

Explaining the Strategic Control Model in Insurance Industry

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Abstract

Strategic control is a part of the strategic management process that allows the administrators to constantly monitor on all strategic management process and prevent it from possible deviations. Factor structure and validation scale study was performed in Shiraz to identify strategic control in the insurance industry. This paper is an applied research based on the aim and in terms of method, is descriptive and survey. The study population consisted of experts and activists of insurance industry in Shiraz. Based on Cochran formula, 220 subjects were selected as the sample. The data in this study were collected using library studies and questionnaires. Based on the findings, the five-factor model of strategic control Harrison GFI, AGFI, RMSEA and CFI good fitness and all scale items index had a significant effect on their related factors. The findings also indicate that five factors scale had good reliability and validity of the scale was 0/93. Table of norm scores provided Z and T values corresponding to classes' raw scores and percentile ranking on each floor. In addition convergent validity between strategic control scale factors was confirmed of 0/41 to 0/75 in terms of correlation coefficients. It can be used as a diagnostic tool in Harrison strategic control scale insurance industries and consumer applications.

Keywords: strategic control, Harrison, insurance industry.

1.Introduction Competition in the global economy of the 21st century is a complex challenge associated with opportunities and competitive threats abound. The projections and guidance on effective strategies while continuously turbulent environment, unpredictable and competitive can help to improve the organizational performance [6]. Therefore, a proper strategic control system helps organizations to use the four patterns of change, abstinence, cooperation and unity in their proper position [4]. In other words, the current world leaders should, due to the high speed of development and competition in the industry, monitor the environmental factors constantly and by analyzing the surrounding fields

control the critical success factors and key destinations. In addition, it should be used based on a more serious privatization and competitiveness in order to control and timely responsiveness and competitive responses, and the development of new control systems used to thereby causing organizations ensure their survival (Lim, 22: 2002). In fact, although the organization's strategic plans and mission statements, vision, goals and... strategic is one of the major responsibilities of managers, but they are not enough for strategic success. In fact, when organizations explain their strategic plan in line with the vision and according to their mission and strategic objectives, need a way to the realization of the goals and measure their progress toward these programs. Strategic control is the last step in the strategic management process and the monitoring and evaluation of the strategic management process as a whole and assume the role of ensuring the proper functioning of this process. Thus, the organizations can evaluate the different stages of strategic management through strategic control and in case of any interruption in the process, support the areas that need more attention [9]. The concept of strategic control refers to the strategic management process and its results should be frequently confronted with two sets of the following questions: a. Do we act to the right direction? Are our assumptions and forecasts of trends and important changes correct? Is the key work being done? Do we need to adjust current strategies and whether there is need to adopt a contingency strategies? B. What is our function? Have we reached our goals and plans? Do we need to change in the operation? What are our costs and revenues? [3].in conjunction with its strategic control depending on the case so far provided a range of definitions that then, regardless of traditional and new definitions provided for the term, we are going to explain some of these views:

Bell and Rosh (1987) strategic control is designed as a reporting system to provide timely information acts in connection with the successful implementation of strategic decisions of senior managers. Robert Anthony and John Dorden and Norman Bedford (1990) in his book

titled management control system define its strategic control to assess the organization's overall goals as well as the design and review of strategies and policies to achieve their goals.

Frank Holtz (1996), strategic control introduces a process in which employee behavior will be affected as official members of the organization or it can be controlled to increase the likelihood of achieving organizational goals. Lorange et al (2006) argue that "war should not be changed, but must learn from those things. Thus, a good strategic control should underline how successful the change and discontinuity is."

From the perspective of Wheelen and Hunger (2006), strategic control is a process by which the activities and results of the company's performance will be monitored to be able to compare actual performance with optimal performance.

Harrison (1991), one of the writers who in light of the study of the senior managers of hundred and eight companies found that executives at the large, high value involved in strategic management and as a necessity in the successful implementation strategies [11].

Harrison strategic control perspective emphasizes on strategy formulation and its implementation implies coordination and to ensure that the strategy is aimed to coincide with the timetable set thy face. Hence the need for strategic control in the internal nature is centralized to the set strategic management process. The strategic control should be part of strategic management and process chain should be used to assess progress and economic organization designed to clear business objectives. Thus the strategic control enables management by selecting and management strategy starts to ensure that the actual results are in line with the results of the strategy [2].

In general, the need for research in the field of strategic control can be caused by environmental turbulence, followed by the importance of flexibility and adaptability to environmental changes based on the knowledge of internal strengths and weaknesses and the opportunities and threats knew that all this is possible only in the light of a comprehensive strategic control system [7].

In insurance and consumer industry considering the need for appropriate and quick response is possible to competitors and increase bargaining power against them enjoying an effective control system. Through the design of a control system can be perfect because the necessary information in the field of decision-making in complex situations, prepared flexibility and strategic options to enable rapid response to sudden changes in environment [8]. Hence, the present study utilizes the strategic control model of Harrison to examine the feasibility of using this model in the insurance industry here. **2.Methodology**

The study is an applied research, and the population consists of the insurance industry to enable it in the city of Shiraz that based on the sample size formula, 220 persons were selected using simple random sampling method. Inclusion criteria activists was the employment in insurance industry stores with an area of at least 3 years' experience working on medium-high in this area. The 220 questionnaires distributed, 212 were returned and version thus the rate of return equal to 96/36 percent. Also, its fitness confirmatory factor analysis model was used in order to check the validity. In this model, data available can be fitted with severely limited by the pre-experimental structure, which satisfies the same conditions. In the confirmatory factor analysis, all latent variables are considered exogenous and endogenous variables rather than trying to differentiate the causes of hypothetical and in most cases aimed at strengthening the relationships between variables. In structural equation modeling, modeling confirmatory factor analysis (CFA) has a causal pathways - connected to the latent variables - not, however, is allowed to latent variables correlated with each other or limited to zero covariance. At this stage in order to obtain the standard error of estimation parameters, CFA model will fit with the observed covariance matrix. In the present study to investigate the hypothesized model maximum likelihood method, the most common way was used to estimate the parameters of the best fit structural equation model.

The analysis of data both descriptive (frequency, density, mean and standard deviation and percentile rank, Cronbach's alpha coefficient) and inferential statistics (Pearson correlation, Spearman and Gutman and confirmatory factor analysis) are analyzed using SPSS software and Lisrel. In order to collect data, demographic questionnaire and a questionnaire made two strategic control (Harrison) are used.

A demographic questionnaire: included the questionnaire about age, education, marital status, and employment history and job status.

Scale of how to use strategic control: This scale consists of 14 items and 5 subscales developed by the researchers based on components designed by Harrison strategic control pattern. Five scales of the tool include: strategic goals (2 items), organizing involves determining the responsibilities, accountability and budgets (3 items), competence of staff (3 items), feedback and tracking (3 items) and corrective action (3 items). The whole accountability for strategic control Likert scale included (1: It's always 5: never), respectively. Cronbach's alpha coefficients for subscales strategic objectives 0/78, organizing 0/65, staff competence 0/76, feedback and corrective action tracking 0/80 and 0/76 respectively. As well as the correlations between the subscales of the

Instrument was calculated 34/0 to 86/0 and thus diagnostic validity of the scale was confirmed.

Overall, in this study there were 220 insurance industry participants with an average age of 7/56 to 45 (minimum 25 and maximum 76 years). 96/5 percent of participants were male and 3.5 percent female and with work experience of 3 to 15 years with an average standard deviation of $7.35 \pm 15/2$ years. In the end due to the confounding of 8 questionnaires, 212 questionnaires were analyzed. In

3.Results

order to assess the reliability of this scale Cronbach's alpha coefficient to determine the validity of the scale and direction of construct validity using factor analysis was used. Also, Z and T scores are provided in order to introduce the norm of the frequency, the frequency of density, and cumulative frequency below the middle number, rank the percentage.

Table 2: mean, standard deviation, β variance and residual values T Sobel scale

resu Its	R2	R	T Sobel scale	SD	Mean	Statistical indices	Items
+	0/96	0/98	10/81	0/92	0/99		1 st item
+	0/67	0/82	9/29	0/98	0/91		2 nd item
+	0/71	0/82	4/65	0/20	0/91		3 rd item
+	0/02	0/15	2/74	0/14	0/39		4 th item
+	0/03	0/17	3/36	0/13	0/41		5 th item
+	0/19	0/44	5/70	0/12	0/66		6 th item
+	0/66	0/81	8/45	0/11	0/90		7 th item
+	0/45	0/57	7/78	0/10	0/82		8 th item
+	0/14	0/39	5/44	0/11	0/62		9 th item
+	0/50	0/71	8/22	0/10	0/84		10 th item
+	0/48	0/69	8/08	0/10	0/83		11 th item
+	0/66	0/81	9/15	0/9	0/90		12 th item
+	0/37	0/61	7/33	0/11	0/78		13 th item
+	0/58	0/76	9/73	0/10	0/87		14 th item

Table 3: Five confirmatory factor model of fitness indexes

CFI	AGFI	GFI	RMSEA	df	χ^2	Statistical indicators	Values
0/89	0/99	0/97	0/50	67	20/24	Fitting values	

Results in Table 2 indicate that all paths of the model are based on a significant scale items from 0/31 to 0/99 and these values are fluctuating. Of fit statistics, 5 Desirability Index fitted to the square root of the variance estimation error of approximation, adjusted index of fitness and adaptive fitness index and χ^2 were measured in this model. AGFI and GFI are closer to each other two indexes, however, show a more complete fitness model and low index RMSEA= 0/05 as a Desirability Index

fitted (Table 3). Of indicators can be fitted to the data with a given model, perfect harmony and conceptual model (Figure 1) are verifiable. It covers all five factors, statements obtained for each factor are given in Table 4. Mean \pm SD of five factors scale of strategic control for strategic objectives 5/23 to 2/03, organizing 5/14, 2/09, 10/21, 3/91 staff competence, feedback and 2/81 \pm 7/61 Tracking, Corrective Action 6/93 \pm 34/96, 11/53 \pm 3/13 and the total scale was obtained.

Fig 1. Five-Factor Model Harrison strategic control in the insurance industry supplies)

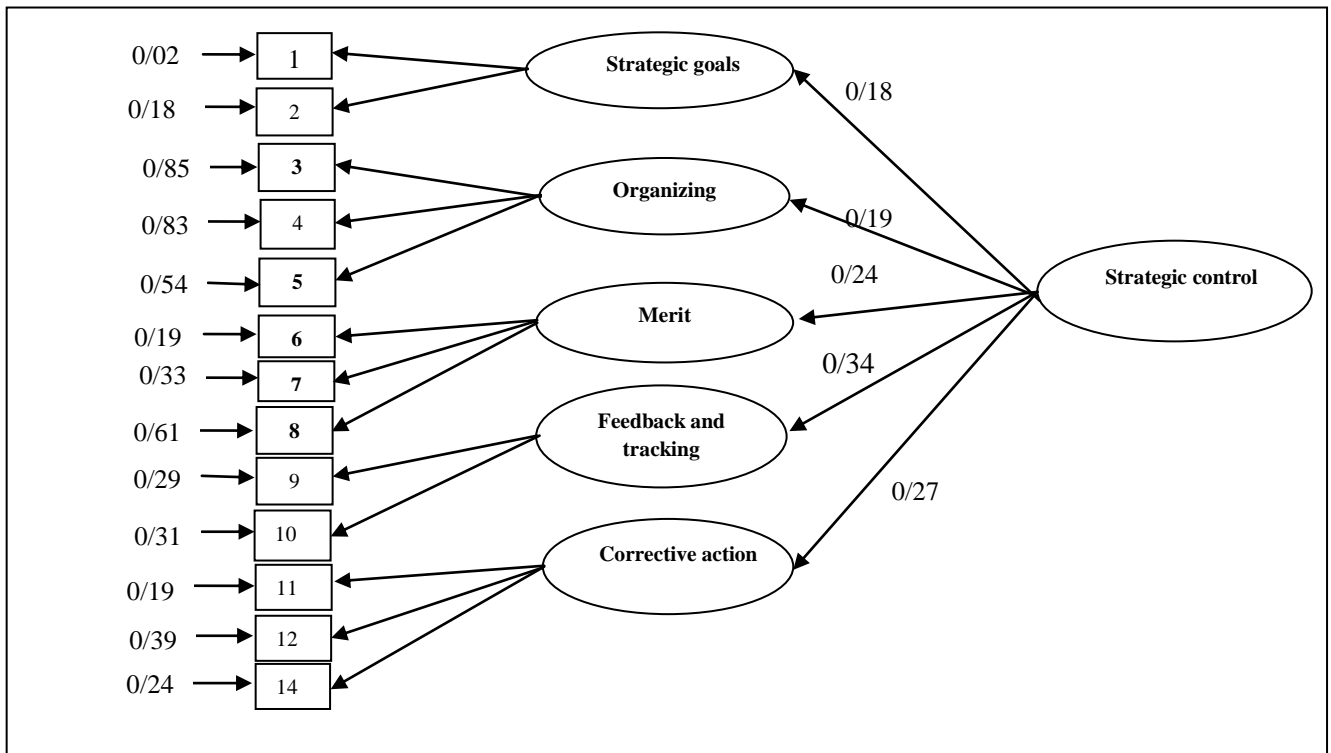


Table 4: Factors final extraction of content items related to each factor and named it

Cronbach's alpha coefficients	Factor Name	Content of items	Item
0/873	Strategic goals	The organization's goals and mission are clear	1
		Strategies adopted by the organization with the goals, missions and visions are aligned	2
0/673	Organizing (assign tasks, accountability, budget)	Duties people in the organization is clear and transparent	3
		The accountability is desirable among employees and managers	4
		Input and output of organization are transparent	5
0/730	Competence of staff	The people efforts to do work is desirable	6
		Self-control among staff is the optimal	7
		The interest is desirable employees to participate in corporate governance	8
0/822	Feedback and tracking	How to run applications continuously is controlled.	9
		Continuous reporting is done to identify the internal environment (strengths and weaknesses).	10
		Continuous studies are conducted to be aware of changes in the external environment (opportunities and threats).	11
		Consistently fit the structural transformation of the competitive environment is ensured.	12
0/877	Corrective action	Continuous review and reform programs are done according to environmental changes	13
		Transformational strategies can be made to adapt to environmental changes	14

Table 5: Harrison convergent validity between strategic control measures

Total scale	Corrective action	Feedback and tracking	Competence of staff	Organizing (assign tasks, accountability, budget)	Strategic goals	Statistical Indicators	Factors
					-		Strategic goals
				-	0/48		Organizing
			-	0/54	0/56		Competence of staff
		-	0/59	0/41	0/66		Feedback and tracking
	-	0/75	0/64	0/43	0/69		Corrective action
-	0/89	0/87	0/61	0/65	0/82		Total scale

Table 6: Scores of norm strategic control activists insurance industry

T score	Z score	Rank percent	Cumulative frequency below the middle number	Cumulative frequency	absolute frequency	Statistical indicators	floors
78/04	2/80	98/34	207/5	100	7		63-70
70/92	2/09	95/49	201/5	96/7	5		55-62
63/8	1/38	90/52	191	94/3	16		47-54
56/68	0/66	77/01	162/5	86/7	41		39-46
49/57	-0/04	52/13	110	67/3	64		31-38
42/45	-0/75	24/40	51/5	37	53		23-30
35/33	-1/46	5/92	13/5	11/8	25		14-22

As can be seen in Table 4, Cronbach's alpha coefficients was calculated for separation for each of the five strategic control agent. The highest coefficient of subscales relate to strategic goals (0/873) and then a slightly different kind of corrective action (0/867) and lowest in the scale of Organizing (0/673). This factor obtained for total of 0/934.

Correlation coefficients in Table 5 is significant at 0/05> P and in Table 6 is presented as raw scores over 7 floors.

4. Discussion and conclusion

According to the data of Tables 2 and 3 which indicates that the data collected from participants in insurance industry has a good fit in the approved five-factor model scale strategic control and the individual of items of the scale of the Standard & T Sobel adequate in terms of Kenny's point of view. This means that the data needed to validate the robustness of the five-factor model using confirmatory factor analysis, respectively. In the present model, convergence was achieved based on the maximum likelihood method and 21 times. Also the number of scale items (14 items) were obtained equation in Table 1 and the path coefficients of items latent variable (Factors), measurement error variable were presented along with a significant test based on the

characteristics of T and the value of the coefficient of determination R² or variance ratio determined by the latent variables. These results are indicative of the Factor results of structural equation on five strategic control of this scale in the application of Harrison in the insurance industry. In this regard it should be noted that a measure of strategic control is helpful for specialist insurance and professionals in this industry. Although fit indices in Tables 2 and 3 features mathematical model to define the optimum level, the upshot is that the process cannot be fit Mistakenly upheld as a model or structure because no model will not be confirmed and can only be rejected or of data does not fit or do not approve it aborts (Hooman, 16: 2005). Therefore, good fitness level strategic control does not mean the strength of the relationship, because when all the variables are uncorrelated in the model, it is possible that the model is a perfect fit.

In addition, a single model is not strong just for high fit. The fitness indexes, in fact, have abandoned bad models, but other models have not proved to be as good or bad. According to "Cheff" in the confirmatory factor model is observed in which the pre-experiential underlying dimensions will be operated through the size observed, we cannot be sure that sizes are able to evaluate favorite

dimensions (Cliff, 1987). Therefore, the values of R at the same time are provided to overcome these constraints and of fitness indexes, path coefficients that in this regard, the said indicators were presented and demonstrated the necessary and sufficient fitness. As shown in Table 4, the Factor and strategic goals are very few corrective measures with the highest level of strategic control are among the factors forming the pattern. The reliability coefficients of strategic control by looking at the scale of what is given in Table 4, indicating the desirability of Cronbach's alpha for all the factors of scale as well as for the total scale. All coefficients of 0.7 or close to it under the guise of Hair analysis are satisfactory. Thus, we can conclude that the scale of those made items that have high internal consistency.

The data in Table 5 indicates that the validity of the oriented factors Harrison scale strategic control was in the insurance industry. Convergent validity of the concept shows that the instruments used are highly correlated with other measures that assess a similar concept with the concept.

Factor analysis was used in this study, to establish concurrent validity with the approval of all the items that were oriented on the pattern of structural factors hypothesized strategic control was significant with a load factor. This method aims at the implementation of convergence based on the validity of each item that is done based on the principles of "Anderson and Gerbing". Carefully set the items of each factor under investigation and clean power each factor based on the related items has increased robustness and reliability of utility scale.

Results in Table 6 showed the scores of norm activists. This data is one of the unique two-level. At the first level, introducing the percentage of scores each floor and is conducted to on the second level conversion of raw scores T and Z. So what "Jyothibabu" pose, scale model of strategic control (Harrison) has been achieved to determine whether or not the process of strategic control. According to the norm scores in tables can be raw scores to scores of activists, the industry moved for display on the normal curve, and determined profile strategic control in the insurance industry. One of the main reasons for the existence of large insurance companies in countries are developed to accurately identify strengths and weaknesses of the companies in all areas and efforts to correct the flaws and enjoying the

potential is because of such tools. According to the results, it can be said that scale of strategic control, the insurance industry is a useful tool for activists they well understood the statements and findings are resulting from these tools helps decision-makers and actors' strategies and effective processes to develop and implement strategic control In fact, for it will act as a guide. The scale is likely to be of strategic control as a diagnostic tool used with feedback regarding organizational development.

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