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Evaluate the effect of strategic control styles on the performance of large and groups companies

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ABSTRACT

Control strategy implementation is a complex and dynamic process includes set of intertwined actions that influenced by large number of internal and external factors and can be followed by the managers and staff to implement plans and achieve the expressed goals in the organizational strategies And the issue in large corporations such as car manufacturing companies and large pharmaceutical companies have the additional complication. In this study, we tried to gather information from large corporations and organizational complexity, this issue be investigated and to be provided necessary improvements. Results of this study showed that large companies, companies have higher performance that have used the kind of formal control on the basis the less criteria number. Moreover, research findings indicate that any company should be proportionate to the type of formulation and implementation of its strategic use one of the strategies of strategic control and greater coordination between the three stages based on the proposed strategic reference points in a company, will lead to improved long-term performance of that company.

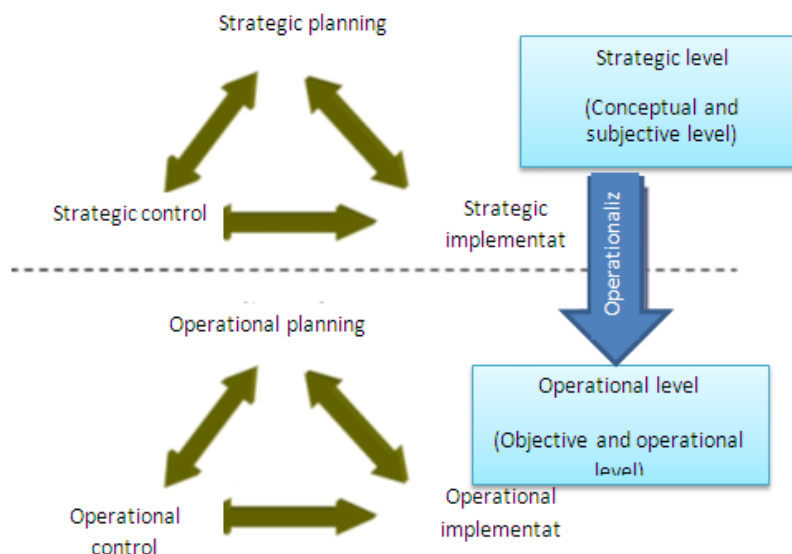
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1. Introduction

Having a pattern of decision-making and goal-oriented, logical and procedural consistency activity in a word having the strategy is essential to success of the company; otherwise, the performance of large and groups companies and that have contributed to the national economy, does not have proper yield and wouldn't have favorable outcome. In addition, increased risks of mistakes in large and groups corporations are costly for economic entity (mainly with large shareholders from stakeholders to employees and workers and government), and even at the national level can creating economic, social and sometimes political crises. Therefore, these factors forced professional managers, while addressing the strategic management with accuracy and more seriously, encourage the scientific community also study and presentation scientific patterns in this regard. Formulation, implementation and control of strategy are three interdependent sections of comprehensive model of strategic management, each of which will not be effective without the other, but the combination of these three sectors will lead to effectiveness (Hangr, 2008). Planning and control closely related to one another and two sides of the same coin (Lourenzh et al, 2006). So as planning can be divided into two strategic and operational levels, also controls in appropriate can be divided into two levels: strategic control and operational control. Planning system, which evaluates external environment (opportunities and threats) and the internal strengths and weaknesses, when will reach its perfected ultimate talent, which simultaneously to monitor the organization and assess its progress and also pay to its strategic key aspects. Usually the inability to strategy implementation comes from the inability to control systems (Fred, 2008). And considering the content and requirements expressed in this article purpose is pay to identifying and presenting strategic control model in large and group companies.

2. The theoretical framework

Research has shown that the performance of organizations committed to strategic management is more and more of other organizations. Achieving a proper link between the environment of an organization and strategy, structure and processes of it, has positive effects on the performance of that organization. Despite the fact that over several decades has passed the entry of strategic issues in the management literature, strict criteria was not provided for the separation of strategic issues from the others until now (Arabi, 2006). This issue is more acute in strategic control, So that the interpretation Figer (1990) Literature in strategic control is confusing and misleading and even raised basic questions about the nature of strategic control is ambiguous let alone answers to these questions (Feigner, M. K, 1990) and (Muralidharan, Raman ,2004) It seems, strategic approach, between two concepts of subjectivity and objectivity create , mutual understanding and unity. Management is including decision-making and implementation (thinking and acting). These two dimensions are identifiable and recognizable within management theory; difference and contrast of them always are affect management performance results. In fact, strategic approach is establishing the links between areas of thought and practice. In this attitude are divided issues into two levels of strategic and operational. Strategic level (conceptual) is related to mental issues, and operational level, cover the objectively issue. Management is comprises planning, implementing and controlling that in the view of introduced attitude can be investigated from the two levels of strategic and operational. Diagram 1 shows strategic management process and its relation to the management in operational level. Formulation, implementation and strategic control that are considered forming of strategic management was communicate with each other and have Interaction on each other (Rai, and Telangy, 2004). According to the criteria for separating the strategic level, from operational level can be defined strategic control at the level of conceptual and subjective (vs. objective and operational level). The question that arises is whether the purpose of strategic control is the only control formulation and implementation of strategies or control of the strategic management process? From this perspective, not only strategic control is applied on formulation and implementation of strategies but also can also be applied to the organizational components and elements. Formulation strategic control or strategic planning is also included strategic control of implementation and strategic control of strategic control Pearce & Robinson, 2005).

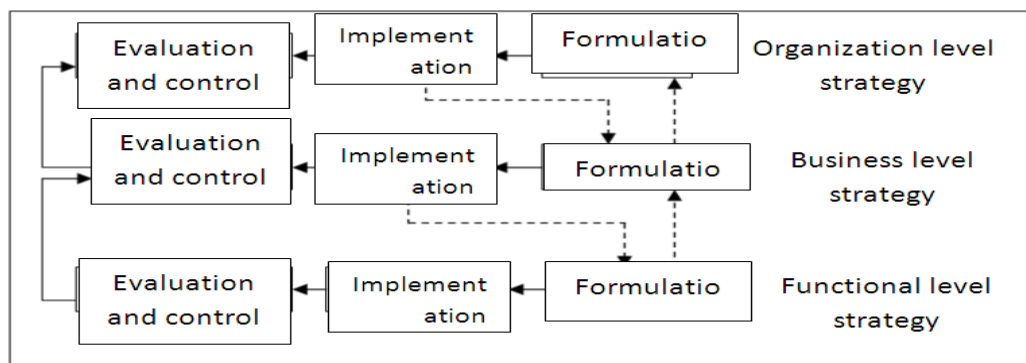


Diag. 1. Strategic and Operational levels (subjective and objective).

According to the above arrangements, "strategic control is component of a comprehensive model of strategic management and it refers to the formal and informal processes that will help organization to create and maintain a dynamic of it (Muralidharan, Raman, 2004)." This definition dynamic includes the direction, effectiveness, and strategic coordination that each one is defined as follows: Strategic Direction: To ensure the accuracy of the mission, values and vision of the organization and strategic objectives; Strategic Effectiveness: ensure the potential effectiveness of formulated strategies and maintains its effectiveness over time; Strategic Coordination: To ensure the establishment of strategic integration and horizontal coordination (internal and external) between the components of strategic management (formulation, implementation and control) and vertical coordination between strategies of level of corporate, business and task and coordination between the strategic level and operational level (Mintzberg, 2005).

3. Research conceptual model

Large organizations such as large and groups companies and in their strategy formulation stages, usually due to the organizational hierarchy are examined three groups of strategies: strategy of organization, business strategy and strategy of task. Strategy of organization pays to describe the major orientation of companies in line with the overall vision of the company to grow and manage a variety of business and product line. Business strategy usually is developed for product or business unit level and emphasizes on improving the competitive position of goods and services of company in a particular industry or a particular part of the market. Task strategy is an attitude that is applied by a task area such as marketing or research and development to achieve the goals and strategies of firms and businesses by maximizing resource productivity (Lourenzh et al, 2006). Organizations and large commercial firms might take advantage of all of these strategies simultaneously. In this case the hierarchy or chain of strategy is a set of interrelated strategies that complement and support each other. Three main steps in the strategic management model (formulation, implementation and monitoring) for Management Studies, is true at all levels of strategy (each level has three main stages). Each level strategy, strategic environment will form lower level, as a strategy formulation lower levels as higher levels of strategy implementation (Mintzberg, 2005).



Diag. 2. The relationship between levels of strategy.

Diagram 2 shows this relationship. In some of the smaller organizations also the first level and second level are merged and create a level. Each levels of strategy close interaction and coordination with other levels of strategy and if whole of organization want to be successful should integrate all three levels (Lourenzh et al, 2006).

	Focus center	
	Inside	Outside
Investment	Maintaining financial returns	Development of financial returns
Strategic goal	Maintain and enhance strategic	Increasing <u>rivalness</u>
Manage		

Diag. 3. types of strategy formulation at headquarters level (organization).

Strategy formulation in the headquarters level, at large and group companies influenced by the type of investment or management (and the main intent and purpose), strategic (large and group formation). And also focus center (inside - outside (diagram 3 strategic implementation at the organizational level can be considered in two categories. First infrastructure for the implementation of the organization level strategies, such as human resources strategy, culture strategy, structure strategy etc. and second lower-level strategies formulation that is business-level strategies; Therefore strategy formulation, in the level of subsidiaries, large and group companies is as a strategic implementation relative to headquarters level strategy (organization). The decision can be centralized and decentralized (Rai, Reza, and Telangy, Ahmad (2004). Also headquarters Control Type in large and group organizations _ to formulation strategies in the companies level, can be a process or content (Tehran Stock Exchange Annual Performance Report, 2006) and diagram 4 shows the types of strategic implementation.

Strategic control exercised by headquarters in large and group companies has two main features and components. The first feature is rate of the formality of control process; second component is the number of evaluation criterion used in this process (Venkatraman and Henderson, 1999). Diagram 5 indicates types of strategic control exercised by large and group company headquarters in terms of two dimensions of the amount of formality and evaluation criterion.

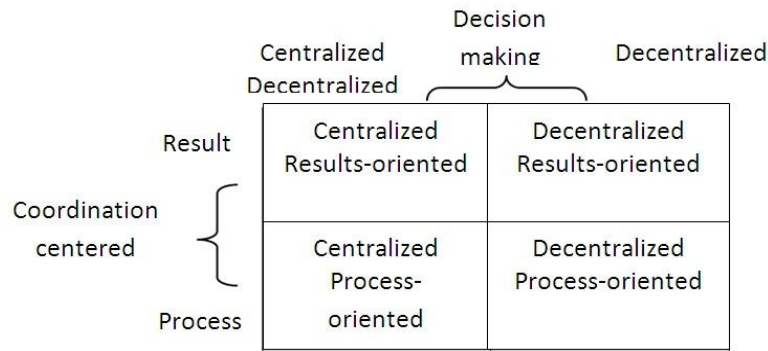


Diagram 4 - types of Strategic Implementation

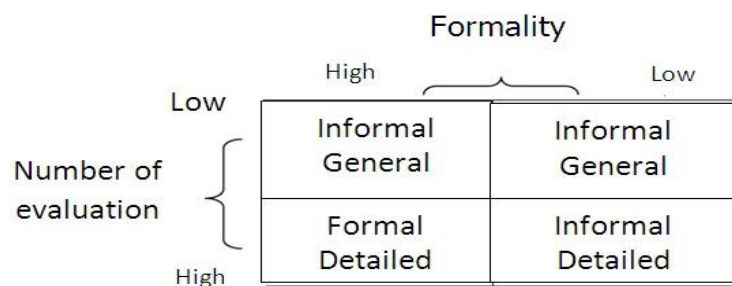
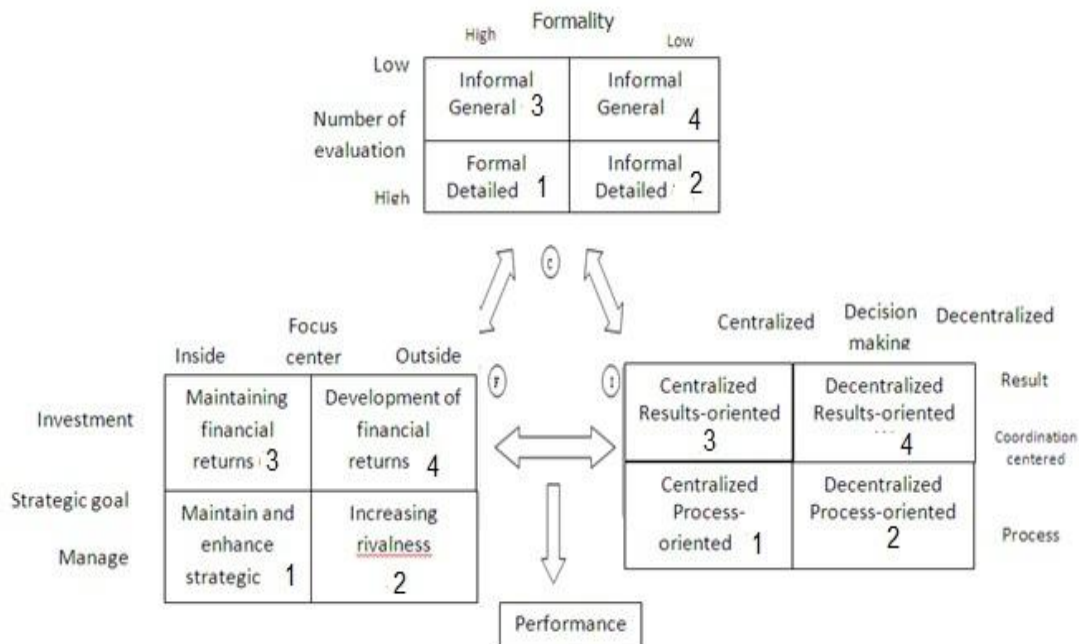


Diagram 5 - types of Control Strategic



Diag. 6. Conceptual model of research.

4. Conclusions

Strategic control is a component of comprehensive model of strategic management and is referred to the formal and informal processes that it will assist organizations in creating and sustaining dynamic. Dynamics

involves the direction of effective and strategic coordination. Strategic control issue itself is complex and the issue has additional complication in large and group companies. In previous research, Gould and Quinn (1993) two variables of recognizing and performance criteria (transparency) in the strategic control exercised by headquarters in large and group companies was considered theoretically. In this study, we tried to gather information from the large and group companies will investigate this issue and will provide the necessary improvements. According to research conducted, it was not significant the relationship between recognition and evaluation criteria used in strategic control with long-term performance of sample companies of research, But the combination of these two variables and provide four types for strategic control is caused of little improvement in the establish relationship between forms of strategic control and long-term performance of large and group companies. Model presented in this study indicate that if all the components of strategic management, including the formulation, implementation, and control, are coordinated based on the reference strategic points with together will lead to improvement long-term performance of company. Performance of companies that are in perfect coordination, from companies with relatively better coordination and partial coordination companies, as well as better performance than companies with lack of strategic coordination. Performance of companies that are in perfect coordination, from companies with relatively better coordination and partial coordination companies, as well as better performance than companies with lack of strategic coordination. The findings of this research indicate that any large and group company should be proportional to the formulation and implementation of its strategic using, one of the strategies of strategic control and whatever coordination between these three stages based on the proposed strategic reference points, is greater lead to further improvements of long-term performance of the company.

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