

# Linking Organizational Strategy to Information Technology Strategy and Value Creation: Impact on Organizational Performance

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# Linking Organizational Strategy to Information Technology Strategy and Value Creation: Impact on Organizational Performance

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**Abstract** Previous empirical studies confirm that organizational strategy has a significant and substantive impact on organizational performance. The purpose of this research is to examine the inter-relationships and interactions among organizational strategy, information technology strategy, value creation and organizational performance in the Regional Civil Service Agency (BKD) province of south Sulawesi. The concept of organizational performance was extended to include 'stakeholder orientation' items. Model development and hypothesis testing was conducted using Smart-PLS 2.0 on a sample of 196 respondents from 24 Civil Service Agency (BKD). Results show a confirmation of previous studies as it relates to hypothesis testing that the organizational strategy has significant and positive effect on organizational performance directly or through the mediating effect of information technology strategy and value creation. Limitations of the study, that the study was only conducted on city and County government organization then respondents used only the leaders so that limits the generalization of the findings of the research.

**Keywords:** *organizational strategy, information technology strategy, value creation, organizational performance*

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## 1. Background to the Research

The Local governments are not assessed efficiently and effectively, the organization too fat, high costs, full of rules, it is not responsive to the needs of the community, undemocratic, ignoring the rights of society, self-serving, and failed to present a viable Ministry quantitatively as well as qualitatively to the community as tax payers [1]. The statement is not relevant to the wishes of the community, that community's demands to the Government areas include the application of good governance, community orientation, formulation of effective strategies, and performance measurement systems that are Able to create a continuous performance improvements [2].

In essence, the prosecution urged the local Government to improve its performance as a whole, primarily at the presentation of the public service improvement and Increased accountability towards the stakeholders. Assertion for accountability in local government is far more intense than the private sector. This is due to the resources and authority it has sourced from the wider interest. The public expects the local governments can focus on the achievement of performance as it does in the private sector [2]. Differences in the management of the public sector compared with the private sector in general can be seen in the absence of a profit motive which is the main

feature of the public sector [3]. The role of information technology is crucial in improving public sector organizations existence. Information technology strategy has been aligned with the Organization's strategy. Information technology (IT) rated have contributed significantly to the Organization's strategic alignment, that the higher level of strategic alignment between organizational strategy and strategy of information technology, will steer the crucial point in IT to achieve a successful organizational performance [4,5]. The empirical facts show that there is a considerable contribution towards improved performance and value creation in organizations across the value chain [6]. In general, the studies conducted on public sector organizations to focus on health Organization [7]. Other studies that analyze the IT in the public sector, the literature has not much to give attention to the impact of IT performance in the public sector especially in the non-profit organization [8,9,10].

Organizational performance is assessed using a multidimensional perspective of criteria, such as; productivity based on the effect of the use of information technology systems, cost reduction, the ability to innovate value added through the use of systems/IT, the ability reactivity organizations in addressing and taking advantage of opportunities, the level of response to customer needs, a relationship of collaboration to partners working through level shifting the Organization's relationship to a strategic partner of rivalry towards

collaboration [11]. The observations that have been made gave evidence that the application of the Organization's strategy in the contextual information technology strategy has not been implemented properly, so that the process of creating value from the strategy hasn't been fullest so that the effect on the low performance of the organization.

## 2. Literature Review

The strategy was elaborated with the organization how to seize the market at the center of the community. How to put the Organization in the hearts of the authorities, employers, donors and so on. It is intended to be able to acquire strategic benefits as well as being able to support the development of the Organization to a higher level [12]. Another view of the Organization's strategy is to explain that the choices the main company in the business area [13].

The statement is meant as the importance of the Organization's strategy is influenced by the company's strategic policy decision on "make-or-buy", i.e., partnerships and alliances, partnership is defined as a high degree of dependence of the company's business development on its partners. While the Alliance was elaborated according to the level of dependence on the company's business development activities outsourcing [14]. Some of the constraints that need to be considered in the use of management strategies in the public sector are: the Government actions that are short-term, public agency at the level of Strategy designed by the legislature, public Planning is done within the scope of internal auditing, analysis of reliability, public agencies are less familiar with the process of the informal group for problem solving, team building, due to budget constraints and the orientation of short-term public sector planning so difficult in justification public, and strategies will be achieved through organizational design, budgeting and controlling financial and personnel policy and system [15].

IT is a technology that combines computing with high-speed communication lines that carry data, voice and video [16]. The statement can be interpreted, that information technology includes a combination of computer technology and telecommunications itself. The practice of information technology is explained through the information technology strategy is a strategy that focuses on establishing a vision of how technology can support in fulfilling the need for information. The purpose of the Organization adopted the information technology strategy processes, is to do an alignment between Information Technology and business processes that will be used to determine priority investments, profit as the competitive advantage of a business opportunity, as well as build a cost effective, developing resources and high competence [17]. The construct of information technology strategy explained by the perception of the strategic role of IT, measured from the level of top management commitment to the implementation and resource utilization, IT in systematic competence building comparative advantages uniquely owned by the organization, selection information technology architecture that will define cooperative linkages to partners through strategic linkage device built by information technology, network architecture and selection process of the central work of the IT in facilitating the work organization [14].

Empirical facts provide evidence that there is a relationship between the IT resources and the performance of the Government is mediated by the ability of the Organization in developing a line of resources Information Technology to improve organizational performance. The IT resources of the organization can enable public managers to increase the prosperity of the community [18]. The utilization of information technology strategy encourages organizations to conduct value creation. Value creation is a result of the transformation of creativity and innovation through discovery and development in providing services within the organization [19]. IT can create value for the organization through; value added, the values obtained through the provision of quality service, cost reduction through the creation of a more efficient process, to manage risk that is obtained through the use of established information, and creating new reality that is how IT can be used in innovating [20]. In the public sector, the value associated with the process of creation of services that followed the impact (outcomes) on the social economy. Value can also be defined as the social values and norms, which are generally contained in the constitution or policy statement, which will provide guidance in carrying out the mandate of the government, itself values inherent therein. Unwritten social norms are widely understood and known by the public may also be a consideration. In industrialized countries, the mission and value of public sector organizations stated in the medium-term policy framework. Value on public sector organizations in developing countries rarely expressed in general [21].

The condition is caused by the orientation of the government was on the command and control rather than as a public service oriented. Value is a grounding point for the movement of public sector organizations in the community, with a statement of value then directly to position the institution in the public perception. Value is the crystallization on public voice is expected in the performance of public sector organizations. The realization value is not the result of government regulation. But it is the combination of values that develop in the public sphere and the organization's ability to interpret and utilize the value [22]. The empirical evidence shows that the competitive advantage of digital creative industry and value creation in Indonesia did not significantly affect the sustainable business performance, but indirectly affect the reputation of the company and through a competitive strategy. Reputation of the company has a relationship with competitive strategies and simultaneously affecting business performance [23].

Creation of high value creation resulted in high performance, both individually and organizationally. The concept of performance can be defined as an achievement of results or degree of accomplishment, that the performance of an organization that can be seen from the level of the extent to which the organization can achieve goals that are based on the purpose for which it has been set previously. Performance is the result of cooperation between members or organizational components in order to realize the objectives of the Organization. High value creation resulted in high performance, both individually as well as in organizational measures. The concept of performance can be defined as an achievement of results or degree of accomplishment, that the performance of an organization that can be seen from the extent to which the

organization can achieve goals that are based on the purpose for which it has been set previously. Performance is the result of cooperation activities among member or component of the organization in order to realize the objectives of the organization [24].

Organizational performance is an indicator of the level of achievement that can be achieved and reflects the success of the leadership. Performance is the outcome of the behavior of members of the organization [25]. Another explanation that the performance as an overview of the level of achievement of the implementation of the tasks in an organization, in efforts to achieve the goals, objectives, mission and vision of the organization [26]. Previous studies provide evidence that there is a positive and significant effect of the IT Governance mechanisms on the strategic alignment and performance of the Organization, that the strategic alignment as a full mediation in explaining the effect of IT Governance mechanisms on organizational performance [27].

### 3. Research Method

Explanatory Research used in this study with the leadership of the Regional Civil Service Agency (BKD)

province of south Sulawesi as the population. Sampling was done using Proportional Stratified Random Sampling [28]. In order to obtain a sample size of 196 respondents from 24 Civil Service Agency (BKD). The hypotheses were tested using Partial Least Squares (PLS, specifically Smart-PLS 2.0 M3). PLS is a structural equation modelling technique sometimes described as an example of 'second generation multivariate analyses. Structural equation modelling techniques allow researchers to model and examine a series of relationships simultaneously, which has advantages over first-generation techniques where relationships are examined one at a time. For this reason, PLS is considered a powerful tool in social and behavioral sciences where theories are formulated in terms of hypothetical constructs, which are theoretical and cannot be observed or Measures directly [29].

### 4. Description of Respondents

The identity of the respondent in the form of gender, age, Level of education and Years of work experience, it served to know the number of frequency and the percentage of the presence of a representative of the respondents in providing a response. Shown as follows:

Table 1. Characteristics of respondents

Characteristics of respondents		Frequency (n =196)	Percent (%)
Gender	Male	174	87,78
	Female	22	13,22
Age (years)	20 – 30	17	8,67
	31 – 40	92	46,94
	41 – 50	63	32,14
	≥ 51	24	12,24
Level of education	Graduate degree program	161	82,14
	Masters program	33	16,84
	Doctoral program	2	1,02
Years of work experience	≤ 10	120	61,22
	11 – 20	60	30,61
	≥ 21	16	8,16

Based on the gender of the frequency of respondents characterized with men as much as 174 (86, 78%) while the rest are shown with 22 women (13, 22%). Generally respondents age between 31 to 40 years (46, 94%), with the level of education the majority of Graduate degree programs (82, 14%), as well as working time ≤ 10 years as many as 120 (61, 22%).

### 5. Variables Analysis

#### 5.1. Organizational Strategy

An organizational strategy choice on the organization's main business areas. The level of interest of the organization's strategy is influenced by the strategic policy decision of the make-or-buy. The Organization's strategy is the main organizational choices in the areas of its business. The importance of the Organization's strategy is influenced by the strategic policy decision on make-or-buy. The strategies of the Organization as measured by two dimensions; (1) a partnership that is a level of dependence development organization with its strategic

partners, and (2) alliance is the level of development of the Organization's reliance on outsourcing activities [14].

Table 2. Organizational Strategy (X)

Construct	Mean	PLS loadings > 0.70
partnership (X <sub>11</sub> )	4,37	0,952
Alliance (X <sub>12</sub> )	4,27	0,949

Respondents considered the organization's strategy consisting of partnerships and alliances is an important dimension in enhancing the value creation that will impact on organizational performance. Dimensions dominant form variable dimensions of organizational strategy is a partnership with a mean = 4:37. This means that the partnership is important to establish the organizational strategy.

#### 5.2. Information Technology Strategy

Information technology strategy is the level of interest shown in the main choices of the organization and is closely related to the process of implementation and utilization of information technology systems within the

organization [14]. Which are; (1) The perception of the strategic role of systems/IT, which is measured by the level of management commitment to the implementation and utilization of system resources/IT, (2) a systematic competence systems/IT used in building the comparative advantage of the organization, (3). Selection architecture system/IT that will define cooperative relations to a strategic partner through a linkage, (4) a central system options work processes/IT in facilitating the work of the organization [11].

**Table 3. Information Technology Strategy (Y<sub>1</sub>)**

Construct	Mean	PLS loadings > 0.70
Strategic role (Y <sub>11</sub> )	4.41	0,855
Systematic competence (Y <sub>12</sub> )	4.33	0,855
Architecture system (Y <sub>13</sub> )	4.27	0,838
Work process (Y <sub>14</sub> )	4.29	0,773

Information technology strategy which consists of a strategic role, competence systematically, architectural choices, and central work processes is an important dimension in increasing value creation and performance. Dimensions dominant form variable information technology strategy is the dimension of the role strategic with a mean = 4:41, this means that an important strategic role to establish information technology strategy.

**5.3. Value creation**

The strategic importance of business information management in an organization can be assessed evaluation tool used Relating information to business value. Value creation, measured through; (1) value added, i.e. greater value delivered to customers through the delivery of better service quality, (2) Reduce costs through improved efficiency and effectiveness of services, such as services to partners via the network so that it can be faster, (3) Risks managed through computer-based risk management (IT), the market risk, financial risk and organizational performance can be better managed. Information obtained quickly, processed and used to take the right decisions, (4) Creating new realities associated with this condition, how information and IT can be used to accelerate innovation so that organizations find new ways to improve its performance.

**Table 4. Value creation (Y<sub>2</sub>)**

Construct	Mean	PLS loadings > 0.70
Value-added (Y <sub>21</sub> )	4,37	0,811
efficiency and effectiveness (Y <sub>22</sub> )	4,23	0,836
Risks managed (Y <sub>23</sub> )	4,22	0,812
Creating realities (Y <sub>24</sub> )	4,19	0,796

Dimensions dominant form of value creation is a value-added dimension with a mean = 4:37, the condition explained that the added value it is important to establish value creation.

**5.4. Organizational Performance**

Organizational performance is a very important variable and assessed multidimensional. Measurement of organizational performance, including; (1) The productivity by the effect of the utilization of systems/IT on productivity members of the organization, (2) cost reduction, the savings

obtained based on the utilization of systems/IT, (3) the ability to innovate value added through the use of systems/IT, (4) the ability of the reactivity of the organization in addressing and exploit the opportunities that exist, (5) the level of response to the needs of the service user , whether the system/IT can ensure their understanding of and compliance with public expectations of service users better, (6) the relationship of collaboration against a partner working through level shifting organizational relations to a strategic partner of rivalry towards collaboration [11].

**Table 5. Organizational performance (Z)**

Construct	Mean	PLS loadings > 0.70
Productivity (Z <sub>11</sub> )	4,40	0,793
cost reduction (Z <sub>12</sub> )	4,36	0,836
innovation capability (Z <sub>13</sub> )	4,34	0,883
reactivity (Z <sub>14</sub> )	4,27	0,833
response to community (Z <sub>15</sub> )	4,17	0,708
collaborative (Z <sub>16</sub> )	4,04	0,733

The dominant form of variable dimension of organizational performance is the dimension of productivity to the value of the mean = 4.40, this means that productivity is important to establish the performance of the organization.

**6. Result**

**6.1. Construct & Discriminant Validity**

The construct validity of the measurement models with reflective indicators can be measured by a score of loading and using the parameters of Average Variance Extracted (AVE), Communnality and Redundancy [30]. A construct declared valid if the value of the loading score > 0.7, AVE > 0.5 , Communnality > 0.5 and Redundancy close to 1. The output of correlation between the indicators with constructs can be seen in the following table :

**Table 6. Outer Loading, AVE dan Communnality**

Construct	AVE > 0.50	Communnality > 0.50	(X)	(Y <sub>1</sub> )	(Y <sub>2</sub> )	(Z)
(X <sub>11</sub> )	0,904	0,904	0,952	0,716	0,670	0,797
(X <sub>12</sub> )			0,949	0,710	0,651	0,755
(Y <sub>11</sub> )	0,691	0,691	0,577	0,855	0,641	0,655
(Y <sub>12</sub> )			0,638	0,855	0,627	0,692
(Y <sub>13</sub> )			0,682	0,838	0,680	0,746
(Y <sub>14</sub> )			0,588	0,773	0,619	0,640
(Y <sub>21</sub> )	0,663	0,663	0,605	0,601	0,811	0,616
(Y <sub>22</sub> )			0,572	0,602	0,836	0,630
(Y <sub>23</sub> )			0,545	0,627	0,812	0,637
(Y <sub>24</sub> )			0,542	0,682	0,796	0,697
(Z <sub>11</sub> )	0,640	0,640	0,752	0,666	0,605	0,793
(Z <sub>12</sub> )			0,673	0,712	0,625	0,836
(Z <sub>13</sub> )			0,763	0,768	0,667	0,883
(Z <sub>14</sub> )			0,646	0,693	0,700	0,833
(Z <sub>15</sub> )			0,224	0,520	0,594	0,708
(Z <sub>16</sub> )			0,526	0,566	0,630	0,733

Discriminant validity of the measurement model (outer model) with reflective indicators assessed by cross loading measurements with the construct. If the correlation construct the measurement item larger than the other constructs, then it indicates that the latent constructs predict the size of the block they are better than the size of the other blocks.

## 6.2. Reliability Construct

Reliability construct of measurement models with reflective indicators can be measured by looking at the value of the block of composite reliability indicator that measures the construct. A construct said to be reliable if the composite value reliability > 0.70 [30]. The value of reliability construct at present as follows:

**Table 7. Composite Reliability, Cronbach's Alpha & AVE**

Construct	AVE	AVE root	Composite Reliability > 0.70	Cronbach's Alpha > 0.70
(Z)	0,640	0,800	0,914	0,887
(Y2)	0,663	0,814	0,887	0,830
(X)	0,904	0,951	0,950	0,894
(Y1)	0,691	0,831	0,899	0,850

Value of composite reliability for all constructs of > 0.70 indicating that all construct the model estimated reliably meets the criteria. Reliability of the lowest composite value amounted to 0,887 (Y2) and a composite value of the highest reliability is equal to 0.950 (X). Cronbach's Alpha value used to measure the reliability of the construct shows that the value of Cronbach's Alpha for all constructs of > 0.70. The lowest value is equal to 0.830 on value creation (Y2) and the highest value is equal to 0.894071 in organizational strategy (X). Values composite reliability and Cronbach's Alpha, to assess the reliability of a construct can be done by looking at the value of Average Variance Extracted (AVE) and compare it with the value AVE roots with the correlation between the constructs. AVE root value is higher than the value of the correlation between the construct with other constructs and this means that all constructs in the model were estimated meet the criteria of discriminant validity. AVE value variable information technology strategy (Y1) in the amount of 0.691 so the value is equal to 0.831 roots. This value is higher than the correlation between strategic information technology (Y1) with other variables = 0.824741 for information technology strategy (Y1) with the organization's performance (Z) = 0.773657. Then for the information technology strategy (Y1) value creation (Y2), and for information technology strategy with organizational strategy (X) amounted to 0.749820. Based on these results it can be stated the model is good, as well as other AVE root value.

## 6.3. Evaluation of Structural Model

Testing of inner model or structural models made to look at the relationship between constructs, the significant value and R-square of the research model. Structural models were evaluated using R-square for dependent construct t-test and significance of the coefficient parameters of structural path. In assessing the structural model with PLS begins to see R-square for every latent variables.

**Table 8. R-Square**

	R-Square
Organizational performance (Z)	0,799253
Value creation (Y2)	0,628654
Organizational strategies (X)	
Information Technology Strategy (Y1)	0,562230

R-square value of organizational performance is equal to 0,799253 (79,93%) of organizational performance (Z) can be influenced by the organization's strategy (X), information technology strategy (Y1), and creation of value (Y2), while the remaining 20.07 % influenced by other variables outside the studied. Value creation (Y2) amounted to 0,628654 (62, 87%) can be influenced by the organization's strategy (X), and information technology strategy (Y1), while 37.13 % influenced by other variables outside studied. R -square value for the variable information technology strategy (Y1) is equal to 0,562230 (56,22%) can be influenced by the organization's strategy (X), while the remaining 43.78 % influenced by other variables analyzed.

## 6.4. Hypothesis testing

### 6.4.1. Organizational Strategy on Information Technology Strategy

The effect of organizational strategy on information technology strategy is a significant with  $15.044762 \geq 1.96$ . The original value estimate is a positive sample = 0.749820 which indicates that the relationship between organizational strategy with information technology strategy was positive. The fact is clear that the organization's strategy ( $H_1$ ) has a positive and significant effect on the information technology strategy is supported by empirical facts. These results prove that the better strategy for organizations that use and addiction strategy development reflected on its strategic partner and outsourcing activity, then the tech information strategy will also be getting better. The condition is conveniently located for the benefit of policy organizations to enhance information technology strategy. This study supports previous research results that affect the Organization's strategy formulation, information technology strategy, in other words information technology strategy formulation is influenced by the Organization's strategy. The Organization could not compete if the information technology strategy and organizational strategy is not implemented properly.

The better organizational strategies used and reflected through the development of strategies dependence on its strategic partners and outsourcing activities, the information technology strategy also increases. That condition is a strategic policy for the benefit of the organization in order to improve the information technology strategy. This study supports previous research that influence the formulation of organizational strategy information technology strategy, in other words the information technology strategy formulation is influenced by the Organization's strategy. Organizations cannot compete if the information technology strategy and organizational strategies are not implemented properly [31]. Information technology strategy has been aligned with the organizational strategy [4]. IT has significantly contributed to the organization's strategic alignment [5].

#### 6.4.2. Organizational Strategy on Value Creation

Organizational strategies effect on value creation is significant with  $2.400077 \geq 1.96$ . The original value estimate is a positive sample = 0.262256 which indicates that the relationship between the organization's strategy with the creation of value is positive, so that the strategy of the organization positively and significantly to value creation (H<sub>2</sub>) is supported by empirical facts. Dependence on strategic development alliance activities in this regard outsourcing is a strategic policy of the organization to increase the value creation.

This research supports the statement that value creation is a result of the transformation of creativity and innovation through discovery and development in generating organizational services so that the organization can formulate his strategy well. It can be concluded that the organizational strategy affects the value creation process organization [32]. Public value can be achieved when the services produced by public sector meet the needs of the population, so the higher the satisfaction of the community, the greater the public value created [33]. The public organization is said to have created a public value in the results the benefits received by public is greater than the costs incurred including legal aspects of the use of force the user service to comply with the provisions of legislation [34].

#### 6.4.3. Information Technology Strategy on Value Creation

Information technology strategy has a significant effect on value creation of  $5.850185 \geq 1.96$ . The value of the original sample is positive = 0.577013 which indicates that the relationship between information technology strategy with the creation of value is positive. Information technology strategy positively and significantly effect on value creation (H<sub>3</sub>) is supported with empirical fact. The better of the information technology strategy practice at the show through strategic role, competence systematically, architecture and centralized work processes, the creation of value also increased. Management commitment to the implementation and utilization of information technology resources are needed to increase value creation. Systematic competence have an important role in building a unique comparative advantage, information technology architecture is built determines cooperative relations to a strategic partner organizations to increase value creation in the organization as well as work processes centrally. Information technology can facilitate the process of the organization's work in increasing value creation. Information as a result of information technology is an important part because the information can enhance value creation [35].

#### 6.4.4. Organizational Strategy on Organizational Performance

Organizational strategies have a significant effect on organizational performance strategy of  $4.327543 \geq 1.96$ . The value of the original sample estimate is positive = 0.378843, organizational strategy has a positive and significantly effect on organizational performance (H<sub>4</sub>). This is supported by empirical facts. The dependence of the development strategy of the activity of the alliance in this case outsourcing is a strategic policy for the benefit of

the organization in improving organizational performance. These findings support the results of the research provide evidence that high organizational performance is an alignment between the organization's strategy and the realization of its information technology strategy. Realization must be running on both the strategy, if that runs only the realization of the strategy of the organization, then the organization's performance is low, the same conditions on the reverse [36].

#### 6.4.5. Information Technology Strategy on Organizational Performance

Information technology strategy has a significant effect on organizational performance of  $3.316839 \geq 1.96$ . The value of original sample estimate is a positive = 0.323077, that the effect of information technology strategy on organizational performance is positive, so the information technology strategy has a significant and positive effect on organizational performance (H<sub>5</sub>) This is supported by empirical facts. The importance of information as a result of IT, that information could create value creation for the organization [35]. The higher of the strategic alignment level between organizational strategy with information technology strategy impact on achieving high organizational performance [4].

#### 6.4.6. Value Creation on Organizational Performance

The value creation has a significant effect on organizational performance of  $3.363550 \geq 1.96$ . The value of original estimate sample is positive = 0.281261 suggest that the value creation has positive effect on organizational performance. The value creation has a positive and significant effect on organizational performance (H<sub>6</sub>). This is supported by empirical facts. The use of IT to accelerate innovation so that organizations find new ways to improve organizational performance. An organization is said to have a high value if the organization's performance showed a high yield. The value creation oriented on value-added, cost reduction, risk managed; create new realities so as to improve organizational performance [37].

#### 6.4.7. Linking Organizational Strategy on Value Creation. The Mediating Role of Information Technology Strategy

Organizational strategy has a significant effect on the value creation as a mediated information technology strategy with the indirect path coefficient is positive in the amount of 0.43265589, which is a multiple effect of organizational strategy on information technology strategy with multiplication the information technology strategy on value creation, in order to obtain a value as follows:

$$\begin{aligned} P_1 &= PXY_1 * PY_1Y_2 \\ &= 0.74982 \times 0.577013 \\ &= 0.43265589. \end{aligned}$$

The value of indirect effect path coefficient of 0.43265589 indicates that the organizational strategy has a positive effect on value creation as a mediated information technology strategy. The effect of organizational strategy has a significant on the value creation as a mediated information technology strategy (H<sub>7</sub>) can be supported by empirical facts. The value creation is a transformation of

the creativity and innovation through the discovery and development. Based on this, it can be concluded that the organizational strategy affect the value creation process [32].

#### 6.4.8. Linking Organizational Strategy on Organizational Performance. The Mediating Role of Information Technology Strategy

Organizational strategy has a significant effect on organizational performance as a mediated information technology strategy with the indirect path coefficient is positive in the amount of 0,2422496, which is a multiple effect of organizational strategy on information technology strategy with multiplication the information technology strategy to organizational performance, in order to obtain a value as follows:

$$\begin{aligned} P_2 &= PXY_1 * PY_1Z \\ &= 0, 74982 \times 0, 323077 \\ &= 0, 2422496. \end{aligned}$$

The value of indirect effect path coefficient of 0, 2422496. That organizational strategy has a positive effect on the organizational performance as a mediated information technology strategy ( $H_8$ ) can be supported by empirical facts. A high organizational performance that is doing the alignment between organizational strategy and realization of technology strategy information. The realization of having to walk on both these strategies. If running just the realization of the Organization's strategy, then the performance of the Organization is hampered even declining. This also happens, if only the realization of the strategy of information technology that runs without balanced with the realization of the strategy of the Organization, so that it can be said that the Organization's strategy can influence organizational performance. High organizational performance occurs when organizations perform alignment between organizational strategy and the realization of its information technology strategy. Realization should run on both strategies. If that runs only the realization of the strategy of the organization, then the organization's performance becomes inhibited even decreased. It is also the case, if only the realization of current information technology strategy was being offset by the realization of the strategy of the organization, so that it can be said that the strategy of an organization can affect an organization's performance [36].

#### 6.4.9. Linking Organizational Strategy on Organizational Performance. The Mediating Role of Value Creation

Organizational strategy has a significant effect on organizational performance as a mediated the value creation with the indirect path coefficient is positive in the amount of 0,07376238, which is a multiple effect of organizational strategy on value creation with multiplication the value creation on organizational performance, in order to obtain a value as follows:

$$\begin{aligned} P_3 &= PXY_2 * PY_2Z \\ &= 0,262256 \times 0,281261 \\ &= 0, 07376238. \end{aligned}$$

The value of indirect effect path coefficient of 0, 07376238. That organizational strategy has a positive

effect on the organizational performance as a mediated value creation ( $H_9$ ) can be supported by empirical facts. So it can be stated that the organization's strategy could affect the organizational performance [36].

#### 6.4.10. Linking Organizational Strategy on Organizational Performance. The Mediating Role of Information Technology Strategy and Value Creation

Organizational strategy has a significant effect on organizational performance as a mediated the information technology strategy and value creation with the indirect path coefficient is positive in the amount of 0, 12168923, which is a multiple effect of organizational strategy on information technology strategy with multiplication the information technology strategy on value creation and the value creation on organizational performance, in order to obtain a value as follows:

$$\begin{aligned} P_4 &= PXY_1 * PY_1Y_2 * PY_2 * Z \\ &= 0, 74982 \times 0,577013 \times 0,281261 \\ &= 0, 12168923. \end{aligned}$$

The value of indirect effect path coefficient of 0, 12168923. That organizational strategy has a positive effect on the organizational performance as a mediated the information technology strategy and value creation ( $H_{10}$ ) can be supported by empirical facts [36].

## 7. Conclusion and Recommendations

Organizational strategies positively and significantly affect related to information technology strategy, organizational strategies has a significantly affect on information technology strategy. The same conditions indicated that the strategy of the organization significant effect on the value creation, that strategy a good organization will create value in providing services within the organization. Besides information technology strategy has a significant effect on the value creation. That the better the information technology strategy for an organization the more it will be able to value creation.

Other causality provides evidence that the organization's strategy significant affect on the organizational performance, the better the strategy of the organization, the higher organizational performance. The next information technology strategy has a significant effect on the organizational performance. Then the value creation significant effect on the organizational performance. Other facts on the effect of mediating variables, demonstrated that the organizational strategy has a significantly effect on value creation as a mediated information technology strategy. Then the organization's strategy significantly effect on organizational performance as a mediated information technology strategy. That the better strategy of the organization, the organization's performance also improves with the support of information technology strategy. The practice of a good information technology strategy should consider the strategic role of information technology aspect, systematic competencies, architecture, and the central work process in the creation of value and improve the organizational performance. Limitations on this study, that the study was only conducted on city and County government organization



then respondents used only the leadership so that limits the generalization of research findings.

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