Identification and Prioritization of Environmental Factors Affecting the Implementation of Organizational Strategies in the Insurance Industry (A Case Study of Asia Insurance)

A. A. Nasiripour\textsuperscript{a} and M. Mirzajani \textsuperscript{b, *}

\textsuperscript{a} Department of Executive Management, Electronic Branch, Islamic Azad University, Tehran, Iran.
\textsuperscript{b} Department of Executive Management, Electronic Branch, Islamic Azad University, Tehran, Iran.

Abstract. A company or organization requires special unique strategies to achieve organizational goals which not only do bring about macro-and long-term goals, but also create competitive status for the organization. However, developing different strategies will not guarantee the organization’s success, but the implementation of strategy is the most important step in the entire life of strategic management of the organization. The main objective of this study is to provide a classification of environmental barriers in effective implementation of strategies in Asia insurance company. In this research, experts of insurance industry were considered as statistical society, in which the number of managers, senior professionals and experts with more than 3 years of experience in Asia Central Insurance and its branches across Tehran was about 340 which comprised the statistical society of this research. Morgan table was applied for sampling and a number of 181 people were selected as samples to distribute the questionnaires. This study is descriptive-analytical and practical. Data from the questionnaire (the questionnaire study and design of a new questionnaire was prepared with the help of experts) and data analysis software for regression analysis was performed using SPSS 18; in which organization, competitive factors were identified as the most influential environmental factors in implementation of organizational strategies.

Keywords: Strategic management, strategy implementation, strategy, environmental factors, Insurance.

Index to information contained in this paper

1 Introduction
2 Literature
3 The Concept of Strategy
4 Strategic Management
5 Strategy Implementation
6 Factors Affecting Strategy Implementation
7 Methods
8 Findings
9 Testing the impact of political / legal & constitutional factors on strategy implementation

*Corresponding author. Email: lidasadeghi7979@yahoo.com)

© 2013 IAUCTB
http://www.ijm2c.ir
1. Introduction

The reason why some organizations are successful in achieving their goals and some other organizations are eliminated from the competitive field of business was the constant question of businesses. According to belief of many management science experts, the answer to these questions should be sought in such concepts as "strategy" and "strategic management". According to the environmental changes that have been increasingly growing, and the organizational decisions getting complicated, necessity of applying a comprehensive plan for dealing with these issues are more tangible than ever which is nothing but strategic planning. Strategic management which also includes planning is the solution to many of today’s organizational problems relying on a dynamic, prospective, comprehensive and contingency mentality. [29] Stoner believes that the strategic management provides an organized and disciplined pathway for managers to understand the working environment and then start their implementations. [32] Nowadays one of the challenges that organization managers deal with is the proper development and proper execution of strategies. Unfortunately, many barriers have complicated the implementation of strategies. It seems necessary to identify these bottlenecks in achieving successful organizations who think of developing moral principles and reputation. [26] There are several underlying factors that affect the implementation processes of organizational strategies including such factors as innovation and service providers, suppliers, supporters and so on. All these factors necessitate the focus on obtaining more information for better implementation of strategies. [11]

On the other hand, lack of proper organizational structure, ineffective collaboration, improper allocation of resources and control systems, improper reward and motivation strategy is one of the organizational barriers of strategy implementation. Since strategic thinking is an important characteristic of healthy organizations, these organizations can overcome organizational barriers of strategy implementation through organizational health. They reduce the barriers of organizational strategy implementation and achieve higher levels of performance by utilizing morale, loyalty, communication, collaboration, leadership and goal setting. Meanwhile, organizational culture, as an admitted factor affecting all transactions of organization, will be able to contribute to enhancement of components of healthy organizations and successful implementation of strategies. [28] Extensive and comprehensive political, economic, and technological changes and crises arising from these changes have made a world entirely different from that of yesterday; a world where have faced managers with several challenges such that the main characteristic of which is uncertainty. In this situation, managers require new tools and concepts in order to maintain their position within the competitive environment and manage complex and multi-dimensional activities; such tools and concepts which allow them to respond appropriately in dealing with unexpected and sudden events.

Long-term programming, strategic planning and strategic management are such concepts and processes that have been seriously considered by managers and experts in industrialized countries for this purpose; in which field, numerous researches and writings have been conducted; such researches which would not suffice to selections relying upon previous experience and foundations; and are based on

10 Testing the impact of competitive factors on strategy implementation
11 Test the impact of economic factors on strategy implementation
12 Conclusion and Discussion
the assumption that strategies should predict future environmental changes more carefully, and consider a broader range of solutions to provide organizations with the opportunity to achieve their goals.

In other words, managers must learn how to deal with unexpected and rapid social, political and technological changes and to make strategic decisions having the following characteristics:

- Allocate large amount of resources of the company to themselves;
- Are effective in long-term prospects and positions of the company.
- Require senior managements’ decisions.
- Have multifaceted and multidimensional consequences.
- Have a tendency to providence
- Environmental factors should be seriously taken into consideration in making such decision.

Today, the strategic management and its related concepts such as strategic planning are recognized as ”a way to efficiently handle the institutions in dynamic environments”, the way in which the role of strategic director is to ensure the establishment of accurate strategy, appropriate implementation and continuous evaluation. [16] In recent decades, the topic of strategic management has been theoretically the leading topic among other current ones. Sometime, organizations believe that with establishing a status analysis team and ultimately developing strategies and programs, they can easily achieve their objectives. However, strategic management consists of many other important steps like execution and supervision.

Maybe we can develop organization strategies by establishing a team, but we should be sure that organization in unable to achieve its goals and objectives without the eorts of each member of the organization in implementing the strategy. Therefore, implementation is an integrated process which needs some requirements [2].

2. Literature

Most theorists in the field of strategic management have emphasized on similar factors for successful implementation of strategies. For example, Aker in discussion of strategy implementation focuses on four key strategies; structure, systems, people and culture [1]. Bryson also discussed such categories as humanitarian, process, structural and institutional issues and also institutionalization of strategies for successful implementation of strategies in his discussion of implementation of strategies in different organizational levels [4]. Fred David also focuses on such factors as annual target determination, policy formulation, resource allocation, restructurimg and reengineering, revising the bonus and incentive programs, reduction of resistance to change, adapting managers for strategy, strengthening the culture of supporting strategy, implementation of operational and production processes, formation of effective human resource department for successful implementation of the strategy. [9]

A company or organization requires planning to achieve its goals, one of the important outcomes of which is the development of strategies. The proper implementation of strategies is the ultimate step and a guarantee for the company’s success, through which related strategies should be appropriately implemented and applied. McDonald [21,22] identified fourteen barriers in achieving marketing plan. Although McDonald’s factors, such as hostility with planning, are fading, issues as deficiencies in planning programming activities, their outcomes, communications,
dissemination of program results, together with lack of attention and accuracy in implementation of projects’ results, are still valid issues. [12]

Dibb and Simkin observation [10] added new items to remarks offered by marketing planning authors such as Gill, Green Lee, Jane McDonald and Pearce. They identified a set of issues confirming concerns of MacDonald and Pearce too. Therefore, they were added to the set of inhibition barriers of marketing planning.

Simkin [31] identified 30 major barriers affecting marketing planning in his studies on medium and large manufacturing and service companies in the UK. In this study a relatively deep investigation was done on British medium and large manufacturing and service companies which formally carried out the tasks of marketing, developing and implementing marketing documentary programs. This point (the focus on companies which were formally involved in applying and implementation of marketing plans) has been one of main distinctive features of Simkin studies compared with others’. In this research, through interviews with 50 companies, some information about barriers in effective implementation of marketing plans was collected, including 40 percent in service sector and 60 percent in manufacturing sector. The important consideration in this study was the significant statistical difference between the barriers hindering the effective implementation of marketing strategies in manufacturing companies vs. service firms. Frank Cespedes considered the executive marketing issues as mostly the outcomes of weak and inappropriate relationship among units of product management, sales and customer service. He emphasized on concurrent marketing in which the critical and important tasks he has named, has created a flowing and close connection and interconnection. He believes that relationships should be broader, and puts customers’ viewpoints and product developers close to each other. Thanks to connections to customers and having their viewpoints involved in design and production, this problem would reduce [5].

According to previous studies in the literature, classifications made regarding barriers of strategy implementation, both in macro-and job sectors, have much in common. For example, most theorists of field of strategy have ideas in common often with respect to cultural, structural, operational, information and managerial barriers and so on.

3. The Concept of Strategy

Strategy is a comprehensive plan that shows how the company achieves its mission and objectives [13]. Daft said that strategy is a plan to create a mutual relation with environmental factors in order to determine the goals of organization are often contradictory [8]. Some of the managers consider goal as a synonym of strategy; however, from his point of view, it is the goal which determines where the organization would go and the strategy determines the way to reach there.

Kenneth Andrews believes that designing strategy is an activity which is done in management hierarchy and is not focused on the highest level of the pyramid [28].

According to Chandler, strategy could be defined as a process to determine long-term fundamental objectives, adopt procedures and allocate resources necessary to achieve these goals. Decisions about development of establishment activities of factories and offices in different areas, and entering the new economic activities and diversifying into production lines require determining new fundamental objectives.

New solutions should be invented and sufficient supplies should be allocated to achieve goals and objectives. Also, to obtain goals, preserve and expand activities of the company in new working areas in response to variable demands, changes in resources, fluctuations in economic conditions, technological developments and
competitors’ activities reallocation must be done. [6]

Strategic approach takes issues at intellectual, conceptual or theoretical consideration. So the strategy, too, is expressed as conceptual and theoretical, and can never be considered operationally or visually. This subject rejects all viewpoints which consider strategy as a means to reach long-term and time-constraint objectives, but believes that strategy is "the general direction of movement of the organization to achieve the desired status in mental and conceptual level" [19].

4. Strategic Management

Advent of strategic term in management science dates back to the 50s, but has had plenty of ups and downs and has revived in the 90s after several fluctuations and has been especially and seriously introduced in business world. It is also referred to as an art and science of design, implementation and evaluation of cross-functional decisions which enable an organization to achieve its objective. [3]

From another perspective, strategic management is carried out with two general attitudes toward the organization’s issues. Solving current issues and potential of solving future ones are at the heart of strategic decision making process [17].

Scholars have suggested several definitions of strategic management, some of which are mentioned below. They all share the fact the strategic management deal with design (planning or choosing), implementation and evaluation (or controlling) of strategies.

1. The art and science of design, implementation and evaluation of strategies [9]
2. Design and implementation of strategies to achieve objectives [15]
3. Analysis of internal and external environments, determining strategic direction, creating strategies to achieve objectives and implementing them [14]
4. Strategic analysis, strategy selection and strategy implementation [33]
5. Environmental assessment, designing strategies, strategy implementation, evaluation and control [13]
6. Prediction of need for change or modifying current strategies, arrangements and selection of appropriate strategies, practicing or implementation of strategy [27]

5. Strategy Implementation

Strategy Implementation from viewpoint of Pearce and Robinson vision of:

Pearce and Robinson explained basic steps of implementation of strategies as follows:

1. Identifying measurable annual goals with the set agreement
2. Determining specific functional strategies
3. Designing and briefly stating the policies as a guide for decision-making

In which annual goals become the implementation guidelines through turning long-term goals to specific short-term objectives. Functional strategies turn major strategies in business level into executive plans to the organization’s subunits.

Approaches for operational managers and their subunits in implementation of strategy provide some specified advice. But in order to implement the efficiency
of new strategy, this strategy should be institutionalized which means it should completely influence everyday life of the company.

There are three organizational factors which encompass means of long-term institutionalization of the company’s strategy, including:

1. Organizational structure
2. Higher executive leadership and key managers
3. Strategies appropriate for the company’s culture.

Strategy is implemented in a changing environment. Therefore, it is essential that its implementation be monitored, evaluated and modified to adapt to the changing conditions. Monitoring and evaluation processes should encompass at least three of the following:

1) Strategic controls guiding the strategy implementation
2) Control systems monitoring the performance, evaluate the differences and innovate corrective actions
3) Reward systems motivating monitoring and evaluation [25]

Implementation strategy from viewpoint of Nobel

Nobel, who has conducted lots of research in implementation of strategy, considers strategy implementation as relationships of explaining, interpreting, adapting and confirming the strategic plan. Implementation of strategies includes controlling some tangible variables such as motivation and commitment of personal, values and organizational culture, leadership and behavior. Strategy implementation requires allocation of financial resources, manpower and materials. Allocation or funding or budget is an appropriate procedure for allocation of financial resources. By precision and predicting financial resources, one can ensure the supply qualification [24].
6. Factors Affecting Strategy Implementation

Strategy is a complicated process attempting to accomplish the best activities and ensure our success [18]. Strategy implementation has not been the favorite subject of managers; senior executives often focus on weak and short-term threats and most of the time face failure. Their failure is a result of factors out of organizational control which occur when the change takes place, while strategy requires improvement and proper implementation. Strategy implementation is a puzzle and also one of the reasons for failure in many organizations [24].

Mazmanian & Sabatier stated six key points in successful implementation of strategy which are as follows:

- Clear objectives
- Making good relationships between goals and activities
- Coordinated and effective use of available resources
- Skilled and committed managers
- Government and stakeholders’ support
- Supports of social and economic environment in line with carried-out research [18]

Bonomo & CriHeden onsidered the strategy implementation arising from two variables of structure and managerial skills. In these researches, structure is the framework and rules by which an organization will achieve more efficient performance; and skills are behaviors which managers use to develop the structures and obtaining their goals. Strategies are implemented through these two important factors [7].

In researched conducted among senior executive managers and middle managers, Nobel Charlrach explained the general process of strategy implementation as follows:

a) Pre-implementation step,
b) Effort organization,
c) Continuous management processes,
d) maximizing organizational performance.

This model tries to assist managers in implementing effective processes by presenting the existing problems.

The insurance industry has been one of the indicators of development on the one hand, and one of the major economic institutions on the other hand, which supports the activities of other organizations [29].

In other words, insurance industry plays a role in economic development by collecting Premiums received, and on the other hand, facilitates the process of reconstruction, development and progress by creating security and insurance in the society.

The present research tries to identify effective environment factors and prioritizing them by focusing on the process of implementation of developing strategies in Asia insurance.

7. Methods

The present study is considered an applicative research in terms of objective and a descriptive research in terms of data collection.

Its method is descriptive because it presents a picture of the current situation
and is a survey because it collects data from the population by questionnaire.

The statistical society of the research according to the subject, objective and replying to the research questions is experts of insurance industry; the number of managers, senior professionals and experts with over 3-year experience in Central Office of Asia Insurance and its branches in Tehran has been about 340.

To determine the sample size, Morgan table was used for sampling due to the unavailability of variance and 181 people were distributed the questionnaire as samples.

Tools of data collection developed a questionnaire, some questions were omitted from or added to which by the opinion of experts and studying several questionnaires. The questionnaire consisted of two demographic and professional parts.

In demographic part, gender, age, education, field of study, work experience and working department of the respondents have been studied. In professional part, ranking of environmental factors affecting strategy implementation were discussed.

To collect statistical viewpoints, for each of the questions stated in the questionnaire, five response level have been considered (very low, low, medium, high, very high) based on Likert’s five options scale which were numbered from 1 to 5.

For the validity of questionnaire content, experts’ judgment was asked for; i.e. test questionnaires were given to them and they were asked to state their opinions about content, structure, appearance, and writing style of the questionnaire. After confirming the validity, Cronbach’s alpha coefficient was used for reliability of the questionnaire. Cronbach’s alpha coefficient of the questionnaire was obtained 0.80.

At first, library resources, articles, required books and global information networks were used to collect theoretical data and research literature, and technological / social / cultural, political / legal / constitutional, competitive and economic factors were considered as the major factors affecting strategy implementation of the Asia Insurance and the items were designed and distributed among respondents in form of a questionnaire.

SPSS 18 software and pathway analysis were also used to determine the effect of independent variables (political / legal / constitutional /economic / technological / social / cultural and competitive factors) on dependent variable (organizational strategy implementation).

Conceptual model of factors affecting organizational strategy is as follows:

![Figure 1. A conceptual model](image)

**Description of Technological Factors:**
Increase in performance and customer satisfaction by the use of modern technology is the basic concept in the third item and the most well-known item among
technological factors. 14.9 percent of the respondents believed that the use of modern technologies remarkably improved performance and customer satisfaction; 40.3 percent of whom believed on high, 35.9 percent on average, 7.2 percent on low and finally 1.7 percent believed that using modern technologies would leave a very low improvement in performance and customer satisfaction.

<table>
<thead>
<tr>
<th>Item</th>
<th>very high</th>
<th>high</th>
<th>average</th>
<th>low</th>
<th>very low</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>percent</td>
<td>percent</td>
<td>percent</td>
<td>percent</td>
<td>percent</td>
</tr>
<tr>
<td>Using advanced technologies in organization</td>
<td>6.6</td>
<td>13.8</td>
<td>25</td>
<td>64.6</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>25</td>
<td>117</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Training course of new technologies</td>
<td>1.1</td>
<td>8.8</td>
<td>54.1</td>
<td>29.3</td>
<td>6.6</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>16</td>
<td>98</td>
<td>53</td>
<td>12</td>
</tr>
<tr>
<td>Increase in organizational performance and customer satisfaction</td>
<td>14.9</td>
<td>40.3</td>
<td>35.9</td>
<td>7.2</td>
<td>1.7</td>
</tr>
<tr>
<td>using modern technology</td>
<td>27</td>
<td>73</td>
<td>65</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Adaptability of technological system to future changes</td>
<td>0.6</td>
<td>26.5</td>
<td>49.2</td>
<td>20.4</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>48</td>
<td>89</td>
<td>37</td>
<td>6</td>
</tr>
<tr>
<td>Creating a competition characteristic for the organization with the help of new technologies</td>
<td>6.1</td>
<td>22.7</td>
<td>44.2</td>
<td>19.9</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>41</td>
<td>80</td>
<td>36</td>
<td>13</td>
</tr>
</tbody>
</table>

Description of Socio-Cultural Factors:
The most important item among cultural factors was to promote insurance culture which is semantically the fourth important item; 37.6 percent of respondents believed that the improve of insurance culture was very effective in achieving goals and organizational strategies, 40.3 percent believed that improve of insurance culture was so much effective in achieving organizational goals and strategies is very high, 17.7 percent believed on average effect, 4/4 percent low effect and finally 0% say that improvement of insurance culture has a very low effect on achieving organizational goals and strategies.

Description of Political / Legal & Constitutional factors:
Stability in political situation and political decisions of government is an important semantic element in the second item of political / legal & constitutional discussion. 14.9 percent of respondents believed that a stable political situation and political decision had a high effects on organizational strategy implementation, 54.1 percent believed that the organization was very much under the influence of this factor, 24.3 percent believed on average effect, 6/6 percent on low effect and 0 percent of the respondents believed that stability in political situation and political decisions had a very low effect on organizational strategy implementation.

Description of Competitive factors:
The essential concept among all items of competitive factors is the first one; i.e. how the competitors respond to political, social, economic, and technological
Table 2. Percentage and abundance distribution of socio-cultural factors and their impact on strategy implementation

<table>
<thead>
<tr>
<th>Item</th>
<th>very high</th>
<th>high</th>
<th>average</th>
<th>low</th>
<th>very low</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>percent</td>
<td>abundance</td>
<td>percent</td>
<td>abundance</td>
<td>percent</td>
</tr>
<tr>
<td>Impact of public attitudes toward a variety of insurance products on</td>
<td>21</td>
<td>38</td>
<td>35.9</td>
<td>65</td>
<td>34.8</td>
</tr>
<tr>
<td>strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of insurance penetration coefficient improvement on strategy</td>
<td>16</td>
<td>29</td>
<td>55.2</td>
<td>100</td>
<td>25.4</td>
</tr>
<tr>
<td>implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of cultural / social stability of society on organizational</td>
<td>18.2</td>
<td>33</td>
<td>42.5</td>
<td>77</td>
<td>29.3</td>
</tr>
<tr>
<td>strategy implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of culture on strategy implementation</td>
<td>37.6</td>
<td>68</td>
<td>40.3</td>
<td>73</td>
<td>17.7</td>
</tr>
<tr>
<td>Having good reputation among reinsurers and its impact on organizational strategy implementation</td>
<td>33.7</td>
<td>61</td>
<td>40.9</td>
<td>74</td>
<td>19.3</td>
</tr>
<tr>
<td>Consistency of society’s culture with organization’s goals and</td>
<td>7.2</td>
<td>13</td>
<td>18.8</td>
<td>34</td>
<td>60.2</td>
</tr>
<tr>
<td>strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

variables of organization. 18.2 percent of respondents believed that impact of competitors’ response to the political, social, economic and technological variables of organization was very high, 39.2 percent believed that impact of competitors’ response to those variables was high, 35.4 percent believed on average, 7.2 percent on low and 0 percent believed that impact of competitors’ response to political, social, economic, and technological variables of organization was very low.

**Description of Economic Factors:**

Basic and principle concept among all economic factors is the first item is the impact of economic stability and security of the country on strategy implementation. 33.1 percent of respondents believed that the present organization is very highly affected by the above factor. 43.1 percent believed on high, 18.8 percent on average, 3.9 percent on low and 1/1 percent believed that economic security and stability of the country has a very low effect on organization.

8. Findings

Out of a total of 181 respondents, 43.6% were women and 56.4 percent were men; among whom 25.4 percent were under the age of 30 years, 24.9 percent between 31-35 years, 30.4 percent between 36-40 years, 7/7 percent between 41-45 years,
Table 3. Percentage and abundance distribution of political / legal & constitutional factors and their impact on strategy implementation

<table>
<thead>
<tr>
<th>Item</th>
<th>very high</th>
<th>high</th>
<th>average</th>
<th>low</th>
<th>very low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of government-paid subsidies on the strategy implementation</td>
<td>5.5</td>
<td>10</td>
<td>14.4</td>
<td>26</td>
<td>39.2</td>
</tr>
<tr>
<td>Stability of political situation and political decision of government and their impact on organizational strategy implementation</td>
<td>14.9</td>
<td>27</td>
<td>54.1</td>
<td>98</td>
<td>24.3</td>
</tr>
<tr>
<td>Impact of proportionality of national and international law to industry requirement on strategy implementation</td>
<td>22.1</td>
<td>40</td>
<td>28.7</td>
<td>52</td>
<td>38.1</td>
</tr>
<tr>
<td>Political and economic sanctions of western governments against the country and their impact on organizational strategy implementation</td>
<td>19.3</td>
<td>35</td>
<td>45.9</td>
<td>83</td>
<td>26</td>
</tr>
<tr>
<td>Impact of cooperating with and assisting public organizations on implementation of strategic plans</td>
<td>12.7</td>
<td>23</td>
<td>36.5</td>
<td>66</td>
<td>47.5</td>
</tr>
<tr>
<td>Impact of Article 44 of the Constitution on organizational strategy implementation</td>
<td>19.9</td>
<td>36</td>
<td>31.5</td>
<td>57</td>
<td>33.7</td>
</tr>
<tr>
<td>Dependence of organizational strategies on the country’s political events</td>
<td>12.3</td>
<td>24</td>
<td>24.3</td>
<td>44</td>
<td>49.2</td>
</tr>
</tbody>
</table>

and 11.6 percent were above 46 years.

In regard to respondents’ educational level, results showed that 45.9 percent held bachelor degree, 38.7 percent held master degree, and 4/4 percent held PhD degree. Also 31.5 percent of respondents had between 11-15 years of working experience which was highest amount, and 29.3 percent of whom had 6-10 years of working experience which was the second rank.

Environmental factors affecting organizational strategy implementations are:

1) Technological factors
2) Socio-cultural factors
3) Political / legal and constitutional factors
4) Competitive factors
5) Economic factors

Elicit Analysis of Known Environmental Factors Affecting Strategy
Table 4. Percentage and abundance distribution of competitive factors and their impact on strategy implementation

<table>
<thead>
<tr>
<th>Item</th>
<th>very high percent</th>
<th>abundance</th>
<th>high percent</th>
<th>abundance</th>
<th>average percent</th>
<th>abundance</th>
<th>low percent</th>
<th>abundance</th>
<th>very low percent</th>
<th>abundance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitors’ reaction against political, social, economic and technological factors</td>
<td>18.2</td>
<td>33</td>
<td>39.2</td>
<td>71</td>
<td>35.4</td>
<td>64</td>
<td>7.2</td>
<td>13</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vulnerability of organizational strategies to competitors’ counter-attack</td>
<td>6.1</td>
<td>11</td>
<td>35.9</td>
<td>65</td>
<td>50.3</td>
<td>91</td>
<td>7.7</td>
<td>14</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of incoming competitors to the industry</td>
<td>10.5</td>
<td>19</td>
<td>27.1</td>
<td>49</td>
<td>45.3</td>
<td>82</td>
<td>14.9</td>
<td>27</td>
<td>2.2</td>
<td>4</td>
</tr>
<tr>
<td>Threat of competitors by substitute service</td>
<td>12.7</td>
<td>23</td>
<td>48.1</td>
<td>87</td>
<td>33.7</td>
<td>61</td>
<td>3.3</td>
<td>6</td>
<td>2.2</td>
<td>4</td>
</tr>
</tbody>
</table>

**Implementation**

Testing the impact of technological factors on strategy implementation: Results of regression analysis indicated that coefficient of variable correlation between technological factors and strategy implementation is equal to 0.39. Therefore, a proportion of strategy implementation variable variance, which is explained through variable of technological factors, is equal to 0.15.

Based on the available data, if variable of technological factors entered, findings will indicate that there would be a 0.36 positive change in strategy implementation for per unit increase in technological factors; regression equation of which would be as follows:

\[ Y = 33.368 + 0.363X \]

The following table shows a summary of the results of regression analysis.

Experimental results in above regression analysis are related to the studied organization. As you can see, this effect is proved effective; i.e. by an increase in technological factors in Asia Insurance, strategy implementation will also improve.

Testing the impact of socio-cultural factors on strategy implementation: Results of regression analysis indicated that coefficient of variable correlation between socio-cultural factors and dependent variable (i.e. the effective implementation of strategy) is equal to 0.43. Therefore, a proportion of variable variance of effective strategy implementation, which is explained through variable of socio-cultural factors, is equal to 0.19.

Based on the research data, if variable of socio-cultural factors entered, findings will indicate that there would be a 0.33 positive change in strategy implementation for per unit increase in socio-cultural factors; regression equation of which would be as follows:

\[ Y = 42.007 + 0.339X \]

The following table shows a summary of the results of regression analysis.

Experimental results in above regression analysis are related to the studied organization. As you can see, this effect is proved effective; and by an increase in socio-cultural factors, a significant improvement in effective strategy implementa-
Table 5. Percentage and abundance distribution of economic factors and their impact on strategy implementation

<table>
<thead>
<tr>
<th>Item</th>
<th>very high</th>
<th>high</th>
<th>average</th>
<th>low</th>
<th>very low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of economic stability and security of the country on strategy implementation</td>
<td>33.1</td>
<td>60</td>
<td>43.1</td>
<td>78</td>
<td>18.8</td>
</tr>
<tr>
<td>Impact of economic stability and security of the world on strategy implementation</td>
<td>17.7</td>
<td>32</td>
<td>39.2</td>
<td>71</td>
<td>28.2</td>
</tr>
<tr>
<td>Impact of necessary infrastructures for domestic and foreign investments on organizational strategy implementation</td>
<td>13.8</td>
<td>25</td>
<td>47.5</td>
<td>86</td>
<td>31.5</td>
</tr>
<tr>
<td>Impact of appropriate mechanisms for resource allocation, financial facilities and liquidity distribution on organizational strategy implementation</td>
<td>22.7</td>
<td>41</td>
<td>42</td>
<td>76</td>
<td>31.5</td>
</tr>
<tr>
<td>Impact of necessary infrastructures for economic interactions with other countries on organizational strategy implementation</td>
<td>12.7</td>
<td>23</td>
<td>53</td>
<td>96</td>
<td>27.1</td>
</tr>
<tr>
<td>Impact of changes in economic laws and regulations on organizational strategy implementation</td>
<td>16</td>
<td>29</td>
<td>47</td>
<td>85</td>
<td>33.7</td>
</tr>
<tr>
<td>Impact of “unemployment” on strategy implementation</td>
<td>24.3</td>
<td>44</td>
<td>30.4</td>
<td>55</td>
<td>32</td>
</tr>
<tr>
<td>Impact of “inflation” and its growth on organizational strategy implementation</td>
<td>22.1</td>
<td>40</td>
<td>38.1</td>
<td>69</td>
<td>33.7</td>
</tr>
</tbody>
</table>

...tion will be observed as well.
Table 6.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Degree</th>
<th>Abundance</th>
<th>Abundance Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>B.Sc.</td>
<td>56.9</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>M.Sc.</td>
<td>38.7</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>PhD</td>
<td>4.4</td>
<td>8</td>
</tr>
<tr>
<td>Field of Study</td>
<td>Human Sciences</td>
<td>448</td>
<td>81.8</td>
</tr>
<tr>
<td>Department of</td>
<td>Mathematics</td>
<td>33</td>
<td>18.2</td>
</tr>
<tr>
<td>Employment</td>
<td>Accounting</td>
<td>19</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td>Investment</td>
<td>17</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>Program and Budget</td>
<td>26</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td>Insurance and Reinsurance</td>
<td>15</td>
<td>8.3</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>12</td>
<td>6.6</td>
</tr>
<tr>
<td></td>
<td>Training and Development</td>
<td>25</td>
<td>13.8</td>
</tr>
<tr>
<td></td>
<td>Law office</td>
<td>3</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>Information Technology</td>
<td>12</td>
<td>6.6</td>
</tr>
<tr>
<td></td>
<td>Human Resources</td>
<td>11</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>Engineering Insurance</td>
<td>9</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>Public Relations</td>
<td>32</td>
<td>17.7</td>
</tr>
<tr>
<td>Working Experience</td>
<td>Up to 5 years</td>
<td>34</td>
<td>18.8</td>
</tr>
<tr>
<td></td>
<td>6 - 10 years</td>
<td>53</td>
<td>29.3</td>
</tr>
<tr>
<td></td>
<td>11 - 15 years</td>
<td>57</td>
<td>31.5</td>
</tr>
<tr>
<td></td>
<td>16 - 20 years</td>
<td>21</td>
<td>11.6</td>
</tr>
<tr>
<td></td>
<td>20 years above</td>
<td>16</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Table 7. Regression coefficient of technological factors

<table>
<thead>
<tr>
<th>Predictive Variable</th>
<th>Regression Coefficient (R)</th>
<th>Variance (V)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological factors</td>
<td>0.396</td>
<td>0.157</td>
</tr>
</tbody>
</table>

Table 8. Summary of regression analysis of technological factors

<table>
<thead>
<tr>
<th>Beta₁</th>
<th>b₁</th>
<th>Constant</th>
<th>Sig</th>
<th>F</th>
<th>R Square</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.396</td>
<td>0.363</td>
<td>11.358</td>
<td>0.000</td>
<td>33.368</td>
<td>0.157</td>
<td>0.396</td>
</tr>
</tbody>
</table>

Table 9. Regression coefficient of socio-cultural factors

<table>
<thead>
<tr>
<th>Predictive Variable</th>
<th>Regression Coefficient (R)</th>
<th>Variance (V)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-cultural factors</td>
<td>0.436</td>
<td>0.190</td>
</tr>
</tbody>
</table>

9. Testing the impact of political / legal & constitutional factors on strategy implementation

Results of regression analysis indicated that coefficient of variable correlation between political / legal & constitutional factors and effective implementation of strategy is equal to 0.47. Therefore, a proportion of variable variance of effective strategy implementation, which is explained through variable of political / legal & constitutional factors, is equal to 0.22.

Based on the research data, if variable of political / legal & constitutional factors entered, findings will indicate that there would be a 0.31 positive change in effective strategy implementation for per unit increase in political / legal & constitutional factors; regression equation of which would be as follows:

\[ Y = 51.326 + 0.312X \]

The following table shows a summary of the results of regression analysis. Experimental results in above regression analysis (concerning the effectiveness of political / legal & constitutional factors) will also affect effective implementation of strategies and will improve along with their increase in the future.
Table 10. Summary of regression analysis of socio-cultural factors

<table>
<thead>
<tr>
<th>Beta1</th>
<th>b1</th>
<th>Constant</th>
<th>Sig</th>
<th>F</th>
<th>R Square</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.436</td>
<td>0.339</td>
<td>9.312</td>
<td>0.000</td>
<td>42.007</td>
<td>0.190</td>
<td>0.436</td>
</tr>
</tbody>
</table>

Table 11. Regression coefficient of political / legal & constitutional factors

<table>
<thead>
<tr>
<th>Predictive Variable</th>
<th>Regression Coefficient (R)</th>
<th>Variance (V)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political / legal &amp; constitutional factors</td>
<td>0.473</td>
<td>0.223</td>
</tr>
</tbody>
</table>

Table 12. Summary of regression analysis of political / legal & constitutional factors

<table>
<thead>
<tr>
<th>Beta1</th>
<th>b1</th>
<th>Constant</th>
<th>Sig</th>
<th>F</th>
<th>R Square</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.473</td>
<td>0.312</td>
<td>9.356</td>
<td>0</td>
<td>51.326</td>
<td>0.223</td>
<td>0.473</td>
</tr>
</tbody>
</table>

10. Testing the impact of competitive factors on strategy implementation

Results of regression analysis indicated that coefficient of variable correlation between competitive factors and strategy implementation is equal to 0.48. Therefore, a proportion of variable variance of strategy implementation, which is explained through competitive factors, is equal to 0.233.

Table 13. Regression coefficients of competitive factors

<table>
<thead>
<tr>
<th>Predictive Variable</th>
<th>Regression Coefficient (R)</th>
<th>Variance (V)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive factor</td>
<td>0.483</td>
<td>0.233</td>
</tr>
</tbody>
</table>

Based on the research data, if variable of competitive factors entered the equation, findings will indicate that there would be a 0.54 positive change in effective strategy implementation for per unit increase in competitive factors; regression equation of which would be as follows:

\[
Y = 54.348 + 0.543X
\]

The following table shows a summary of the results of regression analysis.

Table 14. Summary of regression analysis of competitive factors

<table>
<thead>
<tr>
<th>Beta1</th>
<th>b1</th>
<th>Constant</th>
<th>Sig</th>
<th>F</th>
<th>R Square</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.483</td>
<td>0.543</td>
<td>9.321</td>
<td>0</td>
<td>54.348</td>
<td>0.233</td>
<td>0.483</td>
</tr>
</tbody>
</table>

Experimental results in above regression analysis showed that such impact is proved effective.

11. Test the impact of economic factors on strategy implementation

Results of regression analysis indicated that coefficient of variable correlation between economic factors and effective strategy implementation is equal to 0.41. Therefore, a proportion of variable variance of effective strategy implementation, which is explained through economic factors, is equal to 0.17.

Based on the research data, if variable of competitive factors entered, findings will indicate that there would be a 0.22 positive change in effective strategy imple-
implementation for per unit increase in economic factors; regression equation of which would be as follows:

\[ Y = 38.150 + 0.229X \]

The following table shows a summary of the results of regression analysis.

<table>
<thead>
<tr>
<th>Beta(_1)</th>
<th>(b_1)</th>
<th>Constant</th>
<th>Sig</th>
<th>(F)</th>
<th>(R) Square</th>
<th>(R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.419</td>
<td>0.229</td>
<td>10.092</td>
<td>0.000</td>
<td>38.15</td>
<td>0.176</td>
<td>0.419</td>
</tr>
</tbody>
</table>

Experimental results in above regression analysis showed that impact of economic factors is proved effective in strategy implementation.

Competitive factors are primary factors affecting strategy implementation in Asia Insurance. The secondary factors are technological factors, political / legal & constitutional factors and economic factors, and ultimately socio-cultural factors have the lowest impact.

12. Conclusion and Discussion

In the current business environment, it is necessary to pay more attention to the implementation of organizational strategies. Unsuccessful implementation of organizational strategies is a problem strongly threatening the effectiveness and efficiency.

It’s essential that managers understand the factors influencing their success or failure to develop strategies because awareness of key variables associated with the development of strategies will help them to better manage these variables and obtain more desirable results for the organization. Being aware of these factors, it is obvious that predictability of strategies will increase and this will allow the assessment of various options.

Prioritizations of barriers affecting the strategy implementation with regard to the importance and according to the results achieved from multivariable regression software are as follows:

- Competitive factors
- Technological factors
- political / legal & constitutional factors
which are in accord with results achieved from Rahro’s [29] survey and classifications of factors affecting organizational strategy implementation in of Iran Central Insurance classified as follows: 1) Leadership, 2) Economic, 3) Human Resources, 4) Political / legal & constitutional, 5) Financial, information, and time resources, 6) Organizational relations, 7) social-cultural /, and 8) Organizational culture.

In this study, we could demonstrate that all known factors have a positive effect on the strategy implementation; i.e. by improving the use of any factor, strategy implementation and performance of the organization (Asia Insurance) will also improve; that varies according to priorities determined by the effect of each factor.

These results confirmed Rahro’s [29] results, evaluation and classification of factors affecting organizational strategy implementation in Iran Central Insurance and Roshnavadi’s (2006) evaluation and classification of the factors affecting strategy implementation (based on Scott framework and theory of SRP) [30].

The first item among competitive factors and the third item among technological factors were of highest importance. Also, the fourth item among socio-cultural factors, the second item among political / legal & constitutional factors, and the first item among economic factors were the most important items in this questionnaire.

Regarding environmental factors affecting organizational strategy implementation and also the research finding, following items are suggested:

. Competitive factors were identified as the most important factors affecting strategy implementation. To maintain competitive condition among companies in insurance industry, we recommend you to improve the organization strategies to reduce vulnerability against competitors’ counter-attack, pay attention to the number of entering competitors, take into consideration their strategies and politics, and take use of appropriate alternative services to menace the competitors in order to improve the organizations activities in regard to this factor.

. The second factor affecting the implementation of organizational strategies is technological factors. Fixing the flaws in the technological system of organization and utilizing the latest technology in accordance with needs and goals of organization will lead to synchronization with other competitors, competitive property, and also adds accuracy, speed and high quality to the services offered.

. Other factors affecting strategy implementation are political / legal & constitutional factors which are in third degree of importance. Since there is the issue of insurance industry accession to the WTO, in order to achieve this goal, it is recommended to bring domestic legislations and regulations close to international law and their consistency with each other, prepare for entry of foreign insurance companies in domestic market and competing with them, serious interactions with world market, privatization, and more entry of private insurance companies in the market.

On the other hand, managers should try their best to homogenate the organization’s members without any faction or political affiliations in order to achieve similar strategic objectives.

. Economic factor is the fourth barrier of strategy implementation in Asia Insurance. To improve in this area, we suggest that the organization pay more attention to country’s economic condition and families’ income, improve services and their quality, provide least expensive services, under-
stand internal and external economic trends which affect insurance industry; such as: monetary policies, interest rate, inflation rate, unemployment rate, etc. and take proper actions to form economic analysis teams made up of economic experts, make appropriate conditions consistent with economic structure of the country, enter the WTO and have policies of international interactions and attract foreign investment.

Following above recommendations leads the organization to reach the highest levels of customer and income along with creating a competitive condition among competitors.

Another barrier against strategy implementation is cultural factors which are in the fifth degree of importance. Making public attitude positive towards insurance products, increasing the quality of services offered, improving insurance penetration coefficient with various methods, maintaining socio-cultural stability of the society to achieve organization’s goals and consequently increase the efficiency, improving reliable reinsurance culture among people of society through distinguishing your services as compared with those of competitors, establishing good and reliable reputation for organization among reinsurers will lead to the improvement of organization’s condition in this field.

It should be noted that the control and regulation of each of the above factors will not lead to improvements in the implementation of strategies lonely and to achieve long-term success, there should be a comprehensive look at all barriers of strategy implementation.

Acknowledgment

This paper is taken from the thesis supported by Insurance Research Center.

References
