

FUNDAMENTS OF STRATEGY EFFECTIVE IMPLEMENTATION IN ENTERPRISES

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Abstract: *Character of present global economy, make the issue of strategy effective implementation more difficult than ever. Within dynamically changing economic surrounding to introduce a long term lasting strategy is a really challenge for each manager. One of possible solution for the question is adaptation of a new paradigm of effective implementation of strategy. So, the article presents the author study results of the factors determining implementation of the strategy in Polish enterprises. The study was conducted in 2010 among the heads of only Polish owned companies.*

Key Words: *strategy, enterprises, effectiveness*

JEL Classification: *L21, M10*

1. INTRODUCTION

The dynamic changes in the environment force both theorists and practitioners to adapt to new ideas in the management of the company which are adequate to the current character of the business surroundings. In particular, in the process of management in the nowadays conditions, it becomes difficulty a building foundations for the future of the enterprise that is the choice of long term strategy of the company.

Strong fluctuations in the last years, significantly affect the changes in the configuration of the factors determining the successful implementation of the long-term strategy in the enterprises.

Existing theories determining factors effectively implemented strategy unfortunately ceased to be practical and does not constitute a prescription under the new conditions.

So, at the present time, the company should therefore build a strong foundation for the long term strategy based on new configurations of factors. Author is convinced that the subject must be considered as a very relevant subject for scientifically focused research.

2. CONDITIONS FOR EFFECTIVE IMPLEMENTATION STRATEGY

Each study the effectiveness of implementation of the strategy should begin by defining the concept of effectiveness and its measurement method. Studies of the literature suggest the inclusion of this concept as a measure to achieve the objectives. The test of economic efficiency and effectiveness in addition is a basic measure of advantage in the theory of management, to evaluate the efficiency of the business organization. Recognition of effective performance in practice narrows to the measurement of action to a particular aim achievement, for example to achieve high market position in the international market.

This approach, competently applied in business practice, also fund their special place in the theory of strategic management. Efficiency is a gradation concept, means that there is a possibility of its expression, for example, on a scale of 0 to 100%. The level of 100% means complete suc-

cess and the highest effectiveness in achieving planned objectives, and 0% to ineffective action.

The concept of efficiency versus economic efficiency and economic of performance does not include in their evaluations and costs of action the positive effects of unforeseen when planning activities. The only exception is inefficiency dimension, which we define the action not only in the opposite direction to the intended purpose but also generate additional costs.

In the case of a task which is to implement the strategy in the enterprise as a goal, it is generally the result of the market possession, often omitting sub-goals. The fact that this is a multistage process, and goes far beyond the current framework for the functioning of the company and affect the current stability in the organization, creates difficulties not only in its implementation but also in its evaluation.

For a fairly long period, in the theory of management, dominate mainstream A. Chandler's, which determined the effectiveness of the organizational structure of the corporate strategy [T. J. Peters, R. H. Waterman, p. 160].

The structure, in fact, secures the strict definition of both the nationality of any individual to individual elements of the organizational and links connecting them. Hence A. Chandler believed that it is the key to efficient operation and allows the achievement of goals. This view is also shared by scholars and other subject matter. And R. Whittington and M. Mayer [2002, p. 10], believe that the effectiveness of the company's organizational structure influence the type of company, which must of course be adapted to the culture presented in the environment.

Similarly, J. Kay [1986, p. 145, 185] among the primary sources of the success factors scored architecture implemented strategy, reputation, innovation and strategic resources. H. Foltyn [2007, p. 17] rightly observes, however, that the emphasis on structure as a recipe for business success should be limited only to a stable environment.

Modern enterprise that wants to dominate not only the „red“ but also „blue“ markets, must be based on the strategy implementation process is not only about the factors which is its structure but also other elements which characterize organizations. Moreover, as numerous studies show

the effectiveness of implemented changes in the companies the dominant approach among managers is to focus on structural changes while neglecting other terms of the effective implementation of the strategy [G. L. Neilson, K. I. Martin, E. Powers, 2009, p. 47]. The variability of conditions in the environment makes it difficult to achieve the target organization (the effective implementation strategies), thus introducing the structural changes ultimately did not bring the intended effect of improving the results.

Peterson T. J., Waterman R. H. on the wave of criticism of the idea of A. Chandler, came in a different manner to the correlation between the effectiveness of the organization in strategic change and the acceptance of commercial success. Indeed, they showed that the effectiveness of the implemented strategy is positively correlated with „soft” element of management (management styles, motivation, staff, skills, organizational culture) than the element of „strong” (structure, systems) [K. Krzakiewicz, 2008, p. 10].

This opinion is also shared by Neilson G. L., Martin K. L., Powers E., according to which the foundation for the effective operation of the organization in achieving its intended goals is suitable configuration of the following factors: establish clear decision-making system, the design flow of information, harmonization of motivational factors and only introduction changes in the structure.

It should highlight the fact that Podgorecki A. [1978, p. 47] already in the 70s last century showed that among the barriers to effective operation of the organization should include, among others: defective circulation of information, inadequate methods of management, ritualism and formalism, the impairment of the distribution ration of gratification and sanctions.

Surveys G. L. Neilson’a, K. L. Martin’a, E. Powers’a and organizations that achieve success, made the first step of interfering in the decision-making system and the flow of information, rather than changes in the structure. They believe even that, well delegated decision-making system and the proper transfer of information is twice more important, and twice more effective than improvements made to the structure and motivational factors.

Not all scientists agree with a such a deep limited relevance of structure in the effective implementation of the objectives. In the study T. J. Peters’a i J. Waterman’a [1992, pp. 8-19] identified factors of success are best managed companies, which are classified: simple structure, namely the pursuit of flattened structure, the interaction in a mixed form of organizational structure: centralized and free.

Organizational structures, due to dynamic changes in the environment are also other changes, including more flexible, weight loss, blurred, the construction of ideal types, which also has a significant impact on the effectiveness [Z. Pawlak, A. Smoleń, p. 118]. In addition, J. Pence [20120, p. 109] notes that the same reliable and intense transmission of information system (communication, transmission of ideas, providing news, discussion).

Communication, in his opinion, is the process of exchanging information between the tender of the message and its recipient on the basis of feedback, resulting in not only receiving the message, but also understanding, clarification and modification [J. Penc, 2010, p. 110]. Even after

taking into account the above important observations, the results of in-depth research into the hierarchy of factors effectively implemented strategy, support the idea Neilson’a G. L., Martin’a K. L., Powers’a E.

3. CONDITIONS OF BUSINESS STRATEGY EFFECTIVE ACTION IN POLAND

The examples of foreign companies indicate the need for enhanced recognition for determinants of effective implementation strategies, rather than restricting only to the construction of the normal structure. The “departure” from mainstream Chandler’s management theory in the case of a dynamically changing environment needs to be considered correct.

In this situation you must look at the attitude of Polish entrepreneurs in the conditions of effective implementation strategies. Previously presented results of foreign organizations, should be confronted with the approach of managers of companies operating in Poland, in order to identify differences and errors in the management of organizations, in particular the determinants of effective implementation of the strategy that was defined in this case by increasing the company position on the Polish market.

The process of effective implementation strategies in the enterprise requires one hand to create the right conditions, on the other hand the elimination of barriers to guard the existing ways of acting (habits, routines, systems, etc..).

In a survey conducted among Polish managers [Harvard Business Review Poland, September 2010, p. 71] in the hierarchy of difficulties in achieving the strategic objectives were identified the following factors: resistance to change, individuals with competing plans, lack of time, resource constraints, too large concentration on short-term results, the lack of specific areas of responsibility or failure to see initiatives to end, the inability to measure their impact, poor communication strategies, lack of a clear and decisive leadership, lack of consistency between strategy and the actions of leaders, communicating to employees the importance of first-line strategy, translate strategic objectives concrete action, the subordination of the tasks of the strategy. In addition it should be added that the managers in the implementation process of the strategy clearly indicates the importance of proper expression of the guidelines strategy than inducing them to act in accordance with the strategy (Figure 1).

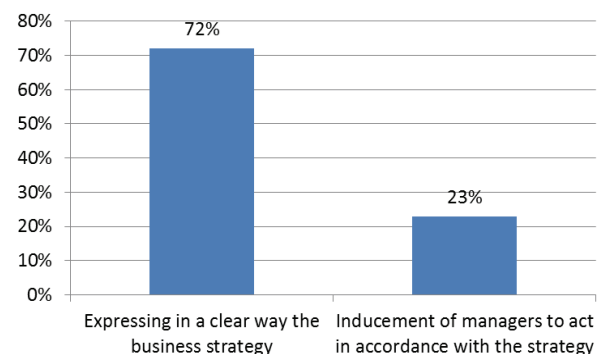


Figure 1. The importance of proper expression of the guidelines for implementation of business strategy

Source: Harvard Business Review Poland, September 2010, p. 73

Appropriate manner to urge managers to act in accordance with the strategy is not the only important factor in the process of implementation of the strategy into effect. The basic question is „whether managers at all familiar with the company strategic objective“?

In a study from Harvard Business Review Poland [September 2010, p. 73] only 57% of managers surveyed were able to describe the purpose of own company. However, in a study completed by the author of this article as much as 76% of managers confirmed that know the long term goal of the company.

The results of research in this area clearly show that some employees are not familiar, with the purpose to which the company aims, which can cause limitations in the effectiveness of implemented strategies. On the other hand, those whose managers have confirmed knowledge of the main objective, revealed a far-reaching integration of individual goals of individual organizational units with the main objective of the company. For up to 83% of companies surveyed said they convergence objectives of its organizational units with the main objective of the company. The high level of convergence of positive evidence of integration within the organization of Polish companies and creates a strong foundation for a strategic change.

In the case study the main factors effectively implemented strategy as the most important in the study group of companies succeeding in the Polish market, fund (figure 2): decision – making powers and the structure of the organization. Both the motivating factors, such as the proper flow of information have, in the case study group, relating success in the market of less importance. Therefore, in the study group approach, prevails “Chandler” idea - the recognition of the structure as the key to business success. This conservative approach, however, is enriched with essential factor, namely, correctly set the power of decision within the organization. Hence, should not be criticized so completely traditional management approaches. Unfortunately, the constant changes in the economy, Polish managers do not pay enough attention to the orderly flow of information and communication system in the enterprise, which has indisputable must be considered negative.

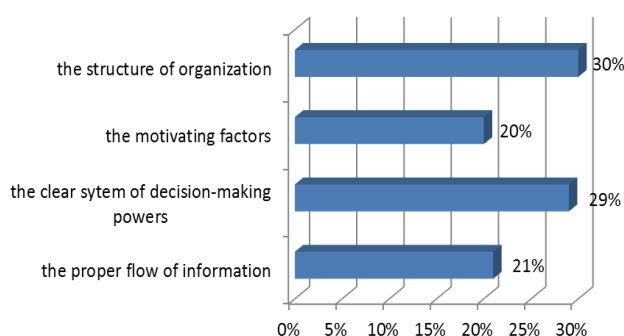


Figure 2. The significance of the factors guaranteeing the effective implementation of strategy relating success on the Polish market

Source: Own calculations based on the questionnaire research

These conclusions confirm the detailed study of the factors guaranteeing the effective implementation of strategic

change. First of all factors associated with the normal flow of information within the organization were less likely to be indicated by the Polish managers than for foreign ones.

It can be concluded that in the group of Polish entrepreneurs are not attached due attention to the proper flow of information from the environment and its changes. You should also see that mobile workers and liner have less knowledge (data, indicators and results) than their counterparts in foreign companies on the impact of their daily operational decisions on results and success of the company. In fact, this is a big mistake in the organization of enterprises operating in an era of constant change. This irregularity, however, alleviates the correct attitude in regard to “confer decision-making powers”, where managers in entities operating in Poland, triaged more weight.

On the other hand, Polish entrepreneurs stressed the important role of motivation and structure, assigning more points to these factors than their counterparts from developed countries. Specific high differences in motivating factors can be observed in the case of such opinions as “if the whole company has a bad year, but despite this particular branch has a good record, his boss gets a bonus. Or “do good work motivates people by many factors, not only pay because the difference in significance, Expressed in points in the group of Polish managers is up to four times higher than in the other study group.

Similar differences can be observed in the case of a structural factor. The significance of the structure factors in the case of Polish managers is often twice as high in indications managers of highly developed countries.

4. CONCLUSION

The results of research in Polish enterprises indicate significant differences between Polish and foreign entities in the approach to the significance of factors for successful implementation of strategy. This implies the need for dissemination of knowledge in this field, with an indication of best practice in developed countries.

The dynamics of change in today’s changing environment forces business to operate in four area of its operation. The more the process, which is to implement the strategy in the enterprise, requires special attention and significant support, as it contributes to profound changes in the company. Previous approaches to this issue clearly indicate the structure of the organization as a foundation for success is outdated due to changes in external conditions. While this thesis has been proven in the case of foreign companies, the research in Polish enterprises, however, show that managers still apply Chandler’s organization management model, which pay enormous attention to the structure as a key success. Moreover, unlike the foreign managers, Polish managers do not pay enough attention to information management, which in the knowledge economy can not be regarded as a recipe for a successful implementation strategy. Modern companies wishing to effectively implement strategy, they should build the foundations of their own organizations, not only by properly structured, but also on factors such as communicative” flow of information and a clear system of decision-making powers.

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