

## **THE IMPACT OF INTERNAL PROCESSES OF STRATEGY IMPLEMENTATION ON NONCOMMERCIAL PERFORMANCE OF EMPLOYEES AT IMAM KHOMEINI RELIEF COMMITTEE**

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### **Abstract**

This study has done to evaluating the impact of internal processes of strategy implementation on noncommercial performance of employees at Imam Khomeini Relief Committee in Ardebil province. The population for this study consisted of employees and managers that their number as their personnel programs shows are 315 people. Cochran Formula used in the sampling process and a sample of 173 subjects was determined. Sampling was done randomly. Data gathered directly from the sample questionnaire in which the respondents have completed in their work places. The value of Cronbach's alpha was calculated which was 82%. To test the hypothesis, regression test was used as the table below indicates. The results showed that internal processes of strategy implementation has impact on noncommercial performance at Imam Khomeini Relief Committee.

*Keywords: non-commercial performance, Implementation strategy, internal processes*

### **1- Introduction**

Strategic management involves formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes [1]. Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics [2]. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning [3][4]. Professor Richard P. Rumelt described strategy as a type of problem solving in 2011. He wrote that good strategy has an underlying structure called a *kernel*. The kernel has three parts: 1) A *diagnosis* that defines or explains the nature of the challenge; 2) A *guiding policy* for dealing with the challenge; and 3) Coherent *actions* designed to carry out the guiding policy [5].

Harvard Professor Michael Porter identifies three principles underlying strategy: creating a "unique and valuable [market] position", making trade-offs by choosing "what not to do", and

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creating "fit" by aligning company activities with one another to support the chosen strategy. [6] Dr. Vladimir Kvint defines strategy as "a system of finding, formulating, and developing a doctrine that will ensure long-term success if followed faithfully"[7].

Corporate strategy involves answering a key question from a portfolio perspective: "What business should we be in?" Business strategy involves answering the question: "How shall we compete in this business?"[8] In management theory and practice, a further distinction is often made between strategic management and operational management. Operational management is concerned primarily with improving efficiency and controlling costs within the boundaries set by the organization's strategy.

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes [1]. Strategy is defined as "the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals"[9]. Strategies are established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment [10].

Strategic management involves the related concepts of strategic planning and strategic thinking. Strategic planning is analytical in nature and refers to formalized procedures to produce the data and analyses used as inputs for strategic thinking, which synthesizes the data resulting in the strategy. Strategic planning may also refer to control mechanisms used to implement the strategy once it is determined. In other words, strategic planning happens around the strategic thinking or strategy making activity. Strategic management is often described as involving two major processes: formulation and implementation of strategy. While described sequentially below, in practice the two processes are iterative and each provides input for the other [11].

In 1985, Professor Ellen Earle-Chaffee summarized what she thought were the main elements of strategic management theory where consensus generally existed as of the 1970s, writing that strategic management: [8].

- Involves adapting the organization to its business environment;
- Is fluid and complex. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses;
- Affects the entire organization by providing direction;
- Involves both strategy formulation processes and also implementation of the content of the strategy;
- May be planned (intended) and unplanned (emergent);
- Is done at several levels: overall corporate strategy, and individual business strategies; and
- Involves both conceptual and analytical thought processes.

Intended strategies can be implemented as they have been envisioned if three conditions are met. First, those in the organization must understand each important detail in management's intended strategy. Second, if the organization is to take collective action, the strategy needs to make as much sense to each of the members in the organization as they view the world from their own context, as it does to top management. Finally, the collective intentions must be realized with little unanticipated influence from outside political, technological or market forces. Since it is difficult to find a situation where all three of these conditions apply, it is rare that an intended strategy can be implemented without significant alteration [12].

Hambrick and Cannella (1989) state "Without successful implementation, a strategy is but a fantasy". In many companies the main focus in regard to strategy is put on the formulation of a new strategy. However, a good formulated strategy does not automatically mean that the company achieves the objectives as set in the strategy. To ensure achievement of

organizational objectives, the formulated strategy needs to be implemented at all levels of the organization. Implementing a strategy means putting the strategy to action [13]. Due to the above, and despite the difficulties in the way of internal processes of strategy implementation and performance evaluation, this study seeks to answer the following questions: how does the internal processes of strategy implementation will affect non-commercial function?

## **2- Methodology**

Methodologically, this research is of survey type and from research goal point of view which is aims to develop applied knowledge in the domain of internal processes of strategy implementation in the supporting companies, this research is an applied one. The population for this study consisted of employees and managers that their number as their personnel programs shows are 315 people.

Cochrane Formula used in the sampling process and a sample of 173 subjects was determined. Sampling was done randomly. Data gathered directly from the sample questionnaire in which the respondents have completed in their work places. The questionnaire is in two parts. The first part is personal identifications and general questions, which included five questions. The second part contains 107 specific questions to answer according to Likert scale (very high 5, high 4, 3 medium, low and very low 2 1) has been used. The value of Cronbach's alpha was calculated which was 82%. To test the hypothesis, regression test was used as the table below indicates.

## **3- Findings**

As the results of the survey show, 84.7 percent of respondents were male and 15.3 percent were female respondents. 86.5% of the respondents were married and 13.5% were single respondents. 12.9% of respondents with the lowest frequency have MA or higher levels and the highest frequency were people having BA that are 38.8 per cent. 7.1 percent with the lowest frequencies have 11 to 15 years and with the highest frequencies, 35.3 percent have 16 to 20 years of work experience. The mean age of respondents was 38.4.

Mean scores financial strategies were 44.4, strategies of internal processes 74.7, strategies and strategies for growth and learning were 31.3n and stakeholder's strategy is 28. Finally the implementation of the balanced scorecard approach is equal to 178.4.

The mean scores of behavioral components, 94.9 and performance function 57.9 and Extra-role performance, 55.8 and result based function is 31.9. The mean scores for the non-commercial performance are equal to 240.6.

*H<sub>1</sub>: Internal processes of strategy Implementation has a significant and positive impact on the noncommercial performance of employees*

*H<sub>0</sub>: Internal processes of strategy Implementation has not a significant and positive impact on the noncommercial performance of employees*

Table 2: Summary of regression models

| The correlation coefficient | The coefficient of determination | Adjusted coefficient of determination |
|-----------------------------|----------------------------------|---------------------------------------|
| 0.865                       | 0.734                            | 0.732                                 |

According to The results in Table (2) correlation coefficient between the internal processes of Implementation strategy implementation with non-commercial function is equal to 0.865 and determination coefficient is equal to 0.734. So, we can say that significant relationship exists between the balanced scorecard approach and non-commercial function.

Table 3: ANOVA

| Model        | Sum of Squares | df  | Mean Square | F       | Sig.  |
|--------------|----------------|-----|-------------|---------|-------|
| 1 Regression | 171150.866     | 1   | 171150.866  | 451.455 | 0.000 |
| Residual     | 62173.905      | 164 | 379.109     |         |       |
| Total        | 233324.771     | 165 |             |         |       |

According to the results of table 3 and observing the fact that meaningfulness level of test (F) error for the confidence level of 0.99 is less than 0.01, so we can say that it is allowed to use linear regression model and in other words, independent variable is able to predict dependent variable

Table 4: beta regression coefficient results

| Model              | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.  |
|--------------------|-----------------------------|------------|---------------------------|--------|-------|
|                    | B                           | Std. Error | Beta                      |        |       |
| (Constant)         | 42.651                      | 9.437      |                           | 4.520  | 0.000 |
| Internal processes | 2.653                       | 0.125      | 0.856                     | 21.247 | 0.000 |

According to The results in Table (4) and the fact that the meaningfulness level of test error is less than 0.01, so we can say that the hypothesis is confirmed  $H_1$  and implementation of the internal processes has significant effect on the noncommercial performance of employees. The beta coefficient indicates that the internal processes of implementation predicted 0.86 of changes relating to the employees non-commercial functions.

#### 4- Conclusion

The results showed that internal processes of implementation are suitable criterion for evaluating non-commercial functions of the employees and can be used for organizational progress of the employees. To achieve which of the internal processes of implementation has decisive role in predicting the performance of non-business employees have, regression analysis was used.

The most influential factor in improving the performance of non-commercial of organization related to internal processes which have the highest correlation with the performance of non-commercial. Art of strategies related to the stakeholders is to ensure that there is the alignment between the internal workings of an organization and its stakeholders proposed values of the organization.

#### 5- Suggestions

Because the results showed that the implementation of the balanced scorecard approach is positive and has significant impact on non-commercial function performance of staff, the following items are recommended for continuous improvement in organizational performance:

- Identification of needs and definition baskets for those in need of special protection according to deciles
- Provide necessary training to motivate and promote business culture
- engineering the thoughts and awareness raising to increase public confidence
- The establishment of a quality management system in the organization

- Identify potential development of popular participation and specialization of it

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