



Studying the Effect of Strategic Thinking on Innovation Performance (Case study: Sistan and Baluchestan Customs Administration)

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Abstract

Strategic thinking is highlighted as one of the main capabilities of leaders. The present research is conducted to study the effect of strategic thinking on innovation performance in Sistan and Baluchestan province customs administrations. Research statistical population included 70 office administrators (90% male and 10% female) of Sistan and Baluchestan province customs administrations selected through census sampling method. Research data were collected through researcher- made strategic thinking based on innovation performance scale. Research face and content validity was verified using descriptive and inferential statistics through SPSS. Research results indicate that all strategic thinking dimensions significantly influence innovation performance.

Keywords: Strategic thinking, innovation performance, Sistan and Baluchestan province customs administration.



1.INTRODUCTION

Strategic thinking has been increasingly interested in strategic management area over recent decade and many studies have referred to the significance of strategic thinking in managers. Strategic thinking is accounted as one of the two main characteristics of outstanding performance leaders. They see organizations as they should be, not as they are. Hence, strategic thinking is a prelude to design an organization future. Strategic thinking characterized with recognition, leadership, creativity, eye-bird view, long-term horizon, and opportunism, as well as many other mental and personality abilities may ensure an organization success and effectiveness (Goldman, 2005). Strategic thinking refers to special way of thinking, which is known as strategy architecture skill. Strategic planning is also a means of implementing created strategies through strategic thinking, and facilitating strategic thinking. Strategy is an attitude relies upon identifying main opportunities and realizing the lied benefits rather than a plan. It creates perspective to the organizations and helps managers to adopt proper decisions along the perspective (Bryson, 2002; Ramirez. A. M. & Rodriguez. J. L. E. 2017). According to Mintzberg theories, an effective strategy is a creative phenomenon constructed by humans (strategists) not planning processes; therefore, it is necessary to develop strategic thinking rather than planning (K.OHMAE, 1992; Pena. L. J. P. & Freites. Z. M. 2017). Strategic thinking has long been known as a wild card in different economic and social areas. At first sight, it seems ambiguous to managers; however, they know that it is the road to business success enhancing of which requires recognition. The enhanced skill aids managers in making strategic decisions. A general schematic is obtained by recognizing or at least trying to identify strategic thinking boundaries. Strategic thinking is not prediction of the future, but it is the timely recognition of competition characteristics and foreseeing the opportunities ignored by competitors. Strategic thinking stands against simple and deep principles. The principles create a specific mind (mental) model, which is the basis of daily decisions to customs administration orientation (Reyhani shiran et al, 2016).

The business world today significantly varies with earlier decades. Competitive environment, lack of resources, rapid changes, and the like may not allow



organizations to commit fatal mistakes and to deviate from purposes. Thus, every year, organizations try to formulate their strategies. On the other side, the process of strategic thinking may not terminate by a formulated strategy rather it needs to be implemented. A strategy is not simply designed; hence, it is noted that never all options (alternatives) are equally and simultaneously interested by organization strategists for implementation as only effective and practical strategies are taken into consideration (Herbiniak, 2006). Today, creativity and innovation considerably contribute in learning organizations growing and development such that organizations, lacking creativity and innovation, are involved in routine life and incurred large expenses of taking care of responsibilities. Organizational innovation may lead to dynamism against peripheral variables and complexities. Innovation serves as a key to achieve sustained development and innovation performance including effectiveness and efficiency in organizations. Effectiveness means the extent of innovation achievement and efficiency implies an effort spent to succeed. In addition, processes also contribute as efficiency in innovation performance (Rezaei shahzade et al, 2015). Innovation performance is a combination of organizational overall successes obtained as a result of efforts made for renovation, improvement, and applying various innovative aspects in the organization. In literature, innovation performance is viewed as one of the critical drivers of organization other functional aspects regarding improvement, renewal, explore, learning from mistakes, and coping with the rapid changing competitive environment (Gunday et al, 2011). It seems that managers' strategic thinking is a significant tool for institutionalizing organizational entrepreneurship to maintain and sustain organizational success in providing creative organizational staffs and increased organizational productivity using innovation, creativity, leadership, team making, and movements beyond strict organizational frameworks (Tabrizi, 2015; 1). In fact, strategic thinking enables manager to find out effective factors of achieving the considered objectives and how the effective factors create value for customer. Strategies may be typically interpreted as manager mental power to make decisions and plan the organization strategies in the present unstable evolving business environment considering global instabilities. Strategic thinking is critically significant



in the current business world since organizational efforts to achieve formulated strategies would be condemned to inefficiency without the thinking (Mesgariyan, 2012; 1). Moreover, in the present century, regarding strong competition and innovation stemmed from globalization and international rapid changes, organizations, institutions, and enterprises delivering products and services must adopt some measures that not only sustain organizational survival, but also increase competitive advantage; in other word, following strategic thinking, take some distance from micromanagement and implement strategic thinking at macro management level (Mesgariyan, 2012; 2). As strategic thinking is a multidimensional phenomenon leading to proper thinking and strategic entrepreneur through constituents' interaction; thus, an organization like customs administration, which is strategically critical requires strategic thinking managers. The World Customs Organization (WCO) has dedicated 2013 to the promotion of innovation with the slogan "Innovation for Customs progress". WCO recommends members to be aligned with the slogan and try to actively participate in facilitating business, trade, and service delivery to beneficiaries by the aid of innovative creative practices. Customs as an effective organization in developing and improving foreign trade status, directly deals with public causing satisfaction or dissatisfaction in addition to contributing in economic policy making and providing revenues for government. Hence, it is inevitable to take some innovative new measures in order to meet stakeholders' expectations. That is why customs is determined as one of the seven economic development and evolution pillars and the state pursues the mid-term and long-term objectives along with realizing economic development through customs system reform and removing difficulties, and challenges inside and outside the organization. Moreover, learning and innovation are basic requirements for organizations seeking for survival and effectiveness. Many organizations seriously look for innovative entrepreneurship approaches and methods for efficiency, effectiveness, and flexibility. In this regard, organizational entrepreneurship is rapidly becoming a selective armor for many organizations including customs administration. Organizational entrepreneurship is an effort to create entrepreneurship mentality and skills and to include the features and mentality



in public sector organization culture and activities (Reyhani shiran et al, 2016 and Peng et al., 2017). According to the aforementioned, any organization requires innovation to create competitive advantage in order to overcome powerful giant rivals. However, strategic thinking and 13 components of intuitive approach, systemic approach, outsourcing approach, technological approach, customer-oriented approach, creativity and innovation approach, thinking in time approach, idea approach, knowledge-oriented approach, motivational approach, competitive approach, forward-thinking approach, as well as management flexibility approach are the innovation requirements. Many studies have been conducted on this issue. Nelson et al (2015), in a study entitled “strategy of performance and innovation in international technology services: the mediating effect of structural independence”, investigated the effect of the mediator variable of structural independence on the relationship between international technology services innovation strategy and performance. The results showed that there is a significant relationship between innovation strategy and performance. Reyhani shiran et al (2016), in a research naming “strategic thinking; a means of organizational entrepreneurship for managers”, examined the strategic thinking as a managerial means to create organizational entrepreneurship. They found a significant relationship between managers’ strategic thinking and entrepreneurship development. To promote organizational entrepreneurship, a coherent framework or context is needed. Tabrizi (2015), in “studying managers’ strategic thinking and organizational entrepreneurship; evidences of Department of Technical and Vocational Education in East Azerbaijan Province”, scrutinized the relationship between managers’ strategic thinking and organizational entrepreneurship. The results demonstrated that strategic thinking shows a positive significant relationship with organizational entrepreneurship.

According to the theoretical basics, research conceptual model is obtained as follows. Thus, the present research tries to study the effect of strategic thinking and the components on innovation performance in Sistan and Baluchestan province customs administration from management perspective.

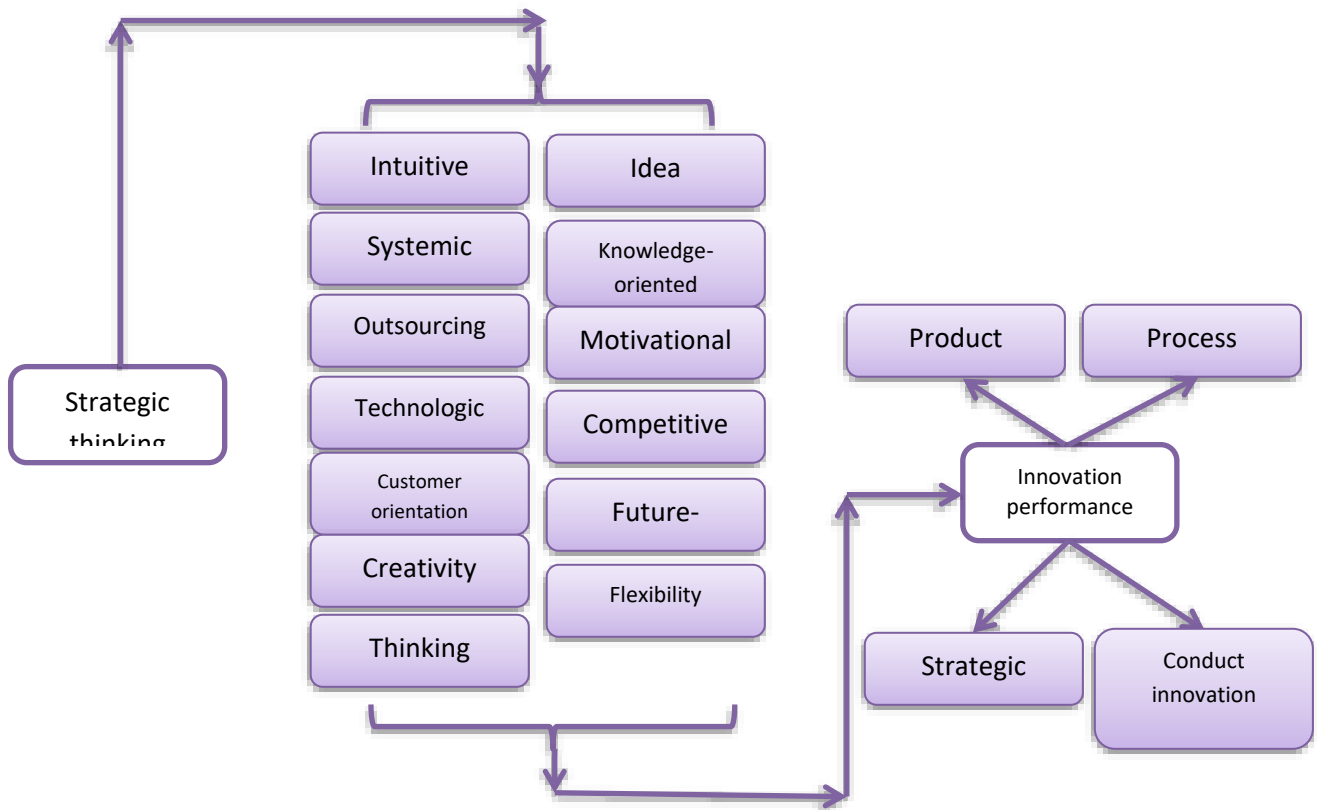


Figure 1: Research conceptual model

2. RESEARCH METHODOLOGY

This is a descriptive study regarding data collection method, which described sample characteristics and then generalized the results to the statistical population. In summary, it may be stated that this is a correlation-descriptive study according to the method. It is an applied study in term of methodology as the expected results dealing with service market.

Research statistical samples included 70 managers of Sistan and Baluchestan customs administrations. A questionnaire was distributed through census method. Data were collected through library and field study. Library method consisted of studying various national and international literatures of strategic thinking, innovation performance, and the relationships between variables. In field study, research data were gathered through using a questionnaire distributed among statistical sample (Mafi. et al. 2012). The questionnaires were distributed among 30 samples to verify research instrumentation reliability through SPSS 20 using Cronbach's alpha coefficient as follows.



Table 1: Summary of questionnaire reliability results using Cronbach's alpha coefficient

Questionnaire	Cronbach's alpha coefficient	Item number
Strategic thinking	0.81	54
Innovation performance	0.76	14

According to the table, Cronbach's alpha coefficients of 0.81 and 0.76 show the questionnaire reliability. Results of verifying reliability and validity of the variables demonstrate that the variable and components are properly reliable and validate.

To test research hypotheses and to determine the effect of latent variables, the research used structural equation modeling (SEM). In the first section, confirmatory factor analysis was used for measurement modeling fit; and in the second section, path analysis was applied to measure the model and variables' significant relationship.

3.RESEARCH FINDINGS

Of 70 understudied individuals in the research, 90% were male and 10% were female; the highest frequency was seen within the age range of 31-40 years (61.4%) and the least was for individuals older than 40 (38.6%). Also, the highest frequency of education level was assigned to master degree (95.7%), and 1.4% of the respondees hold bachelor degrees. Respecting marital status, 90% of the respondees were married (63 individuals) and 10% (7 individuals) were single. Respecting strategic thinking status and the components, the results reveal that technological approach with an average of 2.64 ranked the highest mean and the flexibility approach with a mean of 2.41 was the minimum mean. Therefore, technological approach was followed by intuitional, motivational, idea, and future-forward approaches in term of maximum mean comparing other approaches. Respecting innovation performance variable and the components, the results uncovered that product innovation enjoys a higher mean (2.36) than innovation process mean (2.28) in managers' point of view.

In the following, the results of statistical tests of studying the effect of strategic thinking in innovation performance in Sistan and Baluchestan province customs



administration are explained. According to Kolmogorov–Smirnov test results, all research variables are normally distributed; further, research hypotheses are tested using parametric analyses.

Research main hypothesis: Strategic thinking influences innovation performance in Sistan and Baluchestan province customs administration.

To prioritize the effect of independent variable of strategic thinking dimensions and the components as well as its role in predicting innovation performance, multivariate regression test is used as follows.

Table 2: Regression test results of research main hypothesis

Simultaneous regression model	Multiple correlation coefficient	Coefficient of Determination	R-squared
The effect of strategic thinking on innovation performance	0.64	0.409	0.40

Regression test results in Table 2 show that multiple correlation coefficient is 0.64 and r-squared is 0.40 indicating that 40% of innovation performance of Sistan and Baluchestan province customs administration is predicted through strategic thinking and its components.

Table 3: Regression coefficients and Beta of regression analysis model for research main hypothesis

	Regression coefficients	Beta	T	Significance level
Constant factor	3.12		12.36	0.000
Intuitional approach	0.450	0.308	2.45	0.000
Systemic approach	0.210	0.207	2.01	0.050



Outsourcing approach	0.042	0.308	2.24	0.012
Technological approach	0.345	0.052	2.50	0.003
Customer-oriented approach	0.276	0.179	2.91	0.026
Creativity and innovation approach	0.125	0.064	2.41	0.030
Thinking in time approach	0.268	0.203	2.69	0.025
Idea approach	0.504	0.138	2.62	0.000
Knowledge-oriented approach	0.135	0.088	2.26	0.026
Motivational approach	0.220	0.181	2.64	0.046
Competitive approach	0.234	0.016	2.11	0.051
Future-forward approach	0.116	0.007	2.05	0.033
Flexibility approach	0.220	0.385	2.38	0.023
F= 11.14 R=0.64 R2=0.40 sig=0.000				

Table 3 represents multivariate regression analysis results predicting innovation performance in Sistan and Baluchestan province customs administration through strategic thinking components. Examining non-standard regression coefficients column in the above table, it is observed that flexibility component of the aforementioned with regression coefficient of 0.38 is a stronger predictor for organizational innovation performance followed by intuitional and outsourcing with regression coefficient of 0.30. According to the t-statistic and significance level, it is inferred that all the components may predict and influence organizational innovation performance. In addition, as seen in the table, f equals 11.14 at significance level 0.000. Since significance level is smaller than 0.05; thus, it is claimed that the obtained regression model is proper at error 0.05; further, the independent variable of strategic thinking may predict the dependent variable of innovation performance in Sistan and Baluchestan province customs administration.

4.DISCUSSION AND CONCLUSION

The present research revealed that strategic thinking components significantly influence innovation performance; or in a better word, the independent variable of strategic thinking may significantly predict 40% of changes in the dependent variable



of innovation performance in Sistan and Baluchestan province customs administration. Moreover, the flexibility of strategic thinking components was obtained as the strongest predictor.

According to the literature, research results are consistent with the results of Tabrizi (2015); Reyhani shiran et al (2016) investigating strategic thinking as a managerial tool to create entrepreneurship in organizations; ; -Roholamini (2014) investigating the effect of strategic thinking on business competitive advantage strategies mediated by strategic innovation. The results showed that all components of strategic thinking and strategic innovation are correlated.

Today, most employees and employers seek for applying flexible models; therefore, one of the critical challenges human resource management has recently faced is how to properly apply the flexibility approach. Flexibility models are wonderful ideas to create a new origin for employment and organization. Flexibility models have been largely interested in the last decade due to environmental pressures and incentives. Thus, it is necessary that the model is more and more identified and applied in organizations and by managers as it may lead to decreased organizational conflicts and tensions.

5.RECOMMENDATIONS

- Regarding the largest effect of technological approach on innovation performance, it is recommended that managers pay considerable attention to this issue and equip the organization with the state of the art technologies.
- Middle, senior, and executive managers are suggested to take part in the valid national and international conferences to get familiar with state of the art methods on customs domain.
- It is advised to contract with successful nations in the area of customs for positive modeling and applying the models in developing organizational innovation performance.
- According to the significance of intuitional approach in organizational innovation performance and regarding that intuitional approach relies upon experiment (experience); thus, it is recommended that experienced managers are employed.



- It is suggested that managers apply proper drivers to motivate and encourage employees.
- It is proposed that new ideas are welcomed and bright ideas are encouraged in organizations.
- It is suggested that organizations apply process-oriented approaches instead of obligatory approaches to make the organization as a whole system in which everyone tries to meet the objectives.

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