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Strategic Management Initiatives that Promote Organizational Performance

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Abstract: Organizational performance is broadly defined in the literature as a complex concept, which clusters a myriad of elements that promote performance in a modern organization. Previous empirical research has studied various strategic management initiatives and found that, separately, elements related to organizational culture, leadership, work environment, learning, change, innovation, and individual performance are influencing organizational performance. This study aims to connect various research models to identify and analyze the relationships between organizational culture, leadership, work environment, learning, change, innovation, and individual performance, on the one hand, and organizational performance on the other. This paper further shows that these variables are more effective when people are in the center of the organizational focus and suggests a model for the relationship process between these in a structured diagram.

Keywords: organizational performance; organizational culture; leadership; work environment; learning; change; innovation; individual performance.

Introduction

Today's organizations are facing more frequent changes in strategic management, where all the organizational strategic initiatives must be encompassed in such a manner that they work towards the same goals of achieving higher organizational performance. Considering the importance of the strategic management initiatives and the organizational capability to adopt and adapt to new initiatives, this study aims to analyze selected components of organizational strategic initiatives that lead to organizational performance: organizational culture, leadership, work environment, learning, change, innovation, and individual performance. This study aims to draw the results from the evidence of previous empirical research and literature review (Zheng et al., 2010; Luthra & Dahiya, 2015; Naseem et al., 2012; Akhtar et al., 2011; Gueell, 2018; García-Morales et al., 2008; Tian et al., 2021), and help organizations to plan, manage and implement more successfully their strategic management process toward successful organizational performance.

The present study aims to determine the relationship between strategic management initiatives, people, and organizational performance and draw the process where the interaction between these is correlated. The study's main objectives are first to identify the relationships between strategic management initiatives and organizational performance, second, to observe how a people-centered strategic management policy is key to contributing to organizational performance, and third, to draw the relationship process between these in a structured diagram form.

There is a growing awareness regarding the research of strategic management initiatives and their influence on organizational performance, and therefore this study aims to analyze previous studies (Zheng et al., 2010; Luthra & Dahiya, 2015; Naseem et al., 2012; Akhtar et al., 2011; Gueell, 2018; García-Morales et al., 2008; Tian et al., 2021), demonstrating how strategic management initiatives, independently, complementary and

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interactively enhance performance on the organizational level. The present study aims to bridge an existing gap by examining the impact of the main strategic management initiatives and their impact on organizational performance. The results of our study aim to indicate that organizational performance can be explained by seven assumptive organizational elements (organizational culture, leadership, work environment, learning, change, innovation, and individual performance) and by the synergy between them, a synergy that is formed by the people themselves, where the human factor comes into the center of the organizational focus.

Literature review and model development

Organizational performance is defined broadly in the literature in different ways; nevertheless, each definition bonds around the complexity of the concept and the various elements that promote performance in a modern organization. "Organizational performance is one of the most important constructs in management research. Reviewing past studies reveals a multidimensional conceptualization of organizational performance related predominately to stakeholders, heterogeneous product market circumstances, and time." (Richard et al., 2009, p. 718). According to other authors, performance in no other than achieving the objectives when meeting organizational direction and the aftermath of objectives achieved (Didier & Etienne, 2002). A more complex definition was given by Rostam (2019), where the author sees performance management as "a generic term for those organizational activities that deal with the management of employees' job and behavioral responsibilities. Performance management facilitates communication and understanding between staff and supervisors, leading to a more favorable work environment and greater commitment to service quality. Performance management can be seen as a set of measures and information that is used to increase the level of optimal utilization of facilities and resources to achieve goals in an economically efficient and effective way." (Rostam, 2019)

On a broader view, organizational performance can be defined as a set of dynamic indicators that interact to achieve financial results and accomplish organizational goals, quantifiable results that are affected by both past and current actions (Lebas & Euske, 2006). In the literature linking organizational performance to organizational culture, leadership, work environment, learning, change, innovation, and individual performance, there is empirical evidence explaining how different organizational strategic initiatives affect organizational performance. Zheng et al. (2010) connected organizational culture to organizational performance by knowledge practices, where structure, strategy, and organizational effectiveness become crucial in examining the management practices. Luthra and Dahiya (2015) link leadership to effective communication and have found a conceptual model where effective leadership is followed by excellent productivity. Naseem et al. (2012) have measured the impact of the work environment on employee performance, and their findings connect the favorable workplace environment directly to performance. An empirical model where the learning environment is connected to organizational performance has been found by Akhtar et al. (2011), and within this model, the organizational culture becomes an essential moderator in achieving effectiveness, employee satisfaction, and innovation. On the other hand, improving individual performance is a continuous process, where employee goals are linked to organizational goals and are constantly correlated to performance standards (Tian et al., 2021). The present study aims to find the liaison for the organizational strategic initiatives related to organizational culture, leadership, work environment, learning, change, innovation, and individual performance that links them to organizational effectiveness and performance.

Culture and organizational performance

Several scholars have developed integrative frameworks that link organizational performance to organizational culture theories, where involvement, consistency, adaptability, and organizational mission depend on underlying beliefs that form the

organizational culture (Dyer & Denison, 1990). A recent Gallup study found that the organizational culture influences on a large scale the organizational performance and the business results are 10-20% higher in a dynamic organizational environment (Kidd, 2020). Organizational culture becomes “the combination of purpose, values, vision, and mission concerning the day-to-day aspects of communication, interaction, and operational objectives that cultivate both the environment and the motivation for how people work.” (Kidd, 2020)

Boyce et al. (2015) analyze the link between performance and culture in a causality manner, concluding that organizational culture is the first that shapes the organization, it determines the outcomes indirectly and has causal priority, and therefore it enhances organizational performance and not vice-versa. Therefore, a structured organizational culture strategy provides focus and clarity for the people.

The focus on market outcomes, e.g. performance, competitiveness, and profitability is ensured as long as there is a liaison between employee attitudes and overall management strategy. Therefore, a high value of human capital is not a guarantee for profitability, but engaging people in a positive, high-performance culture would increase steadily organizational profitability as a powerful indicator. Organizational efficiency is in fact, a measure of organizational culture. Modern organizations are called upon to recalibrate their response strategy and adopt a more differentiated approach to the human capital, the relationships created among the employees, and the organizational culture, which could be collectively engaged to implement the post-COVID-19 strategy and adaptive strategies for the future. Strategic organizational initiatives must be aware of what surrounds the organization and must understand the necessary decisions needed to change the organizational environment so that the ultimate result would be that of an altered organizational culture for the post-pandemic business environment.

Leadership and organizational performance

Many authors have suggested that effective strategic leadership enhances organizational performance, when organizations use motivational traits to influence the employees and when companies promote standards of excellence and value-based principles (Bass & Riggio, 2006; Sayyadi, 2019; García-Morales et al., 2008). Analyzing different leadership strategies and their influence on organizational performance, Ibrahim and Daniel (2019) have found that “it is the responsibility of every leader to build an organization that will function effectively” (Ibrahim & Daniel, 2019, p. 373). The leader is the one setting the organizational standards; he/she is responsible for motivating employees towards attaining organizational goals and being committed to the organization's mission, vision, and values, the leader will direct others towards accomplishing the results and the goals. Strong strategic leadership will guide an organization's intellectual capital to improve organizational performance, fostering effective strategic management initiatives (Sayyadi, 2019; García-Morales et al., 2008).

Elenkov (2002) has investigated the effects of two leadership styles on organizational performance: transformational and transactional and has found “that transformational leadership directly and positively predicted organizational performance” (Elenkov, 2002, p.467) while the transactional leadership style has affected less the organizational results. The author has concluded that an innovative and collaborative organizational environment, where an effective transformational leadership style is adopted, influences organizational outcomes and has a positive contribution to organizational performance (Elenkov, 2002). Developing leadership skills involves understanding and applying leadership models to adapt leadership styles to various specific situations in the post-pandemic business environment.

In a disruptive environment, it becomes important to understand the leadership drivers that naturally characterize every business manager, so every leader can adapt his/her approach to suit the disruptive situation. It is also helpful to know what leadership style

to avoid. This way, the modern organization leader will be able to better convey his/her own vision to other members of the organization. The new business environment calls for recalibrating the leadership strategies to meet the current business demands. Therefore, the post-pandemic business environment calls for leadership development, specific pandemic management in the modern era, and preparedness leadership.

Work environment and organizational performance

It has been previously stated that topics related to the workplace environment are increasing in importance related to work psychology. There are concerns regarding the fact that work psychology impacts employee performance therefore, today's organizations must emphasize how the people develop, how the interrelations work, and the manner the organizational functions are created, along with the employees' attitudes at the workplace (Arnold et al., 1998). These topics are related to "individual differences, employee selection, assessing work performance, attitudes at work, training and development, teamwork and inter-group relations (including negotiation), behavior modification, work motivation" (Arnold et al., 1998, p. xviii). Luthans (2002) considers that a positive organizational approach to the topics concerning the work environment follows organizational development, contributing to employee performance improvement.

Moreover, Chandrasekar (2011) stated that the work environment has a significant influence on employee morale, attitude, engagement, and productivity, and that employee performance increases or decreases depending on the level of positivity and the level of all the other interrelated topics on work-setting in that particular workplace. In addition, by assessing the environmental trends affecting employee performance, Haynes (2008) considers that office comfort is another topic influencing productivity. Kaczmarczyk and Murtough (2002) acknowledge that workplaces must also be measured by using certain models that perceive the effect of the human factor on organizational performance. The authors stated that the human factor and the technology and facilities are of crucial importance in innovative workplaces, which further contribute to organizational performance (Kaczmarczyk and Murtough, 2002). As a result, practical strategies to develop a stimulating workplace environment will positively influence the organizational goals and the financial outcomes.

In the post-pandemic business environment, strategic management initiatives need to examine the interrelationship between employee attitudes towards work and organizational performance and their downstream effect on employee engagement, motivation, involvement, communication, and commitment. Therefore, the strategic organizational initiatives related to the work environment must identify and develop those organizational drivers that not only maintain but also boost the organizational drivers of performance.

Learning and organizational performance

Many authors recognize that the organizational learning strategy has a significant impact on the overall performance (LaMorte, 2019; Brătianu & Orzea, 2012; Senge, 2006; French, 2015). Furthermore, Rose (2009) has found that organizational learning is positively related to three organizational traits: commitment, job satisfaction, and work performance. The consensus in the literature regarding learning organizations is that strategic learning initiatives at the organizational level are mandatory for auspicious change and for attaining organizational performance (Schon & Argyris, 1996; Akhtar et al., 2011; Stainer, 1999; Jyothibabu et al., 2010). When an organization needs to enhance its intellectual capabilities, it will adopt a learning orientation that will grant more productivity and hence organizational performance (Akhtar et al., 2011; Jyothibabu et al., 2010). Therefore, a learning organization will adopt a dynamic process of development that will have a positive impact on organizational performance (French, 2015).

Organizations that have made employee development a priority within their strategy have seen a positive significant effect on organizational performance (Jyothibabu et al., 2010).

As a learning organization, where mechanisms and processes are used for gradually enhancing employees' capabilities, a modern organization must evidence its achievements towards sustainable objectives. By developing the learning capabilities, all organizations should be able to achieve first, aspiration to personal mastery, and second, as a form of inquiry and learning, reflective conversations, which requires listening and seeking to understand rather than being understood. The employees will have to perform a portfolio of envisaged tasks to increase not only their expertise but also their capabilities and to familiarize themselves with the organization's social atmosphere and attitudes. This will make the employees acquainted with the company's objectives. Training evaluation is needed to assess learners' feedback to distinguish the organization's results produced by training and to determine whether training investment generated at least part of the organization's return. The business challenges reside in the professionalism of its leaders and their willingness to conduct a thorough analysis of employment issues making from the intellectual capital a partner, an expert, instead of a systems or measurement specialist. Change is what moves any organization ahead. Traditional hierarchies cannot handle the challenges of mounting complexity and rapid change. The leaders of the modern company might consider bringing forward the solution of a second structure, an aggregated operational system of employees taken from all the systems and levels of the company, energetic and loyal employees, forming in this manner an operational core to lead the transformation of intellectual capital and to move the organization towards competitive advantage.

Change, innovation, and organizational performance

In the literature regarding organizational change and innovation, the statistical results confirm the effect of strategic change and innovation on performance (Suhag et al. 2017; Ota et al., 2013; Hart & Milstein, 2003; Shipton et al., 2006; Senge et al., 2012). Change management strategies along with technological innovation have a positive effect on organizational performance (Utting et al., 2012). Technology change and innovation initiatives influence employee performance since they are contributing to work efficiency (Suhag et al., 2017; Utting et al., 2012). Different aspects of innovation, like product innovation, process innovation, or organizational innovation, have a positive effect on performance only when positive changes are adopted towards implementing new ways of working (Phan, 2019).

Organizational change is followed and closely linked to organizational innovation, and both are essential for organizational performance (Suhag et al. 2017; Ota et al., 2013; Hart & Milstein, 2003; Shipton et al., 2006). Organizational innovation clarifies a large proportion of performance at the individual and organizational level and boosts the competitiveness of a company, while leaders are called to bring about the added value to the processes, services, and/or products of the company (Ota et al., 2013; Hart & Milstein, 2003). Therefore, managers should give additional importance to the innovation strategies, which, in turn, are followed by change. We can state that, consequently, organizational change and innovativeness are in a circular dependency relation, where one is dependent on the other and each and every element influences, both positively and negatively, the other. Moreover, both change and innovation are precursors for attaining high organizational performance. Some authors (Gueell, 2018) even consider that innovation is, in fact, change, and when leaders are organizing successful innovation, and when there are strong organizational strategies in place that can help to overcome any barriers to change, then innovation comes as naturally as evolution and employs improvements at all the levels of an organization. Integrating change management theories with those of innovation would develop a prevailing organizational theory of evolution within the context of adding and developing knowledge for the intellectual capital. Demetriades and Eiffe (2018) have conducted a study on 24,000 companies and have found that certain practices that are related to the human factor within an

organization are related to innovation that links the organization to performance. Moreover, the authors consider that employee participation in key aspects of the decision-making process is bringing about positive change in the organization.

In a post-pandemic business environment, change has become the new normal, a new attribute of the business itself. Strategic organizational initiatives are called to support organizational change and to help the organization adapt to these changes. Modern organizations must embrace continuous organizational change and, in response to change strategies adopted, recurrent innovation and investment into innovation will distinguish the organization and will bring about added value and higher performance results. The global economic environment, and the continuous changes in businesses, has taken the strategic management decisions to a level where change and innovation are interrelated, where positive change leads to a positive approach to innovation, and vice-versa, a right innovation idea leads to a genuine organizational improvement through change initiatives.

People, the liaison between strategic management initiatives and organizational performance

Employee individual performance has a positive impact on organizational performance. Therefore, organizations should increase employee motivation to achieve higher organizational performance. Individual performance is a result of a clear organizational strategy, where achievable goals are set openly and transparently (Tian et al., 2021). Having an effective organizational strategy is necessary to generate the expected results, first at the individual level and second at the organizational level (Tian et al., 2021). Effective employee performance is more achievable when it is measured, and employees can see the quantifiable terms of their performance, which is tied to the personal and professional development of the intellectual capital within a company (Tian et al., 2021). Having an integrated performance management process engenders effective insights into the intellectual capital potential, its development feasibility, or supposable gaps (Tian et al., 2021). This facilitates the company with strategic employee planning, and it advances people's engagement towards the organization. By improving employee engagement, the result will be a positive impact on organizational culture and employee commitment and connection to the organization (Abdulkadir et al., 2012).

Strategic management processes are devolving on outcomes such as performance, innovation, change, or the ability of the organization to adapt (Abdulkadir et al., 2012). However, for performance to be achieved at the organizational level, strategic management initiatives must be implemented at the individual level first and foremost (Abdulkadir et al., 2012). Organizational performance depends on the inputs of individuals, and that is motivation, employee engagement, commitment, connection to the organizational culture, etc. Individual performance becomes more efficient and powerful when determining the factors that led to organizational performance. Moreover, knowledge management strategies and human factor experiences are correlated with the overall organizational strategy, and therefore new insights into competitive advantage will be advanced through people, which will further promote higher organizational performance.

In the current business environment, shaped by uncertainties due to the pandemic period, it becomes crucial for the strategic decision-makers to identify those people within an organization who are contributing with the know-how and who are actually the source of the know-how. Therefore, a modern organization must initiate and implement timely strategic processes and systems that could be used to access valuable information. By acquiring this valuable information, the people within an organization could actively contribute to organizational performance. Nevertheless, employee participation in key aspects of the decision-making process and the strategic management plans are bringing about positive outcomes in the organization, that is, better performance.

Model proposal

In addition to the conceptual and theoretical arguments, there have been several empirical studies in support of the relationship between organizational performance elements and strategic management initiatives (Zheng et al., 2010; Luthra & Dahiya, 2015; Naseem et al., 2012; Akhtar et al., 2011; Gueell, 2018; García-Morales et al., 2008; Tian et al., 2021). One of the biggest challenges for organizational performance management is the integration of different aspects of organizational performance, such as organizational culture, leadership, work environment, change, innovation, learning, and individual performance, and to link all these elements to the overall strategic initiatives. Different dimensions measure organizational performance indicators; nevertheless, they are related both naturally and organically.

As organizational performance is closely linked and deeply dependent on strategic organizational initiatives in fields like strategic management, process improvement, or performance appraisal system, organizational performance becomes a dominant theme in the improvement of strategic thinking. The link between the organizational performance elements and successful strategic management initiatives resides in people (Figure 1), where the employees of an organization acquire particular importance, and employee engagement, motivation, and commitment become prerequisites to the strategic decision-making process.

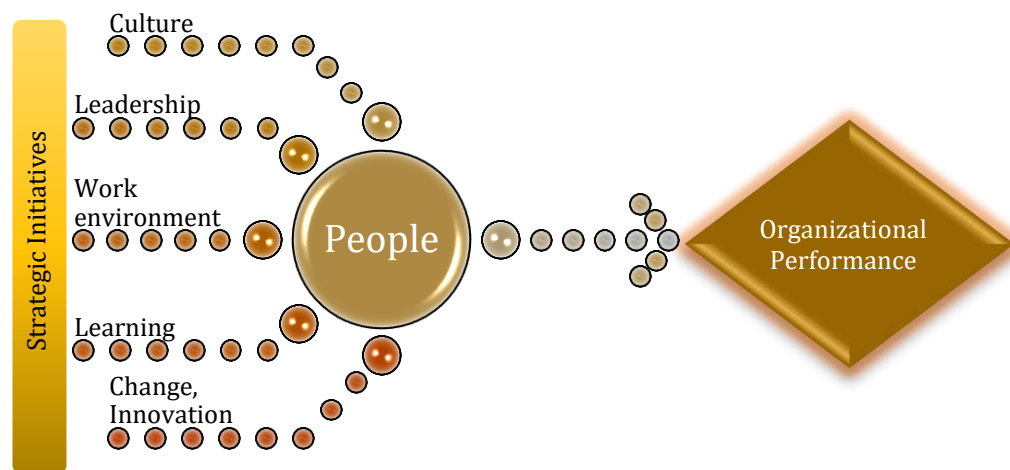


Figure 1. The link between organizational strategic initiatives and performance

The mediating effects of strategic management initiatives are accomplished through and for the people (Figure 1), through and for the intellectual capital of an organization. Integrating strategic management theories with those of organizational culture, leadership, work environment, motivation, learning, change management, innovation, or individual performance strategies (Figure 1) sets to developing a prevailing organizational theory of performance and development within the context of adding value to the intellectual capital. As knowledge and experience are correlated to the overall organizational strategy, new insights into competitive advantage will be advanced, which will further promote higher organizational performance. Performance can be manifested at the organizational structures and requires a cultural orientation of the employees adjusted to the attuned work environment, prepared to anticipate and adopt any necessary change initiatives, endorsing innovation, communicating solutions, and leadership dedicated to promoting organizational performance and sustaining individual performance.

The complex process of strategic management initiatives is, in fact, a continuous focus on the intellectual capital of the organization, of the people themselves, a policy that a

business adopts to achieve competitive advantage and generate performance. The strategic management process is best carried out when people within the organization are all actively participating in designing and implementing it. The generic strategic management process is, in fact, a cycle of initiatives that recur in an organization that improves itself and facilitates performance. The cycle formulates the aim of an organization and how its purpose will be achieved. In its path towards achieving the organizational purpose, the organization is continually assessing its progress and generates any required changes to improve its performance. There are five stages within the strategic management process (Clayton, 2019), the goal-setting stage, followed by gathering and analyzing information, formulating and implementing the strategy, and the stage of evaluation and control. In our framework proposed by the present study (Figure 1), each stage of the strategic management process will be people-centered, as follows:

- Within the purpose of goal setting, the organization will clearly state the vision for the business, for the people, and through the people.
- Within the purpose of gathering and analyzing information, the organization will establish knowledge management plans by creating a learning culture, encouraging knowledge sharing, and by facilitating efficient knowledge practices. The focus of the information analysis should be on recognizing the business needs, its strategic direction, and selecting processes that will help the organization develop.
- Within the purpose of formulating the strategy, the organization will determine the available resources, intellectual capital, monetary resources, raw materials, and financial capital. It is crucial in this stage to include people in developing sound strategies, to prioritize and to develop different approaches to the strategy, as they are the ones that will be an active part of the next phase of the strategic management process, a successful strategy implementation.
- Within the purpose of implementing the strategy, people will have both the responsibility and the duty to conduct the implementation.
- Within the purpose of evaluation and control, actions will include performance measurements, homogenous analysis of the occurred obstacles, and corrective demeanors.

The cycle of the strategic management process includes organizational structure, employee behaviors, organizational diagnosis, or organizational change that all concur towards organizational performance.

Our study emphasized that performance management depends on various strategic mechanisms to assist institutions in:

- (1) Creating a culture of organizational engagement and commitment that shapes the organization and it determines indirectly the business outcomes;
- (2) Encourage effective leadership that promotes a positive approach to a culture of performance, embrace change and innovativeness, influences organizational outcomes, and has a positive contribution to organizational performance;
- (3) Creating a work environment that influences the organizational outcomes;
- (4) Creating a modern business environment that puts learning into practice;
- (5 and 6) Adhering to a creative business strategy that embraces change and innovativeness; effective strategic management decisions can increase organizational performance by promoting and adapting change initiatives and innovative ideas;
- (7) Acknowledging the mediating role of people because the human factor is the liaison between the management initiatives and organizational performance. The business outcomes depend on the inputs of individuals, and that is motivation, employee engagement, commitment, connection to the organizational culture, initialization of innovative ideas, and adaptability to change. People's performance becomes more efficient and powerful when determining the factors that led to organizational performance.

Discussions and conclusion

The literature review reveals the relationship between strategic management initiatives and organizational performance. Based on previous research on the relationship between different strategic management initiatives on the one hand, and organizational performance, on the other hand, the present study has analyzed seven selected components of organizational strategic initiatives that lead to organizational performance: organizational culture, leadership, work environment, learning, change, innovation, and individual performance. This study has drawn the results from the evidence of previous empirical research and literature review to help organizations to plan, manage and implement more successfully their strategic management process toward successful organizational performance.

Recent empirical evidence indicates that the organizations that adopt a strategic management approach to their business outperform those that are not focusing on achieving short-term or long-term objectives. Several studies of strategic management initiatives have found that the organizational performance hypothesis is bringing about financial performance and tends to increase when the level of focus on the human capital is expanded. The present study's purpose was to find the relationship between strategic management initiatives, people, and organizational performance and to draw the process where the interaction between these is correlated.

The main objectives of the study were met:

- To identify the relationships between strategic management initiatives and organizational performance,
- To observe the way a people-centered strategic management policy is key to contributing to organizational performance, and
- To draw the relationship process between these in a structured diagram form.

As there is a growing awareness for researching the strategic management initiatives and their influence on organizational performance, this study has analyzed previous investigations demonstrating the way strategic management initiatives, independently, complementary, and interactively, are enhancing performance on an organizational level. The present study bridges an existing gap by examining the impact of the main strategic management initiatives and their impact on organizational performance. As organizational performance is intricately linked and deeply dependent on organizational strategic initiatives in fields like strategic management, process improvement, or performance management system, organizational performance becomes a dominant theme in the improvement of strategic thinking.

The results of our study indicate that organizational performance can be explained by seven assumptive organizational elements, organizational culture, leadership, work environment, learning, change, innovation, and individual performance, and by the synergy between them, a synergy that is formed by the people themselves, where the human factor comes into the center of the organizational focus.

Limitations and future research

This study is limited to seven organizational strategic initiatives, organizational culture, leadership, work environment, learning, change, innovation, and individual performance, as independent variables, and the human factor as moderating variable. Further research is needed to include other variables, knowledge management, knowledge sharing, or to break down different types of innovativeness or different leadership styles, for example, to associate strategic management initiatives related to these variables to organizational performance.

The empirical evidence proved in the literature linking organizational strategic initiatives with organizational performance does not undeniably oust context-dependence results. Therefore, further research is needed to prove the connection between strategic managerial initiatives and organizational performance across different contexts.

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