

The Effect of Strategic Planning Innovation and Motivation in Improving Organizational Performance

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Abstract. The purpose of this study was to examine the effect of the variables of innovation, strategic planning, and motivation on organizational performance. The respondents in this study amounted to 397 respondents consisting of employees of the manufacturing industry in the city of Batam. Data collection was done by distributing questionnaires to respondents via Google form. Analysis of the data in this study using SPSS to see the effect of innovation, strategic planning, motivation on organizational performance. In this study, data analysis will be carried out to test descriptive data, test data quality, test outliers, test classical assumptions and test hypotheses. Based on the results of the research for the three hypotheses, the following results obtained, the innovation variable on organizational performance has a positive and significant effect on organizational performance with a significant 0.036 less than 0.05. Furthermore, the strategic planning variable was not proven in this study to have a positive and significant effect on organizational performance, as indicated by a significance value greater than 0.005, with a Sig value of 0.833. The third hypothesis or motivation variable has a positive and significant effect on organizational performance with a sig value (0.000) less than 0.005.

Keywords: manufacture; innovation; strategic planning; motivation; organizational performance

INTRODUCTION

In this new normal era, the economic conditions of all countries in the world experience ups and downs, including the Indonesian nation. Based on information from the International Monetary Fund (IMF) global economic growth has decreased and is minus 5.2 percent, in contrast to the Organization for Economic Co-operation and Development (OECD) forecasting global economic growth to be minus 7.4 percent. In the second quarter of 2020, 17 countries experienced minus economic growth including Spain -22.1 percent, England -21.7%, France -19 percent, including Singapore experiencing minus 13.2 percent economic growth, and several Other countries in the world. Indonesia's economic growth decreased by 1.74 percent, in 2018 economic growth of 5.17 percent decreased to 5.02 percent in 2019 (BPS, 2020). Batam City is an industrial city which has been prepared for industrialization since it has experienced a drastic decline in the last three years. It is recorded that for the last five years the growth rate of large and medium industries is fluctuating. In 2015 to 2016 the number of large and medium-sized companies recorded an increase from 311 to 556 companies, this number is quite positive and has a large impact on the workforce of Batam city and also has an impact on economic growth.

However, this figure is not the same in the following years based on BPS data (2020) it was recorded that in 2017 there was a decline in the number of industries by 7 companies so that in that year the number of industrial companies became 549 companies. The number of declines in the number of industries increased significantly in 2018, there were 72 companies no longer operating in Batam, bringing the total number of existing companies to 477 companies. This number continues to decline in 2019 to 367 companies, and the total companies that are not operating in 2019 are 110 companies. From the data above, of course, this has a bad impact on the industrial world and the city of Batam, there is a massive reduction in employees every time there is a decrease in the number of companies. Based on previous research that is relevant to the company's performance before the pandemic, several factors affect the company's performance including leadership style, motivation, job satisfaction (Mon, Robin, & Tarihoran, 2021), company performance is the result of the work of each individual who works at the company. the company so that to achieve good performance it needs good planning as well and this also supports the research conducted by (Nabawi, 2019).

Literature Review and Hypothesis

Innovation is any idea or idea that has not existed before and has never been implemented or published in an activity or work, (Aas, Jentoft, & Vasstrøm, 2016). An innovation usually contains new breakthroughs and ideas that can facilitate actions or activities within the organization. (Aziz & Samad, 2016) competitive advantage is an indicator of a successful organization in carrying out operations, research conducted on small and medium-sized businesses in food processing in Malaysia shows that innovation has a strong and positive effect on organizational performance with the existence of competitive advantage in these businesses. (Bond & Gabriele, 2018) the application of innovation in

an organization according to the function of each organization in its application, research conducted at the police management unit in America compared research and planning of staff arrangements on police management. (Alosani, Yusoff, & Al-Dhaafri, 2019) Planning is one of the management functions of an organization. The strategic plan is the formulation of an organization in achieving the goals and objectives that have been set, what steps will be taken to achieve these goals. (Salkic, 2014) Strategic planning is one way to achieve success in a business or organization. Strategic planning is a long-term plan prepared by an organization and business by utilizing existing resources with the aim of increasing satisfaction and service to employees and consumers as well as the business environment. (Posch & Garaus, 2020) strategic planning has an impact on innovation activities in an organization, where the existence of a strategic plan will affect the creativity of employees and all elements of work in an organization and business, not only to formulate strategic steps in the long term but also to provide innovation and convenience in get the job done in the short term. For this reason, the organization will be successful when it has a good and updated strategic plan according to the era and times.

(Robescu & Iancu, 2016) Motivation is a force that comes from inside and outside a person so that it makes a person able to do a good job. (Pritchard & Ashwood, 2008) according to the book entitled "managing motivation" states that motivation itself can be managed properly so that a person still has encouragement and enthusiasm in carrying out activities. Several theories of motivation have classified according to its form and purpose, so that the measurement of motivation itself is very broad and depends on the object to be studied. (Mon, Jasfar, & Arafah, 2019) firm performance is influenced by the organizational structure itself, placing employees in the right position will have a significant influence on company performance. The survey results found that innovations carried out in units were better than units that did not implement innovations. (Cai & Li, 2018) innovation contributes to the company's performance, especially in tackling the corporate environment where to innovate requires technology, organizational environment, and customers as well as competitive advantage, the result is that innovation has a significant influence on company performance. (Baumann & Kritikos, 2016) in the study entitled "The link between R and D, Innovation and productivity" the object of research is a micro-enterprise or business that has less than 10 employees, the results of the study show that when there is support and reinforcement for innovation, it produces a strong and positive relationship with development of micro, small and medium enterprises. (Posch & Garaus, 2020) strategic planning is the first step taken by an organization or business in running its business, research results show a positive impact on innovation activities within the organization.

(Alosani et al., 2019) in line with research (Bond & Gabriele, 2018) with the research title "The effect of innovation and strategic planning on enhancing organizational performance of the Dubai Police" and the research results show that innovation and strategic planning have an influence on the performance of the Dubai Police. From the results of this study, it can be concluded that the variables of innovation and strategic planning can be considered for making decisions in carrying out their duties in the Dubai police. (Salunke, Weerawardena, & Kennedy, 2019). Companies with all the sufficient resources if not managed properly, it is certain that the company cannot survive, strategic planning by utilizing all available resources including looking at the organizational structure will produce maximum performance in other words the company will be effective and efficient, (Mon, 2019). in a study entitled "The central role of knowledge integration capability in service innovation based competitive strategy" states that service innovation is integrated into a competitive advantage strategy in a business where the results of the study state that there is a relationship between these variables. (Aas et al., 2016) observe what characteristics trigger innovation in an organization. The research was conducted using a qualitative method by conducting interviews with a number of managers in Norway. And the research results obtained there are various factors that cause motivation to work in an organization. The conclusion is to measure the innovation variable can adjust to the object under study.

METHOD

This research was conducted on the existing manufacturing industry in Batam. Batam is an industrial area that is engaged in several business fields such as electronics, mild steel, plastic molding, and the likes manufacture, (Disnaker, 2021). The population in this study are all employees who work in the manufacturing industry in Batam with a total of 53000 employees. The sampling technique is to use the Slovin formula:

$$n = \frac{N}{1 + Nd^2} = \frac{53000}{(1 + 53000(5\%^2))} = 397.003$$

In this study, organizational measurement refers to research (Alosani et al., 2019) which was developed and modified. To measure organizational performance, it is measured by 9 questions covering organizational efficiency, financial, customer satisfaction, development and operational procedures, and policy in decision making. The questions that will be tested will be adjusted to the company's conditions in the new normal era so that the company's performance will reflect the company's current condition. To improve organizational performance or individual performance, several innovations are needed in the work. In this study to measure the innovation variable refers to the

research conducted by (Alosani et al., 2019), (Aziz & Samad, 2016) modified, consisting of 4 questions The strategic planning variable is measured by 4 questions referring to the research (Alosani *et al.*, 2019) dan (Aziz & Samad, 2016) modified and adapted to current conditions. Strategic planning in an organization sees the current situation where the company will be able to survive and carry on its operations by looking at and preparing strategic steps to deal with the problems it faces, (Salkic, 2014) Motivation is a variable that has an impact and influence on organizational performance. To measure this variable, it is measured by 10 questions with the dimensions of appreciation and recognition, team communication, and employee satisfaction (Geelmaale, 2019). The data collected will be processed using the SPSS (Statistical Package for the Social Science) program to describe the effect of the independent variable on the dependent variable. Some of the tests carried out for this study include descriptive statistics, data quality tests, namely validity and reliability tests, outlier tests, classical assumption tests, and hypothesis testing.

RESULTS AND DISCUSSIONS

Validity testing is first carried out to determine whether the questionnaire prepared as a data collection instrument is valid or not. The minimum requirement to be considered eligible is if $r = 0.361$ ” (Sugiyono, 2010). So the correlation between items with a total score of less than 0.361 then the question is declared invalid. The following is a test of the validity of each variable:

Table 1
Innovation Validity Test Results

Question Items	Corrected Item Total Corelation	Description
Question 1	0,661	Valid
Question 2	0,377	Valid
Question 3	0,928	Valid
Question 4	0,937	Valid

Source: processed data

The results of the calculation for the validity test in this study innovation variable all questions that valid. All instrument ca be used as instrument to measure innovation variable. For the strategic planning variable, all questions were declared valid so that all the questions in this questionnaire could be used as instruments to measure that variable.

Table 2
Strategic Planning Validity Test Results

Question Items	Corrected Item Total Corelation	Description
Question 1	0,643	Valid
Question 2	0,582	Valid
Question 3	0,688	Valid
Question 4	0,600	Valid

Source: processed data

Table 3
Motivation Validity Test Results

Question Items	Corrected Item Total Corelation	Description
Question 1	0,509	Valid
Question 2	0,744	Valid
Question 3	0,729	Valid
Question 4	0,807	Valid
Question 5	0,784	Valid
Question 6	0,643	Valid
Question 7	0,698	Valid
Question 8	0,553	Valid
Question 9	0,659	Valid
Question 10	0,722	Valid

Source: processed data

Table 3 shows the validity test for motivation variable, where the results of the validity test show that all question on this variable is valid and can be used as instrument. The organizational performance variable in this study, to test the validity, firsth question invalid questions were obtained so that both questions could not be included in the hypothesis test. Table 4 shows that the organizational performance variable has a Cronbach's alpha of 0.881, the innovation variable has a Cronbach's alpha of 0.868, the strategic planning variable has a Cronbach's alpha of 0.810, the motivation variable has a Cronbach's alpha of 0.912. Based on the reliability test criteria in Table 4.9, it can be concluded that all variables in this study is reliable.

Table 4
Organizational Performance Validity Test Results

Question Items	Corrected Item Total Correlation	Description
Question 1	0,344	Invalid
Question 2	0,650	Valid
Question 3	0,736	Valid
Question 4	0,736	Valid
Question 5	0,870	Valid
Question 6	0,696	Valid
Question 7	0,587	Valid
Question 8	0,365	Valid
Question 9	0,711	Valid

Source: processed data

Table 5
Reliable Test Results

Variable	Cronbach's Alpha	Description
Organizational Performance	0,881	Reliable
Innovation	0,868	Reliable
Strategic Performanc	0,810	Reliable
Motivation	0,912	Reliable

Source: processed data

Table 6
Hypothesis Test

Research variable	t	Sig
Innovation → Organizational Performance	2,108	0,036
Strategic Planning → Organizational Performance	- 0,212	0,883
Motivation → Organizational Performance	4,071	0,000

Source: processed data

The results of the study are shown in Table 6, of the three hypotheses proposed at the beginning of the study, not all of them are in accordance with previous research. The innovation variable is proven to be in accordance with the hypothesis where the result is that there is a positive and significant effect between innovation and organizational performance and so is the motivation variable in line with previous research. In contrast to strategic planning, it is not proven to be in line with previous research and is inversely proportional to where strategic planning has a negative and insignificant effect on organizational performance.

CONCLUSION

From the discussion above, we can conclude that from the three hypotheses previously proposed, two of them are proven to be in accordance with previous research, while the strategic planning variable is not in line with previous research. Field facts show that during the pandemic, most companies did not carry out their company operations properly, this was due to several health conditions and protocols that had to be implemented, which included manufacturing and companies. If seen from previous research, this is the difference with normal or previous conditions. It is recommended to management and stakeholders in the company to see and review strategies and formulations during unusual or abnormal conditions, so that strategic planning becomes more effective and on target in managing and improving organizational performance. Based on the results of this study, it is recommended that company managers and management manage operations and manpower properly so that efficiency can be carried out

in every factor of production. For other variables such as innovation and motivation, they are maintained properly so that they can boost and align the company's operations.

Limitations and Recommendations

The limitations of this study are the time for distributing questionnaires or data collection is relatively fast, approximately 3 months so that the selection of samples or respondents is not very selective and there are many variations as stated in the research methodology above, so that the results of this study for strategic planning are not as expected in this study. Hypothesis, where the results are inversely proportional to the hypothesis that strategic planning has no positive and significant effect. Another limitation is the use of questionnaires using google forms so that in data collection it is not possible to examine more deeply about the performance of respondents or companies, indirectly in the analysis of the results of the respondents' answers cannot be corroborated with other primary data such as interviews. In further research, this can be input for conducting research on the same or different objects by using partial data collection with online google forms and using questionnaires that are distributed directly to respondents so that the results can describe more specifically and in detail with additional information from interviews. Based on the results of this study, it was found that innovation, and motivation affect organizational performance positively and significantly. Meanwhile, strategic planning is not proven to have a positive and significant effect on company performance. From these results, we can see that in the new normal, strategic planning is not the main variable in generating organizational performance. But there are other factors such as work environment, leadership and other variables, (Mon et al., 2021).

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