

Investigate and Prioritize Factors Affecting the Implementation of the Strategy in Mehr Eqtasad Bank

¹Seyed Shamsodin Musavi and ²Seyed Yahya Seyed Danesh

¹Department of Accounting and Management, Islamic Azad University,
Rasht Branch, Guilan, Iran

²Department of Industrial Management, Payame Noor University, Guilan, Iran

Abstract: Increasing competition encouraged many pioneering organizations in order to evaluate the performance of management and competitive strategy is aimed at developing organizational performance. In this regard, the main problem is some of the organizations lack of success in developing and implementing strategies because due to the complexity of the strategic planning process and the situation specific to each organization, not a recommended best practices for this important process. This study aimed to evaluate and prioritize the factors affecting the implementation of the strategy in Mehr Eqtasad bank which is descriptive and functional research. The study population included all branch managers, senior officials and managers of Mehr Eqtasad bank which are 70 that 48 of them have been studied as a sample. Results of regression test showed that all internal and external factors have affected economic strategy implementation in October Bank and Friedman's test results show that internal factors were prioritized in order of importance" leadership organizational culture organizational resources organizational structure and corporate communications "and prioritization of external factors in order of importance"are political factors, economic factors, cultural/social and legal factors/legal".

Key words: Strategy execution, leadership, Mehr Eqtasad bank, regression, political factors

INTRODUCTION

Now a days the business world is very different in comparison with past decades. Competitive environment, lack of resources and speed of changes and so on... don't let organizations to commit fatal errors and deviations from targets. Increasing competition encouraged many pioneering producers. In order to evaluate the performance of management and competitive strategy is aimed at developing organizational performance. All these changes made, purpose, structure and behavior organizations insufficient in the long run and compliance with environmental imperative and the strategy as a concept meets the coordination between the organization and its external environment which started its application in parts of the organization in the second half of the twentieth century (Radnor and McGuire, 2004).

If strategic planning developed and implemented well can be useful tool for success in the competitive global market and can keep them on their feet. The impact of strategic planning in today's organizations is not secret, by utilizing strategic planning managers can bring positive effects to organizations in the long run. In some

organizations the main problem is lack of success in developing and implementing strategy. Due to the complexity of the strategic planning process and the specific situation for each organization, the best way cannot be recommended for this important process (Ghamdi, 1998).

The researchers, regarded banks as one of the most important institutions of any economic system. In the worldwide, banks and banking industry as a whole is one of the pillars of the economy of any country is very important (Bergeron *et al.*, 2004). And due to a variety of financial services (micro and macro), plays a crucial role in the development and economic growth in country. Banks and financial institutions collect resources through attracting the deposits of depositors and put them in a facility available to investors. If banks would be more effective about the capture, allocation of resources and funds flowing to wander could be a good platform for further economic growth and prosperity.

Accordingly, the country's economic development largely depends on the efficiency and utility of bank performance (Chand and Katou, 2007). In this regard, since the mid-seventies, Mehr Eqtasad bank enter banking industry as a private bank and could greatly

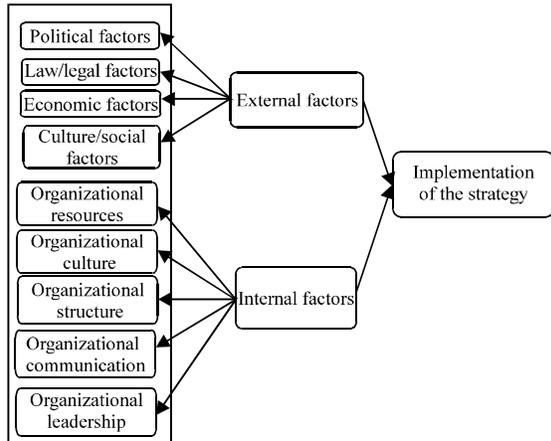


Fig. 1: Conceptual model

attract trust of banking cast (the central bank, public and private banks, banking customers, industry, etc). Thus, as a top bank, the Mehr Eqtesad has been investigated in banking. Results of research conducted in strategic literature indicates that companies which use the strategic approach to achieve a sustainable competitive advantage, often meet difficulties in the implementation of strategies in different levels.

Due to the vast and complex structure of banks, implementation of strategies, policies and even planning meet difficulties. So, this study aimed to investigate and prioritizes the factors affecting the implementation of the strategy in Mehr Eqtesad bank (Prajogo and Sohal, 2006).

Conceptual model: In this study, the conceptual model adapted from Pettigrew and his whip in 1991 and Rahro and it is as Fig. 1.

Research hypothesis

The main hypotheses:

- Organizations external factors (environmental) has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Organizations internal factors has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank

Sub-hypotheses of the first main hypothesis:

- Political factors has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Legal/Law factors has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Economic factors has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank

- Cultural/social factors has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank

Sub-hypotheses of the second main hypothesis:

- Organizational resources has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Organizational culture has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Organizational structure has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Organizational communication has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank
- Organizational leadership has a significant impact on the on the implementation of the strategy in Mehr Eqtesad bank

MATERIALS AND METHODS

According to the study as it is aimed to investigates and prioritizes the factors affecting the implementation of the strategy in Mehr Eqtesad bank and develop practical knowledge about the quality of the relationship and influence between the factors, it is functional and descriptive. And to collect information questionnaires, interviews and observation is used, so this research can be among the survey research.

Statistical population and sampling: The statistical population of this research concludes all branch managers and seniors (40) and 30 provincial managers (total 70) that 48 of them is studied as the sample.

Measuring instruments and statistical techniques: In this study, in order to collect information for analysis, standard questionnaire of “Rahro” and the regression and Friedman technique are used (Table 1).

Table 1: Internal and external factors affecting the implementation of the strategy

The main indexes	Sub-index
External factors	Political factors (3 indicators)
	Factors legal/law (2 indicators)
	Economic factors (6 indicators)
	Cultural/social (5 indicators)
Internal factors	The organizational resources (12 indicators)
	The organizational culture (4 indicators)
	The organizational structure (5 indicators)
	The organizational communication (4 indicators)
	The organizational leadership (5 indicators)

The validity and reliability of research: In the present study with reference to the experts and professors viewpoint of the validity of the instrument, the validity of the instrument to measure variables is ensured and Cronbach's alpha coefficients to assess the reliability of the questionnaire is calculated 0.85 that indicated high reliability.

RESULTS AND DISCUSSION

Regression technique: Output of regression technique by SPSS Software is as Table 2. As seen in the Table 2, the regression result of the first main hypothesis and its sub-hypotheses indicate that:

- Component of external factors (environment) has explained 14% of the variance criterion (strategy)
- Components of political factors have explained 13%, legal/law 4%, economic 9% cultural and social 5% of the variance criterion (strategy)

As seen in the Table 3, the regression result of the second main hypothesis and its sub-hypotheses indicate that:

- Component of internal factors (environment) has explained 23% of the variance criterion (strategy)

- Components of organizational resources have explained 11% organizational culture 16% organizational structure 2% organizational communication 1% and organizational leadership 4% of the variance criterion (strategy)

In relation to the first main hypothesis: The regression coefficient of organization external factors (environmental) and implementation of the strategy is 0.38. That shows the predicting intensity of external factors (environmental) in the implementation of the strategy.

The regression coefficient of political factors is 37%, legal/law 21%, economic 30% and cultural and social 24%. That shows their predicting intensity in the implementation of the strategy.

Table 2: Correlation between predictor variables and the criterion

Hypothesis	Multiple correlation coefficient	Square multiple correlation coefficient	Improved correlation coefficient square
The first main hypothesis	0.380	0.144	0.139
Sub-hypothesis 1	0.372	0.138	0.133
Sub-hypothesis 2	0.210	0.044	0.038
Sub-hypothesis 3	0.305	0.093	0.088
Sub-hypothesis 4	0.241	0.058	0.053
The second main hypothesis	0.484	0.234	0.230
Sub-hypothesis 1	0.339	0.115	0.110
Sub-hypothesis 2	0.405	0.164	0.159
Sub-hypothesis 3	0.160	0.026	0.020
Sub-hypothesis 4	0.060	0.015	0.016
Sub-hypothesis 5	0.253	0.041	0.042

Table 3: Standard and non-standard coefficients predictor variables and the criterion

Hypothesis	Coefficients of predictor variables	Non-standardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
The first main hypothesis	Constant	3179	0.219		14533	0.000
	External factors	0.355	0.067	0.380	5304	0.000
Sub-hypothesis1	Constant	3026	0.195		15510	0.000
	Political factors	0.274	0.053	0.372	5174	0.000
Sub-hypothesis2	Constant	2466	0.160		15432	0.000
	Law/factor factors	0.134	0.048	0.210	2769	0.006
Sub-hypothesis3	Constant	26500	0.153		17285	0.000
	Economic factors	0.209	0.051	0.305	4146	0.000
Sub-hypothesis4	Constant	25390	0.161		15731	0.000
	Culture/social factors	0.157	0.049	0.241	3213	0.002
The second main hypothesis	Constant	0.231	0.256		0.90	0.370
	internal factors	0.656	0.092	0.484	7148	0.000
Sub-hypothesis1	Constant	1069	0.213		5017	0.000
	Organizational resources	0.401	0.086	0.339	4656	0.000
Sub-hypothesis2	Constant	1227	0.148		8288	0.000
	Organizational culture	0.322	0.056	0.405	5732	0.000
Sub-hypothesis3	Constant	1646	0.195		8460	0.000
	Organizational structure	0.109	0.052	0.160	2091	0.038
Sub-hypothesis4	Constant	1446	0.175		7660	0.000
	Organizational communication	0.99	0.042	0.120	1051	0.005
Sub-hypothesis5	Constant	2646	0.295		9460	0.000
	Organizational leadership	0.229	0.152	0.360	3091	0.000

Table 4: Prioritize internal factors

Index	Average	Rank
Legal/law factors	3/10	4
Economic factors	3/95	2
Culture/social factors	3/87	3
Political factors	4/56	1

Table 5: Prioritize external factors

Index	Average	Rank
Organizational communication	3-10	5
Organizational culture	4-10	2
Organizational resources	4-6	3
Organizational structure	3/56	4
Organizational leadership	4/70	1

In relation to the second main hypothesis: The regression coefficient of organization internal factors (and implementation of the strategy is 0.48. That shows the predicting intensity of external factors (environmental) in the implementation of the strategy. The regression coefficient of organizational resources is 33% organizational culture 40% organizational structure 16% organizational communication 112 and organizational leadership 36% that shows the predicting intensity of external factors (environmental) in the implementation of the strategy.

Friedman test

Prioritization of internal factors: This test is used for the similarity among the priority (ranking) a number of variables. Friedman test result shows that political factors by a factor of 4.56 is the first priority, second priority 3.95 by a factor of economic factors, cultural/social and legal factors/legal by 3.87 and 3.10 are the third and the fourth priorities (Table 4).

Prioritization of external factors: Friedman test result shows that Organizational leadership by a factor of 4.70 is the first priority, second priority 4.10 by a factor of organizational culture organizational resources and organizational structure by 4.06 and 3.56 are the third and the fourth priorities and organizational communication 3.10 is the fifth priorities (Table 5).

CONCLUSION

Since, the inaccurate implementation of organizational strategies can hit severe and irreparable damage to the organization, so that in some cases, the situation is such that organization can't go to return or change the process. Therefore, we can say that for the health and survival of the organization, the accurate implementation of strategies is very important. In this regard, the theoretical study of various aspects of the implementation of the strategy can provide the basis for scientific and practical models for managers and influential people in implementing the strategy. Based on this theme this study was tried to

explore and investigate insights and models in the field of implementation of the strategy by literature reviews of books and articles. Fred. R. David believes that after formulating strategies which should be done, strategic management process does not end there. Strategic thinking must be fulfilled. If the following conditions exist to fulfill these thoughts becomes very easy: managers and staff understand their organization, assume themselves as a part of the organization and through its participation in operations related to strategy commit themselves to the success of the organization. If employees do not understand the organization's management strategies and don't commit themselves to implement it, efforts that is done in the way of implementing the strategy will be faced with major issues. Studies show that different frameworks and models offered in connection with the performance by the theorists. With a series of criteria, attitudes can be divided into rational natural distinct from the:

- A hierarchical structure of reporting that is fit with designed strategy
- A reward system for employees to create financial incentives to executives, create and implement strategy
- Changing cultural and beliefs systems and of the organization in order to provide non-financial incentives for the implementation of the strategy
- Spread appropriate political and social behavior which is not prevent the strategy implementation
- Control systems and management information that enable them to keep the organization on a planned route
- Emphasize on the concepts of organizational capabilities, competencies and managerial skills for successful implementation of strategies

REFERENCES

Bergeron, F., L. Raymond and S. Rivard, 2004. Ideal patterns of strategic alignment and business performance. *Inf. Manage.*, 41: 1003-1020.

Chand, M. and A.A. Katou, 2007. The impact of HRM practices on organisational performance in the Indian hotel industry. *Employee Relations*, 29: 576-594.

Ghamdi, S.M.A., 1998. Obstacles to successful implementation of strategic decisions: The British experience. *Eur. Bus. Rev.*, 98: 322-327.

Prajogo, D.I. and A.S. Sohal, 2006. The relationship between organization strategy, Total Quality Management (TQM) and organization performance-the mediating role of TQM. *Eur. J. Oper. Res.*, 168: 35-50.

Radnor, Z. and M. McGuire, 2004. Performance management in the public sector: Fact or fiction. *Int. J. Prod. Perform. Manage.*, 53: 245-260.