

## TEST THE RELATIONSHIP BETWEEN STRATEGIC CONSENSUS AND ORGANIZATIONAL PERFORMANCE

Bareas A.K., Alhimyari B.A., Aljanabi A.A.A. \*

**Abstract:** The aim of this research is to test the impact of organizational learning as a modified variable of the negative impact of market dynamics on the relationship between strategic consensus and organizational performance through a sample of 60 respondents from the administrative leaders in one of the Iraqi public companies. The data were collected through a questionnaire that was analyzed using a number of statistical methods. One of the most important results was that organizational learning can be used to transform the negative impact of market dynamics on the relationship between strategic consensus and organizational performance. The results provided guideline to the regulators that they should incorporate all measure regarding the firm performance.

**Keywords:** market dynamics; organizational learning; performance measurement

DOI: 10.17512/pjms.2019.20.2.11

*Article history:*

*Received* September 21, 2019; *Revised* October 27, 2019; *Accepted* November 14, 2019

### Introduction

Practical evidence has shown that organizations do not arise out of a vacuum but are born of their environment. They are usually born to meet a need, so they should be aware of the changes that may occur in the surrounding environment if they want to survive. In other words, organizations are required to continue to conduct their work in an efficient and effective manner. The problem of research can be reflected in the following questions:

What is the nature of the relationship between strategic consensus and organizational performance? What is the real role of market dynamics and organizational learning in the relationship? It can be useful in guiding the research organization the importance of reaching the necessary consensus on a particular decision, which may greatly thank the continuation of the future. Highlights the nature of the assumptions that govern the relationship between research variables to be studied .It deepens the understanding of the concerned organization in the research sample of the importance of constantly identifying the obstacles that may limit the achievement of the desired results.

Testing the Homburg, Krohmer, and Workman. Jr (1999) model in the Iraqi environment with its modification by testing the effect of organizational learning as

---

\***Ahmed Kadim Bareas, Bashar Abbas Alhimyari** Department of Business Administration, University of Kerbala , Iraq; **Adil Abbas Abed Aljanabi**, Department Business Administration, University of Babylon, Iraq.

✉ corresponding author: [ahmed.k@uokerbala.edu.iq](mailto:ahmed.k@uokerbala.edu.iq)

✉ [bus.bashar.abbas@uobabylon.edu.iq](mailto:bus.bashar.abbas@uobabylon.edu.iq); [adil.a@oukerbala.edu.iq](mailto:adil.a@oukerbala.edu.iq)

a modified variable of the negative impact of market dynamics on the relationship between consensus and performance. Raise the awareness of the concerned organizations in the study subject to the importance of organizational learning as a mechanism to improve the organization's response to environmental changes. Provide a set of recommendations that may contribute to enhance the image and reputation of the organization researched to its customers. The place of application is the General Company for the manufacture of vehicles and equipment in Iraq, either sample search It was about 60 members of the company in particular (members of the Board of Directors, Executive Director, Division and Division Managers).

### Literature Review

Organizational performance depends upon the strong and effective strategic consensus among the management of the company (Homburg et al., 1999). Moreover, there is positive nexus has been exposed by the previous studies among the strategic consensus and organizational performance (Kellermanns, Walter, Floyd, Lechner, & Shaw, 2011; Závadský, Závadská, Veselovská & Szczepańska-Woszczyzna, 2016). In addition, strategic consensus among the employees and the management are the foremost factor that effect the organizational performance positively (West Jr & Schwenk, 1996). Furthermore, as for as the strategic consensus among the employees and the management increases the performance of the company also increases and vice versa (Kellermanns, Walter, Lechner, & Floyd, 2005). Similarly, strategic consensus among the employees and management is one of the major element of high firm performance in the organization (Rapert, Lynch, & Suter, 1996). Likewise, there is increasing trend has been observed in the performance of the organization when the strategic consensus among the employees and management at the top (González-Benito, Aguinis, Boyd, & Suárez-González, 2012). Thus, for the high performance of the firm, there is need to high strategic consensus among the employees and the management and on base of these literature current study has developed the following hypotheses:

*H1: Significant correlation exists between strategic consensus and organizational performance dimensions.*

Dynamic market is necessary for the high organization performance around the globe (Han, Kim, & Srivastava, 1998). In addition, dynamic market in the country is the foremost factor that effect the organizational performance positively (Park & Luo, 2001). Additionally, organizational performance depends upon the strong and effective dynamic market in the country (Lindenberg, 2001). Similarly, dynamic market in the country is one of the major element of high firm performance in the organization (Liao, Wang, Wang, & Tu, 2015). Moreover, there is positive nexus has been exposed by the previous studies among the dynamic market in the country and organizational performance (Baker & Sinkula, 1999). Furthermore, as for as the dynamic market in the country increases the performance of the company also

increases and vice versa (Wade, 1995). Likewise, there is increasing trend has been observed in the performance of the organization when dynamic market in the country at the top (Homburg & Pflesser, 2000). Thus, for the high performance of the firm, there is need of dynamic market in the country and on base of these literature current study has developed the following hypotheses:

*H2: Significant correlation exists between market dynamics and organizational performance dimensions.*

Organizational learning is a necessary part of the success of the employee that ultimately increase the performance of the organization (Alipour & Karimi, 2011). Additionally, organizational performance depends upon the learning of the employee and management of the company (García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012). Moreover, there is positive nexus has been exposed by the previous studies among the learning of the employee and management and organizational performance (Hanaysha, 2016). In addition, the learning of the employee and management are the foremost factor that effect the organizational performance positively (Pokharel & Ok Choi, 2015; Anttila & Jussila, 2018). Furthermore, as for as the learning of the employee and management increases the performance of the company also increases and vice versa (Mutahar, Rasli, & Al-Ghazali, 2015). Similarly, the learning of the employee and management is one of the major element of high firm performance in the organization (Ngah, Tai, & Bontis, 2016). Likewise, there is increasing trend has been observed in the performance of the organization when the learning of the employee and management at the top (Kanten, Kanten, & Gurlek, 2015). Thus, for the high performance of the firm, there is need to high learning of the employee and management and on base of these literature current study has developed the following hypotheses:

*H3: There is a significant correlation between organizational learning and organizational performance dimensions*

### **Research Methods**

The aim of this research is to test the impact of organizational learning as a modified variable of the negative impact of market dynamics on the relationship between strategic consensus and organizational performance through a sample of 60 respondents from the administrative leaders in one of the Iraqi public companies. The data were collected through a questionnaire that was analyzed using a number of statistical methods. PLS-SEM was used to analysis the data. Table 1 of the study shows the measurements of the variables that are used in the study.

**Table 1 Entrances to measure organizational performance**

N	Entry	Metric type	Distance
1	quantitative	Accounting Standards	Operating Returns, EBITDA, Market Share, Profit Margin, Return on Assets, Return on Capital, Return on Equity, Return on Net Assets, Return on Sales, Return on Total Assets, Return on Risk Capital, Sales
2		Financial Market Metrics	Beta coefficient, earnings per share, market value, price to earnings ratio, return on market value of assets, share price.
3		Market Accounting Standards	Balanced Scorecard, Cash Flow per Share, Cash Flow Return on Investment, Cash Flow Added, Discounted Cash Flow, Economic Value Added, Net Present Value, Market Value to Book Value, Market Value Added, Shareholder Value Analysis. Weighted cost of capital.
4	Sub-qualitative	Social performance of the organization Good reputation	Environment, social diversity, employee relations, human rights, product characteristics and governance Financial integrity, investment value, long-term investment, asset utilization, quality management, product quality, creativity, ability to attract talented individuals, social responsibility
5	Qualitative	It relies on the researcher's purpose, as it allows him to ask questions that he believes reveal the underlying structures that guide performance in the organizations concerned, for example comparing competitors' performance against management expectations, effectiveness and efficiency and the organization's ability to adapt to environmental conditions.	

Note that all the search criteria based on the Likert scale and Table (2) provide a detailed explanation of these measures, with values (composite reliability) that measure the stability of the scale, and shows from the table that all values are statistically acceptable.

**Table 2 Composite reliability**

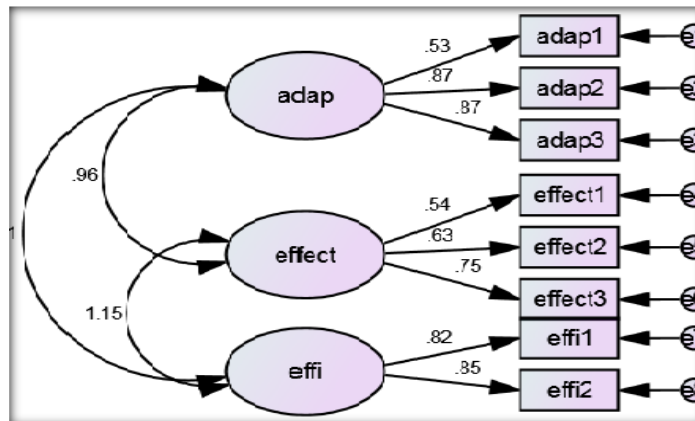
N	the scale	Number of paragraphs	Composite reliability
1	4	Market dynamics	<b>0.95</b>
2	3	Adaptation	<b>0.74</b>
3	3	Effectiveness	<b>0.70</b>
4	2	Efficiency	<b>0.81</b>
5	3	Strategic consensus	<b>0.82</b>
6	12	Organizational Learning	<b>0.90</b>

**Findings**

The researchers adopted empirical factor analysis for the purpose of verifying the structural validity of the scale through the statistical program (AMOS, 21) as shown in the following:

Market dynamics: It is noted that the model fit index indicators (CIMN / df = 0.433, CFI = 0.99, TLI = 0.99, RMSEA = 0.001) were also acceptable values. The parameter value (Estimates Parameter) exceeded (0.50) .

Performance: The figure 1 shows the assertive factor analysis of the performance variable. It is noted that the model fit index indicators (CIMN / df = 2.12, CFI = 0.95, TLI = 0.91, RMSEA = 0.081) were also acceptable values. (Estimates Parameter) exceeded (0.50).



**Figure 1 The assertive factor analysis of the performance variable**

Strategic Consensus: The Figure 2 shows the empirical factor analysis of the strategic consensus variable. It is noted that the model matching indicators (CIMN / df = 3.15, CFI = 0.91, TLI = 0.90,

RMSEA = 0.061) was also among the accepted values, note that the value of the parameter (Estimates Parameter) exceeded (0.50)

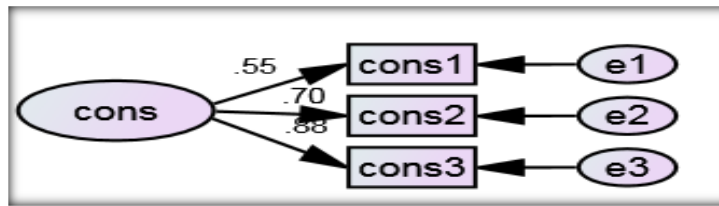


Figure 2 The empirical factor analysis of the strategic consensus variable

Organizational learning: The empirical factor analysis of the strategic consensus variable presented the model matching indicators (CIMN / df = 1.33, CFI = 0.954, TLI = 0.936, RMSEA = 0.069) were also acceptable values, and the parameter value (Estimates Parameter) Exceeded (0.50) .

Table 3 Correlation matrix, arithmetic media and standard deviations of research variables

Variables	Arithmetic mean	standard deviation	1	2	3
Market dynamics	3.60	1.60	1		
Strategic consensus	4.17	0.66	-0.42	1	
Organizational Learning	3.47	0.87	0.44**	-0.06	1
Adaptation	3.81	0.85	-0.488**	0.615**	0.04
Effectiveness	3.85	0.77	-0.47**	0.61**	0.18
Efficiency	3.81	0.97	-0.49**	0.54**	0.09

The researchers adopted a set of statistical methods to test the hypothesis that emerged from the research as follows: Table 3 above indicates the results of the correlation between the variables of the study, and shows the existence of correlations of various strength and direction (positive and negative) between the variables of the study, but they were the same. Significant significance at the level of (1%) in most of them, except the relationship between strategic consensus and organizational learning was negative, as well as the relationships between organizational learning and the dimensions of organizational performance were not significant despite the positive relations.

The researchers used the process of the third model, taking advantage of the statistical program (SpssV.23) in order to calculate the effect of interactive variables on the dependent variable, the results as shown in the table below:

**Table 4**

Independent Variables	Unstandardized Coefficient		
	Adaptiveness	Effectiveness	Efficiency
Consensus	0.78**	0.71**	**0.29
Dynamism	**0.26-	**0.23-	**0.30-
Learning	0.04	0.18	0.11
Consensus*Dynamism	0.02	0.01-	0.01-
Consensus*Dynamism*Learning	**0.28	**0.23	*0.24

The above table shows that the effect of the strategic consensus on the organizational performance dimensions was significant at the level of (1%) for both adaptation, effectiveness and efficiency (0.78, 0.70 and 0.29, respectively) while the effect of market dynamics on the dimensions of organizational performance (-0.26, - The effect of organizational learning was not significant in the organizational performance dimensions (0.04, 0.18 and 0.11), respectively.

**Discussions**

The first interactive variable (strategic consensus market dynamics) is insignificant in both adaptation, efficiency and effectiveness. (0.04, 0.18, 0.11), this means that market dynamics negatively reflected on the relationship between strategic consensus and organizational performance the value of the second interactive variable (strategic consensus market dynamics organizational learning) in both dimensions of organizational performance adaptation, effectiveness and efficiency (0.28 This effect was significant at the level of (1%), 0.23 and 0.24, respectively. It is noted that the introduction of organizational learning in an interaction relationship with both strategic consensus and market dynamics contributed to the reversal of the negative relationship and turn it into a positive relationship, as well as make it a significant relationship, This is interpreted as the greater interest Belt has Regulatory science Whenever this reduces the impact of market dynamics on organizational performance, this is the result of good preparedness by the organization to face those dynamics.

**Conclusions**

Recognize the study sample of the nature of research variables, and the existence of a clear perception about them. The results of statistical analysis supported the theoretical assumptions that market dynamics are negatively correlated with both strategic consensus and organizational performance. The relationship between market dynamics and organizational learning has been positive, which means that the greater the market dynamics, the more incentive the organization will have to increase its organizational learning levels. The impact of the strategic consensus in all dimensions of organizational performance was positive and significant, which means the possibility of benefiting from the strategic consensus for the purpose of improving the performance of the organization. The impact of organizational

learning on the dimensions of organizational performance was weak and insignificant, indicating the weakness of the organization's current reliance on organizational learning to improve its performance. By utilizing organizational learning as a modified variable of the relationship between market dynamics and strategic consensus, it is possible to reverse the negative impact of dynamics and make it positive, which corresponds to the basic purpose of the modified variable. Promoting organizational learning activities with the aim of improving organizational performance through benefiting from developmental courses and training Monitor environmental movements and try to take advantage of them by exploiting opportunities and avoiding threats .Strengthen the strategic consensus between the various administrative levels and not make it confined between the senior management team .Promote a culture of acceptance of the other opinion by highlighting the importance of those views in enhancing the performance of the organization .Working to enter new markets and not confined to the local market to avoid exposure to strong market shocks.

This study useful for the organization that what to learn and improve their processes and increase its performance through learning. They can learn a lot from this study to improve their process and enhance the performance of the company. The current study has few limitations for instance it take only two predators to predict the firm performance such as market dynamics and organizational learning and prospective studies may add more factors in their analysis.

## References

- Alipour, F., & Karimi, R. (2011). Mediation role of innovation and knowledge transfer in the relationship between learning organization and organizational performance. *International Journal of Business and Social Science*, 2(19).
- Anttila, J., & Jussila, K. (2018). Organizational learning in developing the integrated quality management. *Production Engineering Archives*, 18(18), 3–13.
- Baker, W. E., & Sinkula, J. M. (1999). The synergistic effect of market orientation and learning orientation on organizational performance. *Journal of the academy of marketing science*, 27(4), 411-427.
- García-Morales, V. J., Jiménez-Barrionuevo, M. M., & Gutiérrez-Gutiérrez, L. (2012). Transformational leadership influence on organizational performance through organizational learning and innovation. *Journal of Business Research*, 65(7), 1040-1050.
- González-Benito, J., Aguinis, H., Boyd, B. K., & Suárez-González, I. (2012). Coming to consensus on strategic consensus: A mediated moderation model of consensus and performance. *Journal of Management*, 38(6), 1685-1714.
- Han, J. K., Kim, N., & Srivastava, R. K. (1998). Market orientation and organizational performance: is innovation a missing link? *Journal of marketing*, 62(4), 30-45.
- Hanaysha, J. (2016). Testing the effects of employee engagement, work environment, and organizational learning on organizational commitment. *Procedia-Social and Behavioral Sciences*, 229, 289-297.



- Homburg, C., Krohmer, H., & Workman, Jr., J. P. (1999). Strategic consensus and performance: the role of strategy type and market-related dynamism. *Strategic management journal*, 20(4), 339-357.
- Homburg, C., & Pflesser, C. (2000). A multiple-layer model of market-oriented organizational culture: Measurement issues and performance outcomes. *Journal of marketing research*, 37(4), 449-462.
- Kanten, P., Kanten, S., & Gurlek, M. (2015). The effects of organizational structures and learning organization on job embeddedness and individual adaptive performance. *Procedia Economics and Finance*, 23, 1358-1366.
- Kellermanns, F. W., Walter, J., Floyd, S. W., Lechner, C., & Shaw, J. C. (2011). To agree or not to agree? A meta-analytical review of strategic consensus and organizational performance. *Journal of Business Research*, 64(2), 126-133.
- Kellermanns, F. W., Walter, J., Lechner, C., & Floyd, S. W. (2005). The lack of consensus about strategic consensus: Advancing theory and research. *Journal of Management*, 31(5), 719-737.
- Liao, Y.-W., Wang, Y.-M., Wang, Y.-S., & Tu, Y.-M. (2015). Understanding the dynamics between organizational IT investment strategy and market performance: A system dynamics approach. *Computers in Industry*, 71, 46-57.
- Lindenberg, M. (2001). Are we at the cutting edge or the blunt edge?: Improving NGO organizational performance with private and public sector strategic management frameworks. *Nonprofit Management and Leadership*, 11(3), 247-270.
- Mutahar, A. Y., Rasli, A. M., & Al-Ghazali, B. M. (2015). Relationship of transformational leadership, organizational learning and organizational performance. *International Journal of Economics and Financial Issues*, 5(1S), 406-411.
- Ngah, R., Tai, T., & Bontis, N. (2016). Knowledge management capabilities and organizational performance in roads and transport authority of Dubai: The mediating role of learning organization. *Knowledge and Process Management*, 23(3), 184-193.
- Park, S. H., & Luo, Y. (2001). Guanxi and organizational dynamics: Organizational networking in Chinese firms. *Strategic management journal*, 22(5), 455-477.
- Pokharel, M. P., & Ok Choi, S. (2015). Exploring the relationships between the learning organization and organizational performance. *Management research review*, 38(2), 126-148.
- Rapert, M. I., Lynch, D., & Suter, T. (1996). Enhancing functional and organizational performance via strategic consensus and commitment. *Journal of Strategic Marketing*, 4(4), 193-205.
- Wade, J. (1995). Dynamics of organizational communities and technological bandwagons: An empirical investigation of community evolution in the microprocessor market. *Strategic management journal*, 16(S1), 111-133.
- West Jr, C. T., & Schwenk, C. R. (1996). Top management team strategic consensus, demographic homogeneity and firm performance: A report of resounding nonfindings. *Strategic management journal*, 17(7), 571-576.
- Závadský, J., Závadská, Z., Veselovská, L., & Szczepańska-Woszczyzna, K. (2016). Consistency of the Performance Management System and its Quantification Using the Z-Mesot Framework. *International Journal for Quality Research*, 10(4), 665-684.

## INTERAKTYWNA ROLA DYNAMIKI RYNKOWEJ I UCZENIA SIĘ ORGANIZACJI W DZIAŁALNOŚCI BIZNESOWEJ

**Streszczenie:** Celem tego badania jest przetestowanie wpływu uczenia się organizacji jako zmodyfikowanej zmiennej negatywnego wpływu dynamiki rynku na związek między strategicznym konsensusem a wynikami organizacyjnymi na próbie 60 respondentów z liderów administracyjnych w jednym z Irakijczyków spółki publiczne. Dane zebrano za pomocą kwestionariusza, który został przeanalizowany za pomocą szeregu metod statystycznych. Jednym z najważniejszych rezultatów było to, że uczenie się organizacji można wykorzystać do przekształcenia negatywnego wpływu dynamiki rynku na związek między strategicznym konsensusem a wynikami organizacji. Wyniki zapewniły organom regulacyjnym wytyczne, które powinny uwzględniać wszystkie środki dotyczące wyników firmy.

**Słowa kluczowe:** dynamika rynku; uczenie się organizacji; pomiar wydajności

### 市场动力学与组织学习在业务绩效中的互动作用

**摘要:** 本研究的目的是通过对来自伊拉克一名行政领导的60名受访者的抽样调查, 来检验组织学习的影响, 该学习是对市场动态对战略共识与组织绩效之间关系的负面影响的修正变量上市公司。通过问卷调查收集数据, 并使用多种统计方法对其进行分析。最重要的结果之一是组织学习可用于转变市场动态对战略共识与组织绩效之间关系的负面影响。结果为监管机构提供了指导方针, 即监管机构应纳入有关公司绩效的所有衡量指标

**关键词:** 市场动态; 组织学习; 绩效评估