

Policy Analysis: investigating the critical success factors toward financial sector of Iran

Dr. Lotfollah Forouzandeh ¹, Mohammad Aidi ²

¹Assistant Professor at Tarbiat Modares University

² Faculty Member of Ilam University

Abstract: Policy analysis is determining which of various alternative policies will most achieve a given set of goals in light of the relations between the policies and the goals. For an organization or any institution it is vital to determine which on strategies, plans or policies are better performed than others and finally policy makers can make better decisions towards organizational objectives or vision. The main purpose of this applied research is to investigate the critical success factors of policy analysis in the financial sector of Iran. To achieve this purpose, after detailed review of literature by using a questionnaire essential critical success factors of policy analysis in the financial sector have been identified and presented. Indeed, Critical success factors (CSFs) have been used significantly to present or identify a few key factors that organisations should focus on to be successful. Required data has been gathered by using viewpoints of study's experts. Basic tool for data analysis are SPSS18.0. Results of this study can be very useful both in theoretical and applied viewpoints especially based on the research conceptual framework.

[Lotfollah Forouzandeh, Mohammad Aidi. **Policy Analysis: investigating the critical success factors toward financial sector of Iran.** *Life Sci J* 2012;9(4):952-956] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 147

Keywords: policy analysis, financial sector, CSFs, strategy, applied research.

1. Introduction

Human societies seem complex. People who study them spend a lot of time comparing differences, and trying to figure out why people do what they do. This is the task of the social sciences, including psychology, sociology, political science, economics, and history. Even though the social sciences, in their current form, have only existed for about a century, we have made lots of progress toward understanding many pieces of the puzzle of human behaviour (Munger, 2007).

Policy analysis and policy analysts have an important role in the literature on public policy making. Usually when we talk about public policy making, policy analysis too attracts much attention as a complimentary part of it. From this point of view, policy analysis gets related to the policy making process. Many authors in public policy making field not only consider the "issues" related to this field but also drag "selections", "options" and "solutions" into the realm of analysis test. Hence, the policy analysis is accompanied by some actions whose axis is comprised of knowledge and awareness. This knowledge includes those inside the policy making process, as well as those for this process and those about this process.

In this research the critical success factors of the policy analysis have been investigated. Critical success factors (CSFs) have been used significantly to present or identify a few key factors that organisations should focus on to be successful. As a definition, critical success factors refer to "the limited number of areas in which satisfactory results will ensure successful competitive performance for the individual,

department, or organisation" (Rockart and Bullen, 1981). Identifying CSFs is important as it allows firms to focus their efforts on building their capabilities to meet the CSFs, or even allow firms to decide if they have the capability to build the requirements necessary to meet critical success factors (CSFs). So, basic research question of this study is: what are the critical success factors of policy analysis in the financial sector?

2. Policy Analysis

Policy analysis is determining which of various alternative policies will most achieve a given set of goals in light of the relations between the policies and the goals. However, policy analysis can be divided into two major fields. Analysis of policy is analytical and descriptive; it attempts to explain policies and their development. Analysis for policy is prescriptive; it is involved with formulating policies and proposals (Munger, 2007).

Policy analysis is methodologically diverse using both qualitative methods and quantitative methods, including case studies, survey research, statistical analysis, and model building among others. One common methodology is to define the problem and evaluation criteria; identify all alternatives; evaluate them; and recommend the best policy agenda per favor.

Policy analysis is a process. More specifically, policy analysis is the process of assessing, and deciding among, alternatives based on their usefulness in satisfying one or more goals or values. Generally, the policy recommendation is made by one person, a decision is made by another entity, and enforcement of

the policy actually chosen is left to yet a third person or group (Munger, 2007).

Policy analysts have some common concerns no matter where they are and what policy making area they are attracted to. These concerns include:

- They have concerns about the social issues and the relationship between public policies and these issues.
- They pay attention to the content of public policies.
- They pay attention to whatever policy makers are doing or not doing and they like to ponder upon the inputs and the processes of policymaking field.
- They pay attention to the results of a policy as outputs and outcomes.

Besides the things said about the common characteristics of policy analyzers, it should be noted that the policy analyzer is a kind of experts in policies. She/he is the person who evaluates, investigates and interprets the policies whether based on the framework for policy making process or any other framework. From this point of view his job is a cognitive one. But the recognition of this cognitive job can be evaluated on two levels: Firstly, the level of personal characteristics; and secondly the level of methodological characteristics. In the personal characteristics level, regarding the special status of the public policies, particularly because it's a cross sectional field, the policy analyzer should be equipped with a variety of knowledge tools so that not only he can mingle them with the other needed characteristics of the analysis field, but also be able to earn the standards regarding personal characteristics. Regarding the level of methodological characteristics, the policy analyzer should be an expert in questioning. This expertness is the product of the faith of the questioner in the necessity of the four aforementioned cognitive questions and using them skillfully to reach unbiased answers. The method which the policy analyzer chooses should be an all scientific method. However in policy determination and the adjustment of approaches and tactics based on the time and place there might be so much different factors that some of their scientific aspects may be daintier than unscientific aspects. In such a case, the analysis method should be based on the scientific foundation so that the resulted answers of policy analysis would have enough scientific accuracy.

Personal and methodological characteristics are counted as complementary characteristics in the cognition of policy analyzer so that without a proper balance between these two it is likely that we end up with a person which is capable enough but without tools and methods or a person without enough

capability with more than ten possible approaches available to him (Malek Mohammadi, Hamidreza, 2010).

3. Critical Success Factors (CSFs)

Critical success factors (CSFs) have been used significantly to present or identify a few key factors that organisations should focus on to be successful. As a definition, critical success factors refer to "the limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department, or organisation" (Rockart and Bullen, 1981). Critical success factors were introduced by John F. Rockart and the MIT Sloan School of Management in 1979 as a way to help senior executives define their information needs for the purpose of managing their organizations (Gates, 2010).

Identifying CSFs is important as it allows firms to focus their efforts on building their capabilities to meet the CSFs, or even allow firms to decide if they have the capability to build the requirements necessary to meet critical success factors (CSFs).

Success factors were already being used as a term in management when Rockart and Bullen reintroduced the concept to provide greater understanding of the concept and, at the same time, give greater clarity of how CSFs can be identified.

CSFs are tailored to a firm's or manager's particular situation as different situations (e.g. industry, division, individual) lead to different critical success factors. Rockart and Bullen presented five key sources of CSFs: **the industry, competitive strategy and industry position, environmental factors, temporal factors, and managerial position**. Each of these factors is explained in greater detail below.

3.1. The Industry

An industry's set of characteristics define its own CSFs. Different industries will thus have different CSFs, for example research into the CSFs for the business services, health care and education sectors showed each to be different after starting with a hypothesis of all sectors having their CSFs as market orientation, learning orientation, entrepreneurial management style and organisational flexibility (Barrett, Balloun and Weinstein, 2005).

3.2. Competitive Strategy and Industry Position

Not all firms in an industry will have the same CSFs in a particular industry. A firm's current position in the industry (where it is relative to other competitors in the industry and also the market leader), its strategy, and its resources and capabilities will define its CSFs. For example, in 2005 Caterpillar defined a new strategy to aggressively grow revenues over the long term. As part of that new strategy,

Caterpillar defined several CSFs specific to the firm which were (Gordon, 2005):

Organisational culture: "creating a culture that engaged employees, while focusing on safety and diversity"

- Quality control: "accelerating the pace of quality improvement for its products, while focusing on improving new product introduction and continuous product improvement processes"
- Cost focus: "implementing processes to become the highest-quality, lowest cost producer of our high-volume products in each hemispheric currency zone"

Other firms in Caterpillar's industry may or may not have the same CSFs, and are unlikely to have the same complete set.

3.3. Environmental Factors

These relate to environmental factors that are not in the control of the organisation but which an organisation must consider in developing CSFs. Examples for these are the industry regulation, political development and economic performance of a country, and population trends. For example, Ladbrokes, a UK bookmaker, will be establishing an international business in Italy where it has just acquired a business license, a requirement for foreign sports betting firms prior to establishing a business in the country.

3.4. Temporal Factors

Temporal factors are temporary or one-off CSFs resulting from a specific event necessitating their inclusion. Rockart and Bullen (1981) state that typically, a temporal CSF would not exist and they give as an example of a firm which "lost executives as a result of a plane crash requiring a critical success factor of rebuilding the executive group". However, with the evolution and integration of markets globally, one could argue that temporal factors are not temporal anymore as they could exist regularly in organisations. For example, a firm aggressively building its business internationally would have a need for a core group of executives in its new markets. Thus, it would have the CSF of "building the executive group in a specific market" and it could have this every year for different markets.

3.5. Managerial Position

A final primary source of CSF is managerial position. This is important if CSFs are considered from an individual's point of view. Rockart and Bullen (1981) give an example of manufacturing managers who would typically have the following CSFs: product quality, inventory control and cash control. In organisations with departments focused on customer relationships, a CSF for managers in these departments is customer relationship management (Mendoza et al., 2007).

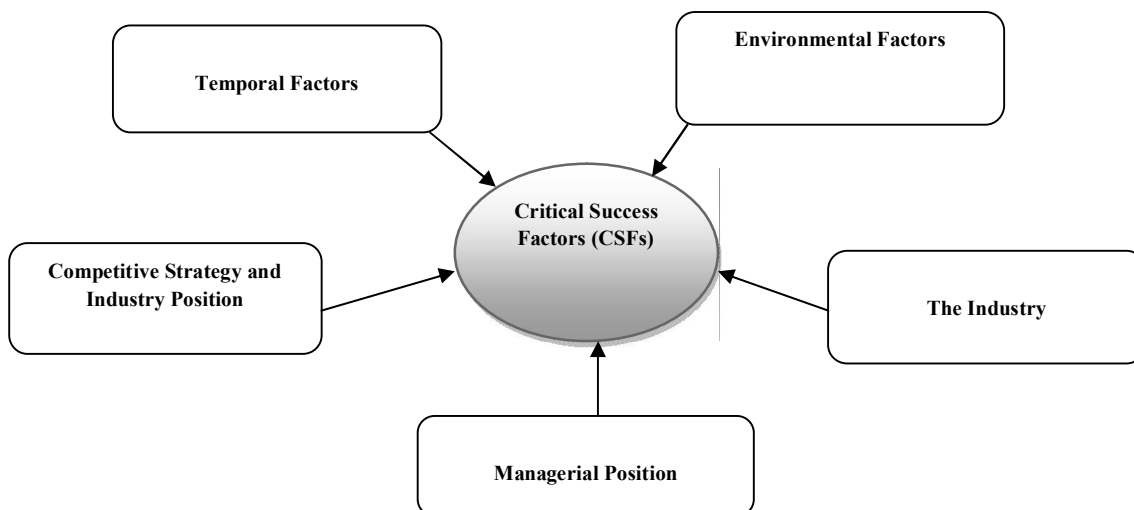


Figure 1. A general view and perspective to the Critical Success Factors (CSFs) (Amiri et al, 2011)

4. Research Methodology

The method of this research are Applied Research as the objective, and in the view point of data gathering is Descriptive-Analytic (non-experimental) that is implemented with the case study format. In this study, after appropriate literature review by using a standard questionnaire critical success factors for policy analysis in the area of financial sector have been identified and presented. The questionnaire has been extracted from the literature review and detailed focus on the research background.

The area of study in this research is financial sector. For identify the critical success factors for financial sector, the number of 8 factors have been identified. The research population of this study was experts of the field that participated in the survey. 10 experts have been identified and then the questionnaires have been distributed among these experts and finally required data has been and gathered.

Validity and Reliability

Validity and reliability are two necessary features for every measuring material such as questionnaire because these materials should analyze data and provide final conclusions for researchers. To sum up, validity means that a measuring material is used to measure the characteristics.

In this study to measure the reliability the Cronbach's Alpha has been used. The Cronbach's Alpha the calculated for this research was 0.77 that is more than the mean acceptable alpha. Hence, the questionnaire is reliable ($\alpha > 0.7$). Also the validity of the tool of this study has been confirmed by using the viewpoints of the research's experts. Using valuable comments of these experts valid questionnaire has been used in order to gather the required data.

5. Findings

First by literature review and some interviews with the experts initial CSFs was identified. Then by using a questionnaire that provided for gathering the experts viewpoint about the indentified CSFs and also increases the CSFs was distributed among the research population. Data that gathered from the statistical population by using statistical software including SPSS was analysed and finally number of 8 CSFs for policy analysis based on the expert's response was identified. The importance of these CSFs was different as the view point of the respondents of the research was cited. Table 1 shows the critical success factors.

Table 1. The final CSFs for SKM implementation for the service sector

No.	CSFs
1	Organizational strategic planning
2	Inspirational leadership
3	Communication
4	Organizational readiness for change
5	Employees volunteering
6	Organizational commitment
7	Cooperation
8	Knowledge sharing

Hypothesis: "The identified CSFs (including 8 CSFs) in this research are affecting on the policy analysis for the financial sector".

In this section of this research, the affectability of the identified critical success factors for the policy analysis for the financial sector based on the experts viewpoints is investigated. For this purpose the T-Test is runes and results of this statistical test in the table 2 are illustrated.

Table 2. The results of affectability of CSFs for the policy analysis for the financial sector by using t-test analysis

CSFs for CSR implementation	T-Statistic	df	Sig*	mean	Test-Value	Confirm / Reject
Organizational strategic planning	17.355	9	0.000	5.345	3	Confirm
Inspirational leadership	14.125	9	0.000	4.609	3	Confirm
Communication	22.435	9	0.000	5.038	3	Confirm
Organizational readiness for change	17.163	9	0.000	4.569	3	Confirm
Employees volunteering	12.760	9	0.000	5.112	3	Confirm
Organizational commitment	20.370	9	0.000	5.021	3	Confirm
Cooperation	11.879	9	0.000	4.886	3	Confirm
Knowledge sharing	14.901	9	0.000	5.033	3	Confirm

* $\alpha=0.05$

7. Conclusion

Analysis the stated policies, strategies, plans, programs and etc. is a vital and key elements in the progressiveness of any complex or organization. To achieve a best way to analysis the policies determining the key effected factors is very useful and important. On the other hand Policy analysts are a set of people working in a variety of different fields. Since public policy making includes different areas such as health, education, environment, transportation, real estate and the like, policy analysts based on any one of the above-mentioned areas are performing their activities in different levels. On the other hand, any one of the different special fields, it is possible that the policy analyzer focuses on a special phase of the policy making circle.

This paper aimed to investigate the critical success factors toward policy analysis with focus on the financial sector in Iran. To achieve this purpose, a framework consisted on the key factors have been extracted from the literature review. Then by using the expert's viewpoints the confirmations of these basic factors has been applied. These essential factors or CSFs were including: Organizational strategic planning, Inspirational leadership, Communication, Organizational readiness for change, Employees volunteering, Organizational commitment, Cooperation and Knowledge sharing. It is recommended to the both researchers and policy makers in the studies field that attention to this conceptual model identified in this research is very useful to get better and efficient activities. So, analysts in the studied filed recommended to have comprehensive approach to analysis main policies in the organizations. Also, future researchers recommended to investigate the critical success

factors in the other field especially in the public sector organizations and firms.

References

1. Amiri, Mojtaba; Sarfi, Alireza; Safari Kahreh, Mohammad and Maleki, Mohammad Hasan. (2010). Investigation the Critical Success Factors of CRM Implementation in the Urban Management; Case Study: Tehran Municipality. *International Bulletin of Business Administration*, Issue 9.
2. Barrett, H., Balloun, J. and Weinstein, A. (2005). Success Factors for Organizational Performance: Comparing Business Services, Health Care, and Education. *SAM Advanced Management Journal*, 70 (4).
3. Gates, Linda Parker. (2010). Strategic Planning with Critical Success Factors and Future Scenarios: An Integrated Strategic Planning Framework. Technical report, available at: <http://www.sei.cmu.edu>.
4. Malek mohammadi, Hamidreza. (2010). Study on the Policy Analysis and Analyzers. Humanities and Cultural Research Center.
5. Mendoza, L., Marius, A., Pérez, M. and Grimán, A. (2007). Critical success factors for a customer relationship management strategy. *Information & Software Technology*, 49 (8).
6. Munger, Michael C. (2007). Analyzing Policy: Introduction to the Analysis of Choice and Management. Duke University.
7. Rockart, J. and Bullen, C., (1981). A primer on critical success factors. Center for Information Systems Research Working Paper No 69. Sloan School of Management, MIT, Cambridge, Massachusetts.

10/6/2012