

# Comparative Analysis of the Impact of the Four Elements of Strategic Plan on Product and Market Development in Zinc Companies

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**Abstract - Objective :** This study was to analyze the impact of each of four elements of strategic plan (vision processing, analysis of external environment, inter- organization analysis and strategic control) on product and market development in zinc companies in Zanjan province.

**Methodology :** Based on objective, this was a descriptive - explanatory study, while it could be defined a cross-sectional one based on time. According to the result, it was an applied research and a quantitative and qualitative based on variables. Finally, it was a surveying study according to data collection method. The target population members included 120 CEOs and business managers of companies active in the zinc industry in Zanjan Province, which were evaluated by census method. The data collection tool was a questionnaire and SPSS software was used for data statistical analysis. The hypotheses were also tested using single-sample t-test and ANOVA.

**Results :** The "vision processing or building" does not affect the product and market development, but three factors of "external environment analysis, inter-organizational analysis and strategic control" affect the development of the market and the product of zinc companies. The most effective factor is "strategic control", and the least effective factor is "external environment analysis".

**Keywords -** Vision processing; Environment analysis; Inter-organization analysis; strategic control; Market development; Product development

## 1. THEORETICAL FRAMEWORK

Currently, a considerable part of the literature of modern management is constituted of strategy concepts, strategic thinking, strategic analysis methods, and other issues on making the organization internal operations compatible with the strategy requirements. Thus, understanding the nature of strategic management and its components appears to be necessary for all those who want to step into the realm of management (Armstrong, 2012: 42)[2].

Strategic plan is composed of four elements:

### 1.1 Vision Processing

Vision processing, or vision planning is one of the most important and most fundamental topics of strategic sciences. This subject includes the processes of clarification of values, focusing on mission and expanding the horizon to an ideal vision. These key elements develop a principle, based on which make, the individuals, groups, firms and the country organize their activities (Armstrong, 2012: 57)[2].

### 1.2 Strategic Analysis

Strategic Analysis includes analysis within the organization and the environment outside the organization.

### 1.3 Organization External Environment Analysis

Analysis of the external environment or outside the organization involves the evaluation of micro and macro environments. This process is done to determine the trends, threats, opportunities as well as to plan the strategic purposes of the organization. Macro or general environment includes the national and international environmental forces such as cultural, social, technological, political, and economic trends. Macro-environment forms the context that the company and its task (functional) environment occurs within (Harrison and John, 2012: 6)[10].

### 1.4 Inter-Organization Analysis

Internal analysis must determine and introduce the important strategic strengths and weaknesses that the organization should develop its strategy based on them. To do this, the key internal factors (e.g., distribution

channels, cash flow, workplaces, technology and organizational structure) should be first determined, and then, these factors need to be evaluated. In practice, this process is neither simple nor linear. Their stages are overlapping, and the managers of different levels and posts perform the internal analysis by various methods (Pierce and Robinson, 2011: 225)[27].

### **1.5 Strategic Control**

Strategic control refers to processes that provide the ability to modify and adjust strategic objectives, strategies and/or, if necessary, change the implemented plans. Probably, the managers acquire new information according to which the reassessment of environmental studies appear to be inevitable. They may recognize that the organization's mission is not good enough or the strategies developed will not be followed by desired outcomes. On the other hand, strategic control system may show the point to the managers that the environmental assumptions, mission and strategies appropriate, while their implementation is not well done. In such a situation, the relevant reforms and regulations need to be applied in the implementation process (Harrison and John, 2012: 11)[10].

Marketing is a social and managerial process by which, individuals and groups provide their needs and demands through production, supply and trade of useful and valuable goods with others (Cutler, 2004: 224)[5].

Product development is a series of activities that begins with understanding the market opportunities and ends with the production, sale, delivery, and even after the sale services of a product (Fatollah and Taham, 2013: 41)[6].

## **2. RESEARCH BACKGROUND**

### **2.1 Background at the out of Iran**

#### *2.1.1 Previous researches on vision processing*

1. Asanishou et al. (2002) carried out a study entitled "The effect of centrality of the founder in the top management group of Mexico family Company: Company culture, strategic vision and objectives, and the company performance". The results show that the vision as a variable in the strategy process is a key variable that the senior management can directly affect it.
2. Meunier, Quint A and Quint E (2014)[21] did a study entitled "Project evaluation and long-term strategic vision". The results indicate that defining a long-term and steady strategic vision as a perfect input to properly evaluate the project is essential based on a set of states.
3. Hesiang, Jeytip and Anna (2015)[14] performed a study entitled "From vision to action: A strategic planning process model for open educational resources". The results show that the strategic planning process can help institutions of higher education for leadership of the vision, mission, values, objectives and strategies to foster training and development of open educational resources.

#### *2.1.2 Previous research on Strategic Analysis*

Giannetti and Saiminou (2004) performed a study entitled "Environmental factors affecting the businesses". The results indicate the importance and necessity of business environment before adopting strategy for the status of existing industry.

#### *2.1.3 Previous researches on strategic control*

1. Jokipi (2009)[15] performed a study entitled "The specifications and sequence of internal controls in the Company". The results show that the companies accept an internal control system with appropriate environmental conditions to achieve the effectiveness of control. The strategy has a statistically significant effect on the internal control structure.
2. Lee Chan Kuo et al. (2011)[19] conducted a study entitled "Do internal controls improve the operation efficiency at the universities?". The analyses show that in the public sector universities, internal control is not associated with the efficiency of teaching and research. But, in case of the private sector, there is a direct relationship between internal control and efficiency of teaching. Also, there is an inverse relationship between internal control and the research efficiency.
3. Perporit (2015)[25] did a research entitled "Management accounting for control and coordination in chaotic environments: Their impact on organizational performance". The results show that controlling the management accounting systems has a positive impact on organizational performance in chaotic environments if coordinated to a certain level.

#### *2.1.4 Previous research on product development*

1. Shankar et al. (2009)[29] performed a study entitled "Knowledge management software system framework to develop new products". The results show that the new product development process provides three strategic indicators, including technology, people and the process. The success of new product development becomes possible through a balance among these three elements.
2. Barkzak and Kahn (2012)[4] carried out a study entitled "Identifying the best approach for new product development". In this study, they concluded through general observations related to the new product development method as a continuous search for the best new product development approach.

#### *2.1.5 Previous research on market development*

1. Newbery (2013)[23] did a research entitled "Public sector reforms and loan management: Development of the capital market as a strategy". The results show for loan management, the support of a development strategy for capital market will be facilitated by increasing state participation in the capital market.
2. Pradhan, Arwin and Bahmani (2015)[26] performed a study entitled "The causal relationship between

economic growth, inflation, and expansion of market share". The results indicate that the development of the stock market plays no role in economic development.

## 2.2 Research Background In Iran

1. Yousefi Rad and Ghaffari (2010)[32] conducted a study entitled "An industrial university in Vision 1404". The results show that these universities provide the ground for the development of the country by helping to create knowledge-based economy and based on knowledge management according to the major goals of Iran vision in 1404 horizon.
2. Vadadi, Tahmasbi and Mousavi (2010)[31] did a research entitled "Intuitive leadership: The importance of organizational vision". The results indicate that the effect of intuitive leadership process involves creating a vision, its transfer to the followers and empowering them to achieve the vision.
3. Hazrati and Garossi (2011)[11] carried out a study entitled "Evaluating management challenges in order to achieve the goals of organizational vision". The results suggest that through identifying and ranking the relevant factors, it would be possible to achieve the goals of the vision.
4. Mulla Hossaeini, Jabbarzadeh Karbasi and Abdolzahraii (2013) [22] performed a study entitled "Developing a vision for profit organizations". The results show that the use of Analytical Hierarchy Process in relation to preparing the best vision (prospect) by organization allows the managers to bypass the problems existing traditionally in the path of group decision-making.
5. Heidari et al. (2012) [12] did a research entitled "Evaluation of internal environment of teaching hospitals affiliated to Yazd University of Medical Sciences based on the six-dimension Weisbord model". The results show that evaluation of internal environment of the hospital improves the organizational performance.
6. Feiz and Malekdar (2013)[7] conducted a study entitled "Strategic analysis of establishment conditions and development of university-based companies and providing appropriate strategies (Case Study: Semnan University)". The results indicated the effect of using strategic analysis on the establishment and development of university-based companies.
7. Hoseinian and Hoshyar (2015)[13] performed a study entitled "Strategic analysis of human resources of Qazvin province police commander". The results indicate that the more appropriate use of human resources strategic analysis on commanding in this organ.
8. Ghaffari, Beiginia, and Nosrat Abadi, (2016)[8] carried out a study entitled "Identifying the environmental factors of political and cultural spheres of cyberspace for the Islamic Republic of Iran". The results show the effectiveness of using analysis of environmental factors by applying SWOT model to identify and assess environmental factors (internal and external) of political and cultural realm of cyberspace for the Islamic Republic of Iran that according to the results, an invasive strategy is recommended.
9. Zare et al. (2017) [33] did a research entitled "Strategic analysis of Chabahar port container terminal status using the SWOT matrix". The results indicate that the use of strategic analysis through employing the SWOT matrix would have a better impact on the performance.
10. Aarabi and Dehghan (2012)[1] performed a study entitled "Explaining the appropriate methodology in strategic control". The results of the analysis and integration of collected data suggest that among a variety of research methodologies, the ethnographic research methodology seems to be a suitable approach for strategic control studies.
11. Ghorbani (2014) [9] did a research entitled "Report on management assessment of internal controls and evaluating the usefulness of its external reporting in Iran". The results represent the effectiveness of management assessment of internal controls ruling over financial reporting in Iran from the perspective of investors and auditors.
12. Memarzadeh, Najaf Beigi, and Tekeii (2015)[20] performed a study entitled "Design of the strategic control model to achieve 20-year vision document goals of the Islamic Republic of Iran". The results suggest that strategic controls, as the independent variable, have a 75% impact on the realization of strategic objectives as the dependent variable.
13. Khashei (2015)[18] did a research entitled "Exploring strategic control model coordinates of Iran Public Libraries Foundation Vision". The results show that the design of a strategic control system provides the conditions for the organization to move coherently in the platform environment and integrates the managers scattered efforts as it prevents the sporadic decisions.
14. Talebi and Kachoi (2012) [30] performed a study entitled "Identifying the key management factors in the success of new product development projects in small and medium sized businesses nationwide". The article results reflect that the commitment of senior management to the development of the new product, entrepreneurial strategy, international trends, portfolio management and future trends are the factors influencing the development of the new product.
15. Kashkar, Honari, and Faraji (2016)[17] conducted a study entitled "The role of International Exhibition of sporting goods and equipment in the development of these products market with an emphasis on sports

marketing". The results indicated that the attendance in international fairs of sports equipment leads to the development of sporting goods market. Also, the proper use of combinations of price marketing, location, product and promotion in the fairs will result in increased sales and concluding of domestic and foreign contracts.

16. Omidi and Mohammadi (2016) [24] carried out a study entitled "Identifying and evaluating the barriers to the development of domestic market of handicrafts in Ilam province". The results show that the developing of a comprehensive marketing plan, holding new training courses and expanding programs for promoting and advertising are among the solutions available for improving and developing the domestic market in the relevant industry.

### 3. CONCEPTUAL MODEL

In this study, for evaluation and assessment, the following were used: Vision building (processing) as the independent

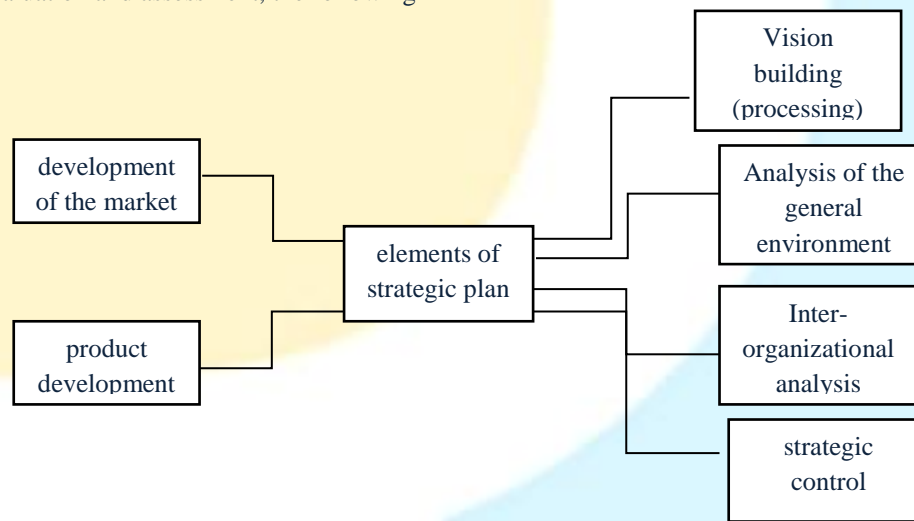


Figure 1

### 4. METHODOLOGY

Based on objective, this was a descriptive - explanatory study, while it could be defined a cross-sectional one based on time. According to the result, it was an applied research and a quantitative and qualitative based on variables. Finally, it was a surveying study according to data collection method.

#### 4.1 Objective

This study intended to provide a solution to develop the market and product of zinc companies by comparing and explaining the influence of the four elements of the strategic plan.

#### 4.2 Independent And Dependent Variables

The independent variables of this research included four elements of the strategic plan, consisting of vision processing, analysis of the external environment, inter-organizational analysis and strategic control. The

variable of the study model provided by Pierce and Robinson (1994)[27], Mintzberg (1999); Analysis of the general environment and operations processing as the independent variable of the study model provided by Pierce and Robinson (1994)[27]; Inter-organizational analysis of the elements as the independent variable of the study model provided by Pierce and Robinson (1994)[27]; Analysis of strategic control as the independent variable of the study model provided by Pierce and Robinson (1994); Also, the development of the market as the dependent variable of the study model presented by Roosta et al. (2013), Ansef (1957); Analysis of product development as the dependent variable of the study model presented by Roosta et al. (2013), Ansef (1957).

dependent variables included market development and product development.

#### 4.3 Target Population And Sample

The target population members included 120 CEOs and business managers of companies active in the zinc industry in Zanjan Province, which were evaluated by census method with characteristics as follows:

Bachelor education level: 73.3%

Work experience: 16-20 years: 30%; 5-15 years: 21.7%

Organizational posts: 60 people (50%: CEO and 50%: Commerce managers)

Number of company employees: 51 to 75 people: 54% (highest frequency)

#### 4.4 Data Collection Tool

The data collection tool was a researcher-made questionnaire that included 32 items, which was

distributed by the researcher among the members of the target population and then collected.

**4.5 Validity**

The content validity of the questionnaire, which implies the sufficient number of questions to measure the concept (Sekaran, 2011: 22) was realized through designing a number of questions fitting each of the elements of the strategic plan. The face validity was also obtained by specialists' confirmation, including the study advisor (professor), who was also the designer of the questionnaire.

**4.6 Reliability**

By calculating the Cronbach's alpha, the reliability rate of the questionnaire for the variables was obtained as follows: Vision processing: 0.605; Analysis of the external environment: 0.808; Inter-organization analysis: 0.813; Strategic management: 0.887; Market and product development: 0.792; Total reliability: 0.919.

**5 RESULTS AND FINDINGS**

*Result 1:*

Vision processing (building) is not associated with market and product development. In the target population, vision processing neither affects the product development nor the market development. The first hypothesis was not confirmed (P-value = 0.054 > 0.05).

*Result 2:*

Analysis of the external environment has a significant direct impact on market development and product development in the zinc companies. Thus, with better environment analysis with resource-based approach, the level of product and market development increases accordingly (P-value = 0.001 < 0.05) & (r = 0.306).

*Result 3:*

Inter-organization analysis has a positive and significant impact on product and market development in the zinc companies. Thus, with better inter-organization analysis, the level of product and market development increases accordingly (P-value = 0.013 < 0.05) & (r = 0.226).

*Result 4:*

Strategic control has a positive and significant impact on product and market development in the zinc companies. Then, with improved strategic control, the rate of market and product development would increase accordingly (P-value = 0.000 < 0.05) & (r = 0.325).

Table 4-15: Linear correlation coefficient between independent and dependent variables

independent variables	Vision processing	Environment analysis	Inter-organization analysis	strategic control
Coefficient Impact with Development of market & Product	0.176	0.306	0.226	0.325
P-Value	0.054	0.001	0.013	0.000

*Result 5:*

In vision processing, the most effective factor is the number of employees involved in developing the vision, while the least effective factor is the number of years required to achieve the vision.

*Result 6:*

Most companies make a vision more than 10 years, and more than 50% of employees and managers in most companies are involved in the developing of the plan.

*Result 7:*

In the analysis of external environment, the influencing factors in order of priority are as follows:

- A. Government evaluation and its potential decisions, i.e., the opportunities and threats resulting from the government performance
- B. Domestic rival companies and the opportunities and threats arising from their performance
- C. Actual and potential Iranian customers and buyers and the opportunities and threats arising from their entering to the market
- D. Domestic suppliers (Iranian) of materials and equipments required by companies and the

opportunities and threats arising from their behavior and actions

- E. Foreign suppliers of materials and equipments required by companies and the opportunities and threats arising from their behavior and actions
- F. Substitute products and their potential entry into the market from outside or inside Iran and the opportunities and threats arising from their entry to the market
- G. The least effective factors are actual and potential foreign customers and buyers and the opportunities and threats arising from their behavior and actions

*Result 8:*

In the inter-organization environment analysis, the influencing factors in order of priority are as follows:

- A. The financial weaknesses of the company in comparison with domestic and foreign competitors
- B. Technical and hardware strengths and weaknesses of the company in comparison with domestic and foreign competitors
- C. The financial strengths of the company in comparison with domestic and foreign competitors

- D. The weakness due to the company's human resources in comparison with domestic and foreign competitors
- E. The least effective factor is the strengths due to the company's human resources in comparison with domestic and foreign competitors

*Result 9:*

In strategic control, the influencing factors for increasing and development of the Company product and market in order of priority are as follows:

- A. The integrity of strategic plan in the analysis of domestic customers and buyers
- B. The integrity of strategic plan in the analysis of domestic competitor
- C. The integrity of strategic plan in the analysis of domestic customers and buyers and the integrity of strategic plan in the analysis of domestic suppliers
- D. The fulfillment rate of the vision of the formulated strategic plan
- E. The integrity of strategic plan in the analysis of the company's strengths in comparison with the competitors
- F. The integrity of strategic plan in the analysis of the company's weaknesses in comparison with the competitors
- G. The integrity of strategic plan in the analysis of foreign competitor
- H. The integrity of strategic plan in the analysis of potential or actual foreign customers and buyers
- I. The least effective factor is the integrity of strategic plan in the analysis of actual or potential foreign suppliers to enhance and expand the company's product and market.

*Result 10:*

The influencing factors in product and market development in order of priority are as follows:

- A. Customers' volume purchases of the Company's products
- B. Market size, i.e., the number of buyers and customers of the Company's products and the sales rate of the Company's products
- C. Diversity of the Company's products after the formulation and implementation of the strategic plan
- D. The number of foreign corporate clients
- E. The least effective factor is the sales rate related to the foreign customers.

## 6. CONCLUSION

The vision processing (building) does not affect the product and market development, but three factors of "external environment analysis, inter-organizational analysis and strategic control" influence the development of market and product of zinc companies. The most influential factor is "strategic control" and the least important factor is "analysis of the external environment". Therefore, for development of product and market, the companies' priority should be continuous and highly improvement of the strategic quality control level.

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