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# Explaining the Planning and Implementation of the Strategy of the Affiliated Companies to the Cooperative Foundation and its Impact on their Performance

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### ABSTRACT

The importance of strategic management in civil engineering companies, including temporary nature projects, is much more than other organizations. the main objective of this paper is the operational analysis of the process of developing and implementing a strategic plan and its impact on the performance of large-scale civil engineering companies. In these companies, diversity is seen not only in projects, but also in workplaces. In addition, their dramatic turnover and perception of untimely earnings have caused the issue of elaboration and implementation of strategy, despite the necessity, of particular complexities. For this purpose, this paper, presenting a detailed, complete and comparative case study of the process of compilation and implementation of strategic planning in Omran Hadi Chitgar Company, examines the results, challenges and future of the company as a case study from a large multipurpose development company. a compilation course and an exact update strategic plan course, at the company, resulted in a 1.5% improvement in internal factors and a 0.15% improvement in foreign opportunities that is considered as an appropriate outlook in a proper direction of the implementation of a strategic planning period and the credibility of a compilation program.

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**Keywords:** *Construction industry, internal and external factors, strategic management*

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### INTRODUCTION

The construction industry plays a crucial role in the economic development of countries, especially developing countries, because the industry accounts for 5-9% of GDP in the country on average (Abu Bakr, 2002). Since the priority of economic and commercial planning has been shifted from short-term and tactical to long-term and strategic (Betes and Ophoorie, 1992), a large number of construction companies, the use of approaches Strategic planning and management to take advantage of strategic management to increase their competitive advantage and ultimately increase their value creation (David, 1997). US banks display higher returns on equity, with strategic commitment to planning and continuing education. Companies with good performance, such as DeBid Shop, Sony, and Merck, benefit effectively and strategically from strategic management approaches, although strategic management has so far failed to be seen in construction companies. (Price & Newson, 2003). Besides, Japanese contractors introduce their strategic approach to the success of their various international markets (Hissagawa, 1988). In the Turkish construction industry, studies have also been conducted to explain the current position of its construction companies from the point of view of strategic management (Chakmaak & Tass, 2012; Kazaz & Yolubili, 2009). These companies have long been responding to fluctuations and effectively coping with the risks in the business market, which has long taken into account changes in customer demand, technological changes as well as ongoing developments in industry structures and frameworks. In a dynamic market environment, having an appropriate strategy, and adopting a clear strategic vision are important factors that enable organizations to survive and progress (Mohammad, 2017).

Despite these explanations and the fact that strategic management practices can improve the efficiency of different organizations (Bakar, Tofil et al., 2011), large construction companies in Iran are still moving towards formalizing their strategic processes. Have not made Hence, this paper examines the implementation of the strategic business management plan in the construction sector, in general, and in the affiliated companies of the cooperative, in particular, as a successful case study and expected and

achieved results. The specific objectives of this paper are as follows: 1) Study of the ways of developing strategic management in the construction industry, especially in large construction companies that have a moving approach to becoming a holding, 2) Determines how they are strategically managed and 3) The impact of the implementation of the programs resulting from the establishment of strategic management in the construction industry on the performance of the companies.

### **Background research**

Despite the many definitions of strategic management, there is no comprehensive definition of "acceptable strategy" (Mintzberg et al., 2003). The first definition of strategy was presented by American business historian Chandler (1962). He defined the strategy for determining the long-term goals of a company and approving practical courses and allocating the resources needed to move toward those goals. In the field of construction, Cannon (1978) defines a strategy for the development of a variety of international activities and purchasing policies. Mintzberg (1994) illustrates the strategy as a program and a continuous pattern of behavior over time. From a strategic management perspective, a strategy is a set of management decisions and determines the long-term performance of a company. This definition includes comprehensive formulation of strategy, implementation, evaluation and control (Violen & Hanger, 2011). David (1997) defines strategy as art and science to define, implement, and evaluate applied decisions that enable an organization to achieve its goals. From the point of view of implementation, since strategic management is complex and has many tools that are powerful and influential on the organization (Estonia, 2001), therefore, the strategic management process depends on the ability of individuals to succeed (Stal & Gregsbye, 1992). Although from the point of view of management, senior management is responsible for meeting the company's success and overcoming any competition that is occurring, however, Hanger and Willen (2011) point out that people at all Levels, and not just senior executives, should be involved in the process of planning, implementing and controlling strategic management. Examining the environment for critical information, proposing changes to strategies and plans for using environmental change, and working with others to improve continually the working methods and evaluation techniques are among the things that everyone should be involved. Hlachag and Tayda (2016) also called for the strategic planning as an administrative tool to help companies active in the construction industry to adapt to their internal and external environment, as well as provide more training courses for senior management in Strategic management and planning, with the involvement of different levels of administrative involvement, have emphasized the principle of sharing information. In the construction industry, research on strategic management practices is almost limited to studies by Chinowski and colleagues (1996), Dickman & Beigonol (2003), Price & Hackaran (2003), Dansu (2005), Park, Zhang et al. (2010), and Halkay and Tayda (2016). Managers and professionals in the construction industry, despite their considerable attention to project management issues, still have little regard for strategic management, although the industry faces constant changes in the volume and composition of work and management modalities (Chinowski & Meredith, 2000). Research has shown that while some construction companies have been very successful in responding to changing needs and opportunities by using technological innovations and contract development to provide competitive advantage, others have faced stagnation (Bets & Ophoorie, 1992). These results indicate that construction companies also need to match their short-term approach by improving organizational effectiveness with a longer-term strategic approach. In fact, successful construction companies are companies that identify the market, its demands, the services provided, the risks involved, the structure it uses, and the environment in which they work. They recognize certain goals and define ideals to achieve these goals and control their plans to achieve them (Price & Newson, 2003). Buckar et al., (2011) showed that many modern companies have clear objectives, a strategy for reaching the goal and a statement to lead the organization towards success.

### **Methodology of research**

The main objective of this paper is to analyze how the strategic plan is designed and implemented and its impact on the performance of large-scale multipurpose development companies. In such companies, diversity is seen not only in projects but also in business areas. In addition, the significant turnover of these companies and their recent look at creating unearned revenues has led to the elaboration and implementation of strategies for them, as needed, of particular complexity. For this purpose, this paper, presents a detailed, complete and comparative case study of the process of developing and implementing strategic planning at Nasr International, Kurdistan, as a case study of a large multipurpose development company, reviews the results, challenges, and the upcoming future. a compilation course, and the exact update of the strategic plan course in the company shows an increase of 1.5% for internal factors and 0.15% for the use of environmental opportunities, which provides a proper outcome in the right direction of the implementation of a strategic planning period and credibility of a compilation program. Due to the position of participation in Swat Matrix and the necessity of adopting a hybrid strategy and formulating strategies for different areas of work, the internal-external matrix, position and strategic assessment matrix, the GE method, and the matrix of the closure consultants group were also used, which results general and domain-based, with operational measures implemented and the financial and non-financial results obtained at the end of the financial period are widely studied. In this paper, we use the Comprehensive Model presented by David (1997), which includes the steps of determining a mission, examining external factors, examining internal factors, setting long-term goals, formulating evaluation and strategy selection, setting annual goals and policies, allocating resources and performance calculations, is used. The research is applied in terms of material, exploratory-

descriptive, and from the point of view of the goal, and uses it as intuitive judgments. The statistical population of this research is the managers and experts of Hadi Chitgar Civil Development Company who have been involved with the strategic management team of the company during the years 1396 and 1397. To properly formulate the program, library studies have been widely used and research on the subject has been reviewed and analyzed. In addition, in order to review the financial and operational results from the implementation of the developed programs, the 10-year financial statements and financial ratios of the company, with emphasis on the past two years, have been thoroughly reviewed and reviewed. From the point of view of reliability, the Cronbach's alpha was calculated after collecting questionnaires from a limited number of experts and managers (35 people). The alpha level of 91% achieved indicates a high reliability.

### **Research findings**

The detailed and exhaustive implementation and implementation of the multiple models discussed below summarizes the mission statement of the company as outlined above. The company participates in a wide range of research activities to commercial, design and construction, from a wide range of buildings to fisheries, industry, and mining, based on the many resources available, from trained forces to pools to provide high quality service is at the highest possible level of productivity. The main goal of the company is to provide high-quality services to the stakeholders, while promoting profitability and agility within its scope as an innovative and effective model. In this regard, it is expected that by using the technologies of the day, not only in Kurdistan, but also in the country and the leading region, in providing a more worthwhile and more durable performance than rivals, and not through the path to achieving this goal unless through coherent planning, welcoming innovations and reducing impact through development of human resources as one of its most valuable assets.

The company has a long-term perspective and plans its short-term goals for its long-term goals. In this way, it takes into account the quality and always observes the honesty of speech, fairness in engagement, adherence to the promise, respecting individuals and encouraging them to participate more in different working groups can be achieved with increasing excellence as the main goal of the company, so that beyond the more profitable, the stakeholders and rival companies, more than before as a reputed company, its competitors recognize it as their benchmark. In order to explain the strategic plan, after the finalization of the effective internal and external factors of the company, the matrix of internal and external factors is selected and evaluated by selecting eight of the top titles of the selection. The sum of the scores for the internal factors matrix in 2016 and 2017 are 2.327 and 2.361, respectively. Similarly, the sum of the privileges caused by external factors in these years are 549/2 and 553/2 respectively. Based on the obtained information, with a comparative approach, the matrix of strategic position of the company in the two years studied is shown in Fig. 1. As can be seen, the position of participation in the SWAT Matrix in the conservative zone is very close to the boundaries of the regions. Therefore, in this paper for the first time, for the exact formulation of the program, the Swat subregion matrix with 9 local and external matrices is presented in combination and comparison. In this matrix, the location of the company is also identified in district 5, which is also considered a significant area in this model. A remarkable point in this figure is the relative position of the company in two consecutive years, as shown clearly in the diagram. The superficial comparison between the points obtained in the figure for these two years indicates the growth of the company's status not only in relation to the absolute value obtained for internal and external factors, but also for the proper transition from the area of the three diagrams to the region of a graph and it is a desirable outcome for an aggressive strategy. Specifically, this proper orientation reflects the correct and coherent decision-making in the company to distance itself from the crisis area, and the validity of short-term plans adopted in 2016 to achieve the results of 2017 clearly shows. Specifically, since the strategic planning approach is the correct orientation to the organization's activities and the establishment of an appropriate coordination to achieve the goals and aspirations of the company and the organization, the results obtained on the integrity of the company's approach and the credibility of the program proposed offers. It should be noted that not only at this stage, but also in the following article, given the widespread results, all the tables and figures and results are included with the comparative approach between the two study periods, while at the same time summarizing and succinct is possible to compare more easily and accurately.

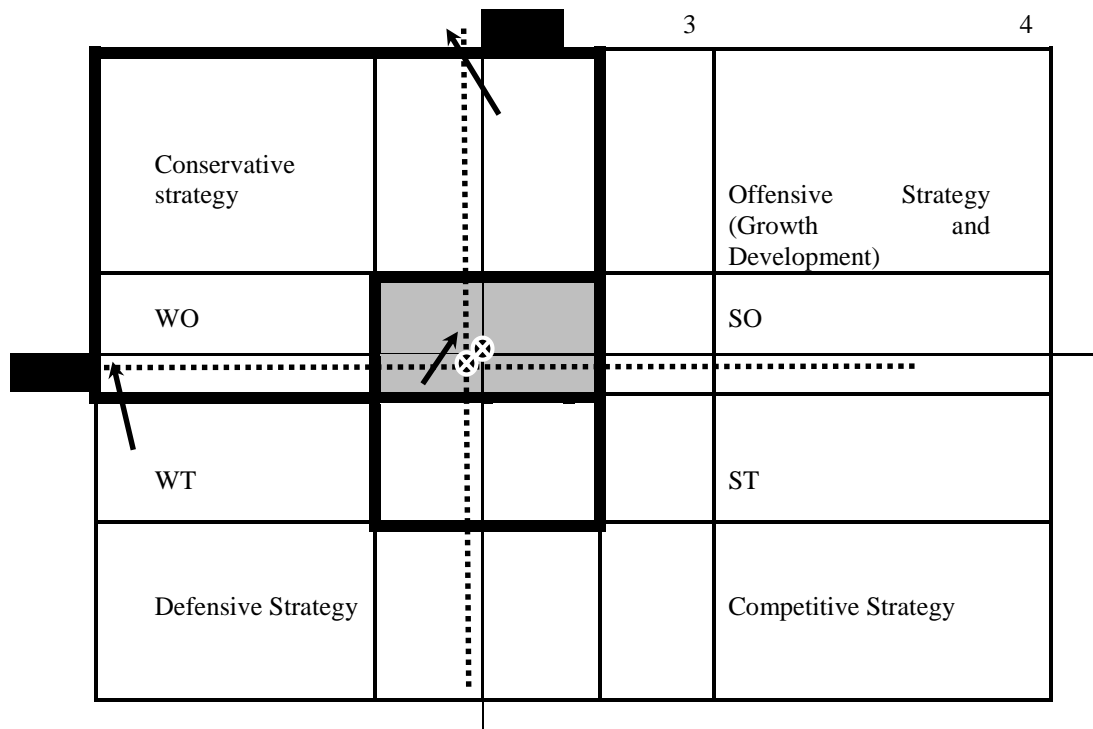


Figure 1: Swat matrix and internal internal matrix of the studied periods

Regarding the position of the company and the necessity of using the combined approach and strategy in the region for the company, for further evaluation, taking into account the financial parameters, the position assessment matrix and strategic action as described in Figure 2 for both periods reviewed with a comparative approach. Obviously, the company's strategic positioning is "defensive", and the situation is even more "defensive" than in the same period of the year.

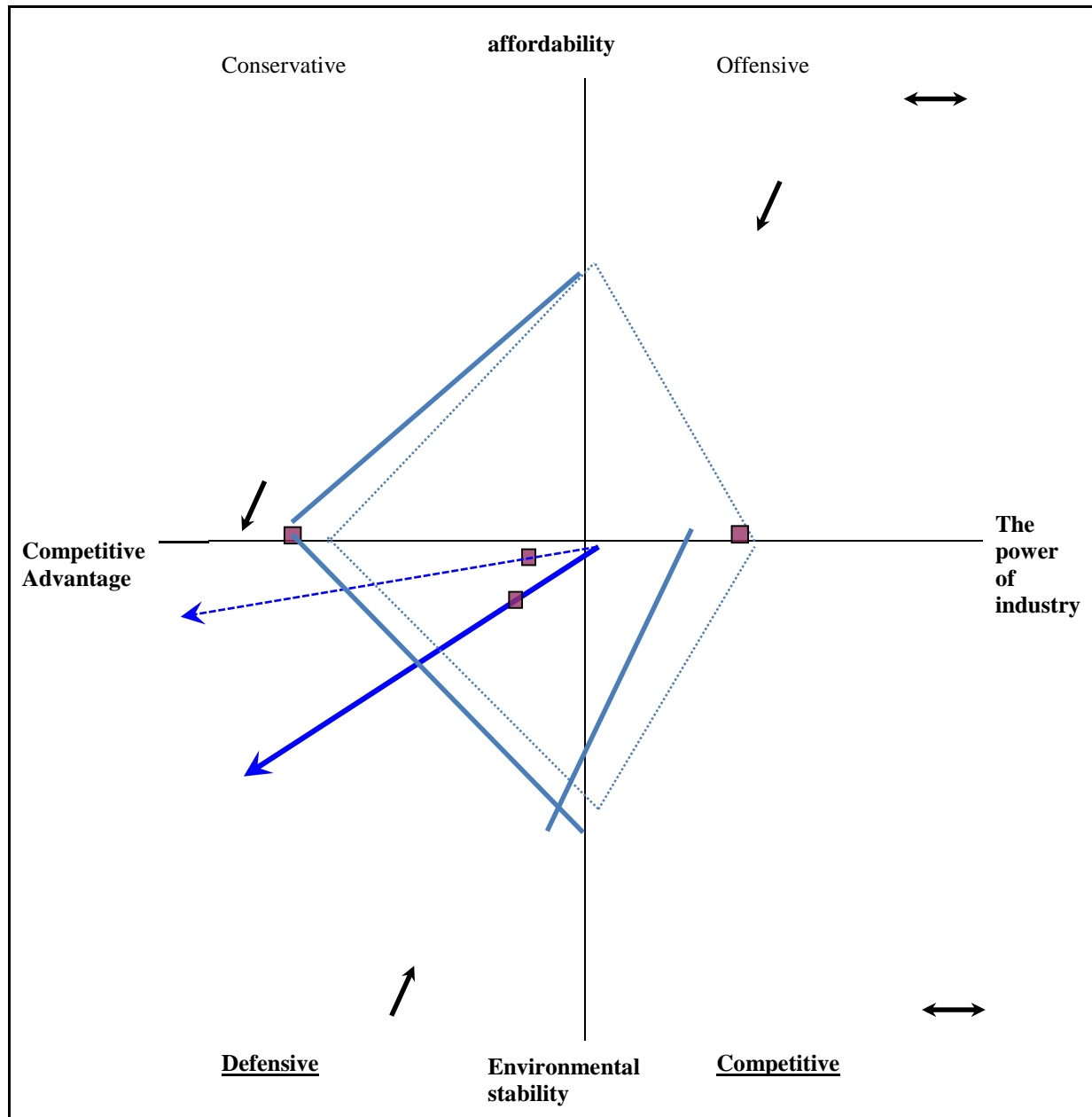


Figure 2: Assessment and strategic assessment matrix from the studied periods

In the following, according to some areas of the company's activities, the use of the GE methodology, the location of the "roads and rails", "agriculture and fisheries", "water" and "new areas of electricity and gas" determines the question mark area, which has the potential for conversion, the "star", while the "building" domain is located in the "dog" region. In this regard, the matrix of the closure advisers group is formed for a more precise examination of the company's business areas, and the results of the "road and rail" section in the second area of the matrix and the areas of "building", "agriculture", "Water" and "New areas of gas and electricity" in district 5.

### Conclusions and suggestions

After a period, the implementation of the programs presented, the results are as follows. The implementation models applied in the strategic plan at the beginning of the 2017 show that the company's programs have raised the company by about 1.5% in terms of internal factors, and in connection with external factors. A slight increase in the opportunity rate is as high as 0.15%. Specifically, the company's programs have been effective but have little effect on domestic reinforcement. Therefore, it is

suggested that the company contemplate a growth rate of at least 11% for this year and the following year to outsource the current state of domestic resources. Given the sensitive area that is part of the Swat Matrix, part 4 - the company in Section 3 - and the internal and external factors of the 9th part - the company in Section 5 - there is little change in any of the factors, especially internal factors that can make the situation worse. Therefore, additional models were used to find the appropriate strategy. A glimpse of the comparison with what was obtained in the strategic position and performance matrix clearly shows that the fit of 4 indices: (1) industry power, (2) financial ability, (3) competitive advantage, and (4) stability of the environment. The reason for the decline in environmental stability, industry strength and financial strength, despite the increase in competitive advantage, has led the company to a more defensive strategy than in 2016. Therefore, it is proposed that the company's plans was more serious than in the previous year, and to address the threats in the industry and environmental instability, to further strengthen the financial corporation of the company in order to be able to deal with environmental threats with domestic empowerment. Therefore, the overall strategy of the company in 1997 is "a sharp decline in fixed and variable costs, and the expansion of the market and products on condition of profitability with the aim of boosting the balance sheet." The results of this research showed that the implementation of the principles of strategic management in construction companies, despite the fact that these companies have short-term goals, can have significant and acceptable effects. Having a roadmap for companies that have a large body and multiple projects and are active in different fields, not only improves the status quo, but also provides a good perspective for it. It provides short-term planning and evaluates the status quo, and clearly provides for the transition to the promised status. In the following, for more applied research, it is suggested that one of the standard approaches to implementing a strategy, such as a balanced scorecard, was used for the company, so that by designing a suitable strategy map, it is possible to accurately execute, update and evaluate the results of strategy deployment in the company.

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