mutahar, 2018). For this purpose, the researchers developed a questionnaire and asked the respondents to present their opinion regarding the effect of strategy implementation on the performance of the UAE public organisations. Thereafter, they analysed 403 usable responses with the help of the Statistical Package for Social Sciences (SPSS) software. They applied the PLS (Partial Least Squares)-SEM-VB (Structural Equation Modelling-Variance Based) technique for assessing the research model developed in the study. The respondents
formed a small sample of the employees who worked at the various judicial departments in the Ministry of Justice, Abu Dhabi. All respondents were selected using a probability random sampling technique. The different variables were determined with the help of a Likert Scale suggested in the earlier reports (Mutahar et al., 2017; Aldholay et al., 2018).

IV. DATA ANALYSIS AND RESULTS

PLS (Partial Least Squares) SEM-VB (Structural Equation Modelling-Variance Based) was employed to assess the research model by utilizing the software SmartPLS 3.0 (Ringle, Wende, & Becker, 2015). The main reasons for choosing SEM as a statistical method for this study is that SEM offers a simultaneous analysis which leads to more accurate estimates (Isaac, Abdullah, Aldholay, & Ameen, 2019; Isaac, Abdullah, Ramayah, & Mutahar, 2017; Mutahar, Daud, Thurasamy, Isaac, & Abdulsalam, 2018).

4.1 Measurement Model Assessment

The individual Cronbach’s alpha, the composite reliability (CR), the average variance extracted (AVE), and the factor loadings exceeded the suggested value (Kline, 2010; Hair, Black, Babin, & Anderson, 2010) as illustrated in Table 1.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Item</th>
<th>Loading (&gt; 0.7)</th>
<th>M</th>
<th>SD</th>
<th>α (&gt; 0.7)</th>
<th>CR (&gt; 0.7)</th>
<th>AVE (&gt; 0.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision (VI)</td>
<td>V11</td>
<td>Deleted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>V12</td>
<td>0.883</td>
<td>3.24</td>
<td>1.10</td>
<td>0.851</td>
<td>0.909</td>
<td>0.770</td>
</tr>
<tr>
<td></td>
<td>V13</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>V14</td>
<td>0.883</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mission (MI)</td>
<td>M11</td>
<td>0.877</td>
<td>3.48</td>
<td>1.07</td>
<td>0.916</td>
<td>0.940</td>
<td>0.798</td>
</tr>
<tr>
<td></td>
<td>M12</td>
<td>0.879</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M13</td>
<td>0.907</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M14</td>
<td>0.909</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goals (GO)</td>
<td>G01</td>
<td>0.860</td>
<td>3.40</td>
<td>1.08</td>
<td>0.864</td>
<td>0.915</td>
<td>0.783</td>
</tr>
<tr>
<td></td>
<td>G02</td>
<td>0.916</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>G03</td>
<td>0.878</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>G04</td>
<td>Deleted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Operation (OE)</td>
<td>O01</td>
<td>Deleted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O02</td>
<td>0.828</td>
<td>3.33</td>
<td>1.15</td>
<td>0.956</td>
<td>0.969</td>
<td>0.886</td>
</tr>
<tr>
<td></td>
<td>O03</td>
<td>0.975</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>O04</td>
<td>0.975</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O05</td>
<td>0.978</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: M=Mean; SD=Standard Deviation, α= Cronbach’s alpha; CR = Composite Reliability, AVE = Average Variance Extracted.

Key: VI: Vision, MI: Mission, GO: Goals, OE: Organizational Operation

Fornell-Larcker was used to test the discriminant validity, table 2 shows that all constructs of model fulfilled satisfactorily, it was discovered that the AVEs’ square root on the diagonals is bigger than the correlations among constructs (Fornell & Larcker, 1981; Chin, 1998; Hair et al., 2017).

<table>
<thead>
<tr>
<th>Constructs</th>
<th>GO</th>
<th>MI</th>
<th>OE</th>
<th>VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO</td>
<td>0.885</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MI</td>
<td>0.175</td>
<td>0.893</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OE</td>
<td>0.254</td>
<td>0.174</td>
<td>0.941</td>
<td></td>
</tr>
<tr>
<td>VI</td>
<td>0.285</td>
<td>0.145</td>
<td>0.426</td>
<td>0.877</td>
</tr>
</tbody>
</table>
Note: Diagonals represent the square root of the average variance extracted while the other entries represent the correlations.

**Key**: VI: Vision, MI: Mission, GO: Goals, OE: Organizational Operation

### 4.2 Structural Model Assessment

The structural model can be tested by computing beta (β), $R^2$, and the corresponding $t$-values via a bootstrapping procedure with a resample of 5,000 (Hair, Hult, Ringle, & Sarstedt, 2017).

![Figure 2: PLS algorithm results](image)

**Figure 2**: PLS algorithm results

Figure 2 and Table 3 showing the results of the hypothesis tests. Vision, mission, and goals positively influence organizational operation. Hence, H1, H2, and H3 are accepted with (p < 0.001), (p < 0.05), and (p < 0.001) respectively.

**Vision, mission, and goals explains twenty-one percent of the variance in organizational operation.** The values of $R^2$ have an acceptable level of explanatory power, indicating a substantial model (Cohen, 1988; Chin, 1998).

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Std Beta</th>
<th>Std Error</th>
<th>t-value</th>
<th>p-value</th>
<th>Decision</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>VI→OE</td>
<td>0.374</td>
<td>0.046</td>
<td>8.141</td>
<td>0.000</td>
<td>Supported</td>
<td>0.21</td>
</tr>
<tr>
<td>H2</td>
<td>MI→OE</td>
<td>0.097</td>
<td>0.044</td>
<td>2.213</td>
<td>0.014</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>GO→OE</td>
<td>0.131</td>
<td>0.043</td>
<td>3.036</td>
<td>0.001</td>
<td>Supported</td>
<td></td>
</tr>
</tbody>
</table>

**Table 3: Result of Direct Effect Hypotheses**

V. **DISCUSSION**

The main objective of the study is to investigate the effect of strategy formulation on organizational performance within government institutions in the UAE represented by judicial departments in Abu Dhabi. This study discusses its findings based on the three main objectives mentioned earlier.

For the initial hypothesis, the results demonstrate that the formulation of strategies regarding visions, goals, and missions has a positive and meaningful influence on organizational performances. H1, H2, H3 is therefore confirmed. The findings partly align with the results of Franklin (2011), which established the significant influence of formulation strategies on organizational operation. This finding was validated by (Adeleke Dauda, Adeniyi Akingbade, & Babatunde, 2010; Bakar, Asim Tufail, Yusof, & Virgiyanti, 2011; Gichunge, 2010; Ologbo, Oluwatosin, & Okyere-Kwakye, 2012; Samuel & Olufunke Idunnu, 2007), who had examined the influences of formulation strategies on organizational operation.
These hypotheses were maintained with (p < 0.001), (p < 0.05), and (p < 0.001) respectively. Indicating the meaningful effects of strategy formulation (vision, goals, and mission) on organizational operations. The results suggest that the devising of strategies regarding visions, goals, and missions continue to affect public sector organizational performance in the UAE, as represented by the judicial departments in Abu Dhabi.

It was proposed that public sector organizations may need to put more attention on the formulation of strategies regarding visions, goals, and missions, in order to enhance organizational operations. Generally, the clearer the strategy formulation of a public sector institution, the higher its organizational operations. The initial objective in the research is therefore achieved.

VI. RECOMMENDATIONS FOR FUTURE WORK

Organizations should increase spending on research and development in order to increase the organizational effectiveness (Osama Isaac, Abdullah, Ramayah, Mutahar, & Alrajawy, 2018; Isaac, Abdullah, Ramayah, & Mutahar, 2017b). The findings may pave the way for more research regarding the level of organizational performance within the UAE and other Arab states. It is recommended for more research to be conducted in strategic management (formulations, implementations, evaluations) on organisational performance within the judicial departments in Abu Dhabi, or other public sector organisations, within the UAE in particular and in developing states overall. Further studies would need to utilise large sample sizes from different public sector organisations. Moreover, the survey is distributed as a cross-section, so further studies might employ a longitudinal research approach via repetition of this research at regular intervals, to gain further understanding.

Furthermore, the study may offer more opportunities for other researchers working in this field, and hence several proposals for future study are offered. Among such would be the need for further examination of the association between strategic management and organisational performances, as well as the examination of all moderating effects of leadership in such associations. There may be a requirement for carrying out wider studies that include staffs from other governmental as well as private institutions (Al-Gamrh, B., Ku Ismail, K. N., Ahsan, T. and Alquhaif, 2020; Al-Gamrh, Al-Dhamari, Jalan, & Afshar Jahanshahi, 2020; Badrinath & Jalan, 2020; Merle, Al-Gamrh, & Ahsan, 2019).

One of the limitations of this study is that the data gathered was cross-sectional rather than longitudinal in nature. The longitudinal method might improve the understanding of the associations and the causality between variables (Isaac, Abdullah, Ramayah, & Mutahar, 2017; Isaac, Abdullah, Ramayah, & Mutahar Ahmed, 2017). Future research should be conducted to investigate the relationship between variables by conducting cross-cultural studies as recommended by previous studies (Isaac, Abdullah, Ramayah, & Mutahar, 2017a; Isaac, Masoud, Samad, & Abdullah, 2016).

VII. CONCLUSION

This study aims to increase knowledge in the field of strategic management and organisational performance regarding the UAE. Through examinations of the effects of formulation of strategy on the organizational operation of public-sector organisations, the research adds valuable knowledge to the field of public sector as well as academic studies regarding the UAE. The findings highlight the identified objectives and also the research contributions of various parties. Lastly, further studies are recommended in this study. Despite the presence of various limitations in this research, the findings have been mostly encouraging, for these have shed more light on this field.

VIII. REFERENCES


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