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The influence of organizational culture on performance in public entities of South Africa

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Background: Creating an enabling organisational culture in an organisation is important for a successful strategy implementation, yet the influence of organisational culture on organisational performance in South African (SA) public entities is unknown.

Aim: This study aimed to determine the influence of organisational culture on organisational performance during strategy implementation in schedule 3 public entities in the Northern Cape (NC) province.

Setting: The schedule 3 public entities at the provincial level, in terms of organisational culture, leadership, corporate controls, strategy alignment, strategy implementation and organisational performance.

Method: The survey design and a semi-structured questionnaire were used to collect data from a random sample of 38 respondents, comprising 32 senior managers of the public entities and six executives from three NC Provincial Government Departments. Data were analysed using regression analysis and document analysis.

Results: Based on the perceptions of the respondents, it was found that organisational culture does not affect the organisational performance during strategy implementation. The existing organisational culture does not support strategy implementation, and this is negatively affecting organisation performance in the public entities.

Conclusion: The findings reveal that organisational culture does not affect the organisational performance during strategy implementation in the schedule 3 public entities in the NC province. In some cases, the cultures would be able to facilitate strategy implementation, but they cannot because of a lack of financial and human capital resources. Hence, the issues around resources need to be addressed for the entities to meet their strategic objectives and management should make appropriate interventions to promote a healthy organisational culture that will support strategy implementation.

Keywords: rational culture; 'tough-guy macho' culture; adhocracy culture; 'work hard, play hard' culture; clan culture; 'bet your company' culture; 'process' culture; organisational culture; strategy implementation; organisational performance.

Introduction

The purpose of this study was to explore the influence of organisational culture on organisational performance during strategy implementation in the South Africa schedule 3 public entities in Northern Cape (NC) province. According to Şomacescu, Barbu and Nistorescu (2016:92), 'every organisation has its own set of cultural elements such as language, traditions, symbols, practices, history and social facts that make an organisation unique'. In order to understand organisations, researchers analyse how the unique organisational cultures influence and are influenced by various organisational variables such as strategy, organisational structure and systems (Zalupca 2017). Harinarain, Bornman and Botha (2013) stated that organisational culture plays a key role in any organisation as it assists in the determination of strategy and its implementation (Ali & Hadi 2012; Bushardt, Glascoff & Doty 2011; Thompson, Stricklansd & Gamble 2010; Vegro et al. 2016) and acts as a unique source of competitive advantage to an organisation (Slater, Olson & Finnegan 2010; Tshandu 2018; Zeyada 2018) when it enables strategy implementation better than its rivals.

Ali and Hadi (2012), Bushardt et al. (2011) and Vegro et al. (2016) argued that unhealthy organisational culture, which does not support the strategy by being weak or negative, creates serious challenges to the strategy implementation, resulting into organisation's failure (Bushardt et al. 2011; Ramutsheli & Janse van Rensburg 2015; Thompson et al. 2010). According to Tshandu

(2018:2), the bailouts of the South African (SA) public entities, which helped the public entities to continue executing their mandates (Paton 2018a, 2018b; Tshandu 2018) accrued a R367 billion debt to the SA government. By scrutinising the websites and directors' reports in the annual reports of the public entities, it transpired that some of these public entities do not achieve their service delivery targets. They have poor organisational performance and are hence busy implementing turnaround strategies. It could be argued that when an organisation is bailed out through a financial rescue package or is embarking on a turnaround strategy, these are explicit indicators that the organisation is in distress and not well.

The studies that have been performed on the effect of organisational culture on organisational performance are inconsistent. For example, researchers such as Saad and Asaad (2015) as well as Dimba and Rugimbana (2013) found that organisational culture enables strategy implementation and influences organisational performance, whereas for others such as Arnolds and Lillah (2012), Chung et al. (2012) and Ahmadi et al. (2012), organisational culture does not influence organisational performance during strategy implementation. Because the issues of organisational culture are contextual and the findings are inconsistent and contradictory, the impact of unsupportive organisational culture and failure of implementing business strategies by schedule 3 public entities on organisational performance in NC province is not known (see Raguž & Zekan 2017; Zeyada 2018). The research question that was therefore intended to be answered in this study was what is the effect of organisational culture on organisational performance during strategy implementation in the schedule 3 public entities in the NC province of SA? The significance of this study lies in the fact that the study fills the existing knowledge gap in management theory and practice in the SA public-sector context by giving a solutionto the problems and challenges the public-sector entities in SA are facing. Hopefully, by implementing the recommendations of this study, government might be able to make improvements in the alignment and implementation of corporate and business level strategies and enhance business performance of the schedule 3 public entities in the country.

This article is organised as follows: after the introduction, literature review and theoretical framework are presented in second section, research methodology is discussed in third section, findings and managerial implications are presented in fourth section and finally, a conclusion is provided in fifth section.

Literature review and theoretical framework

Literature review

Public entities

Public entities or state-owned entities (SOEs) contribute approximately 10% of the world's gross domestic product (GDP) and account for a substantial proportion of employment and assets in many countries (Peng et al. 2016; Putnins 2015; Ying, Deng & Liu 2016). Nhema (2015:247) and Suleiman, Hamad and Sulaiman (2017:161) defined 'public entities' as organisations, which are incorporated under a specific legislation that are controlled by the state, through a majority or 100% shareholding, in order to achieve certain strategic service delivery objectives of the state in the key sectors of the economy. Schedule 3 public entities form part of the general government services industry, which constitutes 17% of the GDP for the NC province (SA, Statistics, 2nd Quarter Report 2017:8). According to the *Public Finance Management Act* of 1999, there are eight schedule 3 public entities that are based in NC province. These are Northern Cape Economic Development, Trade and Investment Promotion Agency (NCEDA), Northern Cape Tourism Authority (NCTA), and NC Gambling Board and NC Liquor Board (controlled by The Department of Economic Development and Tourism); Kalahari Kid Corporation (controlled by the Department of Agriculture and Land reform) and McGregor Museum, NC Arts and Culture Council and Ngwao-BoswaYa Kapa Bokone (which are controlled by the Department of Sports, Arts and Culture). The three provincial departments determine the broad business scope and corporate level strategies and formulate the financial and operating policies of the public entities with the power to appoint their boards of directors (SA, DALR Annual Report 2015; SA, DEDT Annual Report 2015; SA, DSC Annual Report 2015).

Organisational performance

Bhamornsathit and Katawandee (2016) stated that internal and external stakeholders of organisations use different performance measures to evaluate organisational performance. Drucker (1974) believed that an organisation should aim to select performance matrices that measure the overall organisational performance. Financial performance measures, annual audit opinions and non-financial service delivery matrices are the relevant performance measures for a study of SA public entities. Organisational performance, apart from organisational culture, is also affected, amongst others, by leadership, corporate controls, strategy alignment and strategy implementation (Alshamari & Ihrig 2017; Seifzadeh 2013) and lack of resources. A lack of human and financial resources (Ivancic et al. 2017; McTigue, Monions & Rye 2018; Nwachukwu, Chladkova & Olatunji 2018; Reitsma & Hilletofth 2018) creates challenges to strategy implementation.

Organisational culture

According to Berman et al. (2013), the construct of organisational culture has both cognitive and behavioural manifestations. Longman et al. (2018) claimed that there is no consensus amongst management authors on the meaning of organisational culture. Researchers propose various definitions of organisational culture (e.g. Harinarain et al. 2013:24; Schein 2010; Pieterson 2017; Popa 2017) based on the unique circumstances and a variety of possible variables influencing culture in organisations around the globe. The definitions of Schein (2010) and Harinarain et al. (2013) suggested a strong emphasis on both cognitive and behavioural aspects of an organisation's culture. All the above-mentioned definitions allude to the cognitive and behavioural issues of the organisation's staff members such as 'pattern of shared basic assumptions', 'taught, perceive, think, feel, values, beliefs, norms and shaping of behaviour'. Schein's (2010) definition goes a step further by including other constructs such as 'artefacts'. For Thompson et al. (2010:386) and Barbars (2015:106), organisational culture can be defined simplistically as a 'way of doing things around here'. This definition has a strong emphasis on the behavioural aspect of organisational culture as it focuses on the manifestation of organisational culture through certain behaviour rather than the members' inner cognitive processes. For the purpose of this study, organisational culture is defined as the collective norms, beliefs, values and ways of behaving that are unique to the members of SA public entities that assist as an enabler to implement and achieve unique organisational goals and plans. In other words, the definition here pulls from all strands of the debate.

Chandler (1962:314) stated, 'unless structure follows strategy, inefficiency results'. Chandler (1962), Seip (2011) and Ostos, Hinderer and Bravo (2017) are of the view that an organisational structure is a key tool at the disposal of an organisation to enable the implementation of its selected strategy. The functional structure is the most commonly used structure in the SA public entities (NC Tourism Authority Report 2017; SA, McGregor Museum Annual Report 2017). According to Hill and Jones (2009), a functional structure refers to the arrangement of human capital according to the functions that are performed in the organisation.

Relevant types of organisational culture

Schein (1991) grouped organisational culture into three levels, namely artefacts, values and underlying assumptions. According to Schein (1985), organisational cultures are the most difficult organisational attributes to change. His organisational model comprises three cognitive levels of organisational cultures (cited in Wikipedia, OC 2006) as follows:

- The first level comprises organisational attributes (e.g. facilities, offices, visible awards and recognition, furniture, dress, interpersonal and intrapersonal employee interaction) that outsiders can see, feel and hear.
- The second level depicts the cultures (e.g. company logos or trademarks, mission statements and value systems) of the members of the organisations.
- The third and deepest level comprises the organisations' unspoken, unseen and unconscious assumptions; these may relate to the nature of employee interaction and may depict elements of the cultures that are taboo to discuss.

Deal and Kennedy (1982) defined organisational culture as how things get carried out in organisations, differentiating organisations according to feedback (quick feedback implies an immediate response) and risks (the extent of uncertainty in their functions). They used the following characteristics to distinguish between four classifications of organisational cultures:

- the 'tough-guy macho' culture, with quick feedback, high rewards and stress
- the 'work hard, play hard' culture, with few risks and rapid feedback
- the 'bet your company' culture, which takes big stake decisions (and the passage of several years before any results materialise)
- the 'process' culture, with little (if any) feedback and few bureaucratic processes but which produces consistent results.

Different categories of organisational culture have been explored by management authors, namely:

- competing values framework (Cameron & Quinn 1999: Internet)
- classification of organisational culture according to cognitive levels (Schein 2010:18)
- feedback and risk classification (Parumasur 2012:1)
- Handy's typology of organisational culture (Parumasur 2012:1).

Of these classification types, the competing values framework by Cameron and Quinn (1999) has attracted a wide use in profiling culture in any type of organisation (Slater et al. 2010). Furthermore, different authors of organisational culture, such as Harinarain et al. (2013), Chapman (2018) and Di Stefano and Scrima (2016), amongst others, have used the competing values framework as their theoretical basis. According to the competing values framework (Cameron & Quinn 1999), any organisation can have either one or a mix of five cultural orientations, namely hierarchical, rational, clan and developmental culture. These orientations are discussed individually as follows:

Hierarchical culture: When the organisational culture is hierarchical in orientation, the way of doing things throughout the organisation revolves around 'control' in all aspects of processes and functions at various levels. An organisation with this type of culture is rules-based, highly specialised and has an orientation where employees with great ability have significant influence (Ahmadi et al. 2012; Avota, McFadzean & Peiseniece 2015). Al-Ali et al. (2017) found that the hierarchical culture has a positive impact on certain organisational factors such as change management.

Rational culture: The way of doing things in an organisation with a rational cultural orientation is premised on the significance of the external environment in all its different functions and processes. Extensive engagements with external stakeholders such as clients, financial institutions, creditors and labour unions are emphasised in an organisation with the rational culture (Kokt & Van Der Merwe 2009). The SA public entities are used as a vehicle to advance the broader developmental and economic goals of SA government. SA public entities perform a public interest function and because of their nature, the public entities have engagements with a variety of external stakeholders such as the public, creditors and unions.

Clan culture: This is based on the core principles of shared values and goals, cohesiveness, inclusivity and participatory approach family-orientated values (Slater et al. 2010). Ramirez, Amezaga and Medina (2016) stated that the clan culture in an organisation is family orientated, which espouses values such as teamwork, inclusivity and participatory approach.

Adhocracy culture: This type of cultural orientation is premised on the organisation being ready, innovation, flexible and adaptable for change in an environment that is characterised by uncertainty and ambiguity (Felipe 2017; Ramirez et al. 2016). According to Afina (2003):

> [*T*]he values of adhocracy culture emphasizes a dynamic and entrepreneurial place led by an entrepreneur or innovator held together by a commitment to innovation and development; and emphasizing growth and acquisition of new resources. (p. 222)

In the NC province, some SA public entities are dominated by this type of culture because they are pursuing turnaround and portfolio restructuring corporate strategies (Kalahari Kid Corporation Annual Report 2016). As a result of their nature, turnaround strategies are susceptible to the risk of certainty.

Developmental culture: In a developmental culture, the organisation comes up with programmes and activities to enhance further research in organisational growth. This type of culture has some relevance to the study of SA public entities because of the potential uncertainty and ambiguity, which characterise the developmental cultural orientation.

The typology of Charles Handy

Handy (1985 in Harrison, Wheeler & Whitehead 2003) linked organisational structures to organisational cultures and distinguished between four types of cultures:

- a 'power culture', where a few people, who control the system with few rules and little bureaucracy, have all the power and make decisions effectively
- a 'role culture', where people have clearly-delegated authority within a clearly-defined structure; it has hierarchical bureaucracies and people's positions determine their power
- a 'task culture', where teams form to solve problems and manage projects or tasks; it thrives on expert power
- a 'person culture', where people believe that they are superior to the organisation; people work and exist entirely for themselves.

Contrary to the functionalist and unitarist views of cultures, critical management thinkers believe that:

- No single culture exists in organisations; cultural engineering cannot reflect the interests of all stakeholders or constituencies in organisations.
- Complex organisations may have many cultures, and subcultures may overlap and contradict each other; the culture typologies rarely acknowledge these organisational complexities or the various economic contradictions that exist in capitalist organisational environments (Wikipedia, OC 2006).
- Different cultures may dominate depending on the degree of centralisation in organisations.
- Organisations are dynamic and change over time so that their cultures may change.

Change in organisational culture cannot occur successfully without changing the systems, structures, technology and skills that support it and quality leaders, who are able to manage across boundaries, are essential to building high-performing cultures, which need more information, co-operation, negotiation, effective communication, innovation, creativity and good leadership (Barnes & Spangenburg 2018) and technological skills. Excellent interpersonal skills, gain sharing, flexibility, adaptability and continuous learning are vital to this new organisational ethos. This means breaking down organisational boundaries, creating effective partnerships, connecting computers and linking people to enable the change from old to new cultures. Furthermore, the increasing pressure on organisations to change organisational culture necessitates a strategic perspective of change that increases the congruency between their environments, strategies and designs, which unfortunately creates many challenges for an organisation.

Organisational culture, strategy alignment, strategy implementation and organisational performance

According to Hough et al. (2008), the eight 'S' of a successful strategy implementation model has eight organisational factors, namely strategy and purpose, systems and processes, shared values (organisational culture), style (leadership), resources, staff, skills and strategic performance (the outcome variable), which must be aligned with each other to ensure a successful implementation of the strategy and a positive influence on organisational performance. A high degree of specialisation and regulation in an organisation are some of the antecedents of a hierarchical cultural orientation (Ahmadi et al. 2012). This then implies a potential existence of a hierarchical culture in SA public entities.

Several studies have been carried out to investigate the influence of organisational structure on organisational performance during strategy implementation with conflicting results. For example, Nandakumar, Ghobadian and O'Regan (2010) found that the organisational structure has a moderating effect on the relationship between strategy and organisational performance; Stare (2011) found that organisational structure influences project performance; Pleshko (2007 in Dhannajay 2019) introducing Miles and Snow's (1978) strategy typology in the study mix found that organisational structure influences the profitability of organisations; Mat, Smith and Djajadikerta (2010) introduced management accounting practices and organisational change as additional new variables in the study mix and found a significant positive relationship between organisational structure, strategy and organisational performance (see also Seip 2011), whereas to Marx (2016), a misalignment between the structure and strategy in the organisation affects the organisational performance negatively. Chandler (1962) concluded that unless structure follows strategy, inefficiency results. In contrast, however, Palacio and Soriano (2010), and Higgins and Toms (2011) found that organisational structure has little influence on organisational performance and Zheng, Yang and Mclean (2010) stated that a negative relationship exists between organisational structure and organisational effectiveness.

Findings from different studies on the role of organisational culture during strategy implementation are indeed inconsistent. Harinarain et al. (2013), Farahmand (2010), Zeyada (2018), Raguž and Zekan (2017), Saad and Asaad (2015) and Dimba and Rugimbana (2013) argued that a healthy and supporting organisational culture leads to improved organisational performance. Thompson et al. (2010), Harinarain et al. (2013), Ali and Hadi (2012) and Bushardt et al. (2011) believed that unethical organisational culture can be a challenge to strategy formulation and strategy implementation and Vegro et al. (2016) and Slater et al. (2010) stated that an inappropriate organisational culture may not only hinder strategy implementation but also organisational performance and competitive advantage. In contrast, researchers such as Arnolds and Lillah (2012), Chung et al. (2012) and Ahmadi et al. (2012) found that organisational culture does not influence organisational performance during strategy implementation.

Leadership

In this study, leadership refers to one or more people such as the board of directors, chief executive officers, chief financial officers who are perceived to use different sources of power to influence their followers for the purposes of implementing a strategy that is intended to achieve the organisation's mission and objectives (Allio 2015; Barnes & Spangenburg 2018; Delić, Kozarević & Alić 2017; Newark 2018). According to Ali and Hadi (2012) and Drucker (1974), leadership plays a key role in the implementation of its plans to ensure the success of the strategic objectives such as profitability, growth and future positioning. Auditor General South Africa (AGSA) *Public Finance Management Act* (PFMA) General Report (2013), Muhammad, Su and Saqib (2017), Samanta and Lamprakis (2018), Rasoolimanesh et al. (2015), Yahaya and Ebrahim (2016) and Oyewobi et al. (2016) found that leadership (including leadership styles and decision-making styles) has an influence on organisational performance during strategy implementation.

Corporate controls

In the view of Farahmand (2010:12), an organisation implements its strategy with success when it selects appropriate corporate controls that match the chosen strategy. As a result of this, the significance of corporate controls during strategy implementation, it is clear that the executive management and programme managers would put in place suitable control systems to ensure successful implementation. Control systems are regarded as an organisational structure or financial and strategic mechanisms put in place by a SA public entity to support strategy implementation in order to improve organisational performance (Hill & Jones 2009). Farahmand (2010) stated that an organisation implements its strategy with success when it selects appropriate corporate controls that match the chosen strategy. According to Boiko (2013), Sull et al. (2017) and McTigue et al. (2018), strategy implementation tends to fail because of a lack of adequate corporate controls such as coordination, monitoring and evaluation, oversight, regular feedbacks and adequate reporting at different organisational levels. Engert and Baumgartner (2015), Thompson et al. (2010:381) and Volberda et al. (2011) were also of the view that a lack of corporate controls, such as poor coordination of key actions between the key stakeholders, inappropriate organisational structure and effective oversight by top management over the executives are typical challenges to strategy implementation. They argued that poor coordination and oversight at different levels result in poor strategy implementation leading to the organisation not meeting its strategic objectives.

According to the NCEDA Annual Report (2017:50), the independent auditors reported significant deficiencies in the controls within the public entity. The audit report revealed that deficiencies in the controls resulted in the above-mentioned public entities not achieving their financial and non-financial performance objectives. Similar lapses of controls and monitoring were also reported in the 2016–2017 financial year audit reports of other SA public entities. According to the AGSA General Report (2015), inadequate controls and monitoring are some of the important common challenges in SA public entities as a result of which these entities fail to meet their performance targets. Based on the findings of AGSA, it is evident that the challenge of a lack of adequate corporate controls and monitoring during a strategy implementation has relevance to a study of SA public entities.

Strategy alignment

Alignment of various organisational factors including strategy has theoretical origins in the Miles and Snow's (1978) dynamics of the fit model (Christiansen & Higgs 2008:14). Christiansen and Higgs (2008) proposed four different levels of organisational alignment including the effect of such alignment or non-alignment on organisational performance, that is, 'misfit', 'tight fit', 'early tight fit' and 'minimum fit'. According to Bowman and Helfat (2001), the strategic goals of the corporate strategy in an organisation should not contradict the business strategies of its units as such a contradiction can affect organisational performance negatively (see also Palepu 1985; Sull et al. 2017). Other authors (e.g. Jandik & Makhija 2008; Vilalonga 2004) did not find support for the notion that corporate level strategy influences business units' organisational performance. Regarding business-level strategy, Baranowska-Prokop and Sikora (2014), Su (2017), Parnell (2018), Alkasim et al. (2018)

and Oghojafor et al. (2014) found that also business-level strategies influence organisational performance. There is no consensus on the exact nature of the alignment between corporate and business level strategies in organisations (Seifzadeh 2013); however, Carvalho, Francisco and Paulo (2017), Andrews et al. (2012), and Beehr et al. (2009) found that aligned business strategies positively influence organisational performance.

Strategy implementation

Boiko (2013) and McTigue et al. (2018) posited that strategy implementation tends to fail because of a lack of adequate corporate controls, coordination and monitoring, flexibility (Sull et al. 2017) and organisational structure (Kazmi 2008). Engert and Baumgartner (2015) and Thompson et al. (2010) also found that poor strategy implementation lead to the organisation not meeting its strategic objectives.

Lack of financial and technical resources causes problem when implementing a strategy (Ivancic et al. 2017; McTigue et al. 2018; Nwachukwu et al. 2018; Pella et al. 2013; Prasad et al. 2018; Ramutsheli & Janse van Rensburg 2015; Reitsma & Hilletofth 2018). Zheng et al. (2010) stated that the accrual of unique resources and capabilities to the organisation as a result of pursuing certain corporate-level strategies has theoretical underpinnings in the resource-based theory. In terms of the resource-based view, an organisation sources its competitive advantage on 'tangible and intangible assets that are valuable, rare, imperfectly imitable and sustainable' (Gaya, Struwig & Smith 2013, 2053; Kogo & Kimencu 2018:132; Zheng et al. 2010:765).

Theoretical framework

This study was underpinned by three theories, namely organic system theory, resource-based view and agency theory. The organic system theory states that organisations resemble organic systems as they go through a life cycle from birth, through growth, maturity, decline and finally discontinue to exist (death) (Van Deusen et al. [2007], cited in Gasela 2021a). During the growth and maturity stages of their life cycles, organisations use corporate-level strategies such as diversification, mergers and acquisitions to meet growth objectives of increasing sales, profits and market share. At their decline, organisations use renewal corporate strategies such as turnaround or restructuring to revive their fortunes in trying to meet their strategic objectives.

The resource-based theory defines an organisation as a collection of different resources and capabilities (Barney 2001). In terms of this theory, an organisation sources its competitive advantage on tangible and intangible assets that are valuable, rare, imperfectly imitable and sustainable (Gaya et al. 2013; Kogo & Kimencu 2018); (Zheng et al. 2010, cited in Gasela 2021) with the purpose of profit maximising (Penrose 1959).

There are, however, costs associated with pursuance corporate-level strategies by organisations such as inefficient resource allocation and coordination costs. According to Martin and Sayrak (2003), one of the disadvantages of pursuing certain corporate-level strategies is cross-subsidisation, which involves head office supporting weak and poor performing business units from cash flows that were generated by high performing strong business units. Another important disadvantage is capital misallocation, which affects organisational performance negatively if not mitigated (Lamont & Polk 2002). Coordination and other costs refer to incurring certain coordination costs associated with the unit being part of a complex and diversified organisation. Internal transaction costs within business units, inter-organisational coordination costs, complicated administrative and other internal costs, undesirable in the organisation hamper efficiency (De Wit & Meyer 2014; Nippa, Pidun & Rubner 2011). Thompson et al. (2010) claimed that one of the key disadvantages of pursuing an unrelated diversification strategy is that there is no scope of cost reduction through linkages in common value chain activities and transferring of skills within the business portfolio.

From the agency theory perspective, pursuance of certain corporate-level strategies of organisations can be explained as an attempt by the management of the parent department to advance their personal interests such as power, good salaries, influence and goals at the expense of shareholders (Martin & Sayrak 2003). Agency-related problems come as a result of managers in strategic business units having interests and goals that differ from those of parent department managers, resulting in the misalignment between the two (Doukas & Kan 2008). Managers of organisations, sometimes, use corporate-level strategies, for various reasons such as pursuit of growth, to diversify by creating complex diversified organisations, which are detrimental to the wealth of shareholders (Doukas & Kan 2008).

Conceptual framework

Figure 1 is the conceptual framework of this study that was formulated after conducting the literature review.

The first column of the framework reflects an alignment of the two level-strategies in SA public entities, which is the independent variable. The middle column consists of corporate controls, leadership, size of head office and its capacity, strategy culture-fit and diversification, which are moderating variables with a moderating effect of the alignment of the corporate- and business-level strategies on organisational performance in public entities. Finally, the last column represents the organisational performance, which is the dependent variable.

Research design and methodology

A survey research design was used in this study targeting the population of all the eight schedule 3 public entities in the NC province. The research design is illustrated in Figure 2.

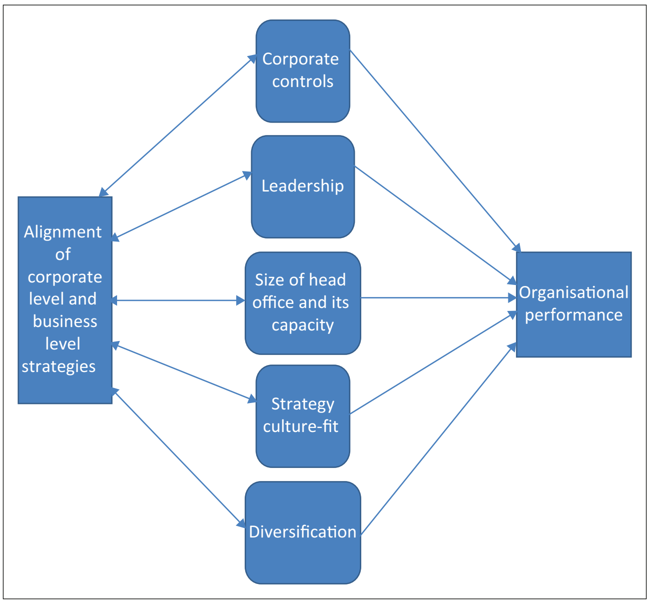

FIGURE 1: Conceptual framework underpinning this study.

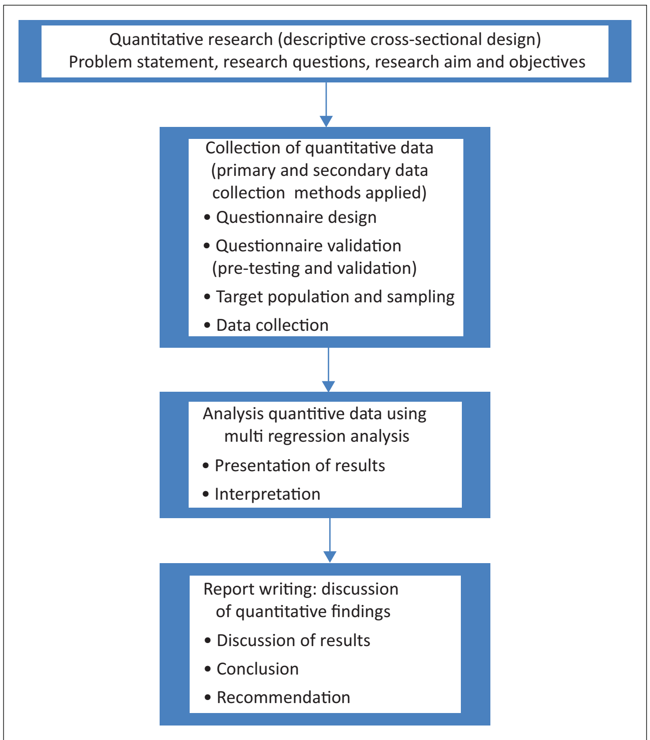

FIGURE 2: Flowchart for the survey research design.

After defining the research problem, research questions and research aim and objectives, a semi-structured questionnaire was designed and validated to collect data. A random sample of respondents (i.e. senior managers of the eight schedule 3 public entities and executives of the three provincial government departments) was selected from the target population (of schedule 3 public entities) and data were collected. Data were then analysed using multiple regression modelling and results were interpreted and discussed. Finally, the research report was written, giving a conclusion and recommendations. The Cronbach's alpha coefficient was used to measure the reliability of the data collection instrument (Gasela 2022).

A representative sample of 38 respondents (Leedy & Ormrod 2013), consisting of four executives from each of the eight public entities (8 public entities × 4 = 32) and a total of six executives (i.e. 2 executives × 3 = 6) from the three provincial departments. Self-administered questionnaires consisting of 37 questions were emailed to the respondents. The survey questions were formulated after a detailed literature review, guided by the research question was completed, and the questionnaire was used after being piloted to fine-tune it. The 5-point Likert scale was used (where 1 = strongly agree and 5 = strongly disagree). The email addresses and telephone numbers of the respondents were obtained from the official websites of the controlling provincial departments and public entities.

Multiple regression analysis was performed where organisational performance was the dependent variable and organisational culture, corporate controls, leadership, alignment between corporate- and business-level strategies and strategy implantation were the independent variables. The stepwise regression method was used. The other factors of organisational performance were included in the regression model to avoid confounding factors biasing the effect of organisational culture on organisational performance. Document analysis was also carried out to review or evaluate the official documents. This analysis requires that data should be examined and interpreted in order to elicit meaning, gain understanding and develop empirical knowledge. Statistical Package for Social Scientists (SPSS) was used during the data analysis.

Findings and managerial implications

Descriptive analysis

The majority of respondents were in the age group of 35–44 (50%), were males (73.3%) and had less than 20 years of management experience (93.34%). Almost all the respondents (97%) had either a degree or a diploma and a management qualification; hence they had the relevant knowledge to execute their functions properly.

Organisational performance

Table 1 shows the descriptive statistics for organisational performance. The mean scores are about three (neutral). The values for the median and the mode range between two and four. According to the *t*-test, for organisational performance, the respondents disagreed with statement 1; they agreed with statement 2 but disagreed with statement 3 that 'the public entity achieved an improved financial performance during 2016–2017 financial year'. In general, the respondents were not sure about the organisational performance.

Organisational culture

The descriptive statistics pertaining to the role of organisational culture during strategy implementation are shown in Table 2. The mean scores range between 1.7 (almost 'agree') and 3.233 (almost 'neutral'). The mean score is about three (neutral) for all the statements, except statement 5, that is, 'a supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate- and business-level strategies of the public entity', which has a mean score of 1.7 (standard deviation (SD) = 0.466), which is almost two (agree). The median is two and the mode is two. The respondents were neutral for all the statements except one, statement 5, which they agreed with.

Overall constructs

Table 3 shows the descriptive statistics of the key constructs, considering all the items measuring a construct. The mean scores of all the key constructs are < 3 except organisational performance (3.133). The minimum value of skewness is –0.713 and the maximum value is –0.029. The minimum value of kurtosis is 1.853 and the maximum value is 2.978. The values of skewness are close to zero, and those of kurtosis are < 3 and > 3. These values imply that the variables are approximately normally distributed. The *t*-test results indicate that the overall mean scores of strategy alignment, strategy implementation, leadership, organisational culture and corporate controls are < 3 but that of organisational performance is > 3. The results indicate that in general the respondents agreed with the statements of the first constructs but disagreed with those of organisational performance.

The descriptive results indicate that in general, the respondents agreed with all the statements of strategy alignment, except statement number 3 (there is an alignment between the corporate- and business-level strategies of the public entity, which has a positive influence on overall organisational performance). They were undecided about this statement. Some respondents agreed; others disagreed with the statements of strategy implementation. They agreed with statements 5 and 6, that is: 'Adequate financial resources in the public entity are one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity' and 'adequate human capacity is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity', respectively. They disagreed with statements 2 and 3, that is, 'the public entity has financial resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives' and 'the public entity has human

TABLE 1: Organisational performance.

No.	Statement	Number of observations	Mean score	Standard deviation	Median	Mode	*t*	Probability	Conclusion
1.	The public entity attained an unqualified audit opinion with no findings (Clean audit) from the Office of the Auditor General SA (AGSA) during the previous reporting period (2016–2017 financial year).	30	3.633	0.964	4	4	3.5973	0.001	Disagree
2.	The public entity achieved more than 80% of all its planned service delivery performance targets in the previous reporting period.	30	3.200	0.997	4	4	1.0992	0.140	Neutral
3.	The public entity achieved an improved financial performance during 2016–2017 financial year.	30	2.567	0.971	2	2	-2.4433	0.010	Agreed

TABLE 2: The role of organisational culture during strategy implementation.

No.	Statement	Number of observations	Mean score	Standard deviation	Median	Mode	*t*	Probability	Conclusion
1.	The organisational culture of the public entity supports an effective strategy implementation, which results in a positive influence on performance.	30	3.033	1.159	3.5	4	0.1575	0.438	Neutral
2.	The organisational culture of the entity is weak and destructive; hence it doesn't meet its performance objectives.	30	3.233	1.073	3.5	4	1.1915	0.122	Neutral
3.	There is an alignment between the entity's strategy and its organisational culture in the entity resulting in its improved organisational performance.	30	3.100	1.029	3.5	4	0.5323	0.299	Neutral
4.	The organisational culture in the entity has a positive influence on the alignment between corporate- and business- level strategies with organisational performance.	30	2.967	1.159	3.5	4	-0.1575	0.438	Neutral
5.	A supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate- and business-level strategies of the public entity.	30	1.700	0.466	2.0	2	-15.2768	0.000	Agreed

TABLE 3: Descriptive statistics of key constructs**.**

Variable	Number of observations	Mean score	Standard deviation	Minimum	Maximum	Skewness	Kurtosis	*t*	Probability	Conclusion
Organisational performance	30	3.133	0.720	2.000	4.333	-0.217	1.853	1.0147	0.159	Neutral
Strategy alignment	28	2.192	0.244	1.750	2.625	-0.267	2.240	-17.516	0.000	Agreed
Strategy implementation	29	2.799	0.615	1.500	3.833	-0.611	2.834	-1.7625	0.000	Agreed
Leadership	29	2.690	0.535	1.714	3.714	-0.029	2.124	-3.1260	0.002	Agreed
Organisational culture	30	2.807	0.539	1.800	3.600	-0.401	2.119	-1.9630	0.030	Agreed
Corporate controls	30	2.722	0.691	1.000	3.833	-0.713	2.978	-2.2010	0.018	Agreed

capital resources to implement its strategy, resulting in meeting its service delivery and financial performance objectives,' respectively. They were undecided on statements 1 and 4, that is, 'there is a regular upward and downward communication in the public entity, resulting in sufficient understanding of strategy by all internal stakeholders that lead to successful strategy implementation' and 'the public entity implemented its strategy effectively during the previous reporting period (2016–2017 financial year'), respectively.

For the leadership, they disagreed with one statement 1 (i.e. 'there is less turnover of leadership in the public entity, resulting in successful strategy implementation and improved organisational performance)'; they agreed with statements 2, 6 and 7 (i.e. 'leadership at key levels of the entity has requisite competencies to ensure successful strategy implementation and improved performance', 'leadership in the entity has a positive influence on the alignment between its corporate and business level strategies with organisational performance' and 'effective leadership is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate- and business-level strategies of the public entity'), respectively, but were undecided with statements 3, 4 and 5, that is, 'the public entity met its service delivery strategic objectives in the 2016–2017 financial year because the effectiveness its leadership', 'the public entity met its financial strategic objectives in the 2016–2017 financial year because of the effectiveness in its leadership' and 'the absence of a permanent Chief executive officer or Chief financial officer or Board resulted in the public entity not meeting its performance objectives during the previous reporting period', respectively.

For organisational culture, they were undecided on all the statements except the last one which they agreed with, that is '[*A*] supportive organisational culture is one of the mechanisms that can result in the improvement of the alignment gaps between the corporate and business level strategies of the public entity'.

In the case of corporate controls, the respondents agreed with the first statement, that is, 'the entity has effective financial controls, which support strategy implementation influencing performance positively'. They disagreed with all the remaining statements (i.e. 2, 3, 5 and 6), except statement number 4 (i.e. 'corporate controls of the entity have a positive influence in the alignment between its corporate and business level strategies and performance'), about which they were undecided.

Organisational structures of some entities do not support the alignment between the corporate- and business-level strategies. This is reflected by the fact that the respondents were not sure whether a supportive organisational structure is one of the mechanisms that can result in the improvement of the alignment between the corporate- and business-level strategies of a public entity. For example, one public entity reported that it does not have a fully fledged organisational structure and other operational systems that support its strategy implementation. Organisational structure and the levels and the requirements of PFMA compliance negatively affect the performance of the entities. Marx (2016) and Kazmi (2008) found that poor organisational structure that is not aligned with the business strategy leads to problems during the strategy implementation. The entities do not have the expertise and capacity to comply with PFMA. The public entities lack financial resources and human resources, which affects the implementation of their annual performance plan's negatively. This finding supports those of Prasad et al. (2018), Reitsma and Hilletofth (2018), Ivancic et al. (2017), McTigue et al. (2018) and Nwachukwu et al. (2018).

Inferential statistical analysis

Correlational analysis

Table 4 shows the correlations between the study constructs. The results in the table indicate that leadership (r = 0.451, probability = 0.016 < 0.05), organisational culture (r = 0.608, probability = 0.001 < 0.01) and corporate controls (r = 0.720, probability = 0.000 < 0.01) are positively correlated with strategy implementation. Leadership is positively correlated with organisational culture (r = 0.754, p = 0.000 < 0.01), corporate controls (r = 0.729, p = 0.000 < 0.01) and organisational performance (r = 0.363, p = 0.053 < 0.1). Organisational culture is positively correlated with corporate controls (r = 0.748, p = 0.000 < 0.01).

TABLE 4: Correlational matrix.

Variable	Strategy alignment	Strategy implementation	Leadership	Organisational culture	Corporate controls	Organisational performance
Strategy alignment	1.000	-	-	-	-	-
Strategy implementation	0.133	1.000	-	-	-	-
	(0.509)	-	-	-	-	-
Leadership	0.028	0.451**	1.000	-	-	-
	(0.887)	(0.016)	-	-	-	-
Organisational culture	0.294	0.608***	0.754***	1.000	-	-
	(0.128)	(0.001)	(0.000)	-	-	-
Corporate controls	0.185	0.720***	0.729***	0.748***	1.000	-
	(0.346)	(0.000)	(0.000)	(0.000)	-	-
Organisational performance	0.003	0.116	0.363*	0.163	0.220	1.000
	(0.988)	(0.549)	(0.053)	(0.388)	(0.244)	-

Note: Data in brackets are the probabilities corresponding to the correlation estimates.
*, significant at the 10% level; **, significant at the 5% level; ***, significant at the 1% level.

TABLE 5a: Organisational performance.

Source	Sum of squares	Degrees of freedom	Mean square	Number of observations = 28 $F(2, 26)$ = 289.73 R-square = 0.957 Adjusted R-square = 0.954
Model	262.978	2	131.489	Probability > F = 0.000
Residual	11.800	26	0.454	
Total	274.778	28	9.813	

TABLE 5b: Organisational performance.

Variable	Coefficient	Standard error	t	Probability	95% confidence interval	
					Lower	Upper
Strategy alignment	0.624	0.263	2.37	0.025	0.083	1.164
Leadership	0.623	0.211	2.95	0.007	0.188	1.058

Regression analysis

In regression analysis, as reported in research methodology, a regression model was fitted in which organisational performance was the dependent variable, and strategy alignment, strategy implementation, leadership, corporate controls and organisational culture were the independent variables.

Table 5 provides the regression model for organisational performance. The model is highly significant (probability = 0.000 < 0.01) at the 1% level. According to the results, both strategy alignment (t = 2.37, probability = 0.025 < 0.05) and leadership (t = 2.95, probability = 0.007 < 0.01) are significant at the 5% and 1% levels, respectively; they affect organisational performance positively. The model explains 95.4% of the total variation of organisational performance. It should be observed that organisational culture, corporate controls and strategy implementation were not included in the regression model because of the multicollinearity problem; they were also not significant. This is not surprising because organisational culture did not correlate with organisational performance.

The results indicate that organisational culture and leadership affect strategy alignment, corporate controls affect strategy implementation positively and strategy alignment and leadership affect organisational performance positively. This implies that a lack of financial resources might be causing organisational culture not to facilitate strategy implementation. This finding supports the works of Vegro et al. (2016), Thompson et al. (2010), Ali and Hadi (2012), Bushardt et al. (2011) and Ramutsheli and Janse van Rensburg (2015) and compatible with Ali and Hadi's (2012) estimation that 86% of successful organisations have supportive and aligned organisational cultures for strategy alignment and strategy implementation. The model explains 95.4% of the total variation of organisational performance.

Conclusion

Based on the perceptions of senior managers in the public entities and executives of the three NC Provincial Government Departments, it was found that the existing organisational culture does not support the two-level strategies alignment, and this affects organisation performance negatively in schedule 3 public entities in the NC province. In some cases, the organisational cultures of the entities would be able to facilitate the alignment, but they cannot because of a lack of financial and human capital resources. According to the respondents the public entities do not have adequate financial and human capital resources to align and implement the strategies, which result in the entities not being able to execute their service delivery mandate satisfactorily. These findings are consistent with those of Prasad et al. (2018), Reitsma and Hilletofth (2018), Ivancic et al. (2017), McTigue et al. (2018) and Nwachukwu et al. (2018). This implies that the inadequate human and financial resources might be causing organisational culture not to effectively facilitate strategy implementation. These findings are consistent with the contributions of Ramutsheli and Janse van Rensburg (2015), Bushardt, Glascoff & Doty (2011), Vegro et al. (2016), Thompson et al. (2010) and it supports Ali and Hadi's (2012) proposition that 86% of successful organisations have supportive and aligned organisational cultures for strategy alignment and strategy implementation.

Furthermore, this implies that a lack of financial resources, and possibly, capital misallocation, inefficient resource allocation and coordination and other costs might be the reasons why the strategy is not viable, as per the current developments in South Africa. Hence, the issues around resources need to be addressed for the entities to meet their strategic objectives and management and leadership should make appropriate interventions to promote an organisational culture that supports the aligned strategies and their implementation.

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Author's contributions

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