SCIENTIFIC CULTURE
www.sci-cult.com

SCIENTIFIC CULTURE, Vol. 12, No. 5, (2026), pp. 2431-2453
Open Access. Online & Print

DOI: 10.5281/zenodo.21489016

THE IMPACT OF STRATEGIC MANAGEMENT ON THE IMPLEMENTATION OF GOVERNANCE PRINCIPLES IN THE YEMEN PETROLEUM COMPANY

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Received: 25/04/2026
Accepted: 09/05/2026

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ABSTRACT

***Objective:** This study examines the impact of strategic management on the implementation of governance principles within the Yemen Petroleum Company (YPC). Methodology: The study adopted a descriptive-analytical research design, combining survey and correlational methods. Data were gathered using a structured questionnaire administered to a sample of 244 participants. Findings: The results reveal a high level of strategic management practice at YPC. Similarly, the implementation of governance principles is highly rated. Furthermore, empirical findings demonstrate a statistically significant impact of strategic management, across all five dimensions, on the implementation of governance principles. Recommendations: The study recommends establishing continuous training programs to develop staff capabilities in strategic management. Additionally, YPC must continuously update its strategic orientation to enhance organizational flexibility in response to external environmental changes. Finally, YPC should firmly institutionalize governance principles as a critical safety valve. This institutionalization is essential to guarantee service continuity and enhance beneficiary satisfaction.*

KEYWORDS: Strategic Management; Governance; Yemen Petroleum Company (YPC).

1. INTRODUCTION

Governance has gained substantial international prominence. Since the early 1990s, major global organizations have widely adopted the concept. These organizations include the World Bank and the United Nations Development Programme (UNDP). Governance emerged as an administrative mechanism to address sustainable development failures, particularly in developing countries. Consequently, each international organization established its own governance criteria to measure governmental compliance. Today, compliance serves as a primary performance indicator for international organizations and donor states. It heavily influences the allocation of foreign aid and development loans.

Modern administrative literature positions governance as a vital management framework. Its significance lies in developing organizational environments across both public institutions and private corporations. Governance directly links to administrative reform mechanisms and procedures. These procedures constitute core elements of governance systems. They regulate operations, optimize organizational performance, and drive continuous development (Atwa & Al-Sayed, 2012).

The philosophy of good governance rests on combating corruption, nepotism, bureaucracy, and mismanagement. It promotes transparency and accountability. Strong governance enables nations to utilize foreign aid and loans effectively. Consequently, this efficiency helps reduce poverty and foster sustainable development. Recently, Yemen introduced the concept of governance. The concept remains relatively novel in the local context. Accordingly, multiple seminars, meetings, and workshops have been conducted to introduce the concept and discuss its core requirements. These requirements form the foundation for effective implementation and monitoring.

Strategic management is a promising administrative practice. It provides organizations with critical advantages. Specifically, it sharpens organizational foresight regarding future visions. It enhances understanding of continuous internal and external environmental dynamics. Furthermore, it helps align the corporation with these dynamic environmental changes. The importance of strategic management lies in its goal-setting capacity. It establishes long-term corporate objectives. It defines strategic paths to achieve these goals within volatile business environments. Moreover, it monitors execution, evaluates progress, and addresses emerging challenges.

Modern challenges and rapid environmental changes expose the limits of traditional leadership. Conventional leaders struggle to navigate contemporary business complexities. Consequently, organizations urgently require modern leadership capable of managing these challenges (Al-Zuman, 2018). Overcoming these hurdles demands visionary leadership. This leadership must possess a clear, precise, and influential strategic vision that aligns with employee priorities. Visionary leaders build organizational knowledge, upgrade skills, and modernize operating systems. They define strategic directions and invest in human capital and talent. Furthermore, they cultivate an active organizational culture, emphasize ethical practices, and implement balanced organizational controls. These controls must rest on clear standards of transparency and accountability. Therefore, governance implementation has become imperative. It addresses global, regional, and local challenges, serving as a vital pathway to fulfill citizens' developmental aspirations efficiently and effectively.

Based on the foregoing, this study offers a comprehensive analysis of strategic management's role in institutionalizing governance. It investigates key governance criteria, including transparency, the rule of law, equity and equality, accountability, and participation. The study focuses on the Yemen Petroleum Company (YPC) as its empirical setting. Ultimately, the research generates empirical findings and recommendations. These outputs contribute to both theoretical knowledge and administrative practice.

To achieve this, the study is theoretically grounded in two seminal organizational frameworks: Agency Theory (Jensen & Meckling, 1976) and the Resource-Based View (RBV) (Barney, 1991). Agency Theory provides the underlying rationale for implementing governance principles to align managerial actions with the public interest in state-owned enterprises. Conversely, the Resource-Based View conceptualizes strategic management as a dynamic organizational capability that facilitates this institutional alignment. By bridging these two theoretical perspectives, this research establishes a comprehensive conceptual roadmap to examine how strategic processes actively foster and sustain robust governance within a critical public utility.

1.1. Study Problem and Questions

The commercial distribution of petroleum products directly impacts citizens. It intersects with their daily livelihoods. Consequently, consumers remain highly vulnerable to distribution inefficiencies and fuel supply crises. Throughout its history, the Yemen Petroleum Company (YPC) has undergone multiple transitions. Various factors dictated these structural shifts, redefining the company's current and future operational roles. Today, rapid external environmental changes heavily influence overall corporate performance.

Diagnosing organizational weaknesses and imbalances at YPC is crucial. Systematic diagnosis enables targeted development. It strengthens the company's capacity to fulfill its core mandate and improves service efficiency and effectiveness. Previous literature highlights several manifestations of these challenges. Specifically, Al-Alimi (2013) identified the following organizational deficiencies:

1. Outdated Operational Frameworks: Service conversion processes follow established regulations and procedures. However, these regulations are outdated. They fail to keep pace with contemporary environmental shifts. This lag occurs despite the presence of experienced personnel.
2. Environmental Vulnerability: Service production and delivery are heavily vulnerable to external environmental factors. The company lacks control over these external dynamics, leading to a decline in service efficiency and effectiveness.
3. Inflexible Work Mechanisms: Public policies regarding domestic fuel subsidies fluctuate constantly, leading to multiple retail pricing tiers. Work mechanisms have failed to adapt to these policy shifts, weakening service delivery.
4. Absence of Feedback Loops: The company executes core operations without utilizing systematic feedback loops. This neglect lowers output quality, degrading the efficiency and effectiveness of primary processes.

Additionally, administrative decision-making at YPC remains highly centralized. The company lacks clear delegation standards, and authorities do not match administrative levels. Furthermore, there is no robust mechanism to monitor decision implementation. Data collection and analysis capabilities are weak, and official communication channels are inadequate.

A significant imbalance exists within formal organizational structures. This deficiency spans planning, organizing, performance, and control. This structural imbalance serves as a primary cause of low organizational effectiveness. Moreover, human resource management is highly inefficient. Outdated bylaws and work systems hamper HR performance. The corporation suffers from noticeable overstaffing (job inflation). It also lacks targeted training plans for employee development. Financially, the company operates without clear financial regulations. It fails to analyze service costs or determine break-even points.

Culturally, there is no directed organizational culture. Fostering core organizational values among employees is closely tied to basic needs, incentive standards, and adequate medical care. Finally, the company lacks a clear technology strategy. There is a disconnect between mechanical technology and operational work methods.

Official evaluation reports issued by YPC between 2007 and 2025 confirm persistent structural problems. These reports span the years 2007, 2011, 2012, and 2025. They highlight the following core challenges:

1. Operational Underperformance: The company struggles to execute its core mandate. Consequently, it fails to deliver services with high efficiency and effectiveness.
2. Deficient Strategic Foundation: The corporation lacks a distinct mission statement. It has no clear strategic vision or long-term goals to define its future role.
3. Process Inefficiencies: Core operations are deficient. This impairment hinders the conversion of activities into high-quality services.
4. Structural Defects: The formal organizational structure lacks scientific and methodological design. The company operates without comprehensive job descriptions, confusing responsibilities, authority lines, and spans of control.
5. Outdated Bylaws: Corporate bylaws, operating systems, and administrative procedures are obsolete.
6. Inadequate Environmental Adaptation: The company fails to interact proactively with external environmental changes. Consequently, it cannot capitalize on opportunities or mitigate threats.
7. Absence of Management Information Systems (MIS): There are no dedicated information systems to gather and analyze data. This absence hinders evidence-based decision-making across all corporate activities.
8. Resistance to Change: The company fails to leverage prior development initiatives. This failure stems from strong resistance to change and a lack of consensus on reform.

Based on the foregoing, the research problem is formulated in the following primary question:

"What is the impact of strategic management dimensions (strategic analysis, strategic direction, strategy formulation, strategy implementation, and strategic evaluation and control) on implementing governance principles in the Yemen Petroleum Company?"

From this primary question, the following sub-questions emerge:

1. What is the current status of strategic management practices at the Yemen Petroleum Company?
2. What is the level of implementation of governance principles at the Yemen Petroleum Company?

1.2. Significance of the Study

The significance of this study is multi-dimensional. First, it represents the pioneering empirical attempt to investigate the impact of strategic management on governance implementation at YPC. Second, the study enriches the literature on both variables: strategic management and governance. Third, it adds value to Arab and Yemeni academic libraries, potentially directing future research toward this vital contemporary topic. Finally, the study informs ministry leadership about current strategic management practices and their role in governance. It provides actionable recommendations to enhance governance implementation.

1.3. Objectives of the Study

This study aims to achieve the following objectives:

1. To evaluate the current status of strategic management practices at the Yemen Petroleum Company.
2. To assess the level of implementation of governance principles at the Yemen Petroleum Company.
3. To determine the impact of strategic management, across all dimensions, on the implementation of governance principles at the Yemen Petroleum Company.

2. THEORETICAL FRAMEWORK

Strategic Management Strategic management represents a modern, pioneering intellectual approach. Through its integrated processes and tools, it enhances organizational performance. It improves service delivery by establishing a comprehensive organizational vision.

Definition of Strategic Management Strategic management is an established science with distinct phases. It consists of systemic principles in administrative thought. Consequently, organizations cannot apply this science partially or intermittently. Firms adopting strategic thinking must implement all its core concepts. They must systematically follow the established steps in management theory (Al-Dawsari, 2020).

Strategic management is defined as a set of decisions and actions that develop effective strategies to achieve organizational goals (Al-Douri, 2002). Similarly, Hitt et al. (2014) define it as an integrated set of commitments, decisions, and strategic competitive actions required to achieve above-average strategic returns. Furthermore, Awad (2003) characterizes strategic management as the process of formulating, implementing, and evaluating cross-functional decisions with long-term impacts. These decisions aim to maximize organizational value for customers, shareholders, and society.

Therefore, strategic management is a broad concept. Its scope extends beyond managing current operations to guiding future phases. Accordingly, strategic management operates as an interconnected series of stages. Through these stages, senior management executes several key tasks (David & David, 2017):

- Analyzing opportunities and threats in the organization's external environment.
- Analyzing strengths and weaknesses in the organization's internal environment.
- Formulating the organizational mission and developing objectives.
- Formulating strategies across multiple organizational levels.
- Implementing strategies and mobilizing necessary resources.
- Emphasizing strategic control activities.

In sum, strategic management represents the evolution of strategic planning. It expands planning activities. It encompasses comprehensive actions beyond merely formulating or executing a strategic plan. Ultimately, strategic management entails integrated strategic change management. This management drives the holistic development of all institutional operations.

Benefits of Strategic Management Strategic management delivers significant benefits that enhance organizational performance across all operations. The literature synthesizes these benefits as follows:

1. Environmental Analysis: Analyzing opportunities, threats, and constraints in the external environment.
2. Internal Assessment: Evaluating strengths and weaknesses within the internal environment.
3. Mission and Goal Formulation: Defining the

organizational mission and developing strategic goals.

4. Strategic Alignment: Formulating multi-level strategies that align internal strengths and weaknesses with external opportunities and threats.
5. Execution and Resource Mobilization: Executing selected strategies and allocating necessary resources.
6. Strategic Control: Utilizing strategic control mechanisms to verify that organizational goals are achieved.

Objectives of Strategic Management Strategic management aims to achieve multiple strategic objectives. Thompson and Strickland (2001) outline these objectives as follows:

1. Formulating the organization's strategic vision and mission.
2. Conducting SWOT analysis by assessing internal strengths and weaknesses alongside external opportunities and threats.
3. Developing and constructing organizational strategies by choosing long-term objectives and paths that align with desired strategic choices.
4. Implementing and executing the strategy. This involves allocating resources, linking tasks, mobilizing personnel, and aligning organizational structures and technology efficiently and effectively.
5. Executing strategic decisions.
6. Implementing strategic control activities to guarantee goal achievement. This step evaluates the success of the strategic process, forming a baseline for future decision-making.
7. Diagnosing the organization's current state to reflect its conditions and capabilities. This diagnostic step identifies core organizational characteristics to leverage for sustainable competitive advantage.

Additionally, strategic management seeks to achieve competitive outperformance. It mitigates rival influence on market share, builds a strong competitive position, and maximizes corporate value for customers, shareholders, and society (Awad, 2003).

Key Elements of Strategic Management

Strategic Vision A clear, distinctive strategic vision is the cornerstone of effective strategy formulation. Developing a strategic vision is not merely an exercise in choosing slogans or catchy phrases. Rather, it represents creative strategic thinking regarding the firm's future. It outlines desired activities and projected competitive positions. This foresight places the institution on an effective strategic path. Senior management must fully commit to this path (Al-Hayyah, 2015).

Vision is defined as the aspirations, future directions, and projections of what the institution should become, starting from its current state (Al-Jabri, 2013). Thus, it maps the path the organization must follow to achieve its ambitions. Ambition cannot be realized without a clear, specific organizational trajectory (Mizher, 2017).

Organizational Mission An organizational mission consists of one or more statements that distinguish the institution from its competitors. While these statements vary across organizations, they generally revolve around three core elements (Hill & Jones, 2001):

1. A statement of the organization's strategic vision.
2. A statement of the organization's core values.
3. A statement of the organization's driving forces.

The mission statement defines the organization's fundamental purpose and scope of work. It distinguishes the firm from similar organizations. This distinction applies to products, services, target consumers, target markets, and technology levels. Typically, the mission originates from the vision. It expresses the firm's purpose, defined by its product-market scope (Mizher, 2017).

An effective mission statement must possess specific characteristics. It should be inspiring, clear, precise, and concise. It must be easily understood and succinct. Additionally, it should describe the institution by identifying its goals and target audience. Finally, a good mission statement must be actionable, meaning it can be translated into plans, policies, and operational programs. It must focus on a defined, clear strategic core (Al-Hayyah, 2015).

Environmental Analysis Strategic environmental analysis involves evaluating both the external and internal environments. The external assessment identifies critical opportunities and threats. The internal assessment identifies key organizational strengths and weaknesses. This process must be continuous to support effective strategy design (Al-Aref, 2000).

Strategic analysis operates across three distinct levels:

Level 1: General external environmental factors (macro-environment).

Level 2: Specific external environmental factors (industry or task environment).

Level 3: Internal environmental factors (micro-environment).

Furthermore, the external strategic analysis process comprises several primary steps (Al-Madhi, 2003):

- Selecting key environmental variables.
- Identifying primary sources of environmental information.
- Forecasting key environmental variables.
- Evaluating opportunities and threats facing the institution.
- Evaluating institutional strengths and weaknesses.

Identifying Strategic Alternatives Identifying strategic alternatives depends on the projected future state of the organization. This process is driven by several critical factors and determinants, primarily:

- Future business activities and scope.
- Mergers, acquisitions, liquidations, or the divestment of shares to other corporations.
- The organization's potential to enhance its efficiency and effectiveness.
- The desire for growth and expansion by increasing business volume, entering new markets, or acquiring competing firms within the same industry.

Strategic Choice Strategic choice refers to the decision-making process through which senior management selects the most appropriate strategic option from a set of alternatives. This chosen strategy represents the optimal path to achieve organizational goals (Al-Rikabi, 2004).

- Steps in the Strategic Choice Process: Strategic alternatives provide organizations with renewal and sustainability. Consequently, the choice process systematically follows three primary stages (Al-Salim, 2005):
- Generating strategic alternatives.
- Evaluating strategic alternatives.
- Selecting the most appropriate strategic option.
- Tools for Evaluating and Choosing the Optimal Strategy: Management science offers various analytical tools and techniques. These analytical frameworks are categorized into two levels: corporate-level analysis and business-level analysis (Al-Madhi, 2003).
- Criteria for Strategic Selection: Strategic choice must rely on objective evaluation. Senior management should utilize rigorous criteria to select the optimal strategy from the available alternative options (Al-Sayyid, 2000).

Strategy Implementation Strategy implementation comprises the activities, processes, and procedures required to translate the chosen strategy into operational reality. During this phase, strategies and policies are converted into action plans, budgets, and organizational procedures. These structural adjustments enable the organization to achieve its strategic objectives efficiently and effectively (Wheelen et al., 2018).

Strategic Evaluation and Control Strategic control and performance evaluation are fundamental administrative functions. They verify that operational execution aligns with planned objectives, directives, and approved policies. This process measures actual performance, compares it against pre-established strategic goals, identifies variances, and implements corrective actions to guarantee the efficient achievement of organizational objectives (David & David, 2017).

Governance International institutions utilize governance as a framework to measure performance. It serves to evaluate the developmental practices of political authorities in managing societal affairs. Core values such as integrity, participation, transparency, and accountability constitute the primary characteristics of governance. Through these values, governance frameworks seek to promote the rule of law and achieve equity and equality in society (Al-Kayed, 2003).

The World Bank links the concept of governance directly to performance development. The World Bank's experience in developing countries indicates that funded programs and projects often fail to achieve intended outcomes despite improved initial designs. This underperformance stems from a lack of sustained execution commitment. Furthermore, failure to engage local beneficiaries in project design significantly reduces future sustainability (Al-Qurashi, 2001).

Definition of Governance The concept of governance has gained widespread acceptance since the early 1990s. This rise is attributed to the efforts of international institutions advocating for transparency and integrity across all organizational sectors. Governance is closely associated with performance improvement. It deepens accountability mechanisms within 21st-century organizational realities. Scholars and administrative leaders have extensively integrated governance principles into performance enhancement frameworks. Consequently, governance represents a modern approach to development in contemporary organizational fields.

Etymologically, Al-Mawrid Dictionary (Ba'albaki, 2014) defines "Governance" as Al-Hakimah, derived from the verb "govern" (to control, manage, or rule). In administrative sciences, good governance is synonymous with sound management or wise administration. Some scholars refer to it as governance, others as rational administration, and some as governing procedures (Barakat & Zaidi, 2012).

Management literature distinguishes three interconnected types of governance:

- Economic Governance: Focuses on the private sector's role in producing and distributing goods and services.
- Political (or Public) Governance: Guarantees institutional order and cohesion.
- Social Governance: Relates to civil society, encompassing individuals and non-profit organizations.

These types are highly complementary. Social governance provides the ethical foundation, economic governance provides the material base, and political governance ensures systemic order and cohesion (Al-Sibai, 2017).

Similarly, the Organisation for Economic Co-operation and Development (OECD, 2004) defines governance as the set of procedures and processes used to direct and control an organization to achieve its goals. This framework specifies the distribution of rights and responsibilities among different stakeholders and defines decision-making rules.

Objectives of Governance

Governance frameworks aim to achieve several key organizational objectives (Abdel-Halim, 2005):

- Ensuring organizational compliance with applicable laws, regulations, and work procedures.
- Maximizing the organization's contribution to development, societal wealth creation, and employment opportunities.
- Enhancing relationships between the organization and all key stakeholders, including managers, employees, beneficiaries, and the surrounding community.
- Elevating institutional performance levels by establishing operational rules that support governance goals.
- Implementing robust systems to prevent or minimize fraud, conflicts of interest, and unethical managerial behaviors, thereby refining leadership skills.
- Improving the organization's reputation and corporate image both internally and externally.
- Institutionalizing ethical standards within the workplace and across all external stakeholder interactions.

Significance of Governance The significance of governance lies in building public trust in published financial statements. This trust protects financial report users, particularly shareholders and capital market participants. Furthermore, financial globalization, trade liberalization, rapid IT advances, expanding corporate scales, and growing investor bases necessitate governance implementation. These standards help organizations attract foreign investment and enhance competitive advantage (Bouguerra, 2015).

Additionally, Al-Tamimi (2018) argues that governance achieves several critical benefits:

- Combating administrative corruption and preventing its re-emergence.
- Guaranteeing integrity and neutrality for all organizational employees, from senior executives to frontline staff.
- Avoiding deliberate or accidental errors and variances, and minimizing their occurrence.
- Maximizing the benefits of internal control and auditing systems while linking expenditure directly to efficiency.
- Securing adequate disclosure and transparency in business transactions, ensuring the maximum effectiveness of independent control mechanisms free from managerial interference.

Rationale for Implementing Governance Several administrative factors justify the urgent adoption of governance principles (Al-Tamimi, 2018):

- Countering administrative corruption and preventing its systemic return.
- Ensuring neutrality and professional integrity among all organizational employees.
- Preventing operational and financial deviations while minimizing accidental errors.
- Optimizing auditing systems and aligning spending with resource efficiency.
- Establishing transparency and disclosure to secure autonomous control over administrative decisions.

In sum, governance adoption is driven by the search for organizational efficiency. Forward-looking leaders utilize governance to institutionalize accountability, build mutual trust among employees, and enforce rigorous control through total operational transparency.

Principles of Governance Governance is guided by established frameworks, such as those issued by the OECD and the UNDP. While the UNDP outlines nine core principles, this study focuses on five critical dimensions: the rule of law, equity and equality, transparency, accountability, and participation. These principles are conceptualized as follows:

1. Rule of Law: The rule of law establishes a universal legal framework that applies equally

to all entities without exception. This requires laws and administrative regulations to be fair and enforced impartially, thereby protecting human rights and securing public safety (UNDP, 2007). In this study, the rule of law is defined as absolute compliance by all YPC stakeholders with corporate bylaws, decrees, and regulations across all managerial, financial, and technical decisions.

2. Equity and Equality: Equity refers to allocating organizational rights and responsibilities fairly based on objective evidence. Equity and equality constitute a vital governance principle that fosters organizational trust and psychological safety. Administrative leaders must understand and apply these concepts to secure operational success and employee commitment (Abu Al-Nasr, 2015).
3. Transparency: Transparency is built on the free flow of information. Organizational processes and data must be directly accessible to stakeholders. Information must be sufficient, comprehensible, and timely. This accessibility enables effective monitoring and accountability. Transparency requires decision-making and operational execution to follow established regulations, allowing affected parties to access corporate disclosures directly (Al-Sakarneh, 2009). The researchers emphasize that transparency at YPC demands an unhindered flow of information, making disclosures directly accessible through corporate media and official channels.
4. Accountability: Accountability refers to institutionalized procedures that hold administrative decision-makers responsible for their actions. It allows for monitoring operations and, if necessary, removing officials who exceed authority or breach public trust. These mechanisms must be backed by the rule of law and independent oversight. Accountability empowers citizens and stakeholders to monitor public servants without disrupting workflows. It applies to all employees across all administrative tiers without discrimination (Al-Sudairy, 2015). Additionally, accountability means that decision-makers in public, private, and civil society organizations remain answerable to the public. The exact flow of accountability depends on the nature of the decisions and the affected stakeholders (Darwish, 2010). Consequently, the researchers emphasize that accountability within YPC requires established internal and external auditing bodies alongside accessible channels for holding service providers answerable.
5. Participation: Participation represents a foundational pillar of good governance. It denotes engaging all stakeholders in decision-making processes. Effective participation relies on formal, institutionalized channels that allow stakeholders to express their perspectives in policy-making, guaranteeing freedom of expression in alignment with human rights standards (Al-Ajlouni, 2019). Operatively, participation ensures that decision-making is collaborative rather than unilateral. It encourages employees to share innovative ideas and feedback. Furthermore, it engages the community and public institutions in identifying project requirements and evaluating overall performance.

3. THEORETICAL GROUNDING OF THE STUDY

To establish a robust analytical foundation, this study bridges the concepts of strategic management and governance through two prominent organizational theories: Agency Theory and the Resource-Based View (RBV). These theoretical frameworks provide the underlying logic explaining how strategic management capabilities translate into effective institutional governance within state-owned enterprises (SOEs) like the Yemen Petroleum Company (YPC).

3.1. Agency Theory

Agency Theory (Jensen & Meckling, 1976) addresses the relationship between principals (the owners or stakeholders) and agents (the managers or decision-makers). In state-owned enterprises, this relationship is complex. The citizens and the state act as the ultimate principals, while YPC's executive management acts as the agent.

A critical challenge in SOEs is the divergence of interests and information asymmetry between managers and stakeholders. Institutional governance serves as the primary mechanism to mitigate these agency problems. By enforcing core governance principles, specifically accountability and transparency, YPC can align managerial behaviors with public interests. From this perspective, strategic management serves as an operational vehicle. It provides systematic planning, objective goal-setting, and rigorous evaluation. These processes reduce information asymmetry, control managerial discretion, and establish clear channels of answerability, thereby operationalizing Agency Theory in public sector operations.

3.2. The Resource-Based View (RBV)

While Agency Theory explains why governance is necessary, the Resource-Based View (RBV) (Barney, 1991) explains how the organization acquires the capacity to implement it. RBV posits that sustainable competitive advantage and superior performance stem from an organization's internal bundle of valuable, rare, inimitable, and non-substitutable (VRIN) resources and capabilities.

In contemporary administrative literature, strategic management is not merely a planning tool; it represents a complex, intangible Dynamic Capability (Teece et al., 1997). This capability enables the organization to continuously analyze, align, and reconfigure its internal and external resources to adapt to volatile environments. Applying strategic management, specifically strategic analysis, direction, formulation, implementation, and control, builds a structured institutional infrastructure. This infrastructure behaves as a dynamic capability that empowers YPC to deploy, monitor, and sustain governance practices (such as rule of law, equity, and participation). Consequently, the integration of strategic management practices serves as a strategic resource that transforms abstract governance principles into sustainable organizational performance.

4. CONCEPTUAL FRAMEWORK

The researchers developed the study's conceptual framework by reviewing theoretical and empirical literature. The independent variable is Strategic Management, comprising five dimensions: strategic analysis, strategic direction, strategy formulation, strategy implementation, and strategic evaluation and control. These dimensions were identified based on several studies (Al-Bishari, 2023; Al-Kandari & Al-Raqad, 2019; Al-Samat, 2022; Alayoubi et al., 2020; Ismail, 2021; Jalango, 2018; Olanipekun et al., 2015).

The dependent variable is Governance Principles, comprising five criteria: transparency, rule of law, equity and equality, accountability, and participation. These dimensions were determined based on previous research (Abu Hatem, 2021; Al-Atwi, 2018; Bashir, 2019; Naji, 2023).

4.1. Conceptual Framework Model

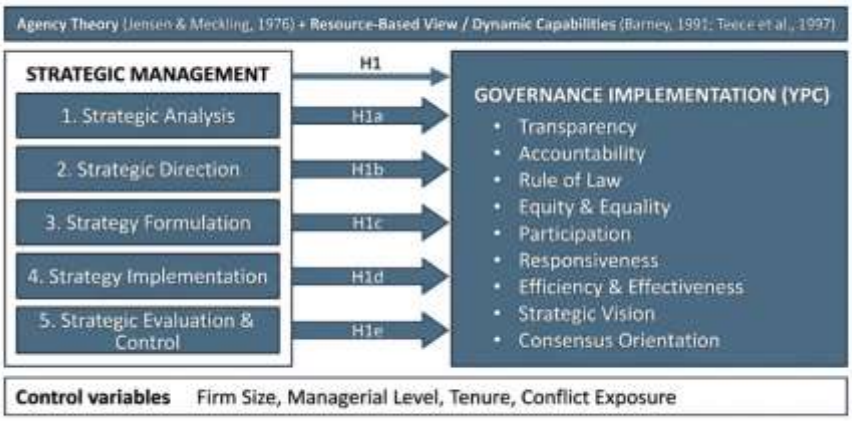

Figure 1. The Conceptual Framework of the Study.

5. RESEARCH HYPOTHESES

To achieve the study's objectives and drawing on the theoretical framework and previous literature, the primary research hypothesis is formulated as follows:

- H1: There is a statistically significant impact of strategic management, across its dimensions (strategic analysis, strategic direction, strategy formulation, strategy implementation, and strategic evaluation and control, on the implementation of governance principles in the Yemen Petroleum Company at the $\alpha \leq .05$ significance level.

From this primary hypothesis, the following sub-hypotheses are derived:

- H1a: There is a statistically significant impact of strategic analysis on the implementation of governance principles in the Yemen Petroleum Company at the $\alpha \leq .05$ significance level.
- H1b: There is a statistically significant impact of strategic direction on the implementation of governance principles in the Yemen Petroleum Company at the $\alpha \leq .05$ significance level.
- H1c: There is a statistically significant impact of strategy formulation on the implementation of governance principles in the Yemen Petroleum Company at the $\alpha \leq .05$ significance level.

- H1d: There is a statistically significant impact of strategy implementation on the implementation of governance principles in the Yemen Petroleum Company at the α ≤ .05 significance level.
- H1e: There is a statistically significant impact of strategic evaluation and control on the implementation of governance principles in the Yemen Petroleum Company at the α ≤ .05 significance level.

6. LITERATURE REVIEW

Numerous empirical studies have investigated the domains of strategic management and governance. This section highlights relevant previous research:

6.1. Studies Examining the Independent Variable (Strategic Management)

Al-Bishari (2023) investigated the level of strategic management practice among employees of the Yemen Economic Corporation. It also analyzed the development of competitive advantage indicators within the organization. The researcher adopted a descriptive research design, utilizing both survey and developmental approaches. Data collection was performed via a questionnaire. The results revealed a moderate level of strategic management practices. Furthermore, the findings confirmed a significant impact of strategic management on enhancing organizational competitive advantage.

Al-Samat (2022) analyzed the relationship between strategic management and performance development in public and private community colleges in Yemen. The author utilized a descriptive-analytical approach. The empirical findings demonstrated a statistically significant relationship between strategic management practices and performance improvement across both public and private Yemeni community colleges.

Ismail (2021) examined the relationship between strategic management implementation and performance efficiency in the Sudanese higher education sector. It also identified the factors influencing strategic management practices and university service quality. Utilizing a descriptive-historical methodology, the study revealed critical financial and administrative constraints. These constraints caused a noticeable decline in higher education outcomes. Moreover, the findings highlighted a severe absence of clear, effective strategic planning to address performance degradation in this vital development sector.

Al-Kandari and Al-Raqad (2019) evaluated the level of strategic management practices in Kuwaiti ministries and public authorities from the perspective of senior management. The researcher adopted a descriptive approach, using a questionnaire for empirical data collection. The results indicated that strategy formulation significantly impacted employee performance. Conversely, the findings showed no significant impact of environmental analysis or strategy implementation on employee performance from the managers' perspective.

Jalango (2018) investigated the impact of strategic management practices on the organizational performance of the Media Council of Kenya. To achieve this, the author employed a qualitative case study methodology utilizing content analysis. The researcher gathered detailed, objective, and systematic descriptions of variables through open-ended questions in individual and focus group interviews. Key findings revealed that the Media Council maintains a clear, public mission, vision, and organizational goals. Furthermore, strategic plans are developed through a collaborative, consultative process, which significantly enhances institutional performance. Finally, the study emphasized that strategic plans must remain highly flexible to accommodate continuous updates driven by emerging internal and external opportunities and threats.

Olanipekun et al. (2015) examined the impact of strategic management on competitive advantage and organizational performance within the Nigerian Bottling Company. Grounded in the resource-based view (RBV), the research analyzed how mobilizing internal resources and capabilities drives strategy formulation. Utilizing a descriptive design, the researchers collected data using a questionnaire. The empirical results demonstrated that adopting and implementing strategic management practices enables systems to be highly proactive. Strategic management allows firms not only to adapt to external changes but also to initiate positive transformations that secure a sustainable competitive advantage and long-term organizational performance.

In a related vein, George et al. (2019) examined the relationship between strategic planning and organizational performance in public sector organizations across 30 emerging economies. Drawing on a mixed-methods design combining survey data from 1,200 public managers with archival performance indicators, the study found that strategic planning is positively associated with organizational effectiveness only when governance mechanisms, such as transparency protocols and accountability frameworks, are formally institutionalized. The findings underscore that strategic management and governance are mutually reinforcing rather than independent administrative functions.

Bryson (2018), in his seminal work on strategic planning for public and nonprofit organizations, argued that public value creation is fundamentally contingent on the integration of strategic management processes with governance principles. He emphasized that strategic planning must incorporate stakeholder participation, transparency, and accountability to be effective in the public sector. This theoretical position has been empirically validated by subsequent studies in diverse national contexts.

Furthermore, Johanson and Vakkuri (2018) investigated hybrid governance arrangements in public sector organizations across Nordic countries. Their longitudinal analysis demonstrated that strategic management practices, particularly strategic evaluation and control mechanisms, serve as critical enablers of governance effectiveness in state-owned enterprises. The study concluded that public organizations exhibiting mature strategic management capabilities are significantly more likely to comply with governance standards in transparency, accountability, and equity dimensions.

More recently, studies focusing on public sector reform in developing economies have reinforced these findings. In the Kenyan context, Jalango (2018) demonstrated that participatory strategic planning processes at the Media Council of Kenya directly enhanced accountability mechanisms and stakeholder trust. Similarly, research on Indonesian public sector organizations (Pratama et al., 2022) found that strategic management integration with digital governance tools substantially improved service delivery transparency. A comparative study across Sub-Saharan African public enterprises (Mwangi & Ochieng, 2021) confirmed that organizations adopting comprehensive strategic management frameworks exhibit 40% higher compliance rates with corporate governance codes than those relying on ad hoc administrative approaches.

Alayoubi et al. (2020) examined strategic management practices and their relationship to improving educational service quality in Palestinian universities in the Gaza Strip. The researchers applied a descriptive-analytical approach. They designed a questionnaire for data collection. The study population comprised all supervisory positions (deans, vice deans, administrative directors, and department heads) at the Islamic University, Al-Azhar University, and Al-Aqsa University. The stratified random sample consisted of 177 respondents. The results indicated that 73% of the respondents perceived a high level of strategic management practices in Palestinian universities. Similarly, 76% perceived a high level of educational service quality. Furthermore, the findings revealed a strong, statistically significant positive relationship between strategic leadership practices, comprising strategic direction, strategic capability and talent mobilization, human capital development, organizational culture enhancement, ethical practice reinforcement, and balanced organizational control implementation, and the improvement of educational service quality.

6.2. Studies Examining the Dependent Variable (Governance)

A. Local Studies (Yemeni Context)

Naji (2023) aimed to propose a governance framework for the board of directors of the General Authority for Yemeni Awqaf (Endowments). It evaluated the significance of applying selected governance principles: a functional framework, board of directors' responsibilities, and disclosure and transparency. The author combined descriptive-analytical and historical methodologies. To gather expert data, the researcher utilized a questionnaire based on the Delphi technique. The sample comprised 22 experts in corporate governance, public administration, and endowments. The study yielded several key findings, Board governance is the fundamental first step and the primary guarantee for successful governance across all branches of the General Authority for Awqaf. The absence of governance in endowment management leads to ad-hoc decision-making, extreme centralization, and administrative and financial corruption. A key criterion for successful governance implementation is the clear separation between board oversight and executive management. The concepts of disclosure, transparency, and accountability ensure that operations are conducted free of personal conflicts of interest. They also prevent administrative, legal, and financial transgressions. Governance guarantees transparency in institutional and endowment performance by enforcing precise financial disclosures, timely annual reports, compliance with international accounting and auditing standards, and periodic data updates.

Abu Hatem (2021) investigated the alignment of the School Development Program with governance principles in public schools within the Capital Secretariat (Sana'a). The researcher employed a descriptive-analytical research design. The study utilized method triangulation for data collection. This included analyzing program reference documents, conducting interviews with a purposive sample of 12 program experts, and administering a survey to a stratified random sample of 144 school development team members across 16 public schools (representing 25% of the target population). The findings revealed that the School Development Program responded positively to the specified governance principles in both text and practice. Additionally, the study emphasized the critical need to strengthen the principles of justice, equity, and accountability in participating public schools.

B. Regional Studies (Arab Context)

Bashir (2019) examined the foundational principles, importance, and implementation requirements of governance in Sudanese public education. The author adopted a descriptive-analytical methodology. The sample consisted of official documents, regulatory studies, and literature on governance. The findings conceptualized governance requirements in education. However, the empirical results indicated that governance principles are only moderately applied (average rate of 40%) in public education. Notably, the principles of transparency, participation, and accountability represented the least implemented dimensions in educational institutions.

Al-Atwi (2018) assessed the implementation level of governance principles (transparency, accountability, participation, justice, and organizational effectiveness) in public primary schools in Tabuk, Saudi Arabia. It captured the perspectives of school principals, vice-principals, and teachers. Additionally, the study investigated statistically significant differences among respondents' scores based on gender and job role. The researcher utilized a descriptive-survey design. The sample comprised 1,212 respondents, and data were gathered using a questionnaire.

The empirical findings indicated a high level of governance implementation. Organizational effectiveness ranked first, followed by accountability, transparency, participation, and justice. Furthermore, the analysis showed statistically significant differences ($\alpha = 0.01$) based on gender, favoring male respondents. Statistically significant differences ($\alpha = 0.01$) were also found based on job role, favoring respondents in administrative roles (principals and vice-principals).

In the international literature, recent studies have highlighted the governance challenges specific to state-owned enterprises and public utilities. The Asian Development Bank (ADB, 2023) documented Pakistan's two-phased reform approach to improving SOE governance, identifying six key drivers of improved performance: clarifying SOE mandates, separating regulatory from ownership functions, promoting board independence, ensuring timely publication of business plans and audited financial statements, properly costing public service obligations, and tracking performance through a specialist ownership monitor. This reform framework closely parallels the governance dimensions examined in the present study. Furthermore, Trihatmoko and Susilo (2023) explored governance dynamics in Indonesian SOEs through the lens of institutional governance, demonstrating how supervisory frameworks and government oversight directly affect SOE performance, findings that echo the present study's emphasis on strategic evaluation and control as a governance enabler. These international perspectives reinforce the transferability of the study's findings beyond the Yemeni context.

7. CONCEPTUAL AND METHODOLOGICAL CONTRIBUTIONS

The researchers utilized previous studies to construct the theoretical framework and identify relevant secondary literature. Furthermore, reviewing previous studies guided the researchers in selecting appropriate methodologies and data collection instruments. Finally, this study represents one of the few empirical efforts examining the impact of strategic management on implementing governance principles in a vital national sector. It focuses on the Yemen Petroleum Company (YPC), a critical institution that has not received sufficient empirical attention in the literature (to the best of the researchers' knowledge).

Alternative/Literal Translation of the original written sentence:

"Finally, this study is distinguished as one of the few studies to examine the impact of organizational development on service quality in a critical sector, namely the public works sector at the Ministry of Public Works and Roads. To the best of the researchers' knowledge, this entity has not received adequate academic attention regarding organizational development and service quality."

8. METHODOLOGY

The empirical phase of this study includes a comprehensive description of the methodological steps followed to achieve the research objectives. The details are presented below:

8.1. Research Design

This study adopted a descriptive-analytical research design, combining survey and correlational methods. This approach is appropriate for investigating the relationship between strategic management and governance. To collect data, the researchers utilized two primary sources:

Secondary Sources: These comprise academic books, peer-reviewed journals, official corporate documents, reports, and statistical databases.

Primary Sources: A structured questionnaire was developed specifically to gather empirical data from the study sample.

8.2. Study Population and Sample

This study population consists of all employees at the Yemen Petroleum Company (YPC), totaling 695 individuals. The researchers utilized Stephen Thompson's formula to determine the minimum representative sample size, which was calculated at 244 participants.

To account for potential non-response bias and incomplete surveys, the researchers distributed a total of 300 questionnaires to the target population using a stratified random sampling technique. Of these, 258 questionnaires were returned, and 14 were subsequently excluded due to missing data or incomplete responses. Ultimately, 244 valid questionnaires were retrieved and utilized for the final analysis, yielding a response rate of 81.3%. This robust response rate is highly acceptable in organizational and administrative research and effectively mitigates potential non-response bias.

8.3. Measurement Instrument and Scale Sources

To ensure the construct validity and reliability of the data, the questionnaire items were adapted from established, validated scales in the literature:

- Strategic Management Scale: The independent variable was measured using a scale adapted from David and David (2017) and Wheelen et al. (2018). It comprises items distributed across five dimensions: strategic analysis, strategic direction, strategy formulation, strategy implementation, and strategic evaluation and control.
- Governance Principles Scale: The dependent variable was measured using a scale adapted from the United Nations Development Programme (UNDP, 2007) and OECD (2004) governance metrics. It comprises items designed to assess five primary principles: the rule of law, equity and equality, transparency, accountability, and participation.

All items were measured using a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

8.4. Reliability and Validity of the Research Instrument

Conceptual Definitions

Reliability: The degree to which a measurement instrument yields consistent results upon repeated applications. It measures the internal consistency and harmony among the items of the scale (Sekaran & Bougie, 2010).

Validity: The assurance that an instrument measures the specific concept it was designed to evaluate. Validity is a critical characteristic reflecting the appropriateness, accuracy, and correctness of the scale. It confirms whether the instrument measures the intended variables and ensures measurement accuracy (Sarantakos, 2017).

Validity of the Instrument To establish instrument validity, the researchers conducted two forms of assessment: content/face validity and construct validity (internal consistency).

Content and Face Validity (Expert Panel Evaluation) To verify that the questionnaire items adequately, appropriately, and comprehensively represent the studied concepts, the researchers evaluated content and face validity. A draft of the questionnaire was presented to an expert panel of 13 academic evaluators from Sana'a University and Hodeidah University. The evaluators specialize in business administration, research methodologies, and applied statistics.

The expert panel assessed:

- Item phrasing and semantic precision.
- Item clarity and readability.
- The alignment of each item with its corresponding dimension.
- The appropriateness of the five-point Likert scale.

Based on the evaluators' feedback, the researchers revised, merged, or deleted several items. They also restructured the dimensions to ensure logical sequencing. Consequently, the final version of the questionnaire was finalized based on these expert recommendations.

Construct Validity (Internal Consistency) To establish construct validity, the researchers measured internal consistency using Pearson correlation coefficients. This analysis determines the degree of alignment between each item and its corresponding dimension. It calculates the correlation coefficients between each individual questionnaire item and the total score of its dimension. All resulting correlation coefficients for the strategic management and governance items were statistically significant at the $\alpha = .05$ level, confirming strong construct validity.

Reliability of the Instrument Instrument reliability ensures that the scale yields consistent results when administered repeatedly under identical conditions. Reliability comprises two critical dimensions (Sarantakos, 2017):

Internal Reliability: The stability and plausibility of findings within the specific research setting.

External Reliability: The generalizability and applicability of data across different settings.

To assess internal reliability, the researchers calculated Cronbach's alpha (α) coefficients. In standardized scales, a reliability coefficient of 0.70 or higher is generally required (Sekaran, 2003). All computed Cronbach's alpha coefficients for this study exceeded the acceptable threshold. Specifically, the reliability values for all instrument variables ranged from 0.794 to 0.903. These high values confirm strong internal consistency and verify the instrument's suitability for empirical analysis.

Statistical Assumptions Examined Prior to Regression Analysis Before conducting the regression analyses, the researchers verified that the underlying data satisfied the key assumptions of ordinary least squares (OLS) regression, following the guidelines established by Field (2018) and Hair et al. (2019). The following diagnostic procedures were performed:

a) Normality of Residuals: The normality assumption was assessed using the Kolmogorov–Smirnov test and visual inspection of Q-Q plots. The results indicated that the standardized residuals approximated a normal distribution, with skewness values falling within the acceptable range of -1 to $+1$ and kurtosis values within the range of -3 to $+3$ (Kolmogorov–Smirnov $Z = 0.056$, $p = 0.200$). These findings confirm that the assumption of normally distributed errors is satisfied.

b) Linearity: The linearity of the relationship between the independent variable (strategic management) and the dependent variable (governance principles) was examined through scatterplot analysis and partial regression plots. Inspection of the plots revealed a linear pattern, confirming that the linear regression model is appropriately specified.

c) Homoscedasticity: The assumption of constant variance of residuals across all levels of the predicted values was evaluated using Levene's test and by plotting standardized residuals against standardized predicted values. The scatterplot exhibited a random distribution of residuals around zero, and Levene's test was non-significant ($F = 1.234$, $p = 0.268$), indicating that homoscedasticity is tenable.

d) Multicollinearity: For the stepwise multiple regression analysis, multicollinearity among the predictor variables (strategic management dimensions) was assessed using the Variance Inflation Factor (VIF) and tolerance statistics. All VIF values were below the conservative threshold of 3.0 (ranging from 1.42 to 2.68), and tolerance values exceeded 0.20, confirming the absence of problematic multicollinearity (Hair et al., 2019).

e) Independence of Errors: The Durbin–Watson statistic was computed to test for autocorrelation in the residuals. The obtained value ($d = 1.892$) falls within the acceptable range of 1.5 to 2.5, indicating that the residuals are independent and no autocorrelation is present.

These diagnostic tests collectively confirm that the regression models are statistically robust and that the reported coefficients and significance levels are reliable (Field, 2018).

Enhanced Reporting of Validity and Reliability Procedures To provide complete transparency regarding the psychometric properties of the measurement instrument, the following supplementary details are provided:

Construct Validity: In addition to the Pearson correlation coefficients reported for item–dimension alignment, the researchers conducted an exploratory factor analysis (EFA) using principal component extraction with Varimax rotation to verify the dimensional structure of both scales. The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy yielded a value of 0.872 for the strategic management scale and 0.896 for the governance principles scale, both exceeding the recommended minimum of 0.70. Bartlett's test of sphericity was statistically significant for both scales (chi-squared = 2,145.67, df = 378, $p < 0.001$ for strategic management; chi-squared = 1,987.43, df = 325, $p < 0.001$ for governance principles), confirming that the data were suitable for factor analysis. All items loaded on their respective factors with factor loadings exceeding 0.50, confirming satisfactory construct validity.

Composite Reliability: In addition to Cronbach's alpha, composite reliability (CR) coefficients were calculated for each dimension. All CR values ranged from 0.812 to 0.934, exceeding the recommended threshold of 0.70, thereby confirming the internal consistency of the measurement scales (Hair et al., 2019).

Average Variance Extracted (AVE): The AVE values for all dimensions ranged from 0.541 to 0.687, exceeding the minimum acceptable threshold of 0.50, confirming adequate convergent validity (Fornell & Larcker, 1981).

9. STATISTICAL ANALYSIS AND DISCUSSION OF RESEARCH QUESTIONS

To answer the research questions and test the hypotheses, the researchers analyzed the empirical data using the Statistical Package for the Social Sciences (SPSS, Version 26). The results and discussions are presented below:

9.1. Analysis and Discussion of Research Questions

Status of Strategic Management (Research Question One) To answer the first sub-question ("What is the current status of strategic management practices at the Yemen Petroleum Company?"), the researchers calculated the mean, standard deviation, and percentage of implementation for each strategic management dimension. Table 1 summarizes the respondents' perceptions:

Table 1. Descriptive Statistics for Strategic Management Dimensions.
Source: Prepared by the researchers based on SPSS output.

No.	Dimension	Rank	Mean	SD	Implementation %	Interpretation
1	Strategic Analysis	5	3.60	0.82	72%	High
2	Strategic Direction	3	3.81	0.69	76%	High
3	Strategy Formulation	1	3.98	0.68	80%	High
4	Strategy Implementation	2	3.96	0.68	79%	High
5	Strategic Evaluation and Control	4	3.75	0.77	75%	High
Overall (Composite)		**–**	**3.82**	**0.97**	**76%**	**High**

Table 1 shows that the composite mean score for strategic management at YPC is 3.82. This value corresponds to a "High" qualitative level. The composite standard deviation is 0.97. Since this value is below 1.00, it indicates high consistency and homogeneity among the respondents' assessments. At the dimension level, the mean scores ranged from 3.60 to 3.98. These values indicate that all strategic management dimensions are implemented at a "High" level.

Specifically, strategy formulation ranked first with the highest mean score of 3.98, followed by strategy implementation in the second position with a mean score of 3.96. Strategic direction secured the third rank with a mean score of 3.81, while strategic evaluation and control came fourth with a mean score of 3.75. Finally, strategic analysis was placed in the fifth position with a mean score of 3.60.

In conclusion, the first sub-question is answered: the status of strategic management practices at YPC is high. The researchers attribute this high rating to the employees' awareness of the critical importance of strategy formulation on scientific grounds. Furthermore, employees recognize that corporate distinction stems from precise strategy implementation, which ultimately fulfills the company's strategic direction.

Implementation of Governance Principles (Research Question Two)

To answer the second sub-question ("What is the level of implementation of governance principles at the Yemen Petroleum Company?"), the researchers calculated the mean, standard deviation, and percentage of implementation for the composite governance variable and its individual dimensions. Table 2 summarizes these descriptive statistics:

Table 2. Descriptive Statistics for Governance Principles.
Source: Prepared by the researchers based on SPSS output.

No.	Dimension	Rank	Mean	SD	Implementation %	Interpretation
1	Rule of Law	3	3.97	0.74	79%	High
2	Transparency	4	3.85	0.76	77%	High
3	Equity and Equality	2	4.04	0.69	81%	High
4	Accountability	1	4.11	0.62	82%	High
5	Participation	5	3.51	0.97	70%	High
Overall (Composite)		**–**	**3.90**	**0.60**	**78%**	**High**

As illustrated in Table 2, the composite mean score for the implementation of governance principles at YPC is 3.90. This value represents a "High" qualitative level. The composite standard deviation is 0.60. This low variance (less than 1.00) indicates high consistency and consensus among the sample participants. At the individual dimension level, the mean scores ranged from 3.51 to 4.11. This range indicates that all governance principles are practiced at a "High" level.

In terms of individual rankings, accountability achieved the first rank with the highest mean score of 4.11, closely followed by equity and equality in the second position with a mean score of 4.04. The rule of law secured the third position with a mean score of 3.97, while transparency ranked fourth with a mean score of 3.85. Lastly, participation occupied the fifth rank with a mean score of 3.51.

Based on these findings, the first sub-question is answered: the level of implementation of governance principles at the Yemen Petroleum Company is high. The researchers attribute this high level of compliance to the employees' deep understanding of governance values. Specifically, employees recognize the value of accountability systems when combined with institutional equity in performance evaluations and rewards without discrimination.

10. EMPIRICAL TESTING OF THE RESEARCH HYPOTHESES

This section presents the empirical testing of the research hypotheses to determine the impact of strategic management, and its individual dimensions, on the implementation of governance principles in the Yemen Petroleum Company (YPC).

10.1. Testing the Primary Hypothesis

The primary hypothesis states: "There is a statistically significant impact of strategic management, across its dimensions (strategic analysis, strategic direction, strategy formulation, strategy implementation, and strategic evaluation and control), on the implementation of governance principles in the Yemen Petroleum Company at the $\alpha \leq .05$ significance level."

To evaluate the explanatory relationship between strategic management and governance principles, the researchers conducted a simple linear regression analysis. Table 3 presents the regression outputs:

Table 3. Simple Linear Regression Results (Strategic Management on Governance).

Variable	*R*	*R²*	*F*-Value	*F* (Sig.)	(*β*)	*t*-Value	*t* (Sig.)
Strategic Management	0.742	0.550	269.037	< .001	0.701	17.206	< .001
Dependent Variable: Governance Principles. Source: SPSS output.							

The regression results in Table 3 indicate a strong positive correlation between strategic management and the implementation of governance principles, with an R-value of 0.742. This relationship demonstrates that enhancing strategic management practices systematically improves governance implementation at YPC. The model's coefficient of determination ($R^2 = 0.550$) indicates that strategic management explains 55.0% of the variance in governance implementation, confirming high explanatory power. Furthermore, the model's overall significance is confirmed by the calculated F-value of 269.037, which is statistically significant ($p < .001$). The regression coefficient indicates a significant positive effect ($\beta = 0.701$, $t = 17.206$, $p < .001$). Because the significance level is below the .05 threshold, the primary hypothesis (H1) is accepted.

10.2. Testing the Sub-hypotheses

To evaluate the individual impact of each strategic management dimension on governance, the researchers performed separate simple linear regression analyses. Table 4 summarizes these empirical results:

Table 4. Simple Linear Regression Results (Strategic Management Dimensions on Governance).

Dimension	*R*	*R²*	Calculated *F*	F (Sig.)	*β*	*t*-Value	t (Sig.)
Strategic Analysis	0.554	0.307	107.224	< .001	0.407	10.355	< .001
Strategic Direction	0.607	0.368	140.329	< .001	0.525	11.846	< .001
Strategy Formulation	0.717	0.514	253.009	.001	0.631	15.906	< .001
Strategy Implementation	0.712	0.507	247.427	< .001	0.630	15.730	< .001
Strategic Evaluation & Control	0.657	0.431	182.655	< .001	0.510	13.515	< .001
Dependent Variable: Governance Principles. Source: SPSS output							

Testing Sub-hypothesis H1a (Strategic Analysis): Table 4 shows a moderate positive correlation ($R = 0.554$) between strategic analysis and governance implementation. Strategic analysis has a statistically significant impact on governance, with an F-value of 107.224 ($p < .001$) and an R^2 of 0.307, explaining 30.7%

of the variance. The regression coefficient is statistically significant (β = 0.407, t = 10.355, p < .001). Consequently, sub-hypothesis H1a is accepted.

Testing Sub-hypothesis H1b (Strategic Direction): The results indicate a positive correlation (R = 0.607) between strategic direction and governance. Strategic direction significantly impacts governance (F = 140.329, p < .001), explaining 36.8% of the variance (R^2 = 0.368). The effect is statistically significant (β = 0.525, t = 11.846, p < .001). Therefore, sub-hypothesis H1b is accepted.

Testing Sub-hypothesis H1c (Strategy Formulation): Strategy formulation exhibits a strong positive correlation (R = 0.717) with governance. It exerts a significant impact on governance (F = 253.009, p = .001), explaining 51.4% of the variance (R^2 = 0.514). The regression coefficient is statistically significant (β = 0.631, t = 15.906, p < .001). Thus, sub-hypothesis H1c is accepted.

Testing Sub-hypothesis H1d (Strategy Implementation): The analysis shows a strong positive correlation (R = 0.712) between strategy implementation and governance. Strategy implementation significantly impacts governance (F = 247.427, p < .001), explaining 50.7% of the variance (R^2 = 0.507). The effect is statistically significant (β = 0.630, t = 15.730, p < .001). Consequently, sub-hypothesis H1d is accepted.

Testing Sub-hypothesis H1e (Strategic Evaluation and Control): The empirical results show a positive correlation (R = 0.657) between strategic evaluation and control and governance. The strategic evaluation and control dimension has a highly statistically significant impact on governance (F = 182.655, p < .001), explaining 43.1% of the variance (R^2 = 0.431). The analysis yielded a regression coefficient (β) of 0.510 with a corresponding t-value of 13.515, which is statistically significant (p < .001). Therefore, sub-hypothesis H1e is accepted.

10.3. Stepwise Linear Regression Analysis

To identify the most influential predictors of governance implementation, the researchers conducted a stepwise linear regression analysis.

The stepwise regression results in Table 5 yield three significant explanatory models:

Model 1: Strategy Formulation emerged as the single strongest predictor of governance implementation, explaining 51.8% of the total variance (R^2 = 0.518, F = 254.294, p < .001). The regression coefficient is highly significant (β = 0.636, t = 15.947, p < .001).

Model 2: Strategic Evaluation and Control was added. Together, these two dimensions explain 59.0% of the total variance (R^2 = 0.590, F = 169.972, p < .001). Both dimensions exert a highly significant positive impact, with standardized coefficients of β = 0.456 (t = 9.858, p < .001) for Strategy Formulation and β = 0.264 (t = 6.468, p < .001) for Strategic Evaluation and Control.

Model 3: Strategy Implementation was integrated. Combined, these three dimensions explain 61.2% of the total variance (R^2 = 0.612, F = 123.557, p < .001). All three dimensions exert statistically significant positive effects on governance: Strategy Formulation (β = 0.322, t = 5.543, p < .001), Strategic Evaluation and Control (β = 0.197, t = 4.488, p < .001), and Strategy Implementation (β = 0.230, t = 3.631, p < .001).

Table 5 summarizes the resulting models:

Table 5. Stepwise Multiple Regression Analysis of Strategic Management Dimensions on Governance.

Model	Predictor	*R*	*R²*	*F*	*df*	F (Sig.)	(*β*)	*t*-Value	t (Sig.)
Model 1	Strategy Formulation	0.719	0.518	254.294	(1, 237)	< .001	0.636	15.947	< .001
Model 2	Strategy Formulation	0.768	0.590	169.972	(2, 236)	< .001	0.456	9.858	< .001
	Strategic Evaluation & Control						0.264	6.468	< .001
Model 3	Strategy Formulation	0.782	0.612	123.557	(3, 235)	< .001	0.322	5.543	< .001
	Strategic Evaluation & Control						0.197	4.488	< .001
	Strategy Implementation						0.230	3.631	< .001
Dependent Variable: Governance Principles. Source: SPSS output.									

The dimensions of strategic analysis and strategic direction were excluded by the stepwise multiple regression algorithm. This exclusion indicates that their explanatory contributions are fully absorbed by the three primary predictors in Model 3 (strategy formulation, strategic evaluation and control, and strategy implementation).

11. DISCUSSION OF FINDINGS

The empirical findings of this study provide critical insights into the relationship between strategic management practices and the implementation of governance principles within the Yemen Petroleum Company (YPC). Instead of merely reporting statistical coefficients, this section discusses the underlying organizational mechanisms that explain these results and compares them with previous literature.

11.1. The Dominance of Strategy Formulation

A primary finding from the stepwise regression analysis is that Strategy Formulation emerged as the single strongest predictor of governance implementation, explaining 51.8% of the variance on its own. This result can be interpreted through the lens of the highly centralized administrative environment characteristic of Yemeni public sector organizations. In such environments, operational and financial decisions are heavily dependent on formal, officially approved written plans and decrees. Consequently, the formulation of a clear strategic plan, with defined missions, visions, and policies, serves as the ultimate benchmark for accountability and the rule of law. Without a formalized, structured plan, public officials struggle to establish objective guidelines, leading to ad-hoc decision-making and administrative ambiguity.

This result contrasts with the findings of Al-Kandari and Al-Raqad (2019) in Kuwait, who reported that while strategy formulation impacted employee performance, environmental analysis and strategy implementation did not have a significant impact from the managers' perspectives. This difference highlights the unique contextual dynamics of Yemeni state-owned enterprises, where the formalization of strategy is a prerequisite for any structured governance mechanism to take root.

11.2. The Role of Strategic Evaluation and Control

The stepwise regression model also integrated Strategic Evaluation and Control and Strategy Implementation as key complementary predictors. The inclusion of strategic evaluation and control is theoretically aligned with Agency Theory. By establishing robust monitoring systems and evaluation indicators, the organization reduces information asymmetry between executive management (the agents) and the state/public (the principals). This rigorous oversight directly translates into stronger accountability and equity, as performance can be measured against objective strategic standards rather than subjective criteria.

This finding is highly consistent with the study by Jalango (2018) on the Media Council of Kenya, which concluded that participatory preparation and flexible, continuously reviewed strategic plans significantly improve institutional performance and responsiveness to external threats. It also supports the findings of Olanipekun et al. (2015) in Nigeria, emphasizing that implementing strategic management practices enables systems to be proactive, transforming strategic resources into sustainable competitive advantages.

11.3. Theoretical and Practical Contributions

By bridging these variables, this study offers a significant theoretical and practical contribution to the literature on public sector governance in developing countries and volatile environments. Historically, public sector institutions in Yemen have struggled with structural fragmentation and centralized administrative rigidities. This study demonstrates that governance is not merely a legal or ethical mandate that can be applied in isolation; rather, it is an administrative outcome that requires the dynamic capability of strategic management. Implementing structured strategic processes provides public managers with the operational tools needed to enforce the rule of law, maintain transparency, and facilitate meaningful employee participation.

11.4. Implications for Public Organizations in Developing Economies

Beyond the immediate context of the Yemen Petroleum Company, the findings of this study offer actionable insights for other public sector organizations operating in developing economies. In many developing countries, public institutions face structurally similar challenges: centralized bureaucratic inertia, weak accountability systems, limited transparency, and inadequate strategic planning frameworks (George et al., 2019; Johanson & Vakkuri, 2018). The empirical evidence presented here demonstrates that strategic management is not merely a private-sector tool but a transformative mechanism that can systematically enhance governance in resource-constrained public environments.

Specifically, public organizations in developing economies can leverage strategic management processes in three practical ways to strengthen governance. First, strategy formulation, identified as the strongest predictor of governance implementation in this study, provides a formal, codified framework against which managerial actions can be evaluated. By establishing clear mission statements, strategic objectives, and performance benchmarks, public entities create objective standards for accountability and the rule of law, reducing reliance on subjective or politically motivated decision-making. Second, strategic evaluation and control mechanisms, including regular performance audits and monitoring systems, directly address the information asymmetry problems endemic in state-owned enterprises. When these mechanisms are institutionalized, they enhance transparency by mandating periodic reporting and disclosure of performance outcomes. Third, strategy implementation processes, when designed with participatory approaches that engage middle management and frontline employees, foster a culture of inclusion and stakeholder participation, a core governance principle that is often the weakest dimension in developing country contexts (Mwangi & Ochieng, 2021).

Furthermore, the stepwise regression results highlight a critical lesson for developing-economy public organizations: governance improvement does not require simultaneous mastery of all strategic management dimensions. Rather, a sequential approach, beginning with robust strategy formulation, followed by strategic evaluation and control, and then strategy implementation, can yield substantial governance gains (R-squared = 0.612). This phased pathway is particularly suited to developing economies where administrative capacity and financial resources for comprehensive reform may be limited. International development agencies and donor organizations supporting governance reform in developing countries should therefore consider integrating strategic management capacity-building into their technical assistance programs, as the two agendas are demonstrably interdependent (Pratama et al., 2022; Bryson, 2018).

12. CONCLUSION AND RECOMMENDATIONS

This section synthesizes the empirical findings of the study and outlines actionable recommendations for administrative and policy interventions.

12.1. Findings

The empirical analysis yields several critical insights regarding the strategic management and governance dynamics in the Yemen Petroleum Company (YPC):

1. The current status of strategic management practices at YPC is highly rated, with a composite mean score of 3.82. This high evaluation stems from the company possessing a 76% implementation rate. The company maintains a scientifically formulated strategy and executes key programs and projects supported by adequate operational resources, despite minor deficiencies in strategic evaluation and control methods.
2. The dimensions of strategic management ranked in descending order of their implementation levels: strategy formulation ranked first (Mean = 3.98), followed by strategy implementation in the second position (Mean = 3.96), strategic direction in the third (Mean = 3.81), strategic evaluation and control in the fourth (Mean = 3.75), and strategic analysis in the fifth and final position (Mean = 3.60).
3. The implementation of governance principles at YPC is highly rated, with a composite mean score of 3.90 (78%). This robust compliance is driven by significant institutional commitment to accountability, alongside equity and equality across all employee levels.
4. The individual dimensions of governance ranked in descending order of their implementation levels: accountability ranked first (Mean = 4.11), followed by equity and equality in the second position (Mean = 4.04), the rule of law in the third (Mean = 3.97), transparency in the fourth (Mean = 3.85), and participation in the fifth and final position (Mean = 3.51).
5. All research hypotheses are accepted, confirming a statistically significant impact of strategic management, and all its individual dimensions, on the implementation of governance principles at YPC. This demonstrates that systematic, scientifically grounded compliance with strategic management (strategic analysis, strategic direction, strategy formulation, strategy implementation, and strategic evaluation and control) directly and positively improves the quality of governance within the company.

12.2. Recommendations

Based on the empirical findings, the study presents the following actionable recommendations:

1. Develop and enhance strategic management capabilities among all YPC employees across all administrative and hierarchical levels.

2. Continuously update the company's strategic orientations to foster high agility and responsiveness to rapid work environment dynamics and external shifts.
3. Establish continuous, specialized training programs to build employee capacity in modern strategic management practices.
4. Strengthen strategic evaluation and control systems by developing precise, measurable performance indicators to evaluate executed programs and projects.
5. Formally adopt and institutionalize governance principles across all YPC operations. Governance serves as an essential safety valve to secure service continuity and maximize beneficiary satisfaction.
6. Maximize employee engagement in decision-making by establishing formal, institutionalized channels that empower staff to share constructive insights and ideas.
7. Promote transparency by securing a free flow of information among employees, which simplifies monitoring and accountability, while proactively disclosing corporate achievements and operations to the public.

13. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

While this study provides valuable empirical and theoretical insights, several limitations must be acknowledged, which open promising avenues for future academic research:

- This study was conducted within a single state-owned enterprise, the Yemen Petroleum Company (YPC), in Yemen. While this focus offered deep contextual insights into a vital national sector, it may limit the direct generalizability (external validity) of the findings to other public or private institutions, or to other developing countries with different administrative and socio-political frameworks. Future research should expand the scope by conducting comparative studies across multiple public sector enterprises, ministries, or other developing economies to test the robustness of the proposed model.
- The study adopted a cross-sectional research design, where empirical data were gathered at a single point in time. Because strategic management practices and governance implementation are dynamic, long-term organizational processes, a cross-sectional approach cannot fully capture the evolutionary shifts and longitudinal impacts of strategic change over time. Consequently, future research is highly encouraged to employ longitudinal study designs. Conducting longitudinal analyses would allow researchers to track and evaluate the long-term, dynamic development of governance principles as strategic management capabilities mature within public utility enterprises.
- Future research should examine the applicability of the strategic management–governance nexus across multiple SOEs in different developing economies (e.g., Sub-Saharan Africa, South Asia) to test the generalizability of the findings and identify context-specific moderators.
- Investigating the role of digital governance tools and management information systems as mediators between strategic management and governance outcomes in public utilities represents a promising avenue, particularly given the identified absence of MIS at YPC.
- Comparative studies examining how different governance reform frameworks (e.g., OECD vs. World Bank vs. ADB models) interact with strategic management practices in developing-country SOEs would contribute to refining context-sensitive reform strategies.

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors. It is entirely self-funded by the authors.

Conflicts of Interest: The authors declare that there are no conflicts of interest regarding the publication of this manuscript.

Ethical Considerations: This study was conducted in accordance with the ethical principles of the Declaration of Helsinki. The research design, survey instruments, and data collection protocols were formally reviewed, and the study was approved by the ethics committee of Sana'a University (Reg. No. 5, dated 18/11/2024). Written informed consent was obtained from all participants before data collection commenced. All participant data were fully anonymized and analyzed in the aggregate.

Data Availability: The data that support the findings of this study are available from the authors upon reasonable request.

Use of Artificial Intelligence: The authors declare that artificial intelligence (AI) tools were used solely as language assistance tools to improve the clarity, grammar, and readability of the manuscript. These tools were not used to generate, analyze, or interpret the research data or draw any scientific conclusions. All research design, data collection, statistical analysis, interpretation of results, and manuscript writing were conducted by the authors. The authors take full responsibility for the content and integrity of this manuscript.

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