



QUID 2017, pp. 2118-2125, Special Issue N°1- ISSN: 1692-343X, Medellín-Colombia

INVESTIGATING THE EFFECT OF FINANCIAL STRATEGIES ON ORGANIZATIONAL HEALTH IN CORPORATIONS OF ACCEPTED IN TEHRAN STOCK EXCHANGE

(Recibido el 23-06-2017. Aprobado el 27-08-2017)

Zhaleh Ghavami

*Department of Accounting, Sanandaj Branch,
Islamic Azad University, Sanandaj, Iran*

Ataollah Mohamadi Malgharani

*Assistant Professor of Accounting, Department of
Accounting, Sanandaj Branch, Islamic Azad
University, Sanandaj, Iran*

Abstract: The purpose of this study is to identify the effect of financial strategies on organizational health in accepted companies in Tehran stock exchange. This research in terms of purpose is applied research and in terms of methodology is Survey- correlational research. The statistical population in present study includes the managers of stock companies of Tehran (Chemical, production industry) in 2016 which were 194 people. The method of sampling was randomly simple and based on Cochran formula, 106 people were selected for sample size. Two standard questionnaires are the tools of collecting data. The results of study show that there is a positive and significant relationship between financial strategies and organizational health. It also shows that the strategy of profit dividend has the highest relationship with coefficient of 0.521 and investment strategy has the least relationship with coefficient of 0.286 toward organizational health.

Keywords: financial strategies, organizational health, Companies accepted in Tehran Stock Exchange

exposed to an economic agency is reminded as the total risk. The total risk includes of two parts: curtain risk of company (nonsystematic) and risk of macro factors (systematic). So many studies has been done in order to measure and control the total risk of companies (Hefce, 2002). But considering strategies adopted by managers is so important which direct the economic directions to these kind of risks. This study introduces different kinds of financial strategies adopted in companies after defining the financial strategies and its place among organizational strategies. In following, we will mention the characteristics of economic depression and its effect on the companies and investigate adopted strategies by managers in order to urgent financial management in organizations (Calandro et al., 2007).

On the other hand, organizational health is one of the organizational issues and the key for any organization to succeed. The efforts conducted for healthy organization, has gained positive results not only in psychological health of organization but also in economic participation and productivity. The organizations need to have organizational health in order to be able to sustain in changeable environment, but also be able to adapt with environment and create and develop essential abilities for its survival (Alagheband, 1378).

So this study tends to cover the topic using theoretical and empirical literature and evaluates the organizational health situation of stock companies and investigates its relationship to financial strategies using correlation approach and through questionnaire. So according to what is mentioned above, the main question is whether there is any relationship between financial strategies and organizational health in stock companies.

3. RESEARCH OBJECTIVES

3.1. Main Objective

- Identifying the rate of effect of financial strategies on organizational health in accepted companies in Tehran stock exchange.

3.2. Minor Objectives:

- Identifying the rate of effect of financial strategies on organizational health in accepted companies in Tehran stock exchange.

1. INTRODUCTION

Strategy has been used as a famous and public term since it was considered for the first time in management literature. As well as the existing concepts in management and financial management, strategy has been used with different meanings. This term is frequently used for the concept of planning and policy. Strategy has to provide a vision of what a commercial unit wants to reach in future. Based on definition, the planning is a very important process in performing strategy. Planning a systematic arrangement is of details for performing strategy at the beginning. It can be said that cash budgeting and profit prediction are parts of a financial program. Financial planning is mostly used for identifying essential staged to reach certain goals.

2. RESEARCH PROBLEM

Organizational health is the survival and continuous of organization in its environment and adapting to it and developing and promoting its ability for more adaptation, or according to Hawii and Forsit mentioned, organizational health is the ability of organization to survive and any organization which is healthy, may face successfully with destructive forces and direct their forces effectively toward the main goals and purposes of organization and in long-term shows the signs of a healthy organization (Sharifi and Aghasi 2006). By developing and changing the service of economic agencies the separation process of ownership and management of economic agencies is growing after changing and developing the financial service and economic terms of organization and developing joint-stock companies. Because of economical complications and business development and their specifications, investors give the control of their capital to the managers and control and evaluate the operation of the managers using independent audit reporting. The managers investigate the justification of design from three point of view: technical (accessibility to material, technology, production rate, etc.), economical (competitors, sale, consumption pattern, etc.) and financial (rate of return, risk, return of investment, net present value, etc.) (Goodman, 1998).

An economic agency deals with several risks during activities related to their business. These risks appear in different stages of organization and according to its activity field. The total risk rate

qualitative and quantitative data. Survey strategy has been used. The statistical population is 270 accepted companies in Tehran stock exchange which registered in market before 2005 and during 2007 their stock has been dealt.

Baghahi et al. (2009) in a study called "suitable financial strategy for total risk management when financial depression appears" define and introduce some of financial strategies. The focus of this paper is on the way of management and adopting suitable strategies during economic depression and entering companies to financial emergency and increasing total risk. So, the conditions of economic depression and financial emergency are explained and suitable strategies are investigated. Then, real and financial strategies are presented for avoiding financial emergency. Finally some points are told about using different actual and financial strategies.

Abedi et al. (2012) in a study called "a coordinated relationship between financial strategies, investment, financing, dividend and working capital with organizational capital" presents a combined pattern for coordinating between financial strategy and subsystems including investment strategy, financial strategy, dividend strategy and working capital strategy. In this research, based on combined pattern, the financial strategies and its subsystems were identified. Then, coordination between different kinds of above mentioned strategies was investigated. Eksir Company was selected and the types of financial strategies and its subsystems were calculated using audit statements during 2001-2008. The results show that the company performance tends to be at risk when the financial strategy is moderated. Also, results show that the performance is better in years when there is more coordination between elements of financial strategies.

Mosavi and vosogh (2015) conducted a study called "suitable financial strategy for total risk management during financial depression" in which the focus was how to manage company and adopt suitable strategies during economic depression and financial emergency and increasing total risk. So, the conditions of economic depression and financial emergency were explained and suitable strategies were studied. Then, financial and actual strategies are presented to avoid financial emergency. Finally. There are some points about using different financial and actual strategies.

Also, Fatness (2003) concluded in a study that the more healthy an organization is, i.e. trustable in

- Identifying the rate of effect of investment strategies on organizational health in accepted companies in Tehran stock exchange.

- Identifying the rate of effect of dividend strategies on organizational health in accepted companies in Tehran stock exchange.

4. CONCEPTUAL DEFINITION OF VARIABLES

4.1. Financial strategies

A financial strategy expresses how is financial and investing the resources of company along with achieving the goals of company, e.i. increasing the wealth of stockholders (Hefce, 2002). When we talk about financial strategies, 3 kind of strategies are considered: investment strategies, financial strategies and dividend strategies (Slater & Zwirlein, 1996).

4.2. Organizational health

According to Mayelz, organizational health points to continuous and survival of organization in its environment and adapting to that and developing and promoting its ability for more adaption (Wayne & Feldman 1987, quoted from Jahed, 2005). Maylz recognizes the characteristics of a healthy organization in providing 3 main requirements which are: 1. Duty requirements of organization, 2. Survival and ... requirements, 3. Growth and development requirements of organization.

4.3. Theoretical principles and literature Review

Erabi and Abedi (2010) in a study called "coordination model of financial strategy with organizational operation" demonstrated that in response to this question how financial strategy can be coordinated to the overall framework of strategic decision making? So that the selected financial strategy can be adapted to conditions and also coordinated with other strategies of organization level in order to improve the organization operation. This paper presents a combined pattern for coordinating between financial system strategy and its subsystems including investment strategy, financial strategy, dividend strategy and working capital strategy and it is based on processing view to financial strategic management in which financial strategic performance is a function of inside/outside attention and high/low control. The methodology is based on developmental results and based on descriptive-explanation goal and based on

to create relationship in work and activity (communication management), b) the resources of learning knowledge management including systematic thinking and learning how to learn systematically and building a continuous learning system in organizations (learning organizations), c) the appetency of organizations to improve and evaluate the management systems simply and obviously (change management) including redesign of systems and deformation and improving by meetings and council of organizational health in any organization. Meeting and council of organizational health can look after the levels and process of work and control the success and efficiency of organization.

4.4. The conceptual model of research



Figure 1. The conceptual model of research, (Baghaei et al. model 2009)

5. RESEARCH METHODOLOGY

The present study is functional it is a survey on collecting the descriptive information. This paper is a correlation research based on the relationship between variables.

The statistical population and sampling method:

The statistical population of present study including managers in stock companies (chemical, production industry) in Tehran in 2016 which is 194 people based on statistics. The method of sampling will be simple random and 106 people will be selected based on Cochran Formula as statistical sample.

5.1. Tools of collecting and measuring data

In order to collect data both library and field method and questionnaire were used.

6. RESEARCH FINDINGS

6.1. The main hypothesis:

information exchange, capable of innovation and flexible for changes and obligated to its goals, the more satisfied its employers are.

Korkmaz, Mehmet (2007) investigated the effect of leadership styles on organizational health of Turkish schools. In this paper, he investigated the effect of evolution and exchange leadership styles with teachers satisfactory on organizational health. The main goal of this paper is to what extend the organizational health of school are related to the leadership styles and job satisfaction of teachers. In order to reach this goal, a Likert questionnaire was distributed among 635 teachers working in schools. For explaining the direct and indirect relationship between dependent and independent variables, statistical analysis was used. The results of this paper and most findings show that the evolution and change leadership styles has a fundamental effect on teachers' job satisfaction. While this leadership style directly and the job satisfaction of teachers indirectly influence the organizational health of schools.

Bakal (2007) expresses the keyword of success and health of organizations in studying the resources of organizational health. The resources of organizational health is: a) the appetency of people

- Financial strategies are effective on organizational health of accepted companies in Tehran stock exchange.

Table 1. The correlation test of the relationship between financial strategies and organizational health.

DEPENDENT VARIABLE OF ORGANIZATIONAL HEALTH	INDEPENDANET VARIABLE	
0.412	Relationship	Financial strategies
0.000	Significant	
106	Number	

In a very significant level (sig= 0.000), the variables of financial strategies and organizational health of stock companies have a relationship in rate of (r=0.413). The ratio of correlation between two variables is 0.413 which is moderate and the type of relationship is positive (direct) and the significant level is (Sig=0.000) less than α of research ($\alpha =0.05$) that shows the significant of the relationship between two variables. Finally, based on these results it can be said that there is a significant and positive strategy between financial strategies and organizational health of stock

companies. So, the main hypothesis of research is confirmed.

two variables is 0.404 which is moderate and the type of relationship is positive (direct) and the significant level is (Sig=0.000) less than α of research ($\alpha = 0.05$) that shows the significant of the relationship between two variables. Finally, based on these results it can be said that there is a significant and positive strategy between financial strategies and organizational health of stock companies. So, the secondary hypothesis number 1 of research is confirmed.

6.3. Secondary hypothesis number 2:

❖ Investment strategies are effective on organizational health of accepted companies in Tehran stock exchange.

relatively moderate and the type of relationship is positive (direct) and the significant level is (Sig=0.000) less than α of research ($\alpha = 0.05$) that shows the significant of the relationship between two variables. Finally, based on these results it can be said that there is a significant and positive strategy between investment strategies and organizational health of stock companies. So, the secondary hypothesis number 2 of research is confirmed.

6.4. Secondary hypothesis number 3:

❖ Dividend strategies are effective on organizational health of accepted companies in Tehran stock exchange.

Table 4. The correlation test of the relationship between dividend strategies and organizational health.

DEPENDENT VARIABLE OF ORGANIZATIONAL HEALTH	INDEPENDANET VARIABLE	
0.521	Relationship	dividend strategies
0.000	Significant	
106	Number	

In a very significant level (sig= 0.000), the variables of dividend strategies and organizational health of stock companies have a relationship in

6.2. Secondary hypothesis number 1:

❖ Financial strategies is effective on organizational health of accepted companies in Tehran stock exchange.

Table 2. The correlation test of the relationship between financial strategies and organizational health.

DEPENDENT VARIABLE OF ORGANIZATIONAL HEALTH	INDEPENDANET VARIABLE	
0.404	relationship	Financial strategies
0.000	Significant	
106	Number	

In a very significant level (sig= 0.000), the variables of financial strategies and organizational health of stock companies have a relationship in rate of (r=0.404). The ratio of correlation between

Table 3. The correlation test of the relationship between investment strategies and organizational health.

DEPENDENT VARIABLE OF ORGANIZATIONAL HEALTH	INDEPENDANET VARIABLE	
0.286	relationship	Investment strategies
0.000	Significant	
106	Number	

In a very significant level (sig= 0.000), the variables of investment strategies and organizational health of stock companies have a relationship in rate of (r=0.286). The ratio of correlation between two variables is 0.286 which is rate of (r=0.521). The ratio of correlation between two variables is 0.521 which is moderate and the type of relationship is positive (direct) and the significant level is (Sig=0.000) less than α of research ($\alpha = 0.05$) that shows the significant of the relationship between two variables. Finally, based on these results it can be said that there is a significant and positive strategy between dividend strategies and organizational health of stock companies. So, the secondary hypothesis number 3 of research is confirmed.

7. THE GENERAL RESULTS OF RESEARCH:

Financial strategies influence on organizational health in accepted companies of Tehran stock exchange. Variables of financial strategies and organizational health of stock companies are related with the ratio of ($r=0.413$). The type of correlation between variables is positive (direct) and significant. So, based on these findings, it can be said that there is a significant and direct relationship between financial strategies and organizational health of stock companies. Therefore the main hypothesis of research is confirmed and these results match with the results of Abedi et al. (2011) and Erabi and Abedi (2010).

7.1. Recommendation based on findings of research:

An innovative organization cannot spontaneously create an innovative idea or opportunity. Creative managers have to turn their ideas and innovative strategies to pattern and edit their expectations wisely and develop it by the aid of employers. Creating an environment based on corporation and teamwork can be very effective in creating a new and innovative culture.

7.2. Recommendations based on first hypothesis:

- ❖ Training managers and employers about organization strategies and organizational health and presenting technical and management knowledge because sufficient knowledge promotes creativity and people cannot solve the problems they are not aware

- ❖ Learning opinion resources and addressing the process of "opportunities brainstorming" for new businesses and understanding new methods and creating financial and management strategies.

- ❖ Challengeable and active impact with problems and positive impact with organizational problems instead of negative and passive reaction.

7.3. Recommendation based on second hypothesis

- ❖ Creating an environment based on mental health of managers and low level employers and creating thoughts in companies to hear new suggestions and because of that they have the possibility to make better and more optimal decisions for companies. The organization will be healthy as long as employers are morally healthy.

7.4. Recommendations based on third hypothesis

- ❖ Focus on goal based on corporation that encourages the positive attitude of managers to innovate and challenge, identify the opportunities, flexibility toward regulations and low resistance toward change.

- ❖ Clarifying, training and internalizing the descriptive approaches of strategies including financial strategy through meetings, workshops and seminars.

8. LIMITATIONS

1. Lack of researches with direct relationship to this study in order to compare the findings.

2. The weakness of theoretical basics and mainly repeated researches.

3. Using questionnaire instead of other data collection tools such as observation and interview.

4. Selection of statistical sample only in stock companies.

REFERENCES

- Afshari, M. (2001). The comparison of organizational health between private and public school of zone 5, education organization of Tehran during 83-82.
- Azizi Moghadam, A. (2005). The study of relationship between the organizational health of schools and control of school managers in Mahabad. M.A. thesis, Urumia University.
- Ataei, Z (1995). The study of relationship between organizational health of Tarbiat Moalem centers of country and education improvement of students. M.A. thesis, Tehran, training center of Ahmad Aram's human resource.
- Beikzadeh, J., Sarmast, B. & khishi, B. (2009), the study of organizational health of schools with managers' operation of schools of Maraghe-education management researches, 193-175 (2).
- Bacal. A. (2007) "Organizational Health and success" viewed on to 30 – Jol – 2007 [www.organizationalHealth.org].
- Baghahi, A., Mosavi, M., & Vossogh, B. (2009). Suitable financial strategy fir total risk management during financial depression.

- Thought of management, third year, number 2. Fall and winter. P.P:129-148.
- Clarck & share W.W. and E. Rhodes. (1978). measuring the Efficiency of decision making units, *European Journal of Operational Research*, 2 (6), pp: 429-444.
- Chen, J., Zhu, Z., and Xie, H. Y. (2004). Measuring Intellectual Capital: A new Model and Empirical Study. *Journal of Intellectual Capital* 5(1): 195-212.
- Drive. Cabot, (2004) "Trinity Health: Organizational Integrity program", viewed on to 8-12- 2007 [www. Novimichigan.com].
- Erabi, M. & Abedi, R. (2011) coordination relationship among financial, investment, financing, dividend and working capital strategies with organizational operation. Eksir Company. Management researches is Iran. Humanities teacher. 15th period. Number 4.
- Ghudsii, F. (2001). The comparison of organizational health of female and male high schools of Sanandaj, M.A. thesis, with guidance of Mostafa Asgariyan , Islamic Azad university, center Tehran branch, department of psychology and social science , 2005-2006 academic year.
- Hassan Jorfia , Saeid Jorfib,a. (2011). Strategic Operations Management: Investigating the Factors Impacting Communication Effectiveness and Job Satisfaction. *Procedia Social and Behavioral Sciences* 24 (2011) 1596–1605
- HEFCE (2002), *Financial Strategy in Higher Education*.
- Hoy, W. K; &Wool Folk, A. E.(1993)."Teachers sense of Efficacy and the Organizational Health of Schools". *Elementary School Journal*, ol.93,No..4, pp.355-372.
- korkmaz.mehmet (1998), *The Uses of Interest Rate Swaps in Managing Corporate Liabilities; Eastbridge Capital; Revolution in Corporate Finance*; Blackwell.
- Khishi, Behrooz. (2009).Investigation of the Relationship of Organizational Health of Schools' Principals in the three Stages of the city of Maragheh, *Journal of Educational Management*, VOL2, Winter of 2005,p.175-193.
- Kosces, Michael,(2007), "Organizational Health and Consulting" viewed onto 2007 www.developed and maintained by singular media. com].
- Mosavi, S. & Vossogh, B. (2015) Suitable financial strategy fir total risk management during financial depression. SAMT Publication.
- Mesbahi, M. (1998) the relationship among the role of management, job satisfaction and mental stress factors 1994the mental health of nurses of public and private hospitals of Tehran. Ph.D. thesis. Islamic Azad University, science and research branch, Tehran, Iran.
- Poulin, L and Leclrec, S (2004)."Organizational Health: Evaluation and implementation process", presented to the Canada Council for the Arts.
- Ross (2004), *Fundamental of Corporate Finance*, Mc-Grow Hill.
- Shapiro, Alan C. (1983), *Guidelines for Long-term Corporate Financial Strategy*, Spring, Midland Corporate Finance Journal.
- Slater, Stanly F. & Zwirlein, Thomas J. (1996), "The Structure of Financial Strategy: Patterns in Financial Decision Making", Vol. 17, *Managerial and Decision Economics*.
- Seyed jvadin R, Alavi A, Ansari Sh(2010) "Organizational Health Index in Isfahan University of Medical Sciences (IUMS)", *Journal of Health Administration*, 13 (41) pp:63-72.
- Sharifi, M. (2004), the comparison of organizational health of female private and public high schools of Tehran. Academic year of 2003-2004, M.A. thesis, Islamic Azad University, Central Tehran branch.
- Shariatmadari, M. (2009). The study of relationship between organizational health and efficiency of school managers of Tehran. *Educational sciences*, number 6.
- Shahhoseini, J. (1996) the study and comparison of organizational health of public Technical and professional colleges of Tehran. M.A. thesis, Tehran, Tarbiat Moalem University.

Saatchi, M. (2010). The study of relationship between job life quality and organizational health in high schools of Kurdistan from teachers' point of view.

Spleimani, N. (2010) the study of organizational health of Tehran state's schools based on Howvi and Fildman – new pattern in training management. 43-23(4)1

Wayne.K & John, A Feldman(1987)
"Organizational Health: The Concept and its Measure", Journal of Research and development in Education, Number 4.

William, Klinge & Julie a Lynden.(2000)
"Supervision Organizational Health".
Supervision Journal .