# The Role of Organizational Culture in Mediating the Influence of **Strategic Orientation to Improve Organizational Performance Empirical Study at the Community Health Centers in the Special Capital Region of Jakarta**

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ABSTRACT: This research aims to analyze the influence of strategic orientation on organizational performance (of health centers at administrative level in Jakarta) mediated by organizational culture. Research data were collected using questionnaires distributed from May to June 2019. Two hundred and fifty respondents were recruited using random sampling method. Data were analyzed using structural equation model (SEM) using AMOS software. The results showed that there was a positive and significant influence of the strategic orientation on organizational culture. It was also found that strategic orientation directly and indirectly influenced organizational performance. Furthermore, there was a positive and significant influence of organizational culture on organizational performance. This research provides some positive managerial implications where it is recommended for the community health centers in Jakarta to implement a resource based view (RBV) approach as a competitive advantage for sustainable organizations with strategic and tactical planning that is oriented to the market, technology, and entrepreneurship aspects, and to manifest basic principles of organizational culture into the vision and mission statements as well as values that can be the basis or guidelines for all employees in carrying out each work task. In addition, further research is highly recommended to analyze other organizations, such as private companies, state-owned companies, non-profit organizations, etc. Other independent constructs can also be added in order to obtain different insights. *Keywords:* Organizational performance, Strategic orientation, Organizational culture

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#### \_\_\_\_\_ I. **INTRODUCTION**

Health development is one of the most important parts of national development that aims to increase awareness, willingness, and ability of individuals o live a healthy life in order to realize an optimal level of public health. It is important to note that the success of health development plays an important role in improving the quality and competitiveness of Indonesia's human resources. In order to achieve these goals, various health efforts are gradually and integratively organized as a whole, one of which is via the Community Health Center or Puskesmas (Hiswanti, 2017).

Puskesmas, as the technical implementation unit of the regency/city health office, is a first-levelhealth facility establishedby the central government, regional governments, and/or the community to provide promotive, preventive, curative and rehabilitative health service. As a health service facility, puskemas organizes first-level community health careand individual health care by prioritizing promotive and preventive care to achieve the highest level of public health in its working area (PMK No. 75 of 2014) . The puskesmas functions as the frontline to achieve the vision statement of health development, which is the achievement of a healthy sub-district for a healthy Indonesia. Healthy sub-districts indicate people who live in healthy environment and behavior, have the ability to reach equalhigh-quality health services in a fair manner, and have the highest level of health (Minister of Health Regulations No. 46 of 2015).

Related to the improvement of public health services, the following table summarizes data on the number of puskesmasat the administrative village level, area, population, number of households, and population density of Jakarta.

Table 1. Number of Population, Population Density, Puskesmas Outpatient Visit, and Number of
Puskesmasat Administrative Village Level

No.	Municipality	Population	<b>Population</b> <b>Density</b> per km <sup>2</sup>	PuskesmasOutpa tient Visits	Number of Puskesmasat Administrative Village Level		
1.	Central Jakarta	921,344	18,687	1,820,286	35		
2.	North Jakarta	1,781,316	12,146	1,529,876	44		
3.	West Jakarta	2,528,065	19,516	2,734,047	67		
4.	South Jakarta	2,226,830	15,320	6,490,922	70		
5.	East Jakarta	2,892,783	15,385	2,350,703	85		
6.	Kepulauan Seribu	23,897	2,747	22,497	4		
	Total	10,374,235	83,801	14,948,331	305		

DKI Jakarta as of December 31, 2017

Source: Public Health Sub-Department, DKI Jakarta Health Office; Central Bureau of Statistics of DKI Jakarta, 2018

Table 1 shows that there are 305 units of puskesmas at administrative village level in Jakarta. Puskesmas are demanded to be able to provide maximum health services to all the people in DKI Jakarta. amounting to 10,374,235 people with a population density of 83,801 per km<sup>2</sup> and total outpatient visits during 2017 totaling 14,948,331. This certainly becomes a challenge for puskesmas in carrying out its main functions.

On the other hand, due to the large number of people that must be served by each puskesmas, puskesmas management is also demanded to be able to improve its performance, especially the performance of health services and the performance related to budget absorption. Puskesmasmanagement, which consists of medical and non-medical personnel, is required to work harder. In order to be able to perform the function ofpuskesmasoptimally, good management or planning is needed. Service performance, service processes, and resources must be managed and planned properly. People want safe and good-quality health services that can meet their needs. Therefore, in order to improve the quality of puskesmas, risk management and patient safety need to be applied in the management of puskesmas to provide comprehensive health services to the community by means of community and private empowerments (Minister of Health Regulations No. 46 of 2015).

The maximum performance of puskesmas will be achieved if all performance assessments are in accordance with applicable standards and regulations and are in line with the vision statement that has been set. Maximum performance is not just a manifestation of the success of puskesmas, but it will also have an impact on the reputation of puskesmas as a first-level health facility that has a competitive advantage. Performance improvement is considered an important requirement for puskesmas to have strategic values (Obeidat, 2016), especially strategic values related to the ability to implement strategies effectively in achieving goals (Al-Dmour, et. Al., 2015).

Performance evaluation of puskesmas is an objective and systematic process of gathering, analyzing, and using information to determine the effectiveness and efficiency of the services provided and the targets that have been achieved as an assessment of puskesmas work results or achievements. One of the scopes of puskesmas performance evaluation described in the Minister of Health regulation regarding Puskesmas Management Guidelines is related to the strategic orientation of puskesmas. It is explained that the puskesmas management guidelines must become a reference for puskesmas in preparing five annual plans, which are then broken down into annual plans, driving the implementation of health care efficiently and effectively, and conducting supervision, control, and evaluation of puskesmasperformance (Minister of Health Regulations No. 44 Year 2016). This is very closely related to the strategic orientation of the organization.

Strategic orientation plays a crucial role in influencing organizational culture (Pospiech and Wronka, 2016; Raj, 2017) and organizational performance (Nakola, et. Al., 2015; Obeidat, 2016; Jassmy and Bhaya, 2016; Mwaura and Obonyo, 2018; Masa 'deh, et.al., 2018). Several previous studies of the influence of strategic orientation on organizational performance were conducted, inter alia, by Jassmy and Bhaya (2016) in the context of the Real Estate Bank in Dewaniya Province, Iraq. In their study, the result showed that strategic orientation was proven to affect organizational performance. The results of the studywere also in line with the result of study conducted by Masa'deh, et al., (2018) who succeeded in proving that strategic orientation had a positive and significant influence on organizational performance.

Strategic orientation is one of the most important pillars that has implications for organizational structure, activities, budget, performance, and customer relations (Obeidat, 2016). Strategic orientation can help puskesmas find solutions to each problem, create new capabilities, and improve its performance by gathering specific resources and identifying opportunities to provide valuable products and services and then to deliver these products and services in order to achieve the expected performance results.

Puskesmas, or an organization in general, must have strategic behavior in global competition in order to gain competitive advantage (Tutar, et al., 2015). To maintain competitive advantage, it is important to realize the level of sensitivity of the organization. Jaworski and Kohli (1993) revealed that in an environment with intense competition, competitive advantage can be achieved if an organization carefully analyzes the dynamics of the environment, displays customer orientation, and provides the best service. Strategic innovation results in organizations being able to maintain the best performance and have a competitive advantage. Therefore, the strategic orientation variable is very closely related to the performance of an organization.

Moreover, organizational culture also plays an important role in improving organizational performance (Zakari, 2013; Ahmed and Shafiq, 2014; Nikpour, 2017). Organizational culture, as a form of dynamic ability, will be used as a mediating variable on the influence of factors that affect organizational performance. Organizational culture is created by a long history since an organization was founded, went through a transition, became a stable organization, and developed rapidly. Basic valueis considered to be something very principle because they involve beliefs, basic assumptions that they have lived during their time in an organization. Therefore, organizational culture involves all aspects of organizational life. In relation to the performance of the puskesmas, the organizational culture adopted by puskesmas serves as a guide in analyzing every alternative that can be taken in order to improve the performance of puskesmas. Organizational culture is also an attitude, belief, and way of doing things. On the other hand, organization interacts with both internal and external environments (Stafford and Miles, 2013). Several previous studies of the influence of organizational culture on organizational performance, one of which was conducted by Nikpour (2017), proved that organizational culture influenced organizational or company performance. Thisfindingwas in line with the results of studies conducted by Zakari (2013) and Ahmed and Shafiq, (2014).

Previous studies have shown that there was direct influence of strategic orientation on service performance (Nakola, et. Al., 2015; Obeidat, 2016; Jassmy and Bhaya, 2016; Mwaura and Obonyo, 2018; Masa'deh, et. Al., 2018) and organizational culture (Pospiech and Wronka, 2016). Organizational culture also had a positive influence on organizational performance (Zakari, 2013; Ahmed and Shafiq, 2014; Nikpour, 2017). In addition, previous study conducted by Raj (2017) placed organizational culture as a mediator in the relationship between strategic orientation and CSR practices. However, those studies have not empirically tested the role of organizational culture as a mediator between strategic orientation and organizational performance of puskesmas. Thus, this research focuses on analyzing the influence of strategic orientation on organizational culture and organizational performance of puskesmas at administrative village level in DKI Jakarta, Indonesia.

# II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

## **Organizatonal Performance**

The term 'performance' is derived from the term 'job performance' or 'actual performance'. Performance is the result of an employee's work over a certain period compared to various possibilities, for example, standard targets or performance targets that have been determined in advance and agreed upon together. If the employees do not do their job, then an organization will fail. Therefore, Dessler (2017) asserted that performance is work performance, which is a relative comparison between work results or an assessment of employee's actual results and established work standards, providing feedback to employees in order to help them to eliminate performance deficiencies or to continue performing above standard.

According to Zarvedi, et. al. (2016), performance can be defined as a level of achievement of results and level of achievement of organizational goals on an ongoing basis. In achieving the goals, both public and private organizations must employ a means in the form of an organization that is driven by a group of people who play an active role as actors in achieving organizational goals. Achieving organizational goals is possible as long as there are efforts of the individuals in the organization. In other words, individual performance is related to organizational performance. Achieving performance begins with the formulation of the problem and setting the goals to be achieved. Organizational goals are achieved by a series of activities of directing all the resources needed to achieve the goals. The expected goals are the starting point for planning organizational performance. Organizational performance is also shown by the process of activities to achieve the goals. Based on this description, it can be concluded that organizational performance is the accumulation of the performance of all individuals who work in an organization and carry out their duties and responsibilities based on predetermined standards.

#### **Strategic Orientation**

The organizational strategic orientation reflects the strategic orientation adopted by the organization to create the right behavior (Al-Zu'bi, 2014). Research related to strategic orientation is conducted either by a holistic approach or subdivision approach, meaning that strategic orientation is a combination that includes entrepreneurial orientation, marketing orientation, and learning orientation. Strategic orientation provides instructions to organizations about the requirements for sustainable performance improvement because strategic orientation reflects the level of organizational managers' perceptions of the external environment and their reactions to environmental developments and changes. Strategic orientation can be interpreted as a culture that

is led by beliefs, ideology, and values of top management who actively builds a culture and system of values. The culture and system of value are focused on continuous improvement by applying project by project in the work of an organization and on the needs and participation of employees in making decisions based on data, improving teamwork, and building long-term vision. If an organization does not have a strategic orientation, the process undertaken by top management to build a successful group around a set of values will be slow and ineffective.

According to Obeidat (2016), strategic orientation is a principle that directs and influences organizational activities and produces behaviors intended to ensure the continuity and performance of the organization. These principles can also be applied to guide organizational activities. Strategic orientation of a company reflects operational position, marketing, and entrepreneurship. By doing so, an organization achieves its goals in the market by taking risks, investing in innovation, being proactive, and developing a future-oriented, forward-looking outlook. Further, strategic orientation refers to the way in which a company adapts to its external environment, referring to the pattern of responses made by the organization to environment where it operates in order to improve performance and gain competitive advantage. In addition, strategic orientation focuses resources to achieve desired results. Based on definitions mentioned, it can be concluded that strategic orientation is a principle having a view of strategic and sustainable thing that is adopted by an organization.

#### **Organizational Culture**

Organizational culture refers to a system of meaning sharing established by members of an organization that distinguishes an organization from other organizations (Robbins and Judge, 2017). A strong organizational culture will provide stability to the organization. In addition, organizational culture also shows how workers perceive characteristics rather than whether they like them.

Hofstede, et al. (2010) argued that organizational culture is a soft and holistic concept that has emphasized the role of soft factors in organizations. The concept popularized the opinion that organizational excellence is in the general ways in which members of an oragnization have learned to think, feel, and act. Thus, it can be concluded that organizational culture is a value system built by an organization. Organizational culture is the hallmark of an organization and is binding on its members in the form of values, morals, beliefs, rules, and habits. Organizational culture is also used to adapt to the environment in the organization and aims to to unite the various differences in each member of the organization so that all members can be in line with the vision and mission statements of the organization.

#### **Hypothesis Development**

## The Influence of Strategic Orientation on Organizational Culture

A specific strategy is needed to build the right organizational culture, and that is the purpose of an organization to choose and implement an organization-specific strategy. An organization, which intends to implement a defensive strategy, must ensure an organizational culture where values such as stability and attention to detail are upheld. Therefore, organizational culture must be consistent and compatible with strategic orientation and organizations must try to adjust their activities to implement the adjusted strategies. This means that every organization that changes its strategy must adjust its organizational culture accordingly, otherwise the implementation of the adopted strategywill definitely fail. Organizational culture influences the behavior of employees and managers and their behavior leads to the implementation of strategy. So if a particular business strategy is to be applied in a successful way, it must be linked to a certain type of organizational culture (Pospiech and Wronka, 2016).

Strategic orientation is one of the most important pillars that has major implications for organizational structure, activities, budget, customer relations, and performance (Obeidat, 2016). Meanwhile, organizational culture is an attitude, belief, and way of doing things. On the other hand, organizational culture is also a system of assumptions, values, and shared beliefs, which govern how an organization interacts with both the internal and external environments (Stafford and Miles, 2013). A number of previous studies have proven empirically that there was a direct influence of strategic orientation on organizational culture. Pospiech and Wronka, (2016) in their study on public organizations in Poland showed that strategic orientation had a positive influence on organizational culture. Meanwhile, a study conducted by Raj (2017) showed the direct influence of strategic orientation on organizational culture as the sole mediator in the study. This certainly can provide many benefits for the organization, such as improving financial performance, the ability to reduce risk, and retain key employees (Raj, 2017). Thus, the following hypothisis proposed in this research:  $H_1$ : Strategic orientation has a significant influence on organizational culture of puskesmas.

# The Influence of Strategic Orientation on Organizational Performance

Organizational goals can be achieved in accordance with expectations by selecting the right strategy and creating careful planning process. The right strategy will have an impact on the overall success of the organization in achieving its goals and objectives as stated in the vision and mission statements that have been set previously, indicated by the improvement in organizational performance achieved. Improvement of organizational performance is very influential on the understanding of the factors that can affect organizational survival. These factors include organizational strategic orientation (Jassmy and Bhaya, 2016; Masa'deh, et. Al., 2018), and organizational culture (Ahmed and Shafiq, 2014; Nikpour, 2017).

Strategic orientation is related to decisions made by businesses to achieve excellent performance. It is the orientation of an organization to achieve behavior that is appropriate to achieve excellent performance. In addition, strategic orientation has a profound effect on different organizational dimensions, such as effectiveness and competitive advantage, and it shows the value of organizational trends to find, create, and maintain a series of responses that are appropriate to the environment. It involves the implementation of strategic trends that guide organizational activities to embedded behavior that achieves sustainability in optimal conditions for business. Therefore, strategic orientation is important in order to know the organization's opportunities and capabilities in supporting the environment and to secure competitive advantage (Jassmy and Bhaya, 2016). So in the end, the orientation strategy can have an impact on improving organizational performance.

Strategic orientation plays an important role in providing a positive impact on the performance of an organization (Nakola, et. Al., 2015; Obeidat, 2016; Jassmy and Bhaya, 2016; Mwaura and Obonyo, 2018; Masa'deh, et. Al., 2018).Masa'deh, et al. (2018) in their research revealed that the strategic orientation directly influenced organizational performance. Furthermore, research on the influence of strategic orientation on organizational performance was conducted by Sarker and Palit (2015). The results of their research indicated that strategic orientation, which was measured by customer orientation, inter-functional coordination, proactiveness, autonomy, risk taking behavior, and innovation, had a positive influence on organizational performance. In addition, Jassmy and Bhaya (2016) managed to prove empirically that strategic orientation had a positive and significant influence on organizational performance in the banking industry. Thus, the following hypothesis is proposed:

 $H_2$ : Strategic orientation has a significant influence on organizational performance of puskesmas.

#### The Influence of Organizational Culture on Organizational Performance

Organizational culture refers to a system of meaning sharing established by members of organization that distinguishes an organization from other organizations. From organizational culture, a value system within an organization that becomes characteristics and distinguishes the organization from other organizations will be formed. A strong organizational culture will provide stability to the organization (Robbins and Judge, 2017). Organizational culture can be a strength or weakness for an organization. In other words, organizational culture is able to exert considerable influence on behavioral strategies that will have an impact on strategic decisions made by the organization (Arayesh, et. Al., 2017).

Organizational culture becomes an invisible social force that can move people in an organization to carry out work activities. It becomes the basic pattern accepted by the organization to act and solve problems, make employees able to adapt to the environment, unite members of the organization, and become key variables that can drive company success (Schein, 2017). Therefore, organizational culture can play a role as the center of all factors derived from human resource management that are learned and transmitted socially by members and provide rules for behavior in the organization.

Several previous studies have proven that organizational culture had a positive influence on organizational performance (Zakari, 2013; Ahmed and Shafiq, 2014; Nikpour, 2017). Nikpour (2017) in his research revealed that organizational culture had a significant influence on organizational or company performance. Findings from research conducted by Zakari (2013) and Ahmed and Shafiq (2014) supported the result of research of Nikpour (2107). Thus, the following hypothesis is proposed:

 $H_3$ : Organizational culture has a significant influence on organizational performance of puskesmas.

#### **Research Design**

## III. RESEARCH METHOD

This research was causal research because it aims to examine the relationship between one variable and other variables (Sekaran and Bougie, 2016). The relationship of variables examined in this researchwas the relationship between strategic orientation variableand organizational performance through organizational culture. Meanwhile, according to its use, this research is classified as basic research or pure research, which is a research aimed at increasing scientific knowledge or to discover new fields of research, meaning that this research is more used towards theoretical rather than applicatived evelopment. From the field of science, this research is included in the field of strategic management because the object of this research was the variables that determined the competitive advantage of a company.

The design of this research consisted of independent variable, dependent variable, and mediating or intervening variable. The independent variable in this researchwas strategic orientation. The dependent variable in this researchwas organizational performance, while organizational culture was mediating.

#### **Population and Sample**

The population in this research was 305puskesmasat administrative village level in the Jakarta administrative municipalities. However, due to this number, 40 puskesmasat administrative village level were taken as samples in the pre-test, then 265 puskesmas were left and could be sampled for the distribution of questionnaires.

As for determining the number of research samples, the method of random sampling was used. By using this sampling, all members of the population were assumed to have the same opportunity to be selected as a research sample or in other words, each puskesmasat administrative village level had the same opportunity to become research sample. The sampling method used drawing numbers where each name of puskesmaswas given a serial number. After drawing the first sample, the name drawn would be recorded and returned again to the drawing lots so that the population remained intact and the probability of the next respondent remained the same as the first respondent. The processwas repeated until the number of samples met the research needs (Sugiyono, 2017).

Meanwhile, the representative sample size for using the Structure Equation Modeling (SEM) with the Maximum Likelihood method ranges from 100 to 200 samples (Hair, et. Al., 2014). The sample based on the maximum likelihood method is determined by examining the number of indicators (questionnaire items), which are then multiplied by 5. So, for 50 questionnaire items, the number of sample that should be obtained was 250 samples. The respondents in this study would be the heads of puskesmasat administrative village level.

#### **Data Collection**

The data in this researchwere primary and secondary data. Primary data were obtained by distributing questionnaires to each head of the puskesmas, while secondary data were obtained from financial reports and management reports issued by each puskesmas. Secondary data were also other necessary data from the puskesmasor from other parties, such as the provincial health office or the Ministry of Health of the Republic of Indonesia.

Regarding primary data in this study, 250 questionnaires were successfully distributed to the heads of the puskesmasat administrative level in DKI Jakarta from May to June 2019. Each of the indicators used in the questionnaire in this study adopted indicators used by several previous research, including research conducted by Mwaura and Obonyo (2018), which was used to measure strategic orientation, research by Denison, et al. (2012) that was used to measure organizational culture, and research by Ahmed and Shafiq (2014) that was used to measure organizational performance.

#### Data Analysis Method

In this study, the analysis to describe respondent characteristics data was carried out using Microsoft Excel software. Quality testing of the data, which included validity, reliability, feasibility models, and hypothesis testings, used Structure Equation Model (SEM) with the help of AMOS 24.0 software.

# IV. RESEARCH RESULTS Respondent Characteristics

The results of data processing are related to the characteristics or background of 250 respondents in which this study focused on analyzing the strategic orientation, organizational culture, and organizational performance of the puskesmas. Most respondents in this study were 188 women (75.20%). Furthermore, the average age was between 53 years and 60 years, as many as 57 respondents outof 250 respondents (22.80%). Whereas, the working period between 3 to 6 years was the most obtained, as many as 71 people (28.40%), and all respondents were the heads of puskesmas at administrative village level (100%).

#### Validity and Reliability Tests Results

Validity test in this study employed Confirmatory Factor Analysis (CFA). Confirmatory Factor Analysis (CFA) is part of Structural Equation Modeling (SEM), which is useful for testing how measurable variables (indicators) are good in describing or representing a number of factors, where in CFA, the factor can also be called construct (Hair, et. al., 2014). An indicator is said to be valid if it has aloading factor > 0.5. Meanwhile, the reliability test is a test to ascertain whether the research questionnaire will be used to collect reliable data of research variables or not. The questionnaire is said to be reliable if it is re-measured and stillobtains the same results. The reliability test was carried out using Cronbach's Alpha. The basis for decision

making was that if the Cronbach's Alpha value  $\geq 0.60$ , then the construct is considered reliable (Sekaran and Bougie, 2010).

Construct	Indicator	Factor Loading	Cronbach's Alpha	
	Market Orientation			
	Being oriented to customer satisfaction	OS1	0.818	
	Adapting to changes in the environment	OS2	0.786	
	Coordinating with other functional institutions	OS3	0.792	
	Entrepreneurial Orientation			
Starta - i -	Being proactive in relation to participation in the field of health development	OS4	0.738	
Strategic Orientation	In taking risks from every decision taken	OS5	0.821	0.912
Orientation	Determining a clear orientation by supporting the five-year Strategic Plan of puskesmas	OS6	0.848	
	Technology Orientation	7		
	Empowerment of technology related to the organization of activities.	OS7	0.765	
	Developing employee knowledge on an ongoing basis	OS8	0.766	
	Innovating in developing service products on an ongoing basis	OS9	0.808	7
	Adaptability			
	Ability to adapt to environmental changes	BO1	0.794	
	Ability to adapt to dynamic customer satisfaction	BO2	0.730	
	Ability to adapt to technological developments		0.760	
	Involvement	_		
	Ability to empower competencies optimally		0.773	
	Mutual respect	BO5	0.736	0.956
Organizational	Priority for increasing competence	BO6	0.747	
culture	Consistency			
	A sense of togetherness in the organization	0,788	_	
	Good communication skills			0.755
	Good commitment	BO9	0.833	-
	MissionStament		•	
	Having confidence that the organization has a clear goal	BO10	0.718	
	Having confidence that the organization has the ability to grow	BO11	0.768	
	Having confidence that the organization has a good future	BO12	0.738	
	Financial		•	
	Achieving the target of budget absorption in accordance with the Activity Implementation Plan	KO1	0.825	
	Managing the National Health Insurance Capitation Fund for puskesmas operations	KO2	0.783	
	Managing the Special Allocation Fund specifically for the implementation of the Puskesmas program.	KO3	0.764	
Onconin-ti1	Customer	7		
Organizational Performance	Providing excellent service, based on customer satisfaction survey results		0.765	0.904
	Providing services in accordance with customer expectations	KO5	0.743	-
	Placing customer satisfaction as the main goal	KO6	0.819	
	Learning and Growth	-		
	Changing the mindset of employees to be able to work to full potential	KO7	0.774	
	Motivating employees to improve quality optimally	KO8	0.764	1
	Increasing employee initiative on an ongoing basis	KO9	0.790	

Notes: All constructs using five-point Likert scale, from 1 "Strongly disagree" to 5 "Strongly agree" The results of the confirmatory factor analysis (CFA) and the reliability test above showed that each indicator in this study had an acceptable level of validity and reliability, where all indicators had a factor loading  $\ge 0.50$  and each construct had Cronbach's alpha  $\ge 0.60$ .

#### Evaluation of Research Models (Goodness of Fit Test)

In general, SEM analysis uses various types of fit indexes that are used to measure the degree of fit between the hypothesized model and the data presented. Researchers are expected to conduct tests by using several fit indexes to measure the "truth" of the proposed model.

The following is the goodness of fit test (GoF), which consists of three testing tools that are generally conducted in SEM, namely Absolute Fit Indices, which consists of Chi-Square, GFI (Goodness of Fit Index) and AGF (Adjusted Goodness of Fit Index), and RMR (Root Mean Residual), Incremental Fit Indices, which consists of NFI (Normed Fit Index), CFI (Comparative Fit Index), and Parsimory Fit Indices, which consists of

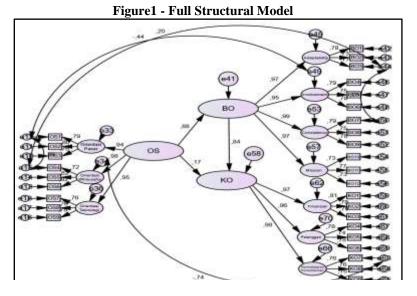
RMSEA (Root Mean Square Error of Approximation)) and EVCI (Expected Cross-Validation Index) (Santoso, 2018).

The fit test results in this study indicated that the model was fit to use. It could be seen from several assessment indicators, such as CFI = 0.972, NFI = 0.903, GFI = 0.873, TLI = 0.969, and RMSEA = 0.038, which reached the recommended cut-off value. Therefore, these results represented that the model in this study was fit to be used or in other words, it represented that the full model in this study fell into the category of goodness of fit.

#### **Research Hypotheses**

After testing the validity and reliability and testing the suitability of the model, the next step was to test the hypotheses. Data analysis using structural equation model (SEM) showed that  $H_1$  was supported, strategic orientation (p-value = 0,000 <0.05) had a significant effect on organizational culture. Meanwhile,  $H_2$ , organizational culture (p-value = 0,000 <0.05), had a positive and significant influence on organizational performance. Furthermore,  $H_3$ , strategic orientation (p-value = 0.024 <0.05), had a positive and significant influence on organizational performance. In addition, the Sobel test results indicated that there was a significant influence of organizational orientation on organizational performance through organizational culture (p-value = 0,000 <0.05).

Thus, it can be concluded that strategic orientation had a positive and significant influence on organizational culture and organizational performance, and organizational culture had a positive and significant influence on organizational performance and also acted as a mediator in this study. To find a comprehensive picture related to the full structural model, the following is the SEM output of the data processing results.



**Table3 Results of Hypotheses Test** 

Hypot	thesis	Regression Coefficient	p-value	Conclusion
H <sub>1</sub> :	Strategic orientation has a significant influence on organizational culture ofpuskesmas.	0.879	0.000	Accepted
H <sub>2</sub> :	Strategic orientation has a significant influence on organizational performance of puskesmas.	0.171	0.000	Accepted
H <sub>3</sub> :	Organizational culture has a significant effect on organizational performance of puskesmas.	0.836	0.000	Accepted

Data processing results (2019)

#### V. DISCUSSION

Basically, strategic management has two perspectives. The first perspective is outside-inperpective, which means that strategic management focuses on the external environment as a major factor in building competitive advantage. The assumption on which this perspective is based is that the competitive advantage of an organization's sustainable competition is strongly influenced by the environmental forces where an organization operates Whereas, the second perspective is the inside-out approach, which focuses on the internal environment as a major factor in building competitive advantage (Lepoutre, 2008). Outside-in approach by

some parties is often referred to as market based view, seeing the market as something static. Therefore, organizations are required to be able to position themselves in the market appropriately. The focus of competition is on the industry level, which influences the market share that is ultimately owned by an organization. Meanwhile, Resource Based View (RBV), which is part of the inside-out approach, is more oriented to the introduction of internal organizational resources so that these resources become very valuable, rare, inimitable, and non-substitutable (Barney, 1991). In this study, the RBV is implicitlyfound in organizational culture as an organizational competitive advantage that can have a positive impact on organizational performance. RBV and organizational culture are closely related where organizational culture refers to a system of sharing meaning carried out by members and distinguishing an organization from other organizations. This means that from organizational culture, a value system will be formed in an organization andbecome its characteristics and distinguishes it from other organizations. A strong organizational culture will provide stability to the organization (Robbins and Judge, 2017).

The results of this research consistently supported several previous studies conducted by Pospiech and Wronka, (2016) and Raj (2017) who succeeded in proving that the orientation strategy had a positive influence on organizational culture. Organizational culture can be a strength or weakness for an organization. Therefore, organizational culture can provide a considerable influence on behavioral strategies that will have an impact on strategic decisions made by the organization (Arayesh, et. Al., 2017). Organizational culture influences the behavior of employees and managers, and their behavior leads to the implementation of strategy. Thus, if a particular business strategy is to be implemented in a successful way, then it must be linked to a certain type of organizational culture (Pospiech and Wronka, 2016).

The findings in this research indicated that when an organization has a strategic orientation towards customer satisfaction, adaptibility to environmental changes, ability to coordinate with other functional organizations, proactive behavior in organizational development through supporting long-term planning, empowerment in technology, and innovation to improve the quality of products or services, the organization will be able to significantly encourage employees to have the ability to adapt to the dynamic environment and technology and to be able to increase the level of employee involvement, quality of communication, commitment, sense of togetherness, and confidence that the organization has bright future.

Furthermore, the second finding in this research showed that strategic orientation had a significant influence on organizational performance. The success of organizational goals can be achieved through the making of the right strategy and a mature planning process. The right strategy will have an impact on the overall success of the organization in achieving its goals in accordance with the vision and mission statements that have been determined previously. This success, one of which, can be seen from the improvement in the organization's performance. From the improvement, organizations can obtain many benefits, such as improving financial performance and the ability to reduce risk and retaining key employees (Raj, 2017). A number of previous studies have confirmed that there were several factors that could affect organizational performance. These factors were the strategic orientation of the organization (Nakola, et. Al., 2015; Obeidat, 2016; Jassmy and Bhaya, 2016; Mwaura and Obonyo, 2018; Masa'deh, et. Al., 2018) and organizational culture (Ahmed and Shafiq, 2014; Nikpour, 2017).

Strategic orientation is considered as a principle that directs and influences organizational activities and creates behaviors intended to ensure the continuity and performance of the organization (Obeidat, 2016). Strategic orientation involves the implementation of strategic trends that guide organizational activities to embedded behavior in achieving sustainability in optimal conditions for business. Therefore, strategic orientation is important to understand the opportunities and abilities of organizations in supporting the environment and to secure competitive advantage (Jassmy and Bhaya, 2016), so that in the end, the orientation strategy can have an impact on improving organizational performance. The results of this research showed that the main orientations of an organization, namely market orientation, entrepreneurial orientation, and technology orientation, were proven to be able to influence organizational performance in financial aspects, service based on customer satisfaction, transformation of the mindset of all employees to work optimally, and the increase of employee motivation and initiative.

Further findings in this research indicated that there was a positive and significant influence of organizational culture on organizational performance. This result consistentlysupported previous studies (Zakari, 2013; Ahmed and Shafiq, 2014; Nikpour, 2017). Organizational culture is a system of assumptions, values, and shared beliefs, which govern an organization's interactions with both the internal and external environments (Stafford and Miles, 2013). The work culture in an organization has a main goal in implementing company operational activities, which is to change the attitudes and behavior of human resources so that in turn, it can improve organizational performance. The performance improvement is also a strategic effort in facing various business challenges in the future. Organizational culture can become a strength or weakness for an organization. In other words, organizational culture is able to exert considerable influence on behavioral strategies that will have an impact on strategic decisions made by the organization (Arayesh, et. Al., 2017).

Organizational culture becomes an invisible social force, which can move people in an organization to carry out work activities. The organizational culture becomes the basic pattern accepted by the organization to act and solve problems, make employees able to adapt to the environment, unite members of the organization, and be a key variable that can drive company success (Schein, 2017).

The result of this research indicated that organizational culture could determine the level of comfort felt by employees in a work environment. The more comfortable the environment is, the employee's heart will be more happy so they will be able to complete each task and responsibility of their own accord. In addition, with a good organizational culture, namely the ability of employees to adapt and engage directly with the organization or company and the ability to be consistent and confident of the goals of an organization, employees will be encouraged to spend all their abilities in improving positive performance. Thus, the better the work culture that prevails in an organization or company, the more significant it can affect organizational performance.

## VI. CONCLUSION AND MANAJERIAL IMPLICATIONS

From the results of the research, it is concluded that there was a positive and significant influence of the strategic orientation on organizational culture and organizational performance. Meanwhile, there was also a positive and significant influence of organizational culture on the organizational performance of puskesmas in DKI Jakarta.

The first implication for practitioners is the implementation of resource based view as an organization's sustainable competitive advantage through strategic and tactical planning that is oriented to customer or market satisfaction, technology, and entrepreneurship aspects. The quality of conventional services as well as the quality of electronic based services ofpuskesmas must be improved. It is in order to increase customer satisfaction and loyalty and is an adaptive action to adjust to the changing environment that is increasingly dynamic. The second implication is thatpuskesmas must improve technology, information, and communication infrastructure in order to increase interactions and services that are integrated in the external and internal environments ofthe organization. In addition, development training can be conducted periodically so that puskesmas staff can have good technological knowledge and be able to technically operationalize the technology provided. Related to entrepreneurial orientation, the third implication is that the management of puskesmas must have the spirit of entrepreneur by having measurable performance. Thus, long-term, medium-term, and short-term planning must be detailed, clear, and have targets that can be implemented through broad, creative, innovative and interactive public health development and development programs.

Furthermore, an organization or company must be able to manifest the basic principles of organizational culture into vision and mission statements and values that can become the basis or guidelines for all employees in carrying out each worktask. The first aspect to consider is the ability of employees to adapt to changes in the environment, technology, and consumer preferences. The next aspect is that the involvement of employees in advancing the organization or company by using the optimal empowerment of competencies must be implemented properly through the provision of clear, precise, and comprehensive job descriptions and the placement of employees in accordance with their fields or competencies. The third aspect that needs to be considered in order to form a positive organizational culture is to increase a sense of togetherness or the emotional relationship between employees and the organization. It can be achieved by giving rewards to employees who have positive performance and also by conducting gathering activities to increase the sense of solidarity between employees. The last value that must become a concern of management is the mission statement of the organization that must be able to be outlined in tactical programs. Therefore, an organization will have clear and prospective goals and can continue to grow in facing every challenge of the times.

#### **Research Limitation and Recommendation**

This research certainly has some limitations that can be focuses for researchers in the future. The first limitation is that this research was only limited to public health service organizations managed by the government. The second limitation is theusage of a cross-sectional study approach. The last limitation is the role of strategic orientation as the only independent construct in this study.

For further research, it is strongly recommended to analyze other organizations, such as private companies, SOEs, and non-profit organizations. It is also advised to use the longitudinal research approach in order to obtain new findings and developments from the concept of this research and to add independent constructs that are proven to influence organizational performance, such as leadership styles (Asrar-ul-Haq and Kuchincke, 2016; Bhargavi and Yaseen, 2016; Arif and Akram, 2018) as well as organizational resources (Otulia, et al., 2017).

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