Achieving High Organisational Performance: An Examination of the Importance of Formulation-Implementation Balance, Receptive Culture and Proactive Capabilities

by

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Abstract

The study is concerned with why some organisations, when dealing with their dynamic external environmental conditions, can achieve high organisational performance, while many others failed to cope. The literature review emphasised the formulation-implementation balance rather than strategy formulation as an important organisational dimension. This dimension has been relatively neglected compared to the emphasis research and organisations have placed on strategy formulation. The literature review also emphasised a receptive culture and proactive capabilities as important organisational dimensions in the pursuit of high organisational performance. The study defined receptive culture to include the organisational factors autonomous orientation and improvement orientation. The study also defined proactive capabilities to include the organisational factors adaptive capability, innovative capability and external intelligence capability.

A research model of factors associated with high organisational performance was developed and research hypotheses were advanced with particular emphasis on the importance of the formulation-implementation balance, receptive culture and proactive capabilities. Structural Equation Modelling was used. The research targeted organisations based in Singapore.

The study found that a receptive culture, as a particular type of organisational culture, has an important strategic implementation role for high organisational performance. The results showed that autonomous orientation in isolation might not be useful to an organisation, but would help an organisation to perform when working in combination with improvement orientation, adaptive capability or innovative capability. The results also showed that organisations would stand a better chance of achieving organisational high performance when improvement orientation is nurtured.

The study also found that proactive capabilities, as a particular set of dynamic capabilities, have an important strategic implementation role for high organisational performance. The results showed that the chance of achieving high organisational performance improves with the employment of adaptive capability. The research found that employing innovative capability in isolation did not affect organisational performance, but innovative capability would help an organisation to perform when
used in combination with adaptive capability. The results further showed that the employment of external intelligence capability would need to be coupled with improvement orientation, adaptive capability or innovative capability in order for it to be useful to organisations. However, the study did not support the importance of formulation-implementation balance for high organisational performance.

Overall, the study demonstrated that organisational performance can be explained by the type of organisational culture and capabilities on which managers place emphasis. For achieving high organisational performance, organizations need to place an emphasis on nurturing a receptive culture in order to manage a state of readiness that helps them in coping with their changing external environment. Organisations need to emphasise the development of proactive capabilities in order to be adaptive, innovative and to continuously monitor and interpret prospective change-patterns in the external environment.
Declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution to Hock-Tee Koh and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

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Hock-Tee Koh
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‘I can do everything through him who gives me strength’ Philippians 4:13

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