

# The project of application and measurement of Machine industry business competitive strategies

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## Abstract

The aim of present research is the recognition of connecting between Richard D'Aveny 7S and business strategies for creating competitive advantage. In this research, by using seven S model and a questionnaire including 40 questions, we investigated Iran Khodro Industrial group's managers' ideas at seven theory frameworks. By using random sampling at every level, 135 managers were selected. The permanent of questionnaire is  $\alpha=0.81$  according to a sample, that is tested by using of Lizrel soft ware. The result shows that there is positive and direct connection between Richard D'Aveny 7S and business strategies. At this investigated model, the volume of gracing indicator is (AGFI – 0.91, GFI=0.91) and shows this model is suitable.

**Keywords:** strategic management, D'Aveny 7S, Mc Kinzy business strategies

## Introduction

Mc Kinzy 7S framework declares that competitive advantages gain from creating correct connection between organization key properties and centralize these properties on one aim or special commission. This process requires connection between organization and environment and also correct connection between seven key factors of organizational inner. This factors involving structure strategy, systems, style, skills, servant and subscriber values (Armstrong 2006). These sevens can counts as a style for performance and creating traditional competitive advantages (expense, Quality, planning time, technical learning, and Assurance bass and great references). According to whatever pitters and waterman says, these key factors affected

on higher companies revenue. These are factors that managers should consider at company dairy works. But, we should pay attention that connection denotes stability, it mean, this process follows more stable state instead of always guidance framework development and creates new advantages (Bachko 1993). Connecting also has prediction process. Because of this state, organization station would be easy reception aim for competitors. If organization traverse at unique aim range, his flexibility would decrease and according to this, organization can not change strategies with sevens for facing to new needs (Greefin 1990).

In the present competition, connection counts as an obstacle and other organization can pass it easily. Thereby, this condition has not necessary efficiency for present completion. With changing completion environment, new sources identify at organization completed advantage like more centralization on quality, speed and ability to create time fast rotations and also higher creative power for earning exact profits. Organization with passing obstacle, create new and temporary advantages and gain creative power and thereby have continual development (Bak 2002). This important issue could be presented by employing seven frameworks. New framework by D'Aveny is dynamic and keeps success of companies at hostile environments. While old framework was motionless incident that do not let company move from one advantage to another one, and do not have necessary flexibility. Companies need guidance lines that provide necessary insight for creating next disturbance at bazaar. Guidance lines must be according to abilities and new methods for applying such insight. New sevens provide this guidance lines (Artor 1992). Unlike old sevens framework, new framework is based on finding strategy and create temporary advantage by make disturbance at bazaar instead of keeping continual balance and advantage. New framework designs

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whereas external environment long – term stability will be kept instead of organized inner connection with external environment by the way of creative’s collection (Desler 2002). So the issue of research is how new sevens at organization could employ. In this way, we reach to correct combination of these factors for competitive strategies aims. Do you know new sevens could affect on competitive strategies?

### Research theoretical bases

#### Business competitive strategies

At modern business environment, producers with increasing pressure facing to customers essentials at specialize product, quality improvement and answering all requires. For keeping business at this environment, most companies try to understand new concept and theories, until can remedy all forward problems. One of new subject at Don Theory is incident management and literature at that field we studying it at this sector.

D’Aveny at his book "Huge competition" says keeping competitive advantage for a Long time get harder and harder. As a result, one company or trading unit must try continually until improve competitive advantage and keeping it. Only low costs are not enough. Because competitors true in order to apply improvement design to decrease costs. Companies for more decrease costs and also increase value must find new methods. One of new actions is using sevens D on (ony 1994).

#### This seven includes the following factors:

- 1- Superior Stakeholder Sates faction
- 2- Strategic Soothsaying
- 3- Speed
- 4-Surprise
- 5- Shifting and rules
- 6- Signaling
- 7- Simultaneous and Sequential thrusts

Seven frameworks help us to understand how to maximize customer satisfactory in order to increase strategic value, search new science that could create new angles from opportunity: making ready organization for reaction as fast as possible: making ready organization for fast answering to bazar in the way of competitors getting surprise: finding new methods for presenting service to customers in the way of changing industry: declare consider acts of one company for forbidden of actions competitor and making collection of special steps that make competitor confused, thereby creating obstacle in their way and destroying them (Derly 2007). In the past, MC Kinzy seven’s frameworks says competitive advantage gain from creating correct connection between organization key properties and centralizing this properties on one aim or special commission. This issue requires connection between organization stage and environment and also correct connection between 7 inner organization key factors (Akr and coworkers, 2006). In table 2, we tried to make clear changes and indicators of seven s model (Dony, 1994).

*Business strategies:* this kind of strategies empha-

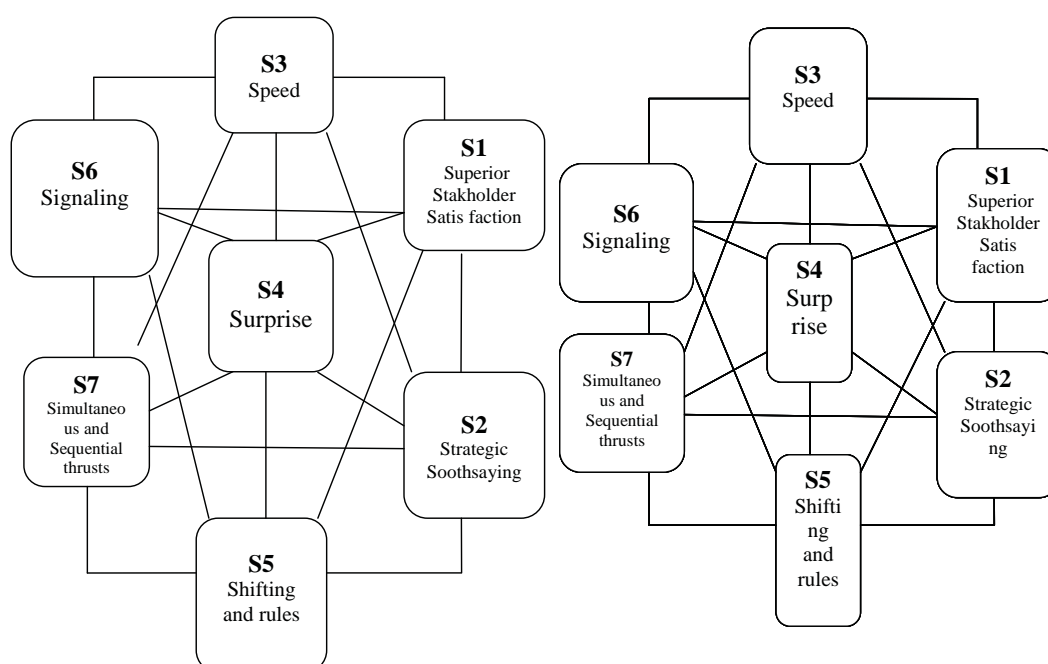


Figure 1. Mckinzy old sevens and D ony seven s

**Table 1. McKinzy old seven s and Dony seven s**

S	Mckinzy sevens	Dony sevens	S
S <sub>1</sub> : Strategy	Finding situation and making things by organization answering to changes or prediction them at external environment for reaching competitive advantage	Understanding how maximize costumer satisfactory by creating increasing increasing value by way of strategic	S1 Superior Stakeholder Sates faction
S <sub>2</sub> : Stricture	The method of dividing duty and personals , distributing, the way of banding actives and relation of reporting, uniform actives mechanism at organization	Searching new science that could create new angels.	S2 Strategic Soothsaying
S <sub>3</sub> :Systems	Formal and informal incidents used for organization management	Making ready organization for reaction as fast as possible	S3 Speed
S <sub>4</sub> :Servants	Persons, records and their abilities, the way of employment, electing, learning socialize organization, business management servants promotion	Making ready organization for fast answering in the way of competitor making surprise	S4 Surprise
S <sub>5</sub> :Skills	Organization higher abilities at continuous dimensions like persons, management methods processes, systems, technologies with costumers	Finding new method present service to customers that changing industry.	S5 Shifting and rules
S <sub>6</sub> :Style	Way of managers passing time, concentration on what. Also organization culture is same as value and valid believes.	Declare consider acres of one company for forbidden of actions competitors.	S6 Signaling
S <sub>7</sub> :Subscriber values	Basic collection of values that are common at all organization dimension and serves as outlook guidance principle and valuable declares.	Making collection of special steps that make competitors confused. Thereby creating obstacle in their way and destroyed them	S7 Simultaneous and Sequential thrusts

**Table 2. Research variables**

Research variables	Indicators
Satisfaction of senior beneficiary	Selling products stockers wealth increasing wages service mean time learning correct election
Strategic prediction	Business environment new condition changing at coworkers relations new science at business environment
Situation finding for speed	Being chances at environment being threat at environment getting service to customer's fast reaction.
Situation finding for surprise	Present new products present service after selling present new ideas.
Changing game rule	Filterability at rules performance flexibility at letter game
Signal finding for strategic aim	Increasing industry stock new methods for making price new methods of advertisement new methods for presenting product presenting correct products with universal standards.
Strategic progressive consecutive and contemporaneous	Facing strategies defensive strategies offensive strategies

sis on improvement of products competitive situation or services of one company or one trading unit at one industry or special sector of bazar, and divided into two parts: competitive and partnership. Best example for competitive strategy is famous Mikel portez viewpoint

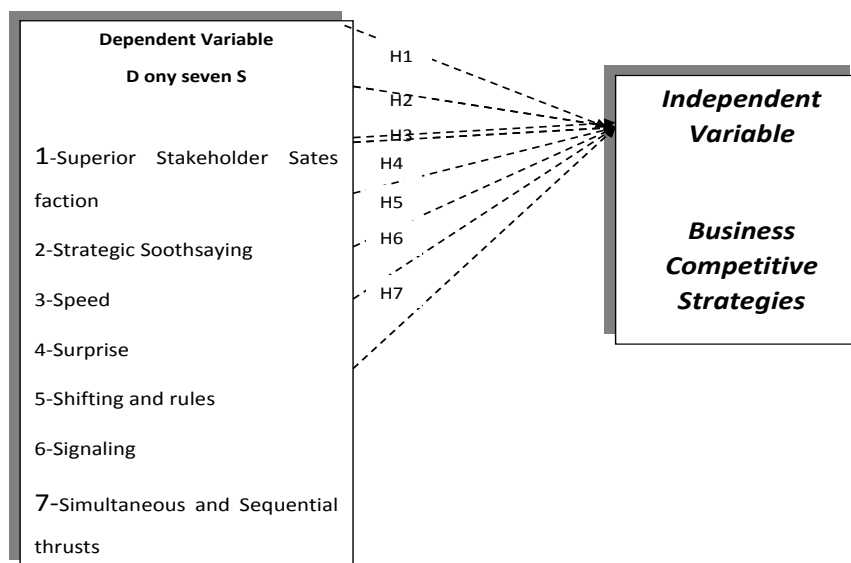
as low cost and difference. While partnership strategies is a kind of strategies that constrict to competitiveness strategies that emphasis on competition and fighting, emphasis on cooperation that best example of this is strategic coalition (Ston 2005).

*Research analysis model and relation between variables:* Much research about successful companies at competitive environment field shows dynamic methods with key factors for strategies that three affected factors surrounding series of disturbances. This three affected factor involving considering (changes), skills and methods, new seven frameworks is according to structure strategy and finding temporary advantages for disturbance bazar regarding to keeping advantages and making continual balances. This strategies design that could keep movement in front of new series creative ratio company structure that his Aim is reaching inner proportion or today external environments. And all of them can gain if external condition remains for long term today and most industry sets on lack of confidence level and becomes more complex and dynamic. New competitors are bold. Flexible and creative and moving to stabilization bazar that could decrease the speed of huge countries that are governors on bazaar. The aim of this project is investigating Dony seven affects on competitive strategies, so they use these factors cor-

rectly at competition field, which could seize overtaking from other competitors.

## Research hypothesis

- 1- There is a meaningful relation between Superior Stakeholder Satisfaction and business Competitive Strategies
- 2- There is a meaningful relation between Strategic Soothsaying and business Competitive strategies.
- 3- There is a meaningful relation between Speed and business Competitive strategies.
- 4- There is a meaningful relation between Surprise and business and business competitive strategies.
- 5- There is a meaningful relation between Shifting and rules and business competitive strategies.
- 6- There is a meaningful relation between Signaling and business Competitive Strategies.
- 7- There is a meaningful relation between Simultaneous and Sequential thrusts and Business Competitive Strategies.



**Figure 2. Research Conceptual model**

## Research recognition model

This research in the view of aim is application and in the view of nature and the way of gathering information's is descriptive.

## Measurement

135 questionnaires were distributed among Iran

Khordro Industry managers. 126 questionnaires were collected for final analysis. The volume of return questioner is 0.93. At this research, in order to test hypothesis, making operation with two range of variables were considered. According to Kolmogorov Smirnov test, the sample selected was normal. We also considered different views of professors and students at PhD level for determining validity Also, reliability, according to Cronbach Alpha was 0/81 according to table 3.

**Table 3. Reliability of research instrument**

Variables	Mean	SD	Cronbach Alpha
Satisfaction of senior beneficiary	3/1	0/55	0/81
Strategies prediction	3/9	0/88	0/81
Situation finding for speed	3/1	0/82	0/82
Situation finding for surprise	3/1	0/68	0/70
Changing game rule	2/9	0/73	0/76
Signal finding for strategic aims	3/2	0/55	0/82
Strategies progressive consecutive	3/3	0/54	0/78
Business strategies	3/8	0/87	0/80

## Results

### Data Analysis Method

For assessment offered pattern, we use structure equations modeling. All analyses were done by using 8/5 lizrel software.

The volume of  $K_2$ , square manner indicator  $K_2$  (ratio square K on freedom grades), good fitness indicator (GFI), adjustment good fitness indicator (AGFI), comparative fitness indicator (CFI) that set based on correlated between present variables at

the model, increasing fitness indicator (IFI) use for correlation were used (Ghasemy, 1389).

### Dependent and independent variables

Considering normal distribution, in order to explain research variables, independent sample t-test ( $t = 3$ ) and confidence level of 95% and error level of 5% , was used. If P value is lower than 5%, there is no meaningful difference. According to table 4 , there is a weak relation between changing game rule and signaling strategic aims ( $P < 0/5$ ).

**Table 4 . The results of independent sample t-test**

Factor	P	Mean	SD	t
Satisfaction of senior beneficiary	0/33	3/1	0/55	-2/1
Strategies prediction	0/27	3/9	0/88	-1/34
Situation finding for speed	0/43	3/1	0/82	-2/3
Situation finding for surprise	0/21	3/1	0/68	-4/4
Changing game rule	0/002	2/9	0/73	-7/3
Signal finding for strategic aims	0/003	2/8	0/55	2/2
Strategies progressive consecutive	0/32	3/3	0/54	-2/3
Business strategies	0/21	3/8	0/87	-3/3

### Analysis and testing research hypothesis

One of the most strong and suitable ways of analysis at scientific research and social science is analyzing several variables. Covariance structure analysis or structural equation model is one of the most basic complex data structures analysis ways. So, while at present research, there are several independent variables, whose effect should be investigated on dependant variable, the use of structural equation model is essential here.

For investigating the suggested model, Lizrel software was used. Figure 3 shows the presentation model.

At Figure 3, independent variables regular is (A) satisfaction of senior beneficiary, (B) strategic predic-

tion, (C) situation finding for speed, (D) situation finding for surprise, (E) changing game rule, (F) signal finding for strategic aims, (G) Strategic progressive consecutive and business strategies dependant variable. Figure 3 indicates the correlation coefficient.

Now the question is whether seven S models is the right model or not. For answering this question, we should investigate statistic  $\chi^2/DF$  and other suitable condition of goodness of fit model.

Regarding the output of external Lizrel  $\chi^2/df$  is equal to 1/98, the low amount of  $\chi^2/df$  shows this model is suitable. Because whatever  $\chi^2/df$  was lower, the presented model is more suitable. The following is the results of Lizrel software.

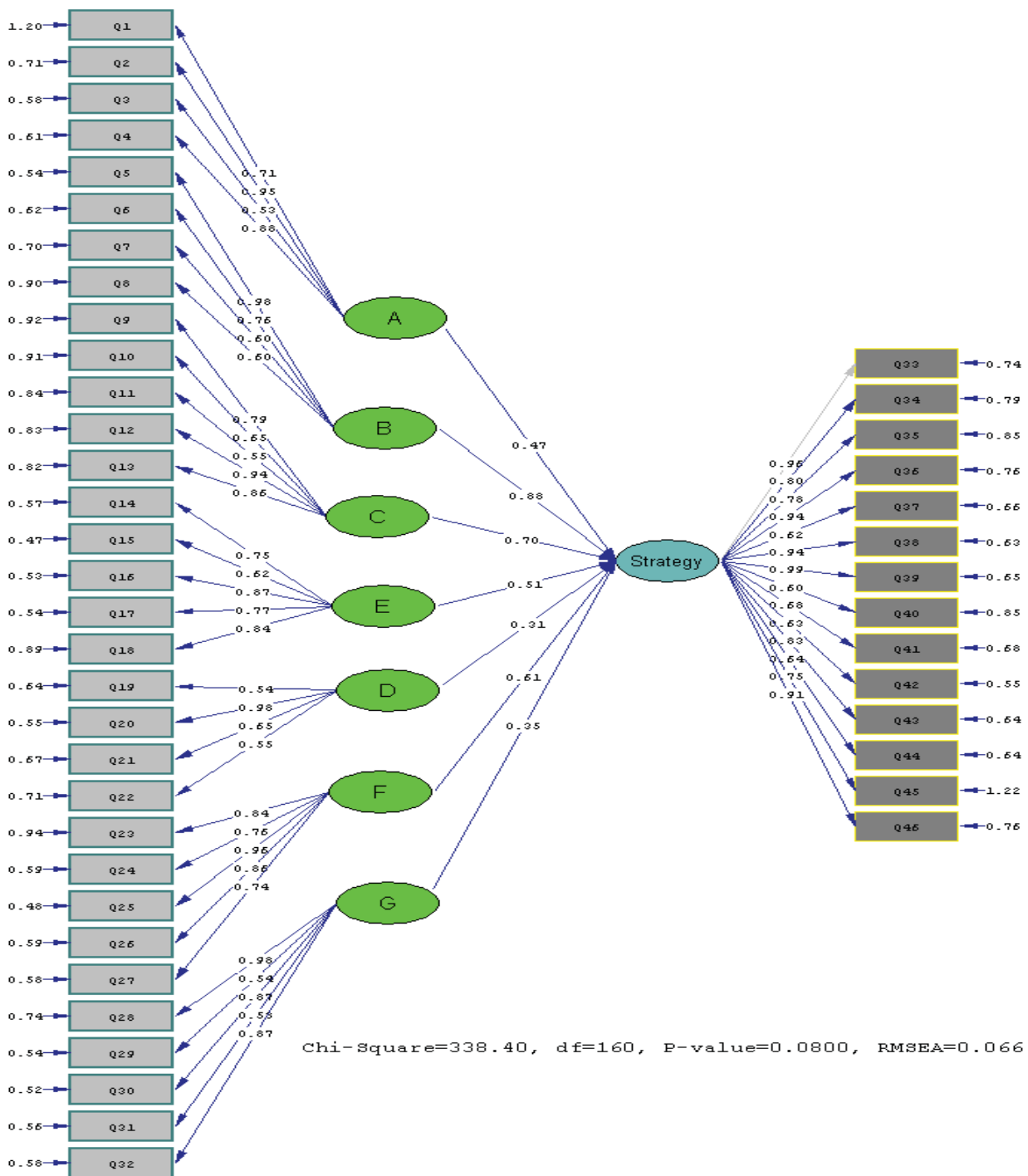


Figure 3. Research main model

$\chi^2/df = 2/1$ , P-value = 0/08, RMSEA = 0/06

The amount of P-value is more than standard meaningful level ( $\alpha = \frac{0}{5}$ ), so the presented model is suitable. Table 5 shows the correlation coefficient and the result of the hypothesis.

Indicators of goodness of fit model: For assessment models, there are several goodness of fit indicator at structural equations including: mean square, and goodness of fit. Table 6 shows the result.

Approximate error mean square for great models is equal to 0/05 or less. Models with 0/1 or more indicators have weak goodness of fit. We can determine confidence level for this indicator. As it is clear, RMSEA at this model is 0/06, which is a right position. Whatever GFI and AGF get close to one, model can have a better goodness of fit with data.

At this model, indicators are 0/90 and 0/93 that shows best goodness of fit. By looking at table 6, we could conclude that model is suitable.

**Table 5. The description of main model variable**

Hypothesis	From	To	Correlation Coefficient	Meaningful amount	Result
First	Satisfaction of senior beneficiary	Competitive Strategies	0/47	4/5	Confirm
Second	Strategic prediction	Competitive Strategies	0/88	4/4	Confirm
Three	Situation finding for speed	Competitive Strategies	0/70	2/0	Confirm
Four	Situation finding for surprise	Competitive Strategies	0/51	3/8	Confirm
Five	Changing game rule	Competitive Strategies	0/31	8/6	Confirm
Six	Signal finding for strategic aims	Competitive Strategies	0/61	5/3	Confirm
Seven	Strategic progressive consecutive and contemporaneous	Competitive Strategies	0/35	2/3	Confirm

**Table 6. Indicators of goodness of fit at seven S model**

Name of indicator	The amount of indicator standard	The amount of indicator at considered model	Results
$\frac{\chi^2}{d \square}$	About 2	2/1	+
P-value	More than 0/05	0/08	+
GFI	More than 0/9	0/90	+
AGFI	More than 0/9	0/93	+
RMSEI	More than 0/1	0/06	+
CFI	More than 0/9	0/90	+
NFI	More than 0/9	0/88	+

## Conclusion

At competitive environment, only lasting and growing up way of one organization can reach competitive advantage. Competitive advantage is factor that cause customer of one organization ore fee it ratio other competitors. Earning main strategy is creating competitive advantage for organizations. This important issue done by intelligently identifies environmental condition (like chances and threat) and inner condition (like weak and strong point) and proffocoenal answering.

Today's, business world are changing rapidly and many processes occur. This changes rather answering customer's needs or operation environment or competitive activity known as an unavoidable reality. But now, the space of making shape of competitive strategies and creation integrate between this strategies and organization strategies are kind of manager's basic challenges.

Making same grade of competitive strategies with business strategies are source of competitive advantage and economy produce. So for correction weakness of quality, revenue, products and financial results and overtaking other competitors, it is essential to use

effective strategies on huge competitive environment and making same grade them with organizational new frame work like Richard D'Aveny 7S.

Whatever presented at this paper is the review on shaping competitive strategies and Richard D'Aveny 7S model. All said subjects can use as principle of competitive strategic analysis at organizations. Today's, the role of Iran Khodro at machinery industry is so important. So investigating factors affecting on business strategies is so important. The aim of present project is to investigate and test Richard D'Aveny affects on business strategy. Hypothesis suggesting based on title and results shows that D'Aveny 7S haze affected on business strategies. This research also has some limitation that could be paid attention by the user of the questionnaire as only test tools. Lack of ability for deep conversation and lack of co working for some managers are other limitations.

As a rule, sampling period should be extended enough until it could affect all factors of organizational manner. As an example, political and economical changes could have important effects on manner and revenue of organization. Also, investigating and electing parameters are done according to projects at American and Europe environments, of course we should try to use professional theories until electing

right criterions proportional to Iran business environment. At least, we suggest this matter should be done at different organization, compared their results. Also we have some offers for future projects at this field like:

1) Try to explain and describe exactly regional indicators in Iran.

2) Investigating connection between D only seven S and business strategies at institutional level and operational.

3) Doing this research at similarity industry by comparative study.

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