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ANALYSIS DEGREE OF FIT BETWEEN STRATEGY WITH TYPE BEHAVIOR, STRUCTURE AND CULTURE AND ITS IMPACT ON PERFORMANCE

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Abstract

This study is constructed based on Organizational fit theory stating that the more relation suitability or fit of variables within organization can improve employee performance. The relation suitability of the internal variables in this research includes strategy, type of behavior, structure, and organizational culture. This research is conducted at the Office of Military Court in Yogyakarta Special Region (DIY). In this research the hypothesis test uses contingency approach which will test the relation suitability between two independent variables or bivariate. Hence, it includes the suitability of strategy and the type of behavior, the suitability of strategy and structure, the suitability of strategy and culture; and also its effect on employee performance. The relation suitability will be calculated with euclidian distance score by bivariate. The result of this study indicates that there is a significant effect of relation suitability to the performance of the internal variables in the bivariate. This study is in subject to use fit and flexibility view as a complementary perspective, therefore it is not viewed in the short time dimension. So, if the organization must change to adapt the changes in the environment, then it is part of how the organization should be in accordance with the environment. Continuously, it must be followed by the adjustment of internal variables in order to obtain better performance.

Keywords: *Strategy, Behavior Type, Structure, Culture, Performance, fit, euclidian distance*

INTRODUCTION

The study of relationship or fit of the variables in organization becomes very important to note because it will affect improvement of organizational performance. In regard of the importance, the fit relation of the organization internal factors can substantially reduce internal resistance so that efficiency can eventually be achieved to improve the performance. At this point, the concept of fit relation is relevant with the definition stated by Drazin and Van de Ven, 1985 (as quoted in Priyono's dissertation, 2004): "*fit is the internal consistency of multiple*

structural characteristic: it affects performance characteristics". Therefore, fit is the alignment relation of organization internal variables that affects performance. This study is testing in particular the effect of the level of fit relation between strategy and type of behavior, organizational structure, and organizational culture on performance. Firstly, strategy is selected in this study because the opinion on strategic integration or strategic alignment is described as a 'model fit' which must be implemented properly by corporation. The integration of strategic is significant in order to provide fit between strategy and numbers of contingency variables;

hence, it may help to define strategy to improve business performance continuously (Amstrong, 2003). In order for enabling the company's strategy to achieve better performance, the support of type of behavior, organizational structure, and organizational culture is considered to be compulsory.

Secondly, type of behavior is also selected because behavior is a description of the employee's manifestation in performing activities of daily live, including the carrying out-job duties. When entering a company, an employee will bring the ability, confidence, expectations, needs, and past experience as an individual characteristic. Other from that point which is closely related to performance is personality. The theory of personality has many sectors which became the standpoint of connecting it to one's behavior. Behavior is strongly associated with the satisfaction of the performance achieved. Within the scope of organization, the employee's commitment to work would be heavily influenced by how the assessment of the employee on structural design and the existing system may possibly accommodate their motives at work. It may likely create stress if an error occurs either from the design system or the development of organizational structure. The possible error in design system or structure is generally caused by the incompatibility of loading jobs to employees.

Organizational structure is an important variable because structure is a reflection of power distribution in controlling human resources. Similarly, organizational culture is a manifestation of values in organization as a result of interaction of several existing systems. Deal and Kennedy, 1982 (as quoted in Priyono's dissertation, 2004) stated that "*value is the core of the culture*".

According to Peter and Waterman, 1982 (as quoted in Priyono's dissertation, 2004) the concept of *organizational fit theory* from Galbraith and Nathanson (1978) is also in accordance with the concept in 7-S McKinsey's framework in which strategy, system, style, staff, skill, and shared value must cover fit relation to support organizational performance. The values in organization are the basis of organizational culture formation from the interaction result of strategy, system, leadership style, staff, and expertise. This study will examine the effect of the fit between strategy, type of behavior, structure, and organizational culture on performance since these four variables have the typology in the level of organizational analysis, therefore, it is likely to be tested using configuration concept.

The configuration model is based on the principle of holistic which explains how the ideal type of the related *multiple variable independent* consisting several typologies will affect performance. Furthermore, the configuration concept of the ideal fit relation between strategy, type of behavior, structure, organizational culture that is going to be tested in this research are the strategy typology according to Miles and Snow (1978), the type of behavior typology according to Buck (1988); Baron & Bryne (1994); Monforton, Helmes & Deathe (1993); Hopkin & QA (1999); and Robbins (2006), the structure typology according to Burn Stalker (1961), and also the organizational culture typology according to Harrison (1972); Handy (1978), Bourantas et al (1990).

The contingency theory states that in order to achieve effectiveness, an organization is required to have both decision and policy in accordance with the structure or internal factors of other

organizations. For example, an empirical study conducted by Doty and Delery (1996); Muafi (2008) examine that the complexity of human resources practices with organizational performance is only suitable for certain situations, but less suitable for other situations. Therefore, the aspect of contextual organization in contingency theory is considered to be substantial. The implementation of the theory in the empowerment of human resources is relatively rare; so it apparently becomes an opportunity for researchers. The fit relation concept organizational contingency factors conducted by researchers such as Bae and Lowier, 2000; Baird and Meshoulan, 1998; and also Doty and Delery, 1996 are distinguished into two perspectives of fit, namely horizontal fit (internal fit) and vertical fit (external fit). Bae and Lowier, (2000) examined the fit relation between the practices of human resources (eg training, selection, empowerment, compensation, and work design) in the configuration of HRM Strategy. It is defined as horizontal fit. In the other hand, vertical fit is defined as the fit relation between human resource practices with business strategy, organizational structure, and organizational culture. Additionally, Muafi (2008) examined the fit between strategy, external environment, organizational structure, and organizational culture. It focused on testing the fit horizontally, whether or not policies and human resource management strategies have examined the differences in the characteristic of the company's internal contingencies, such as type of behavior typology, organizational structure typology, and organizational culture typology being perceived. The object of the study is at Military Court 11, Yogyakarta considering there was a transition of judicial power in organization,

administration, and finances from the executive branch to the Supreme Court which substantially has given impact of restructuring in the Supreme Court. The logical consequence of this situation also gave impact in the management transition of military justice from the Court-Martial to the Supreme Court in 2004. The transition has brought the consequence in the internal environment of military court since organizational change is generally followed by a change in the structure. In order to empower human resources in the Military Court is complex since there is a dichotomy of human resources; purely civil servants of Supreme Court and civil servants of the Court-Martial. The problem in this dichotomy of employee status will become much more complex if it is not immediately addressed because it will affect the level of ambiguity either from the employee and the performance as well. Somehow the values that have become customary for employees to behave in the old environment (Court-Martial) will of course certainly be different in the new environment (Supreme Court). According to Prawirosentono (2008:2), performance is the result of work that can be achieved by a person or a group of people in an organization in accordance with the authority and responsibility of each individual to achieve the goals legally, with no law violation, and accordingly to moral and ethical. Developing a conducive work culture requires a long term attempt, assuming that the process can be well-controlled by involving all human resources to behave collectively in the system and organizational structure. The orientation of restructuring is generally aiming at empowering employees to have higher quality by workload configuration approach for each employee; and therefore it will be much

optimal if strategy typology can set accordingly with the developed type of behavior, organizational structure, and organizational culture.

Based on the description that has been formerly proposed, the formulation of the problem in this research are as follows:

1. Is there any effect of fit relation between strategy and the type of behavior on performance?
2. Is there any effect of fit relation between strategy and organizational structure on performance?
3. Is there any effect of fit relation between strategy and organizational culture on performance?

CONCEPTUAL MODEL AND RESEARCH HYPHOTHESES

Conceptual model of this research is conducted to analyze the degree of fit strategy orientation with the observed contingency variables such as type of behavior, structure, and organizational culture. The strategy orientation of *entrepreneur* will have alignment with the environment of type A behavior, *organic* structure, and organizational culture of *Athena*, and vice versa. The importance of this fit to be completed is so that the employee's performance of Military Court Office in Yogyakarta Special Region can further be increasing. The proposed research model is shown in Figure 1.

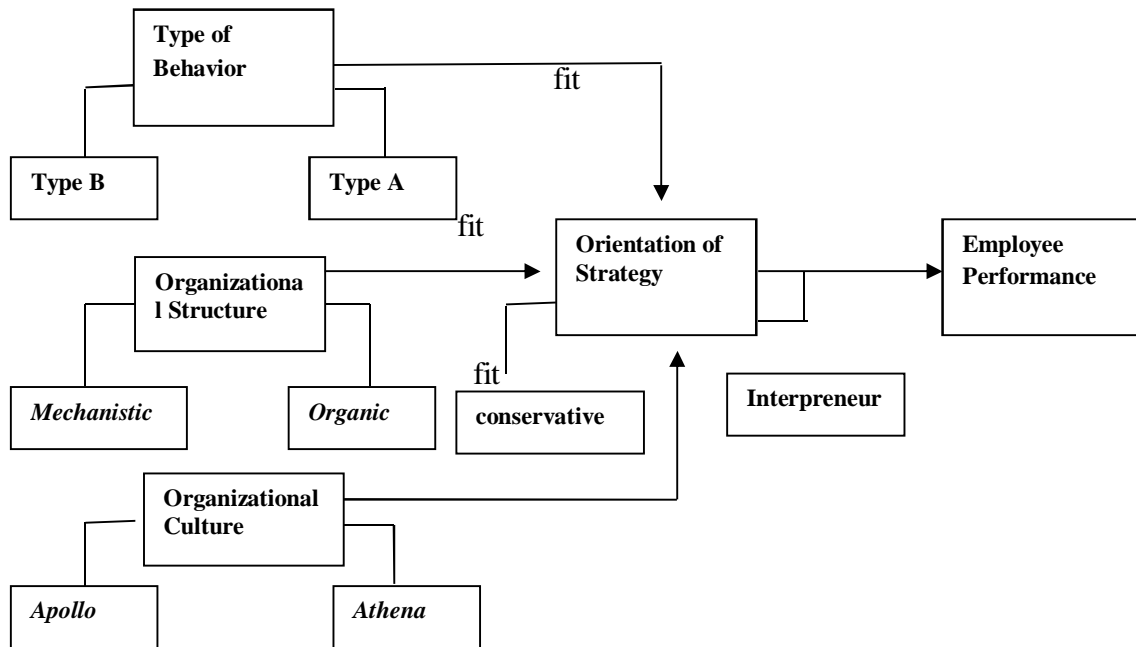


Figure 1. Conceptual model on the effect of the fit degree of type of behavior, structure, organizational, and performance.

The hypotheses of this research are as follows:

H1. In the configuration, the more there is a fit between strategy

orientation and type of behavior, the better it will improve employee performance.

- H2. In the configuration, the more there is a fit between strategy orientation and organizational structure, the better it will improve employee performance.
- H3. In the configuration, the more there is a fit between strategy orientation and organizational culture, the better it will improve employee performance.

RESEARCH FINDINGS AND DISCUSSION

In general, this study has obtained findings that the civil servants of Military Court Office in Yogyakarta has fundamentally acquired orientation fit of conservative strategy with contingency variables such as type of behavior and organizational structure. The first hypothesis supports the effect of alignment relation upon strategy and type of behavior on performance. Therefore, it supports the researches of Buck (1988); Baron and Bryne (1994); Monforthon, Helmes, and Deathe (1993); Hopkin & QA (1999); Covin and Slevin (1989); Robertson and Chetty (2000); and Muafi (2008a, 2008c). However, it shows the opposite that fundamentally the civil servants of Military Court Office in Yogyakarta do not support strategy orientation of *entrepreneur* because there is no fit with what they face in type of behavior, structure, and organizational culture. The incompatibility is perhaps due to the lack of demand for leaders or the Head of Military Court Office to produce high-quality and innovative work; but instead they incline to emphasize on the use of strategy of stability and maintain the

core business without many changes. In brief, they are focusing more on long-term stability. In accordance with its status, the Military Court Office does not have the intensity of intense competition and it is not affected by strict and harsh business climate. Referring to Luo's findings (1999), he explained that there was actually no significant effect of *munificence* environment on strategy orientation particularly on innovation strategy, proactive, and high risk.

Assessing the strategies and performance of type of behavior, the employee's performance will increase if there is a match between the work with competence. Conversely, if the employee does not have the requisite ability then most likely they will fail. If the fit of work-competence is not suitable since employee's competence goes far beyond the requirements of the work, performance will likely be adequate. However, there will be inefficiencies in the organizations and decrease in employee satisfaction (Robbins, 2003). Furthermore, John Holland (1997) said that satisfaction and propensity to leave a job depends on the extent to which individuals feel a lack of compatibility between their personalities with the work environment. It means satisfactory achieves the highest level while resignation achieves the lowest level whenever it suits his/her personality and work. Conservative individuals will have high performance if they are in the works of conservative, whereas individuals with high openness to experience will achieve the performance of the organization which emphasizes on innovation instead of organization (Judge and Cable, 1997).

The second hypothesis also shows support for the concept of strategy and structure fit relation to performance. This is consistent with the previous

research regarding the relationship of strategy, structure, and performance conducted by Chackravathy (1982), Miller (1987), Habib and Victor (1991), Jennings and Seaman (1994), Christopher Robertson and Sylvie K. Chetty (2000), and in particular Priyono's research (2014) using the same typology of strategy and structure.

The issue of structural strategy relation discussed by Chandler (1962), Miner (1982) and Hammond (1994) is around the question of whether the structure follows strategy, or otherwise the strategy follows structure in organization. The organizational structure is a way to help management achieve the target because it is derived from the overall organizational strategy, therefore the structure and strategy are closely related. More specifically, the structure should follow strategy. If management makes a significant change in strategy, the structure needs to be modified in order to accommodate and support changes (Amburgey and Dacin, 1994). Chandler's thought of *historical analysis* is often called *strategy/structure theory*, in its development has provided the emerge of *organizational fit theory* proposed by Galbraith and Nathanson (1978). Organizational fit theory is basically suggesting the need for fit relation among strategy, structure, and other contingency factors such as task, information systems for decision making, remuneration systems, and human resource development system that will affect performance (Miner, 1982). According to Miles and Snow (1978), based on research evidence and underlying theories, there is an ideal relationship between strategy and organizational structure.

The third hypothesis indicates the need for fit relation of strategy and organizational culture on performance, however, it is not supported in this study.

This is not in accordance with the findings of Hickman and Silva (1984), Kotter and Heskett (1992), Christopher Robertson and Sylvie K. Chetty (2000), Priyono (2004), and Muafi (2008a, 2008c). This is due to the transition of judicial power in the organization, administration, and finances from the executive branch to the Supreme Court gives impact on the restructuring of the Supreme Court. The logical consequence of this situation also gave impact in the management transition of military justice from the Court-Martial to the Supreme Court in 2004. The transition has brought the consequence in the internal environment of military court since organizational change is generally followed by a change in the structure. In order to empower human resources in the Military Court is complex since there is a dichotomy of human resources; purely civil servants of Supreme Court and civil servants of the Court-Martial. The problem in this dichotomy of employee status will become much more complex if it is not immediately addressed because it will affect the level of ambiguity either from the employee and the performance as well.

The result is generally concuded that organizational culture affects performance through strategic contingency variables. Actually, the essence of contingency theory is the organization must adapt to the contingency variables such as environment, size of the organization, and business strategy if the organization wants to obtain a high performance. (Gerdin, 2001; Edelman, *et al.*, 2005). Therefore, it is clear that any organization operating in a particular environment need to adjust to the demands of external environment and internal conditions in which the organization operates. The primiar task of a leader is to identify a method which

in certain situations and at certain times can best contribute to the achievement of the performance. A leader needs to play an active role in determining the methods and techniques which are best applied in each case. Every different situations require different managerial reactions. If a leader faces a particular situation then he/she needs to learn certain important contingencies. There should be no longer on the basis of universal approach (Winardi, 2005; Muafi, 2008d). According to contingency theory, it is difficult to accept that what works well in an organization is not necessarily a good run at another organization because there may be differences in strategy, culture, organizational structure, management style, technology, or work practices. Overall, universal advice is very difficult to be implemented.

CONCLUSION

This study is primarily built based on Organizational fit theory proposed by Galbraith and Nathanson (1978), who stated that the higher the degree of fit relation variables in the organization will improve the performance of the organization; which in this case the performance of the employee. The fit relation of internal variables that have been examined in this study include the implementation of strategy as the main variable; and contingenc variables namely the type of behavior, structure, and organizational culture. The consistency between strategy and each of the contingency variables will reduce the internal resistance within the organizaiton; and

eventually will be a positive influence of employee performance . The internal variables form a configuration which is then measured on the level of its incompatibility through “*euclidian distance*” in ‘*bivariate fit*’ to test its influence on employee performance.

The main findings of this study is that the strategy implementation of organization must have the fit relation with other contingency factors such as type of behavior and organizational structure in order to achieve better employee performance. The findings are taken based on the result of hypothesis testing which also show that this study can contribute; firstly to the theory and development, and secondly for the benefit of policy or practice.

This study is expectedly to give suggestion to practitioners or leaders of an organization; particulary in this case to the Head of Military Court Office, Yogyakarta. In determining the policy of the organization, a leader should take into account the strategic factors, particularly the strategic fit relation with the type of behavior and organizational structure. The point is to support the employee performance that ultimately will affect the overall performance of the organization. In another words, a leader must not only focus on strategical changing but he/she must also pay attention to the characteristic of type of behavior and organizational structure which is a manifestation of *shared values*. Moreover, a leader must not ignore the organizational culture although in this study it is not quite significant but it is also a manifestation of *shared values*. Oftenly, a policy by the management in making changes is likely to be less attentive to the internal factors which has shaped the organizational culture; but instead it inclines to be externally oriented.

Finally, in regard to practioners or the Head of Military Court Office in Yogyakarta, the result of this study demonstrate the importance of consistency to maintain fit relation of internal factors in making strategic policies of organization. Hence, a better employee performance can by mean be achieved and it will ultimately affect the performance of the organization as a whole.

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