

# **Evaluation of effective factors on improvement of the organization's strategic planning (careful studying: Sinopec Oil and Gas Production Company)**

## **Abstract**

The main goal of the present paper is to study the relation between strategic planning and recognition of the effective factors on improvement of it in Sinopec Oil and Gas Production Company. Recognition of strengths, ahead threats, opportunities and weaknesses of the organization as effective factors on strategic planning have been evaluated. Statistical community have been comprised of 250 of managers and staff of Sinopec Oil and Gas Production Company and according to the Cochran formula about determination of the mass of limited statistical community, the number of statistical samples were estimated 148 people and the collection of their opinions was started during the years 2014 to 2015. Necessary information had been also gathered by a questionnaire and analyzed by multivariable regression of the SPSS application. Results show that there is a relation between recognition of strengths, ahead threat, opportunities and weaknesses in Sinopec Oil and Gas Production Company.

Key words: strategic planning, improvement, strengths, weaknesses, opportunities, threats, Sinopec Oil and Gas Production Company.

## **1. Introduction**

To achieve the final goals in organizations in order to having a competition with other organizations strategy should be used. Strategy can have a commercial reason for the organization. The present world, in which there are the main changes in different fields, confronts a stressful situation and incertitude people and there is a great competition. In order to the success of organizational systems in competition field they should have a kind of planning that be useful in future and all situations as to cognition of factors and situational changes, also determine the effect of them

on the organization and the way of its contact with them in a long time. In fact this kind of planning is like to strategic one studying outside and inside of the organization, recognizes the opportunities, situational threats, internal strengths and weaknesses. Moreover, considering the commission of the organization, long term goals be set for it. Improvement, evaluation and monitoring the effectiveness of process of the planning and always the key duties of the managers of organizations. Organizations can increase effectiveness of their system of planning using the planning and management instruments that makes the details of their plans clear. This clearness facilitates vertical integration and setting guidance from up and down, redesigning the horizontal processes and alignment between part and improvement of the low to high performance. According to studies of the valid Fortune magazine, more than 90 percent of the major companies of the world do not achieve their strategic goals. Also in Emirate, several organizations have used planning methods and instruments but mostly have not been able to gain competitive advantageous factors. Strategic planning is one of the most fundamental duties of the managers of organizations that due to the size and speed of today's economic and social developments and increasing the competition, its importance is increasing day by day and all the organizations for their survival have to do this important case sooner or later.

Sinopec Oil and Gas Production Company is one of the major companies that strategic planning plays an important role in it. The main concern of Sinopec Oil and Gas Production Company is development and implementation and improvement of strategies that ensure their success and survival in changing and complex environment. Strategic planning that contains recognition of weaknesses, strengths, opportunities and ahead threats allows the managers of Sinopec Oil and Gas Production Company to develop and implement the strategy on different aspects of the company and manage their strategic performance. This study intends to investigate the factors affecting the improvement of the strategic planning in Sinopec Oil and Gas Production Company.

## **2. Theory and development of the hypotheses**

### **2.1. Strategic**

The word strategy from the Greek word is composed of (stratos) means military and (eGo) means leader. With this interpretation essentially strategic planning is also developed on this basis and covers all government and nonprofit agencies. Strategy

as a unit of business like organizations and companies is a kind of plan that shows the business conduct guidelines of a unit in wide range. For an organization this plan contains selection of services and customers of the organization, the main objectives that by this plan should be achieved and procurement policies and the allocation of resources to achieve the main objectives.

## **2.2. Strategic thinking**

What we need to do in terms of strategic thinking in organizations have to be using evident skills. The subject of recent researches in the field of strategic thinking have been about the intuition and its role in strategic thinking. It is believed that the strategic thinking is a process of using previous experiences in a coherent framework that is called strategy development and going through this process, the best decision can be taken in serious and crisis strategic situation. Strategic thinking is a particular way of thinking that can be seen as a skill of architecture strategy. Strategic planning also knows it as an instrument for implementing the created strategies through strategic thinking and moreover, for facilitating strategic thinking. Strategy is not a plan but an attitude of thinking that is based on the original diagnostic opportunities and realizing the potential benefits of it. Strategic thinking creates a perspective for the organization and helps the managers to take the right decisions in line with this perspective.

## **2.3. Strategic planning**

Planning is called to those measures including the expected objectives and dealing with changes and facing with uncertainty factors by regulating future operations. The main purpose of planning is reducing the risk of possible events and adopting coordinated measures to achieve organizational success.

Strategic planning is a process that all companies use it to conduct and advance long term programs and activities and achieve their goals and fulfil their organization's mission. Today, organizations of all sizes are faced with rapid changes and must plan and conduct their activities in a competitive environment having business success and surviving, which according to the concept of strategic planning requires the use of this type of planning. In order to achieve the objections of the study, with

regard to the proposed principles of the strategic planning and factors influencing it, the following main hypothesis have been proposed and tested:

**H1:** There is relation between strategic planning and recognition of factors affecting the improvement of it in Sinopec Oil and Gas Production Company. Since this study have been considered to identify the strengths, ahead threats, opportunities and weaknesses of the organization as factors influencing the strategic planning, the main hypothesis have been studied in the following sub-hypotheses:

**H11:** There is a relation between the organization's strengths and strategic planning in Sinopec Oil and Gas Production Company.

**H12:** There is a relation between the organization's ahead opportunities and strategic planning in Sinopec Oil and Gas Production Company.

**H13:** There is a relation between the organization's ahead threats and strategic planning in Sinopec Oil and Gas Production Company.

**H14:** There is a relation between the organization's weaknesses and strategic planning in Sinopec Oil and Gas Production Company.

## **2.4. The process of strategic planning**

Strategic planning is known as a systematic effort for implementation of the organization's main strategies and using it to achieve objectives of the organization, which defines the objectives of the organization with regard to its mission and recognizes the organization's opportunities and threats and strengths and weaknesses through environmental studies so as to achieve, set and implement more realistic goals. Using planning requires development of the human resources, which must be considered to cause a change on improvement of the organization's development. The strategic planning pattern has 8 steps and this pattern in contrast to other patterns provides an appropriate list of the organization's activities that all provide a strategic planning. The steps of this process are as follows:

1. Beginning of the strategic planning process and reaching an agreement in relation to it.
2. Defining and identifying order of the organization.
3. Emergence of mission and values of the organization.
4. Evaluation of external environment, opportunities and threats.
5. Evaluation of internal environment, weaknesses and strengths.

6. Identifying the strategic issues that the organization is facing with.
7. Setting strategies for mission of the strategic issues in the organization.
8. Establishing effective organizational vision and perspective for the future.

## **2.5. Review of the study**

Wilson and Ben showed in their study that efforts for promoting the adoption of appropriate strategy has created a range of different perspectives that each of them have won a degree of popularity. Adoption of the strategic planning process can help to prepare the final strategy for achieving the desired point. From the weaknesses point of view, the area has high degree of vulnerability and at the same time, optimally utilizes opportunities and reaches its ideal. The results of the study of them showed that if the assessed indicators to be applied by a structured methodology then, would be a dynamic and effective instrument for measuring the effectiveness of their strategic planning in the organization. Also increasing process of the proposed models of the indicators suggests positive effect of the establishment of strategic planning system in promotion of the organization's productivity. There are three strategies, which in order of priority are the first to third, were identified. That are:

Product development, horizontal integration, similar varieties, which cause improvement of the organization's performance. The results of the study shows that in the process of strategic planning, awareness of the senior managers from the knowledge and importance of the strategic planning, participation of the employees in the process of strategic planning, management of the change in process of strategic planning and the right evaluation of the environment in success of strategic planning were approved in the National Emirate Gas Company.

This study shows that from the statistical sample point of view, there is a significant difference in various cases between strategic planning in large-scale companies and the same planning in small-scale companies and the model of various aspects presented in this study works in strategic planning for small companies. The results of the study of Aborn (2003) show that future can't be easily predicted in unstable and complex environments. So as strategists do not feel that constantly reviewing or revising their long term plans. Chu (2002) in his study showed that due to gigantic changes of the environment and the intensity of competition on world markets, any organization need to take advantage of the strategic planning in order to survive and

be successful more. The studies of Wang (2006) showed that a hierarchical prediction model based on the integrated fuzzy relations can be effective in strategic planning. So as through it, determine the crucial successful factors of an organization in predicting and identifying the necessary measures before implementing the project. They showed in a study that a hierarchy fuzzy methodology be useful for improving the quality of priority measures of strategic planning under the terms of fuzzy (Kahraman & Bozbura, 2006).

### **3. Research Methodology**

#### **Research Method**

The method used in this research is survey. One of the types of descriptive research is survey. In the present study, the researcher does not manipulate the variables or for happening the events does not create any condition. This study is descriptive for describing the strategic planning and its influencing factors and the relationship between the two deals together. In survey the statistical community is being questioned. So that the data collection instrument in this study is questionnaire.

#### **Community and sample**

Given that this study investigates the factors influencing the improvement of the strategic planning in Sinopec Oil and Gas Production Company. Therefore, this study that contains the managers, experts and staff of Sinopec Oil and Gas Company based on simple and random sampling methods that will be selected and studied in this study. Cochran formula was used to determine the sample size. Also the sampling method of this study is simple random. In this model of sampling, managers, experts and staff of Sinopec Oil and Gas Production Company have an equal right to be selected.

#### **Collecting data**

To develop theoretical foundations of the present research, library studies including books and scientific papers, theses and student essays and internet are used as priority methods. Then, preparing a questionnaire and its distribution is used for collecting data. In order to obtain and collect needed information about hypotheses

of the research, a questionnaire has been used. This questionnaire is a questionnaire of effective factors on improvement of the strategic planning (weaknesses, strengths, opportunities, threats) that contains 48 questions. The reliability of questionnaire has been obtained 0.82. The questionnaire has 3 options (agree, not agree and not disagree, disagree).

### **Validity and reliability**

In this study, validity of the assessment instruments, content and construct were used for investigation. The current instrument has been designed on the base of investigating and studying the professional and practical texts and collecting the comments of staff in order to including their subjects and it can be used as the evidence of content validity of the study. Moreover, in order to verify the validity of the content, there have been a careful investigation of it by scientific and administrative experts and professionals. The factor analysis and Cronbach's alpha have been used to assess the validity and reliability of the main scales. The alpha of strategic planning is 0.82.

Table1. Reliability of each aspects of the pre-test.

<b>Amount of the Cronbach's alpha</b>	<b>Name of the aspect</b>
0/85	Identification of the strengths of organization
0/75	Recognition of the weaknesses of organization
0/82	Identification of the ahead opportunities
0/87	Identification of the ahead threats
0/82	Strategic planning
0/87	Total questionnaire

### **Data analysis**

Current methods of descriptive and inferential statistics were used for data analysis and hypotheses testing. The data are summarized in tables and frequency distribution charts. The indicators of descriptive statistics and various parametric and non-

parametric test have been used to test the hypotheses. For this purpose, the SPSS application was used for statistical treatment.

## 4. Findings

This part of the study was to test the hypotheses. Every research is based on assumptions that are extracted regarding the theoretical foundations. After descriptive statistics, hypotheses are being tested and analyzed. 4 assumptions were designed based on the theoretical model that here the target tests are due to the level of measuring variables. At the end of the study, the research model is tested by multivariate regression.

### 4.1. Checking the hypotheses

**The first hypothesis: there is a relation between strengths of the organization and strategic planning in Sinopec Oil and Gas Production Company.**

Table2. The results of Pearson correlation test between the organization's strengths and strategic planning.

Significance level	Correlation coefficient	frequency	Independent variable
0/000	0/596	148	Strengths of the organization

Table 2 shows the results of Pearson correlation test between the organization's strengths and strategic planning in Sinopec Oil and Gas Production Company. Significance level is ( $P > 0.00$ ). So this hypothesis is confirmed. The correlation coefficient is ( $r > 0.596$ ) that shows the average and direct correlation between the two variables. In other words, as much as the strengths in the organization be more, the strategic planning would be more and run better.

**The second hypothesis: there is a relation between weaknesses of the organization and strategic planning in Sinopec Oil and Gas Production Company.**

Table3. The results of Pearson correlation test between the organization's weaknesses and strategic planning.

Significance level	Correlation coefficient	frequency	Independent variable
0/000	-0/418	148	Weaknesses of the organization

Table3 shows the results of Pearson correlation test between weaknesses of the organization and strategic planning in Sinopec Oil and Gas Production Company. As can be seen the sig=0.005, this amount is less than five hundredths. So this hypothesis is confirmed. R=0.191 that shows a low or negative correlation between the two variables. As much as the organization's weaknesses be more, the amount of strategic planning would be less and as much as the organization's weaknesses be less, strategic planning would be more.

**The third hypothesis: there is a relation between the organization's ahead opportunities and strategic planning in Sinopec Oil and Gas Production Company.**

Table4. The results of Pearson correlation test between the two variables of the organization's ahead opportunities and strategic planning.

Significance level	Correlation coefficient	frequency	Independent variable
0/000	0/623	148	Ahead opportunities of the organization

Table4 shows the results of correlation test between the two variables of the organization's ahead opportunities and strategic planning in Sinopec Oil and Gas Production Company. As can be seen sig=0.000 that is less than five hundredths. So this hypothesis is confirmed. Correlation coefficient is r=0.623 that there is a direct relation between the two variables. With increasing the ahead opportunities, the strategic planning is also increasing in the organization and the converse of it is also true.

**The fourth hypothesis: there is a relation between the ahead threats of the organization and strategic planning in Sinopec Oil and Gas production Company.**

Table5. The results of Pearson correlation test between the ahead threats of the organization and strategic planning

Significance level	Correlation coefficient	frequency	Independent variable
0/000	0/564	148	Ahead threats of the organization

Table5 shows the results of Pearson correlation test between the ahead threats of the organization and the strategic planning in Sinopec Oil and Gas Production Company. As can be seen sig= 0.000 that this amount is less than five hundredths. So this hypothesis is confirmed. The correlation coefficient is r=0.564 that there is a direct relation between the two variables. As much as the ahead threats of an organization be more, the amount of strategic planning would be more and the converse of it is also true.

## 4.2. Multivariate analysis

In this study, 4 hypothesis that had relation with strategic planning were tested. Among the variables due to the level of variable measuring, tests of these levels were

taken. Pearson correlation was one of the tests used here. All the 4 hypotheses were confirmed. To test the simultaneous association between the variables of this study, multivariate analysis was used. This level of analysis allows multiple variables at the same time to be placed in relation to the dependent variable and the main variables determined by the correlation and explanatory power. This means that all the independent variables were entered the regression model. The method used in this regression was stepwise. In this method, the variables are being entered and exited the model so just the variables that have an important contribution in explaining the variance remain in the model.

As can be seen in table 10 and 11, after all the independent variables were entered the regression 5 variables could explain the 60 percent of strategic planning changes. Other variables of the method had no significant relation with the independent variable in the regression equation and were exited. The model and its variables are written in table 11. The multiple correlation coefficient is 0.78 in this model. Explanatory coefficient is 0.60. It means 0.60 of the independent variable is explained by variables of the opportunities and strengths pf the organization. Adjusted explanatory coefficient is also 0.60. It means 0.60 of strategic planning changes is explained by independent variable. And the remaining 40 percent is incapability of the researcher to check all the effective variables and some problems in the process of research and community. The variance analysis is also significant. The beta and t test of all the variables are listed in the table. In regression, as much as the beta and t be more and the significance level be less shows that the independent variable could well explain the changes of the dependent variable.

Table 6. Summary of the strategic planning regression model.

<b>S.E</b>	<b>AdjustR<sup>2</sup></b>	<b>R<sup>2</sup></b>	<b>R</b>
9/61	0/604	0/609	<b>0/780</b>

Table 7. The entered variables in the strategic planning of the regression equation.

<b>Sig</b>	<b>T</b>	<b>Beta</b>	<b>S.E</b>	<b>B</b>	<b>Name of the variable</b>
0/000	5/91	-	4/39	25/97	<b>Fixed amount</b>
0/000	9/71	0/51	0/14	1/37	<b>Ahead opportunities of the organization</b>

## Discussion and conclusion

The main purpose of this study is to identify the effective factors on improvement of the strategic planning in Sinopec Oil and Gas Production Company. The method of this research is survey. The data and information used in this study are collected through a questionnaire. The data collected through a questionnaire (the questionnaire of the effective factors on the strategic planning improvement) and simple random sampling.

The results of the test show Pearson correlation between strengths of the organization and strategic planning in Sinopec Oil and Gas Production Company. As much as the strengths of an organization be more, the strategic planning in it would more and run better. The strength is a case that if the organization performs or has it will get a positive privilege, have a considerable ability and achieve its goals and the strategic planning have a better progress. The test shows Pearson correlation between the weaknesses of the organization and strategic planning in Sinopec Oil and Gas Production Company. As much as the weaknesses of the organization be more, strategic planning would be less and as much as the weaknesses of the organization be less, the strategic planning would be more. The weakness is a case that if the organization performs or has it will get a negative privilege, won't have an ability and will lose its opportunities and abilities to do better.

The results of the test show the correlation between the two variables of the organization's ahead opportunities and the strategic planning in Sinopec Oil and Gas Production Company. With increasing the ahead opportunities, the strategic planning is also increasing in the organization and the converse of it is also true. Opportunity is a potential that will grow the organization in a positive way by taking its advantage. In other words, it is a potential benefit that its actual factors have not been realized. The results of the test show Pearson correlation between the ahead threats of the organization and the strategic planning in Sinopec Oil and Gas Production Company. As much as the ahead threats of an organization be more, the strategic planning would be more and the converse of it is also true. Threat in contrast with opportunity is a factor that hinders the growth and development of the organization. In other words, it is a potential loss that its actual factors have not been existed.

## **Comments on results**

### **Research proposals**

Strategic planning helps the organization to deal with new situations and come up with the right set of behaviors and reactions. In this process, some steps are needed such as knowledge and insight in the domain of their control, adoption of appropriate strategies in relation to environments of the variable, development of a solid foundation for decision-making and promotion of skills and knowledge in decision-making. In short, the strategic planning is a systematic and organized action to adoption of the fundamental decisions and implantation of activities that form the nature and direction of the organization into a framework of laws and regulations.

### **Practical suggestions**

- Existing a rich network of contacts in companies, exchanging knowledge with stakeholders of the company and sharing information and ideas about the future market, technologies, competition etc.
- Development of processes and products in progress with collaboration partners.
- Promotion of partnership and generation of ideas at all levels and providing background for the creation and development of talents and abilities of employees.
- Implantation of the company's strategies from different levels of business rather than through top-down hierarchy.
- Leverage the opportunities in the industry and internal organizational strengths.
- Creation of a suitable environment for developing talents.
- Strategic planning process that is a process of learning and planning skills. During this process, there are convergence, synergy and interaction of planner and executive forces at all levels of the organization. This will cause transferring the useful experiences, learning ideas and opinions.
- A set of norms, rules, values and patterns are recognized during the strategic planning and after the general consensus insights of guidance and planning are known.

- Senior managers of ranks and staff should be supporter, advocate and maintaining the strategic planning and able to run and guide it.
- Synergy and consensus are the main mechanisms of formulating the strategic plans.
- Compliance of the strategic plans with financial, budget and human resources and equipment of the organization are necessary.
- Establishment an encouragement and evaluation system to support the individuals committed to implementation of the programs.
- Implementation of the strategic plans is considered to be for two or five years.
- Using the latest information and attracting professionals to take advantage of their power of thought and insight are known as a principle.
- compliance of the organization's culture with the strategic plan is one of the other successful implementation mechanisms of the strategic plan.
- finally, it should be noted that strategic planning of any organization was due to the special structure, strengths and weaknesses, opportunities and threats of external environment of the organizations and any coping of strategic plans is not permissible.