

Strategy implementation in enterprises operating in Poland – image emerging from research

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ABSTRACT: *This article presents the results of the latest research done within the scope of strategy implementation in Polish enterprises. The studies taken into consideration analyzed various aspects of strategy implementation in companies. They indicated problems appearing during the process of implementation as well as factors facilitating its execution; they analyzed tasks performed in companies with regard to the implemented strategy, structural solutions, or the methods applied. The studies altogether allow for forming certain general conclusions on strategy implementation. They are also stimulating research material as they reveal the need for further guidelines for entrepreneurs, which could make implementation processes in their businesses successful.*

KEY WORD: *strategy, strategy implementation, research projects, Poland*

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I. INTRODUCTION

The substance of strategy implementation consists in converting a planned strategy into a set of actions to be executed in individual organizational units and reorganizing hierarchical, functional, technical, and communicative relationships between these units [Szarucki, 2013]. This task appears to be particularly complex in the practice of running a company. That is why entrepreneurs facing the problem of strategy implementation will value not only theoretical advice, but also practical experience of other companies.

As in the recent years several interesting research projects on strategy implementation have been carried out in Poland, the aim of this article is to present the most important conclusions emerging from them. This juxtaposition also shows within what range further discussion and theoretical analyses are needed in order to make the process of strategy implementation more effective.

II. RESEARCH AT THE SGH WARSAW SCHOOL OF ECONOMICS

A research project entitled "Conditions for growth of competitiveness of Polish enterprises on the EU markets" [Lobejko, Pierścionek, 2011] was executed at the SGH Warsaw School of Economics in the years 2007-2009. The study was supposed to confirm the hypothesis that elements of strategic management are commonly used in the practice of Polish enterprises. The study involved selected enterprises, characterized by their prominent share in export to EU markets.

Paying special attention to the issue of strategy implementation while analyzing the contents of the paper, the authors' opinion should be mentioned that companies lack clear strategic management structures [Lobejko, Pierścionek, 2011]. A great majority (more than 71%) of companies do not have an independent organizational unit to perform strategic management. Moreover, it was observed that managers' involvement into strategic management varies: it is greater among top level managers, and lower among mid-level managers. It was also observed that along with the increasing size of a company, involvement of top level managers in actions related to strategic management decreases, whereas involvement of middle management increases. In their conclusions, the authors of the study suggested developing special structural solutions to perform strategic management, such as creating a large team of experienced managers and experts supported by employees of other organizational units in order to perform the processes of strategy formation and implementation smoothly and successfully [Lobejko, Pierścionek, 2011]. The authors also noticed that the use of suitable methods of strategic management is of great importance in difficult circumstances in which enterprises have to compete.

III. RESEARCH AT THE WROCLAW UNIVERSITY OF ECONOMICS UNDER THE SUPERVISION OF PROFESSOR A. KALETA

From the perspective of strategy implementation, the research project executed at the Wrocław University of Economics was very interesting, which focused on comparing elements of strategic management in small, medium-sized, and large enterprises [Kaleta, 2014]. Each study group comprised 50 companies. Sampling was done with the use of the stratified random sampling method; the data from the Polish Central

Statistical Office were used. The study covered many issues, and one of the sections focused on the issue of strategy implementation. It was supposed to determine how essential strategy implementation is for the whole procedure of strategic management, and what role it plays in working out an effective idea for the development of a company. Some particularly interesting statements to be responded to included the following [Kaleta, 2014]:

- "While creating a strategy, we work simultaneously out a plan of its execution". The respondents agreed with this statement to a great extent (78%). This means that managers are aware of the consequences of unskillful strategy implementation, and they try to think about more specific problems already at the stage of creating a strategy. This concerns all three types of enterprises (small, medium-sized, and large).
- "While working on a strategy we devote at least the same amount of attention to strategy implementation as to creating it". 71% respondents agreed with this statement. In the results of the study in this case an interesting correlation occurred, which concerns the size of an enterprise and the attention devoted to forming and execution of a strategy. It was determined that the larger the enterprise is, the higher the level of awareness of possible consequences of not implementing a strategy or implementing it wrongly.
- "Tools facilitating execution support strategy implementation in our company to a great extent". 51% respondents agreed with this statement, whereas 12.4% definitely do not exercise such practices. The authors of the study assessed the use of tools at a medium level, which they found still unsatisfactory. It was also observed that larger companies apply available implementation instruments more frequently.
- "All the goals of the company have measures assigned, which allow to determine the degree of their achievement". 54% respondents confirmed this statement. Also here a positive correlation was observed between the size of an enterprise and the obtained responses.
- "The degree of goal achievement is monitored on a regular basis". This statement was accepted by 72% enterprises. Again, it was observed that the larger a company is, the higher the level of monitoring is.

Another issue concerning strategy implementation considered in this study was the problem of communicating strategy [Kaleta, 2014]. 68% subjects declared that "all the employees know what they should do so that the company could achieve its goals". However, it is necessary to point out that most responses of this type came from small enterprises. This may be explained by the fact that in such companies the knowledge about performing necessary actions should be passed to fewer employees. 16% of firms admitted that their employees did not know which actions contributed to achievement of strategic goals. The item regarding "passing current information on progress concerning execution of a strategy to all the employees" was confirmed by 53% respondents. On the contrary, 25% do not do this at all. Taking into consideration the size of the firm, the following results were obtained: small – 57%, medium-sized – 54%, large – 49%. Thus, small companies seem to care about updating information on strategy implementation more. Larger companies may not regard all the employees as key executors of a strategy, that is why they do not try to pass current information to all their employees.

The obtained results confirm that enterprises do pay attention to the process of strategy implementation, although the performance itself should be assessed as too little formalized.

IV. PROFESSOR A. KALETA'S OWN RESEARCH

Another study to be considered is the one carried out by Professor A. Kaleta in the group of 30 enterprises of the Lower Silesia region, using the case study method [Kaleta, 2013]. Although the author admits that this method does not allow to identify regularities occurring in companies of the whole population, or even to make a rough estimation, it will allow to identify the selected information concerning the entrepreneurs' experiences. The outcomes of the study are presented in the table below.

Table 1. Research areas in Professor A. Kaleta's own study

Research area	Observations
Types of solutions within the scope of execution of strategy in companies	<ol style="list-style-type: none"> 1. Non-formalized conversion of a strategy directly into operational plans. 2. Non-formalized conversion of a strategy into operational plans accompanied by project management. 3. Long-term strategic planning divided into plans for consecutive years. 4. Long-term strategic planning divided into plans for consecutive years, and simultaneously into projects. 5. Strategy converted into tasks, based on the balanced scorecard, supported by project management.
Types of solutions within the scope of monitoring of the implemented strategy	<ol style="list-style-type: none"> 1. Lack of systemized control of execution of strategy . 2. Operational control in supervision of current tasks resulting from a strategy, without referring to the strategy on a regular basis. 3. Operational control in supervision of current tasks resulting from a strategy, referred strategic goals on a regular basis.
Solutions within the scope of involvement of executors	<ol style="list-style-type: none"> 1. Strategy not known to employees; employees engaged in its execution within current management.

	2. Strategy communicated to employees; employees engaged in its execution within current management.
	3. Strategy co-created by employees; employees engaged in its execution within current management.
	4. Strategy communicated to employees; employees engaged directly in performing strategic tasks.
	5. Strategy co-created by employees; employees engaged directly in performing strategic tasks.

Source: Kaleta, 2013

The author points out that the identified solutions adopted by the enterprises in order to implement strategy could not be the basis for their evaluation because the effectiveness of strategy execution was not analyzed in individual cases. However, it was confirmed that companies are interested in the issue of strategy implementation. From among the tools, the role of strategic control was emphasized above all. This is another study which confirms that enterprises focus mainly on control in the process of strategy implementation.

V. RESEARCH UNDER THE SUPERVISION OF PROFESSOR K. MOSZKOWICZ

Another study to be taken into consideration here is the one also carried out at the Wroclaw University of Economics, under the supervision of K. Moszkowicz [2015]. The study involved 200 enterprises altogether, which were selected from a list of 500 largest enterprises by the "Polityka" newsmagazine, and enterprises listed in the "Forbes Diamonds 2013". The scope of the study concerned strategy implementation only. The issues discussed were about planning and organizing the process of implementation in the company, implementation tools and methods, communication, and leadership and motivation closely associated with implementation. As a result of the study, the authors made a list of five problems related to strategy implementation in companies:

- A quickly changing environment demanding frequent modifications of the strategy being implemented,
- Overloading the management with current problems, which hinders strategy execution,
- Focusing employees' attention on operational actions in isolation from achieving strategic goals,
- Insufficient financial resources to channel into strategy execution,
- As time passes, the employees' interest in strategy execution decreases.

Factors facilitating planning and organizing strategy implementation include:

- Working in teams comprising members of different departments,
- Appointing a person or setting up a special team in charge of supervising and coordination of the process of strategy execution,
- Changes in the organizational structure aiming at improving the process of strategy execution,
- Passing responsibility for executive actions to leaders at different levels of the organizational structure.

As for the instruments of strategy implementation, the authors determined that 51.3% enterprises of the study group apply strategic control. Companies using this tool confirmed its effectiveness within the scope of control of the process of strategy implementation. Other tools indicated by the respondents included: budgeting and scheduling tasks (69.7% respondents), implementation programs (56%), the balanced scorecard (36.7%). It was the balanced scorecard which was considered the most effective tool [Moszkowicz, 2014].

The observation concerning communication and motivation is also an interesting one. The companies of the study group did not show any significant barriers as for these issues. Expertise and activity of leaders and people in charge of strategy were confirmed. This may result from either a well-managed information policy of the company, or from underestimating the meaning of this factor. As for motivation, the study showed that few managers deploy a motivation system related to the achievement of strategic goals (30%), as well as lack or unsuitable incentives supporting strategy implementation actions (17.9%) [Moszkowicz, 2014].

The research of the Wroclaw University of Economics also allowed to form an interesting conclusion about the preparation of managers and decision-makers to execute the processes of strategy implementation. The respondents valued highly the meaning of lack of experience or expertise in the process of strategy implementation. Lack of expertise refers in particular to medium-sized businesses, whereas lack of experience is of greater importance for large companies. Both expertise and experience are difficult to obtain, as most business schools offer theoretical knowledge, which is mainly about working out strategies. Experience can only be gained by participating in implementation processes.

VI. RESEARCH ON METHODOLOGY OF STRATEGY IMPLEMENTATION AT CRACOW UNIVERSITY OF ECONOMICS¹

The study involved 69²business entities listed in the ranking of 500 innovative businesses of the Institute of Economics of the Polish Academy of Sciences³. The main reason to refer to this particular ranking was the fact that innovation is on top of the list of recommendations as far as strategic management is concerned. As it was essential to reach the companies putting strategic management into practice, it was assumed that firms trying to operate in an innovative manner also place particular emphasis on strategy formation and implementation. The technique used in this study was paper-and-pencil interviewing (PAPI). The questionnaire included 59 proper questions and 8 items concerning the respondents' demographics. The study was conducted in 2015.

The study focused on the methodological aspect of strategy implementation. The course of the process of strategy implementation in the companies was analyzed as well as types of the methods chosen by the firms to implement a strategy, and the question what factors may have impact on the choice of methods.

Majority of the enterprises of the study group (75%) indicated that the process of strategy implementation in their company comprises actions related to preparedness of the company to implement new solutions, managing implementation actions supported by monitoring, and evaluation of the effectiveness of the performed actions.

Determining individual activities within the scope of strategy implementation of a company they indicated: planning changes that should be carried out in the company (48.5%), supervision over execution (44.1%), evaluation of the outcomes (44%), planning operations (36.8%), assigning responsibility (35.9%), communicating strategy (26.5%), implementing a motivation system (18.2%).

The most important aspects having impact on the choice of methods of strategy implementation indicated by the companies were as follows: cost of the method (86.8%), availability of the method (54%), required level of preparedness of the company to implement a given method (50.0%), time required to implement the method (48.5%), area of application (44.1%), degree of method schematization (17.6%). The analysis revealed that in the moderate and low environmental dynamism the choice of the methods is influenced mainly by such elements as area of application and method schematization. Companies operating in the dynamic environment find the required level of preparedness of the company significant; this means that they focus on building its organizational potential. The higher the level of organizational potential, the more opportunities of choosing the methods of strategy implementation.

Companies rarely use counselors' assistance while choosing a method: it is 25% of small and medium-sized enterprises, and 11.5% of large ones. Large companies are more likely to invest more in their own employees, and with their own experienced specialists they are less likely to seek assistance from outside. It is different in case of smaller firms: it is probably easier and cheaper to consult some issues with external experts.

The instruments that the companies indicated as used most frequently in the process of strategy implementation were as follows: operational planning (95.6%), tactical planning (83.3%), internal audit (76.5%), project management (69.1%), management by objectives (66.2%), change management (47.1%), operational control (42.6%), strategic control (36.8%). The presented results, within the area of methods applied in the process of strategy implementation, show that the balanced scorecard, presently considered one of the most important methods of strategy implementation, is used relatively seldom in the enterprises of the study group, which accounts only for 19.1% of firms.

¹ The study was conducted by the author of the article in the Department of Strategic Analyses under the supervision of Professor M. Lisiński.

²For the sake of the character of the discussed issue, micro-enterprises were excluded from the study, and thus 278 small and medium-sized enterprises and 197 large companies were included in it.

³ The ranking is made on the basis of methodology worked out and reserved by the Institute of Economics of the Polish Academy of Sciences. The research involves macro- and microeconomics studies, quantitative and qualitative data. Quantitative aspects are analyzed on the basis of information available from enterprises and statistical data. In areas that are difficult to measure and in qualitative aspects, experts' evaluation and dynamic approach are deployed, thanks to which continuity and comparability of evaluation of innovation annually and between firms are ensured. The work of the evaluation team is supported by experts of private enterprises. The firms presented in the ranking are characterized by the highest parameters in as many as five categories - apart from resources for research and development, specialists also take into account market and process innovation of enterprises, dynamics of domestic and foreign sale, number of registered patents, ability to create workplaces, introducing new products and services, effectiveness in using assets, affiliations with research institutions, applied IT solutions and innovative market solutions, awards, prizes, medals and certificates gained at domestic and foreign exhibitions as well as participation in research programs of the EU [Baczko, Puchała-Krzywina 2013].

The analysis of the obtained results regarding the methods of strategy implementation revealed the following correlations:

- If companies pay attention to the area of application of a method, then they chose significantly more frequently: the balanced scorecard ($p=0.001$), project management ($p=0.0203$), strategic control ($p=0.025$), technique of working out functional programs ($p=0.003$).
- If the cost of the method is crucial, the firms chose significantly more frequently the technique of tactical planning ($p=0.0161$) and internal audit ($p=0.0011$).
- Companies which valued time, chose change management significantly more frequently ($p=0.038$).
- Companies paying attention to method schematization, chose the balanced scorecard significantly more frequently ($p=0.0345$).
- Companies which focus on the monitoring of the implementation tasks, choose project management significantly more frequently ($p=0.0224$).
- Companies where the decision about the choice of implementation methods was made by a superior company, the balanced scorecard ($p=0.0492$) was chosen significantly more frequently ($p=0.0492$). Independent companies, however, decided for internal audit significantly more frequently ($p=0.0095$).
- Companies operating in the dynamic environment emphasized the meaning of the choice of methods significantly more frequently ($p=0.045$).

The study showed that companies regard methods useful in the process of strategy implementation as instruments whose application is related to high costs. This problem is additionally escalated by managers' fears of unskillful or wrong application of the methods. Choice of suitable methods is a major problem not only as regards strategy implementation, but also any methodological approach. It is a difficult task. However, it often turns out that the methods used were effective in a certain situation, but in another one they proved useless.

VII. CONCLUSIONS FROM THE RESEARCH ON STRATEGY IMPLEMENTATION

Strategy implementation has become the subject of research more and more frequently, different aspects analyzed within different scopes. This is uplifting despite the fact that researchers still face considerable resistance of companies, which made it very difficult to obtain empirical material so that conclusions and practical recommendations could be formed on its basis.

Having analyzed the studies on strategy implementation in some Polish enterprises, the following image emerges:

- Polish enterprises are deeply interested in the problems of strategy implementation, perceiving them as an important element of strategic management, as well as a way for further development.
- Strategy implementation actions are not usually structured, and result from managers' intuitive actions rather than from adopting a policy aimed at the development of the company by applying strategy implementation procedures.
- Companies emphasize the aspect of monitoring of the performance as an important element of the process of strategy implementation.
- A small number of strategy implementation methods used in the practice of running a company is caused mainly by managers' limited knowledge about these instruments.
- Shortage of financial resources and specialist human resources in companies hinders execution of strategy implementation. Moreover, companies hardly ever deploy a motivation system related to a strategy, which additionally discourages employees from getting involved in these actions.
- Also, companies lack guidelines or practical recommendations for executing strategy implementation.

Principles of operating of contemporary companies and the environment where they operate are more and more competitive and challenging. Managers need some hints about how to handle strategy implementation, and thanks to this gain competitive advantage on the market. A problem with strategy implementation is that it involves a number of various issues. Entrepreneurs often find it impossible to cover all of them. They tend to focus only on selected areas ignoring the others, which, unfortunately, often ends up in a failure of the process of strategy implementation and managers' frustration. What they need is the methodological solutions to conduct this process, especially as far as the issue associated with the use of tools supporting this process is concerned. This is confirmed by R. P. Wright, S. E. Paroutis and D. B. Blettner [2013], who claim that "in these complex and uncertain circumstances managers have to deal with many issues simultaneously; that is why they seek methods and tools, which will help them implement strategies successfully".

VIII. CLOSING REMARKS

The studies carried out in the recent years, focusing on various issues of strategy implementation show that research institutions are keenly interested in this subject matter. It is a response to expectations from companies to be supported in this difficult process.

There are more and more cases of effective strategy implementation in companies, and, hopefully, there is a chance that widespread promotion of good practice in this field could contribute to further success in other firms.

In agreement with M. Szarucki's opinion [2016], who, analyzing the issue of the choice of a suitable method for solving a particular task, points out that "lack of classification of management methods hinders the possibility of choosing the proper one", attempts should be made to reorganize the methods used in the process of strategy implementation. The classification criteria should include many factors such as the level of preparedness of the company, its resources, costs of the method used, or the area of its application. This will make it easier for the companies to choose a suitable method and will contribute to successful strategy implementation.

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