

EXAMINATION AND COMPARISON OF ORGANIZATIONAL STRATEGY FORMULATION IN AN INDUSTRY AND SERVICE SECTORS (TABRIZ TRACTOR MANUFACTURING COMPANY AND ISLAMIC AZAD UNIVERSITY, ZANJAN BRANCH)

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ABSTRACT

In this era that electronic communication and information has a special position in increasing the activities processes, each organization has been encountered with rapid developments and changes such as service and manufacturing. Intense changes and environmental complexity in today world has caused organizations' managers to turn into a comprehensive strategy planning. In this research, the proposed hypotheses aiming to show the importance of mission formulation are different in industrial and service firms and as well as the importance of strategy implementation in those firms. The hypotheses also tend to indicate the time of environmental analysis is distinct in mentioned firms. Finally, the last hypothesis suggests that strategy implementation scheduling is different in both industry and service sectors. Middle, operational and senior managers in service and industry sectors are the current statistical population of the research. The findings demonstrate that the importance of mission formulation in an industry is higher than service sector. It also shows that strategy implementation importance in an industry is higher than service sector and there is no significant association between analysis time in both industry and service sectors (year on year), and there is a different scheduling in strategy implementation in industry and service sectors.

KEYWORDS : Strategic Planning; Organization's Mission; Environment Analysis; Strategy Implementation; Organization Environment

In a today developed world and age of technology, each organization with different sizes face with rapid changes and they should plan and implement their activities in a way to be successful in a turbulent environment and high competitive market and to keep their life.

Strategic planning identifies the environmental opportunities, threats, and internal strengths and weaknesses by examining internal environment and organizations' settings and formulates long-term goals for organizations by regarding organizations' mission. To achieve these goals, a firm selects strategies among strategic options to eliminate weaknesses and prevents threats with the help of strengths and opportunities in order that directs an organization to the successful path if properly implemented. The prerequisite for success in this field is creating strategic thinking in an organization, especially among key managers.

Examination and formulation strategic planning and their comparison in both training services and industry is the issue that determines the way of achieving to organizations' specified goals and their visions; yet, examining Zanzan Islamic Azad University and Tabriz Tractor Manufacturing, it is obtained that values, attitudes, insight and ideas of founders and senior managers are essential and effect on their activities and plans.

Regarding the examinations in the field of strategic management and how they perform in service and industry sectors, we have decided to compare the importance of strategic planning in both sectors. Some cases are: development of cooperation and mutual understanding among an organization's units, determination of future orientations and directing an organization toward it, creating control of a strategy and strategic thinking in an organization's members, creating coordination between an organization's activities and its external environment, etc.

The main purpose of the current investigation is to examine and compare an organization strategic formulation process in industry and service sectors which the importance of an organization's vision, a strategy implementation, environmental analysis time and a strategy implementation scheduling are measured in industrial and service firms.

Obviously, both sectors are dependent together and accountable for requirements of societies along with each other, so the obtained results assist the senior managers relating to industry and service sectors and establishing overall strategy to inform about differences and similarities in both sectors in order to formulate precise and efficient plans and be successful in implementation and control of above strategies.

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The prime hypotheses are regarded in a way that there is a difference between strategy plan formulation of industrial (Tabriz Tractor Manufacturing) and service (Islamic Azad University, Zanzan Branch) organizations and alternative hypotheses are as follow:

- 1- The importance of mission formulation is different in industrial and service organizations.
- 2- The importance of strategy implementation is different in industrial and service organizations.
- 3- Environmental analysis time is different in industrial and service organizations.
- 4- Strategy implementation scheduling is different industry and service sectors.

Strategic plan formulation, and the effective factors on formulation and its stages are main and alternative variables (organization's mission, internal and external factors analysis, mission, formulation and implementation of a strategy), respectively. In this paper, descriptive-survey research is used.

Research Literature

In regard with making successes in a competition ground, organization systems should use a prospective and environment-oriented, as it not only determines environmental factors and developments, but also identifies its effect on an organization in a long-term time horizon and how an organization interacts with them. In fact, this planning is the strategic planning. (Aghazadeh, 2002, 3).

Definition of strategy

Mintzberg (a, 1987) has provided five definitions of strategy: plan, arrangement, pattern, condition and vision.

Strategy History

The term was used as "Managerial skill" (administration, leadership and power) about 450 BC. It was used to refer to skills of forces' deployment to overcome resistance and opposition as well as creating an integrated system of world government (Mintzberg, Quinn and Ghoshal 1994, 4).

Planning

Planning is a process in which an organization determines all of their activities and efforts about a favorable condition, way of success and way of going across the path. Note that planning is a tool to achieve a goal not a

goal itself. (Pahlevanian, 2006, 16). In a different definition, moving from current condition toward desirable situation is called planning (David, 1999, 35).

Organization Vision

In formulation of "Vision Statement" or outlook describes that the future condition is desirable. In other words, vision is an image showing an organization's condition when it has achieved to his mission and strategies. Visions are usually originated from thinking and creativity of managers and are drawn in different dimensions like technology, knowledge, financial condition, market, human resources and etc (Nejati, 2000, 95).

Organization's Mission: The First Step of Strategic Planning in Organizations

Peter F. Drucker believes that the business of an organization would not be defined by name or statute of that organization, but by mission of it. He has been titled "Father of modern management" and believes that achieving to realistic goals of an organization is just possible through clear definition of an organization's mission and the way of determining missions are effective on success and failure of an organization (Fred, R. 2000, 68).

SWOT Matrix

To formulate a strategy, an organization's condition should be analyzed. Condition analysis means finding a strategy or strategic balance among opportunities and strengths regarding weaknesses and threats to remove them. SWOT analysis is one of the strategic tools for matching strengths and weaknesses points of existed within an organization with opportunities and threats existed out of an organization.

Strategic Implementation

"Strategic implementation" is a process that not only strategies are institutionalized through applying structural, cultural and leadership considerations in an organization, but also are implemented through using plans, budget and processes.

Strategic Control

Organizations can deal with evaluation of different stages of strategic management through strategic control and support more important areas if any deficiency happened (Harisson, 2003).

Research Method

The necessity of a research plan is originated from based on achieving to two goals: 1) finding an answer of research questions and 2) variance control. (Sharifi&Sharifi, 2004).

Research Plan

The current investigation is descriptive (non-experimental), macro, sectional, extensive, evaluative and correlation in terms of outline, domain, time, scope, goal and method, respectively.

Introduction of Tools

The current research tools including two questions about demography and twenty questions that collecting data in ordinal scale. Primary and secondary data are used in data collection.

Tools Validity and Reliability

Validity refers to a goal which the test is done to meet its goal. In other words, an examination is valid which is suitable for measuring the considered case. In current study, Cronbach's alpha coefficient of the questionnaire is 0/71 that is approved due to its reliability coefficients are more than 0/7.

Statistical Methods

In statistical methods discussions, the issue can be classified into descriptive statistics and inferential statistics.

Population, Sample and Sampling Method

The common case of statistical population in this research is employment to managerial posts in operational, middle and senior management. Based on the received information, the population is about 174 (Table 3-3).

$$n = \frac{N \cdot \delta^2 \cdot z^2_{\frac{\alpha}{2}}}{e^2(N-1) + \delta^2 \cdot z^2_{\frac{\alpha}{2}}}$$

Formula 1-3. Cochran's formula

According to the table 3-3, the population of senior, middle and operational managers for representative of industry and service sectors is 68% and 32%, respectively.

According to the above formula, Z is 1/96 in 95% significance level, sample volume (N) is 174 people, error (e) is 0/05 and variance is 5/3 that N=124 based on the above formula (table 4-3).

Examination of the research hypotheses

First Hypothesis

The importance of mission formulation is different in industrial and services firms.

Table 3-3 : Description of Statistical Populati

	Number	Percentage
Tabriz Tractor Manufacturing	118	68.0%
Azad University	56	32.0%
Total	174	100.0%

Table 4-3: Description of statistical sample

-	Sampling fracture	Sample volume
Tabriz Tractor Manufacturing	0/7	85
Azad University	0/7	39
Total	-	124

Table 11-4: The Importance of Mission Formulation in Industry and Services

	Type	Frequency	Average	SD	SEM
The importance of the organization's mission formulation	Industry	50	3.36	.598	.085
	Services	50	3.04	.807	.114

According to it, the average of this variable is 3/36 (from scale 4) and 3/04 (from scale 4) in industry and services sectors, respectively.

Table 12-4: The Significance Test of the Importance of Mission Formulation in Industry and Services

Levene's Test For Equality of Variances Test For Equality of Averages										
-	-	F	Significance	T	Freedom degree	Significance	Mean difference	Standard error of difference	Distance of 95%	
									Lower	higher
The importance of the organization's mission formulation	Assumptions of equal variances	.000	1.000	2.2	98	.027	.0320	.142	.038	.602
	Assumption of unequal variances	-	-	2.2	90.3	.027	.320	.142	.038	.602

$H_0 = \mu_1 = \mu_2$

$H_1 = \mu_1 \neq \mu_2$

To test the statistical assumption, t-test with independent samples is used. It can be said that the importance of mission formulation in industry sector is more than services sector in 95% significance level.

Second Hypothesis

The importance of strategy implementation in industrial and services firms.

To test the statistical assumption, t-test with independent samples is used. It can be said that the importance of strategy implementation in industry sector is more than services sector in 95% significance level.

Third Hypothesis

The time of environmental analysis is different in industrial and services firms.

Table 4-13 : The Importance of Strategy Implementation in Industry and Services

	Type	Frequency	Average	SD	SEM
The importance of the organization's mission formulation	Industry	50	3.28	.573	.081
	university	50	3.00	.728	.103

According to it, the average of this variable is 3/28 (from scale 4) and 3 (from scale 4) in industry and services sectors, respectively.

Table 12-4 : The Significance Test of the Importance of Strategy Implementation in Industry and Services

Levene's Test for Equality of Variances Test for Equality of Averages										
-	-	F	Significance	T	Freedom degree	Significance	Mean difference	Standard error of difference	Distance of 95%	
									Lower	higher
The importance of the strategy implementation	Assumptions of equal variances	.012	.912	2.1	98	.035	.28	.13	.02	.54
	Assumption of unequal variances	-	-	2.1	92.8	.035	.28	.13	.02	.54

$H_0 = \mu_1 = \mu_2$

$H_1 = \mu_1 \neq \mu_2$

Table 15-4 : The Time of Environmental Analysis in Industry Sector

Time	Observed Frequency	Expected Frequency	Remainder
Month to month	71	100.0	-29.0
Season to season	101	100.0	1.0
Year to year	155	100.0	55.0
Several years to several years	73	100.0	-27.0
Total	400	-	-

According to table 15-4, 71 out of 400 people have mentioned the time of environmental analysis as month to month and 155 people cited it as year to year, the latter has the most frequent among the related options.

Regarding measurement of environmental analysis time scale is nominal in industry, chi-square goodness of fit test is used. The most frequent environmental analysis is year to year in industry sector.

According to table 17-4, 33 out of 549 people have mentioned the time of environmental analysis as month to month and 234 people cited it as year to year, the latter has the most frequent among the related options.

Regarding measurement of environmental analysis time scale is nominal in services, chi-square goodness of fit test is used. The most frequent environmental analysis is year to year in industry sector. The comparison between the statistical tables indicates that statistically, there is no significant difference between environmental analysis time in services and industrial firms.

Fourth Hypothesis

The strategy implementation scheduling is different in services and industry sectors.

Table 16-4: The Significance Test of Environmental Analysis Time in Industry

Chi-Square statistics	1.870E2
Freedom degree	3
Significance	.000

H0: P1=P2=P3=P4
H1: P1≠P2≠P3≠P4

Table 18-4: The Significance Test of Environmental Analysis Time in Services

Chi-Square statistics	1.709E2a
Freedom degree	3
Significance	.000

H0: P1=P2=P3=P4
H1: P1≠P2≠P3≠P4

Table 17-4 : Environmental Analysis Time in Services

Time	Observed Frequency	Expected Frequency	Remainder
Month to month	33	137.2	-104.2
Season to season	101	137.2	-36.2
Year to year	234	137.2	96.8
Several years to several years	181	137.2	43.8
Total	549	-	-

Table 19-4: The Strategy Implementation Scheduling in Industry

Time	Observed Frequency	Expected Frequency	Remainder
Month to month	58	98.5	-40.5
Season to season	168	98.5	-69.5
Year to year	146	98.5	47.5
Several years to several years	22	98.5	47.5
Total	394	-	-

Table 20-4: The Significance Test of the Strategy Formulation in Industry

Chi-Square statistics	1.480E2a
Freedom degree	3
Significance	.000

H0: P1=P2=P3=P4
 H1: P1≠P2≠P3≠P4

According to table 19-4, 22 out of 394 people have mentioned the strategy implementation scheduling as month to month and 168 people cited it as year to year in industry, the latter has the most frequent among the related options.

Regarding measurement of the strategy implementation scheduling scale is nominal in services; chi-square goodness of fit test is used. The most frequent the strategy implementation scheduling is year to year in industry sector.

According to table 21-4, 71 out of 400 people have mentioned the strategy implementation scheduling as month to month and 155 people cited it as year to year in industry, the latter has the most frequent among the related options.

Regarding measurement of the strategy implementation scheduling scale is nominal in services; chi-square goodness of fit test is used. The most frequent the strategy implementation scheduling is year to year in

Chi-Square statistics	45.960 ²
Freedom degree	3
Significance	.000

H0: P1=P2=P3=P4
 H1: P1≠P2≠P3≠P4

Table 21-4: The Strategy Implementation Scheduling in Services

Time	Observed Frequency	Expected Frequency	Remainder
Month to month	71	100.0	-29.0
Season to season	101	100.0	1.0
Year to year	155	100.0	55.0
Several years to several years	73	100.0	55.0
Total	400	-	-

industry sector. According to above tables, H0 assumption indicating lack of difference of the strategy implementation in industry and services sectors is rejected, so it is concluded that the scheduling is different.

DISCUSSION

Abstract of the Research Findings

1. The average of this variable is 3/36 (from scale 4) and 3/04 (from scale 4) in industry and services sectors, respectively.
2. The average of this variable is 3/28 (from scale 4) and 3 (from scale 4) in industry and services sectors, respectively.
3. 71 out of 400 people have mentioned the strategy implementation scheduling as month to month and 155 people cited it as year to year in industry, the latter has the most frequent among the related options.
4. 33 out of 549 people have mentioned the time of environmental analysis as month to month and 234 people cited it as year to year, the latter has the most frequent among the related options.
5. 71 out of 400 people have mentioned the time of environmental analysis as month to month and 155 people cited it as year to year, the latter has the most frequent among the related options.

CONCLUSION

The formulation of internal companies has been highlighted, especially along with privatization and globalization, indicating there are many evidences which confirm that no tendencies of current managers toward

strategic planning have caused them to make immediate and incorrect decisions, as some of them have destroyed their industries (Ghaffarian&Emadzadeh, 2006).

An approach can achieve to the most stable results in strategic planning in a reasonable period that utilizes a series open, comprehensive and result-oriented planning team meetings. The reasonable emphasis and balance among planning process and strategic planning content is one of reasons for the approach practicality. Planning process is a foundation in which strategic plan is provided. In strategic plan, both content and process has identical importance. A strategic plan should have comprehensive and logical structure, as each parts and components can be easily designed and formulated (Biloo, 1997).

Practical Suggestions

1. In strategies formulation, fuzzy models are used in place of weighting definite models to strategies such as AHP.
2. Formulation of strategies for different companies needs to cultural migration and informing staffs, because it is necessary to staffs and organizations to be receptive before any activities.
3. Training of association and strategy formulation committee is essential and strategy control is directed by members of strategy formulation committee continuously, including updating staffs and coefficients of tables.

To identify changing and rising opportunities and challenges, it is suggested to use descriptive school approaches along with prescriptive tools in order to result in group creativity enhancement in organizations.

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