

Surveying and Identifying the Factors Affecting Successful Implementation of Business Strategies in Companies of Fars Province Industrial Towns (Case study: Companies of Food Industries)

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Abstract

The purpose of this study was to Survey and identify obstacles of Successful Implementation of Business Strategies in food industry Companies of Fars Province. This research is a mixed method research that combined both quantitative and qualitative research methods. In qualitative part, focus group and in quantitative part inferential and descriptive research was applied. In order to inferential analyse we used Firedman test, confirmatory and exploratory factor analysis. The research population consists of all executive managers, middle managers, operational managers, professional experts, experts, consultants and elites of food industry companies of Fars Province. They are 205 people. In order to data gathering, semi structured interviews and researcher made questionnaire were used. Result of exploratory factor analysis of research questions led to identify five following factors: planning consequences, organizational obstacles, managerial obstacles, individual and staffs obstacles and environmental obstacles. Survey of current level of each obstacle in impeding successful implementation of business strategies in food industry companies of Fars Province show the following result: planning consequences 68.09%, organizational obstacles 65.48%, managerial obstacles 60.40%, individual and staffs obstacles 72.0% and environmental obstacles 63.99%. Further more, the result of Firedman test for ranking the role of these obstacles in impeding successful strategy implementation was as following orderly from high to low role: individual and staffs obstacles, planning consequences, organizational obstacles, environmental obstacles and managerial obstacles. We also surveyed and ranked all of obstacles indexes. Finally in this research, the model of obstacles of Successful Implementation of Business Strategies in food industry Companies of Fars Province was well developed and its reliability and validity was confirmed. As a result, under studied and other companies can use this model in order to identifying and determining the role of each obstacles in Successful Implementation of Business Strategies.

Key words: Business Strategies, food industry, strategy implementation

Introduction

Kaplan and Norton (2005) have stated, 95 percent of the staff neither are aware of the organization strategies nor do understand them. Johnson (2004) also believes that 66 percent of the organization strategies are not executed at all. In many cases this is not because of poor strategy and the idea behind them. Many valuable strategies are faced with problem and failure in the implementation stage. Basically, the main challenges in the strategic management lie in the implementing of the strategies rather than in developing stage. Brenz and Morikko, German, Molina (2008), Ansoff (1987), Galbraith; Kazanjian (1986), Quinn (1981), Peters and Waterman (1982), Cowherd (1988), believe impeders affecting the successful implementation of the strategy are as: organization structure, organization culture, information and communication technology and reporting system, motivation and reward systems, providing adequate resources, decision-making processes, effective communication, education, capabilities and skills. Several other researchers also have examined the factors affecting successful implementation of strategies. hid 2002, Olsen, Tse, and West (1992), Pearce and Robinson (1982), Hrebiniak and Joyce (1984), and Galbraith and Kazanjian (1986). All these researches describe the information systems, learning, resource allocation, formal organization structure, personnel management, and organizational culture as factors affecting the implementation of the strategy.

The important note about the above researches is that all of them have provided list of impeder affecting implementation of strategy and haven't studied these factors as a pattern and model. In addition, although there are many texts and studies regarding the strategic management process but most of them have focused on the strategy development aspect (Rahimnia,2009) and the implementation of strategy has been less considered by researchers. Since the strategy issue plays an important role in the success of different organizations and companies inside the country, especially food companies, and because implementing the strategy is an inseparable part of the strategic management processes and there has been little research on this topic in the world and no research in our country and a research gap is in this field; thus this research aims covering this part of the gap of strategic management researches and study and identify the impeder of successful implementing of strategy in food companies of Fars province.

Research Methodology

The best research design to achieve the reality in this research is applying the Mixed Method design.

Statistical Community and Sample

In this research, the statistical community includes all the top managers, middle managers, operational managers, and senior experts and experts, and consultants and elites of food companies in Fars, which their total number is equal to 205. In this research, the sample number has been considered equal to the community. In other words, the total counting method had been used for collecting the required data. Finally, after distributing the research questionnaires, 169 questionnaires have been filled and inserted in the analysis process. According to the number of completed questionnaires, the response rate is equal to 82.4%.

Data collecting tools

(Considering the research aims, semi-structured interviews (Focus group) as well as questionnaire tools have been used for collecting data. At first, after reviewing different researches and studies done in the research field, the default prototype of the research has been developed. Then by using the "focus group" technique during the sessions with managers, senior experts and strategic management consultants of companies (12 people), each main obstacle and its elements has been modified, some obstacles were deleted and some were modified and 9 new items were added to previous obstacles, considering the companies conditions. And at last, the final list of obstacles and elements was prepared. After extracting every main obstacles and elements, the research primary model was completed and then according to the identified factors and elements, the research questionnaire has been prepared.

Data Analysis methods

In this research, the descriptive and deductive statistics methods have been used in 2 separate parts for analyzing the results.

Research Results

a- Results of exploratory factor analysis

In order to identify the dimensions and elements of obstacles in successful implementing of business strategies in food companies of Fars, the first order exploratory factor analysis has been used and factors of these variables was extracted and shown in table 1.

Table 1: results of first order exploratory factor analysis

first order exploratory factor analysis	KMO number and Bartlett's test number	Factors obtained in order of explained variance	Percentage of explained variance
Obstacles in implementing the business strategies	KMO=0/812 Sig=0/000 The research data is in the required condition for implementation of exploratory factor analysis.	<ul style="list-style-type: none"> • Obstacles related to the consequences of planning(19.8%) • Organization obstacles (14.39%) • Management obstacles (11.56%) • Individual obstacles (7.33%) • Environmental obstacles (4.09%) 	56.452 %

Finally, after exploratory factor analysis, 5 factors mentioned in table 2 have been identified by answering the related questions.

Table 2: Factors and their variables

Factor	Questions (Variable)
Obstacles related to the consequences of planning	1.Inaccuracies in strategic business planning
	2.Poor relationship between strategies and short-term goals
	3.The time limit for implementation of strategies
	4.Poor consensus between decision makers and implementers of strategic business planning.
	5.Lack of conversion of appropriate strategic plans into business plans and short-term operational objectives and the distribution of these goals between different sectors.
	6. Inadequate identification of company's major problems and lack of focusing on them in strategic planning process
	7. Inadequate concentration on need and demands of customers and other beneficiaries of company
	8. Inadequate and improper use of consultants and professionals of strategy developing
	9.The ineffective role of experts, and drafters of strategy in the implementation of the company business strategy
	10.Weakness and ambiguity being in the developed strategies.
organization obstacles	11.Inappropriate educational systems for performing processes and various steps in the implementation of business strategies.
	12. The instructions, procedures and processes within the company being intangible and inappropriate.
	13. Lack of consistency and alignment between organizational structure and developed strategies.
	14.Inappropriate allocation of financial resources within the company
	15.Inadequate and poor information sharing between individuals and units involved in implementing the strategy.
	16. Lack of proper communication between individuals, departments and units of the organization.
	17. Lack of effective coordination between different levels of company
	18.Lack of proper information systems in organization.
	19. Organizational culture incompatible with organization strategies.
	20. Destructive competitive activities between the units and existing of unit-based vision in the company.
	21.Inadequate control systems and performance measurement and feedback.
	22.Existence of work compensate system and improper services in the company.
	23. Inadequate motivation systems in company.
	24. Low efficiency and success of marketing systems of company.
	25. Existence of inadequate physical facilities and equipment.
	26. Inadequate financial resources to implement strategies.
	27.Improper utilization of new technologies and practices in manufacturing and other business processes of company.
	28. Lack of programs, tools and models for implementing the strategy.
Management Obstacles	29. Existence of inappropriate style of leadership and management in the company.
	30. Inadequate understanding of managers and employees of company strategies and future prospects.
	31.Inadequate protection and consideration of company's managers and other beneficiaries to implementing the business strategies.
	32. Inadequate commitment of managers to the organization and its strategic plans.
	33.Managers fear of endangerment of their job security.
	34. Political factors related to the company power.
35.Inappropriate management of staff	
Individual Obstacles	36. Low capacity and capability of staff in line with the objectives and tasks.
	37. Lack of team spirit among employees.
	38. Employee resistance to change process within the company.
	39.Employees fear of endangerment of their job security
Environmental Obstacles	40. people's inadequate understanding of their company business strategies.
	41. Economic obstacles(inflation, down turn of the market, etc.)
	42.Political obstacles and changes
	43.State laws and regulations related to company activities.
	44. Effects of competitive environment(the competitors ,markets, etc.)
45. Cultural and social impeder.	

b- Current status of dimensions of obstacles of successful implementation of business strategies:

In table 3, the rate of current status of dimensions of obstacles of successful implementation of business strategies in Fars food companies has been shown. As it is seen in this table, the rate of impeders related to the consequences of planning is 68.09%, organization impeders is 65.48%, management impeders is 60.40%, individual impeders is 72.04% and environmental impeders is 63.99%.

Table 3: The rate of current status of dimensions of obstacles of successful implementation of business strategies in Fars food companies

the rate of current status of dimensions of obstacles of successful implementation of business strategies in Fars food companies	Average of 100	Average of 5
impeders related to the consequences of planning	68.09	3.40
organization impeders	65.48	3.27
organization impeders	60.40	3.02
individual impeders	72.04	3.60
individual impeders	63.99	3.20

c- Development of Model of Impeders of Successful Implementation of Business Strategies in Fars Food Companies

For Development of model of impeders of successful implementation of business strategies in Fars food companies, first and second order of confirmatory factor analysis statistics method has been used.

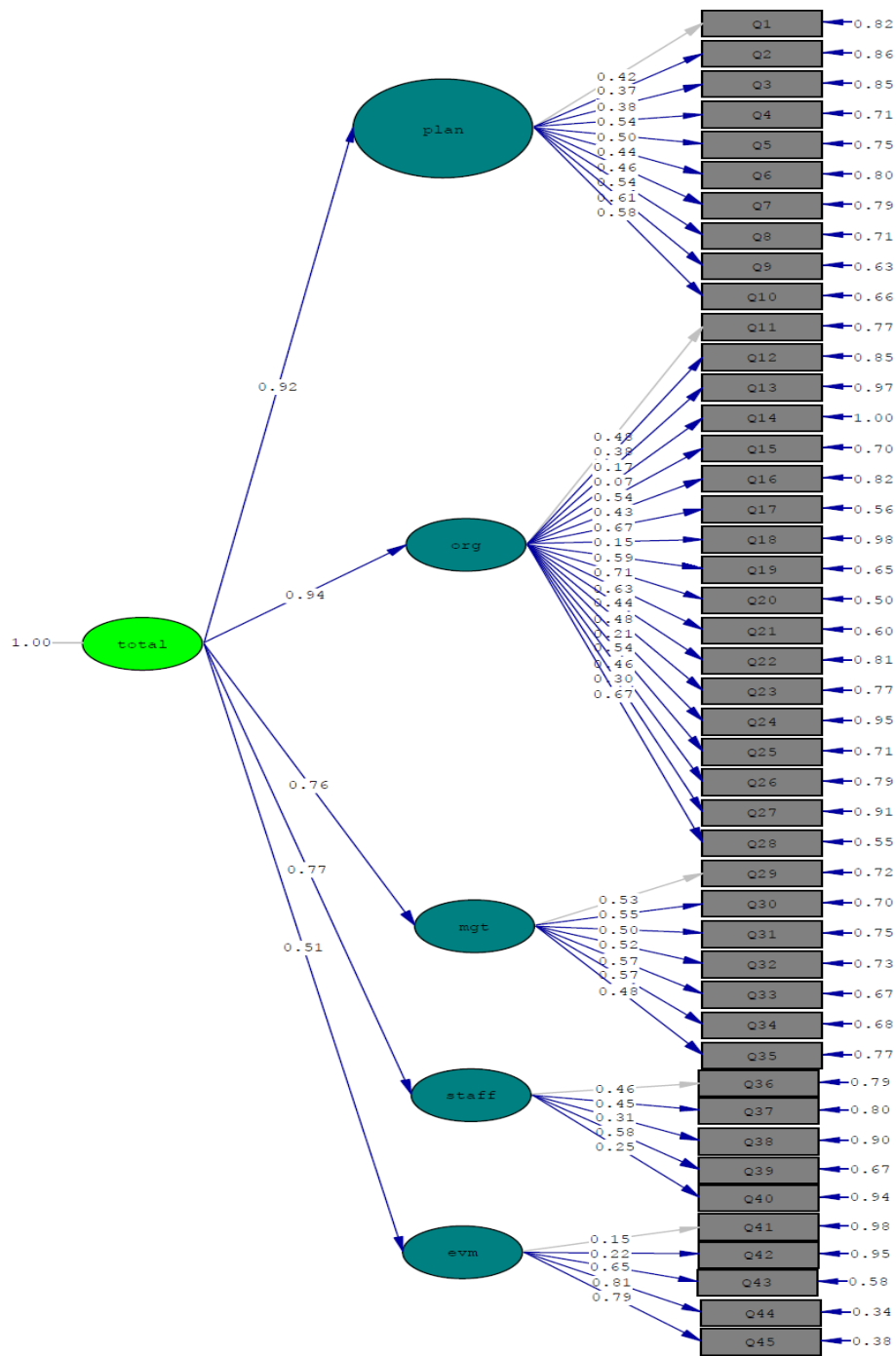
Fitness indices of measurement model of this study have been shown in table 4. The results of second order confirmatory factor analysis showed that measurement model of impeders of successful implementation of business strategies in Fars food companies is proper and all the numbers and indices of model are meaningful. Square root of variance of approximation error is as the different size for each freedom degree. The amount of RMSEA which is in fact deviation test for each degree of freedom, for models with good fitting is 0.05 or less. Higher amounts up to 0.08 show reasonable error for approximation in the community. The models in which the amount of this index is 0.10 or more, has weak fitting (Stiger, 1990). The meaningful level of P-value model must be lower than 0.05 which is equal to 0.000 in this research which is less than 0.05. Chi-Square, is an index for stating the total fitting of model with data and displays the distance between sample group covariance and fitted model covariance matrix. Small amounts for chi-square show the proper fitting of the model and large amounts are equal to improper fitting and adaptation of the model. Researchers believe that for determining how good or bad is the fitting, they should divide the chi-square to degree of freedom and in case its amount is less than 3; it shows proper fitting. Although the more it affinities toward 1, it shows moving toward full fitting model. For this research, the result of dividing chi-square to degree of freedom is equal to 1.48 which shows suitability of this index and proper fitting of the model.

Table 4: Fitness indices of measurement method

Index	Results
Square root of variance of approximation error	RMSEA = 0.054
Meaningful level	P-value= 0.00000
Degree of freedom	df= 940
Chi-square	Chi-square= 1395.60

Since the indices mentioned in Table 4 are the main fitness indices of model, thus the other indices are not mentioned.

Figure 1: The standard estimate model of impeders of successful implementation of business strategies



chi-Square= 1395.60, df=940, P-value=0.00000, RMSEA=0.054

Discussion and Conclusion

In this research, in descriptive analysis of the research, in the first step, the rate of current status of dimensions of impeder of successful implementation of business strategies in Fars food companies has been studied. The results suggest that all the 5 dimensions being studied have a considerable deterrent role in implementing the strategies. The ascending role orders of these diameters are as: Individual (Personnel) obstacles, obstacles related to the consequences of planning, organization obstacles, environmental obstacles and management obstacles.

Individual (Personnel) Impeders

The results suggest that individual obstacles have the highest role amongst the 5 impeder in preventing the implementation of strategies. In addition, among the 5 elements of individual obstacles, people and employees' inadequate understanding of the business strategies has the most roles in preventing the proper implementation of business strategies. If the strategic decisions are made by top managers of companies and then forced to lower levels of the company and low level managers and non-manager personnel for implementation, this may lead to creating an obstacle for implementing the company strategies. (Gronroos, 1985). This matter is very obvious in the food company being studied. Since existence of manager-centric and hierarchical and most important of all bureaucratic management atmosphere causes the plans to be written by managers and dictated to staff without any explanation and attention to its execution requirements. Therefore, it is necessary that the food companies being studied, to justify their staff regarding the strategy, prior to any activity. In this regard, these companies may use the Participative management or Management by Objectives systems to involve the personnel and business strategies executors in the planning process and use their knowledge, ideas and technical experiences for more effective development of business strategies, in order to develop more realistic, effective and able to be implemented strategies and on the other hand guarantees the commitment and support of staff on implementing the strategies more effectively.

The second important element which if not considered well, may endanger the process of implementation of strategies in food companies, is "Employees fear of endangerment of their job security", and since the studied companies are usually private companies and their employees may feel less job security, therefore if they feel that implementing a strategy may cause endangerment, omission or justification of their jobs, therefore they show less desire and effort for implementing strategies. In this regard, the companies and their managers, by holding educational seminars and clarifying the advantages of implementing the strategies for the company as well as for staff and utilizing motivational mechanisms may eliminate this feeling in the staff and convert this weak point to strength. One of the problems which many Iranian organizations, including the studied companies are faced with, is existence of the spirit of individualism. In this research, "lack of team spirit among employees" is as the third individual impeder preventing the successful implementing of strategies. For developing team work, may hold educational courses on team work and design the jobs and tasks as a group and team and encourage the personnel who have activated as a team, so the company may control this destructive spirit to some extent.

Impeders related to the consequences of planning

According to the results of this research, insufficient consensus among decision makers and business strategy executors is the most important element related to consequences of planning. Therefore, in order to eliminate this obstacle and successful implementation of strategy and preventing any more impeder in food companies being studied, inside and outside organization consensus must be gained for successful implementation of business strategies, prior to any action. Researches have shown that if the members of a company are not aware of the common strategies of the organization or if the information flows inside the organization through different levels, a low level consensus would be gained. This lack of common understanding may act as a major obstacle in implementing strategy. (Nobel, 1999)

Existence of weakness and ambiguity in developed strategies, inadequate relation of developed strategies with short term goals, improper conversion of business strategies plans to short term and operational plans and distribution of these goals among different divisions, inaccuracies in business strategies planning, inadequate attention to customers and other beneficiaries needs and requirements are respectively the second to the sixth important obstacles regarding the planning and development of strategy phase. It seems like all these obstacles are caused by not applying the techniques and science of strategic planning properly in developing the strategy and following its steps.

Because in the studied companies, the business planning process are mainly unofficial and based on general information and this process is not performed on principals and this causes many issues such as customers' needs and demands , stockholders and competitors' position , etc. to be ignored and eventually lead into the failure or weak performance in implementing the strategy. Therefore, the studied companies must follow a specific and systematic mechanism and in this regard, beside the organization managers and experts' opinions and points of view, may also use the strategic planning techniques, soft-wares, consultants and experts.

Organization Impeders

Lack of proper information systems in studied food companies, has the highest role among the elements of organization obstacles. Information technology, management information system and system applied for knowledge management have the highest role in success of business strategies. Food industry is one of the industries with a lot of variety and complexity, therefore it is normal for success of strategies and projects ahead of the companies of this industry, the information technology issue would be an important one. In addition, existence of a management information system in these companies may cause that information necessary for decision making and improving the quality of plans and strategies being prepared. Organization culture and structure, inconsistent and non-conforming with company's strategies are respectively the second element among 18 elements of organization obstacles in the studied companies. Researches have shown that 86% of successful companies have a culture aligned with the company strategies. (Heed, 2002).The organization culture must be aligned with the business strategy. Certainly, a culture which has been pre-defined related to the business strategy is very important for successful implementation of business strategy. (Brens, 2008). Therefore, in food companies, after developing business strategies, and based on result information, the kind of organization culture required for that organization must be defined too and in line with its development and the more consistency with company strategies , more efforts and actions must be done.

Environmental Impeders

One of the most important obstacles in implementing the business strategies in studied companies is lack of proper attention to the effects of competitive environment (competitors' status, market, etc.) in developing and implementing the strategy. Therefore, the studied companies must monitor the status of market and competitors constantly, in order to be able to react properly. Other obstacles which had less important role in creating obstacles in implementing strategies are political obstacles and changes, cultural and social obstacles, economic obstacles (inflation, down turn of the market, etc.) and finally state laws and regulations related to company activities. Since it seems like these issues are conditions which may happen to all the competitors companies at the same time, and act as an obstacle, therefore a company which may predict these issues and take the necessary measures, may achieve a competitive advantage and may surpass other competitors and realize its strategies and goals more quickly.

Management Impeders

Management obstacles have the lowest role among the 5 obstacles in implementing the business strategies of Fars food companies. But it does not mean that this obstacle doesn't have an important role in implementing the strategy and it may be ignored; but it has a less role comparing to other obstacles. this research has shown that the top management and leadership behavior affect the success of implementing of strategy. (schap, 2006). Managers' inadequate understanding of company strategies and future outlook, as well as inadequate attention and support of managers and other influencing people in the organization toward the implementing of business strategies are identified as two factors with most role in preventing the implementation of strategy in studied companies. Therefore, for eliminating this obstacle, the managing staff of companies, with better leadership and management of staff and motivating the staff, must lead the staff in better performance of their jobs in line with strategies. This allows them to relate the daily activities of personnel with business priorities in high levels. The top managers of company must develop adequate commitment in middle managers and operational levels. For proving this matter, according to Heed (2002), he states that 91% of successful companies feel that having a proper and committed managing team, plays an important role in successful implementation of business strategies. (Heed, 2002). Finally, in this research, the final model of impeders in successful implementation of business strategies in Fars food companies, has been developed in the studied companies; which other companies and researchers may use that as a pattern for identifying the rate of impeders of implementing of business strategies in food industries and other similar industries.

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