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# **ADOPTION OF STRATEGIC GOALS**

## **EXPLORING THE SUCCESS OF STRATEGY IMPLEMENTATION THROUGH ORGANIZATIONAL ACTIVITIES**

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Monikko Oy  
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## ABSTRACT

This study is about the success of strategy implementation. Implementation, the conceptual counterpart of strategy formulation, has been regarded as an extremely challenging area in management practice. Still, strategy implementation has received remarkably less attention in the strategic management literature. The existing implementation frameworks are mostly normative and rather limited.

On the other hand, the *strategy as practice* research agenda has emerged to study strategy on the micro level, as a social phenomenon. Practice researchers have introduced an activity-based view on strategy which is concerned with the day-to-day activities of organizational life which relate to strategic outcomes. Still, there is a clear need to know more about these strategic activities: what are they like, and how are they related to strategic outcomes.

This study explores the success of strategy implementation in terms of organizational activities, by focusing on two questions: *how are strategic goals realized through organizational activities* and *how are strategic activities related to the success of strategic goal's adoption?* The research questions are addressed empirically in a multiple case study setting, in which qualitative data from 101 interviews plus rich supplementary archival data are generated and analyzed with a grounded theory approach.

The analysis produces a general strategic activity categorization consisting of 25 activities under five main activity categories of determining, communicating, controlling, organizing, and interacting with the environment. The activities divide into existing and desired ones, which further divide into enhancing and novel ones. The analysis reveals that successful adoption of a strategic goal is related to the existence of so-called necessary strategic activities, a moderate set of desired activities that enhance the existing ones, and an extensive repertoire of novel desired activities. In addition, the scope of the strategic goal's origin and its coherence with other elements of strategy is proposed to contribute to the adoption of the strategic goal.

The study contributes to the strategy as practice discussion by taking the activity-based view seriously and showing in detail what the strategic activities are like and how they are linked to the success of strategy implementation. The research reveals that strategy implementation is a much more complicated, creative, communicative, and external-oriented phenomenon than the extant literature presents. Furthermore, this study adds to the very limited empirical research on how strategies are adopted and enacted on all organizational levels. The practical implications of the study concern critical evaluation of existing and desired activity patterns, as well as understanding the significance of the strategic goal's origin and the coherence of the strategic whole.

## TIIVISTELMÄ

Tutkimus käsittelee strategian toimeenpanon onnistumista. Toimeenpanoa, strategian laadinnan käsitteellistä vastinparia, pidetään erittäin haastavana johtamisen alueena. Silti strategian toimeenpano on jäänyt suhteellisen vähälle huomiolle strategia-kirjallisuudessa. Olemassa olevat toimeenpanomallit ovat useimmiten normatiivisia ja melko kapea-alaisia.

Strategiaa on kuitenkin vastikään ryhdytty tutkimaan mikrotasolla, sosiaalisena ilmiönä, niin sanotun *strategy as practice* (strategia käytäntönä) -tutkimussuuntauksen yhteydessä. Käytäntötutkijat korostavat aktiviteettipohjaista näkökulmaa, jossa keskitytään niihin organisaatioiden päivittäisiin toimintoihin, jotka johtavat strategisiin lopputuloksiin. Näitä aktiviteetteja ei kuitenkaan tunneta vielä kovin hyvin, ja tarvitsemme tietoa siitä, millaisia nämä aktiviteetit ovat ja millä tavoin ne kytkeytyvät strategisiin tuloksiin.

Tutkimus pureutuu strategian toimeenpanon onnistumiseen organisatoristen aktiviteettien avulla. Tämä tehdään vastaamalla kahteen tutkimuskysymykseen: miten strategiset tavoitteet toteutuvat organisatorisissa aktiviteeteissa ja miten nämä aktiviteetit liittyvät strategisen tavoitteen onnistuneeseen omaksumiseen. Kysymyksiin haetaan vastauksia empiirisesti neljän casen tutkimusasetelmassa, jossa tuotetaan ja analysoidaan laadullista aineistoa 101 haastattelusta ja erilaisista täydentävistä dokumenteista *grounded theory* -otteella.

Aineiston analyysi tuottaa yleisen strategisten aktiviteettien kategorisoinnin, joka käsittää 25 aktiviteettityyppiä viidessä pääryhmässä: määrittely, viestiminen, kontrollointi, organisointi ja vuorovaikutus ympäristön kanssa. Aktiviteettien havaitaan jakautuvan olemassa oleviin ja toivottuihin, jotka edelleen jakautuvat olemassa olevia vahvistaviin ja uudenlaisiin aktiviteetteihin. Analyysi osoittaa, että onnistunut strategisen tavoitteen omaksuminen on yhteydessä niin kutsuttujen välttämättömien aktiviteettien olemassa oloon, kohtuulliseen joukkoon olemassa olevia aktiviteetteja vahvistavia toivottuja aktiviteetteja ja kattavaan valikoimaan uudenlaisia toivottuja aktiviteetteja. Lisäksi esitetään, että strategisen tavoitteen alkuperän laajuus sekä sen yhtenäisyys muiden strategian elementtien kanssa myötävaikuttavat tavoitteen omaksumiseen.

Tutkimus edistää käytäntölähtöistä strategiakeskustelua näyttämällä yksityiskohtaisesti minkälaisia strategiset aktiviteetit ovat ja miten ne kytkeytyvät strategian toimeenpanon onnistumiseen. Tutkimus paljastaa, että strategian toimeenpano on paljon monimutkaisempi, luovempi, viestinnällisempi ja ulkoisesti suuntautuneempi ilmiö kuin kirjallisuus antaa ymmärtää. Väitöskirjatyö täydentää toistaiseksi varsin harvalukuista empiiristä tutkimusta strategiasta kaikilla organisaation tasoilla tapahtuvana toimintana. Tutkimuksen käytännöllinen anti liittyy olemassa olevien ja toivottujen aktiviteettirakenteiden kriittiseen tarkasteluun ja strategisen tavoitteen alkuperän ja koko strategian yhdenmukaisuuden merkityksen ymmärtämiseen.



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Espoo, June 2007

Petri Aaltonen

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# 1 INTRODUCTION

Strategy has been one of the main interests of both organization theorists and practitioners for decades (Barry & Elmes 1997; Whittington, Jarzabkowski, Mayer, Mounoud, Nahapiet & Rouleau 2003; Clegg, Carter & Kornberger 2004). The most central question in strategy research has been why some firms succeed and some fail (Porter 1991). In studying firms' behavior, management researchers have traditionally addressed two questions: in what direction should a firm channel its activities and how should a firm be organized (Tsoukas 1996). On the other hand, business managers and other practitioners in private and public organizations, as well as strategy consultants, strategy gurus, and business schools have constantly sought models and guidelines to ensure organizational survival and success – the basic motivation for all strategists (Whittington et al. 2003).

Strategy is about understanding and anticipating the nature of an organization's competitive environment and its position within it (e.g. Learned, Christensen, Andrews & Guth 1965; Andrews 1971; Porter 1980). Strategy is about understanding the organization's valuable, rare, inimitable and non-substitutable internal resources (e.g. Wernerfelt 1984, Barney 1991, Mahoney & Pandian 1992, Peteraf 1993) and core competences (Prahalad & Hamel 1990). Strategy is about creating ingenious plans for the future to beat competitors or to serve customers in novel ways (e.g. Ansoff 1965, Hofer & Schendel 1978, Schendel & Hofer 1979) but it is also about organizational action, taking different kinds of actions step-by-step in specific ways (e.g. Mintzberg 1978; Mintzberg & Waters 1985; Quinn 1978, 1980).

This thesis is about the success of strategy implementation. The processes by which strategies are created, that is, *strategy formulation*, or *strategy making*, have gained growing attention since the 1960s and the early authors have developed different

normative frameworks and models for building a successful corporate or business strategy (e.g. Learned et al. 1965, Ansoff 1965, Andrews 1971, Porter 1980). As a conceptual counterpart to formulation, strategy *implementation* has been considered a process of executing the decisions made in the formulation process. Strategy implementation has not reached as much attention as formulation (Alexander 1985, 1991; Noble 1999) and has even been labeled as “a neglected area in the literature of strategic management” (Hrebiniak & Joyce 2001: 602).

Formulation and implementation of strategy have generally been considered as separate, distinguishable parts of the strategic management process (Hrebiniak & Joyce 2001) and the conceptual separation of implementation and formulation can also be seen in strategy textbooks (e.g. Chakravarthy & Lorange 1991; Hitt, Ireland & Hoskisson 2001; Shrivastava 1994; Thompson & Strickland 1995; Wright, Kroll & Parnell 1998). Snow & Hambrick (1980) even argue that:

*Researchers have [...] reached a general consensus on distinguishing between strategy formulation and strategy implementation. The advantage of making this distinction is that the cognitive aspects of strategy (formulation) can be viewed as an important phase apart from the action component (implementation). (ibid.: 528)*

I agree that formulation and implementation can be conceptually distinguished, but I must disagree with the above distinction between *thinking* and *doing*. I believe, and will demonstrate here, that implementation is more than pure mechanical execution, requiring cognition, initiative and interaction on the part of various stakeholders throughout the organization. In fact, the classical implementation literature is often laden with a rather mechanistic idea of man, which neglects the fact that organizational members are conscious agents with their own intents and is manifested in terms such as “installing strategy” (Yin 1982, Nutt 1987). Or, as Clegg et al. (2004: 24) put it: “the everyday strategic thinking reinforces the Cartesian split between the intelligible mind and the dumb body that has to be (in)formed.”

The concept of strategy implementation is elusive (Bourgeois & Brodwin 1984) and strategy implementation research is eclectic (Noble 1999), being fragmented among several fields of organization and management study (Hrebiniak & Joyce 2001). Normative strategy literature is packed with models of successful strategy implementation, suggesting a strategy to be implemented through activities such as objectives,

incentives, controls, and structures (e.g. Hrebiniak & Joyce 1984). Other researchers have focused on the problems in implementation and have identified a number of difficulties: weak management roles in implementation, lack of communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, and competing activities (Alexander 1985, 1991; Giles 1991; Galpin 1998; Beer & Eisenstat 1996, 2000).

The majority of strategy implementation literature is normative, suggesting that strategy is implemented in a certain way. Even though it is noted that the type of strategy may potentially influence the implementation actions (Waldersee & Sheather 1996), the context is often ignored, proposing that all kinds of organizations, in all kinds of situations and with any kind of strategic goals, should follow the same model of implementation. In other words, strategy implementation literature remains rather superficial and does not describe how particular strategies are realized.

Quite recently there has emerged a strategy research stream that aims to look into the black box of organization to study strategy on the micro level. This *strategy as practice* research agenda explores strategy as a social phenomenon, by investigating how the practitioners of strategy really act and interact (Whittington 1996). It calls for an *activity-based view* on strategy and proposes that value lies increasingly in the micro activities of managers and others in organizations and seeks to understand organizations' strategies and processes, and what is actually done there and by whom (Johnson, Melin & Whittington 2003).

So, there clearly are both theoretical and practical needs to understand strategy implementation better, and there is a growing ambition to study strategy as an intra-organizational, micro level phenomenon. My purpose here is to combine these endeavors. I believe that in order to tackle the numerous observed problems of implementation, we should create better, more elucidatory conceptualizations of strategy implementation, and to be able to do that, we must explore *what really happens in the name of strategy in organizations*.

## 1.1 RESEARCH PROBLEM

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As discussed above, this thesis focuses on what organizations actually do in their strategizing efforts. More specifically, it asks with what kinds of activities organizations realize their strategies and which characteristics in these activities are related to successful strategy implementation. A particular interest here is in seeking to reveal how strategy comes alive in all organizational levels, in the actions and activities of all organizational members, not only those of top management. By doing this, I aim to shed a little light on the roots of the various strategy implementation challenges.

Based on the discussion above, I can now define a general research problem for the study:

*How do day-to-day organizational activities reflect the success of strategy implementation?*

This research problem will be operationalized into a set of research questions after the theoretical discussion in the following main chapter. I aim to outline a set of theoretical propositions addressing the research problem as an ultimate **outcome** of the study.

## 1.2 PERSONAL MOTIVATION

---

My personal motivation for the topic comes from two sources. First, I wish to understand the linkage between the variety of ongoing organizational activities and the strategy of organization. How does the strategy affect organizational life, and how is the organizational strategy formed or adapted through the decisions and actions of organizational members? I share a general interest in the practice of strategy, strategizing, with my ex-colleagues, the research group in the STRADA<sup>1</sup> program. In our team, researchers have taken various perspectives on the topic: the role of an individual in strategy process (Mantere 2003), middle managers and their strategy practices (Ikävalko 2005), and the discourse of strategic organizational change (Hämäläinen

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<sup>1</sup> STRADA is a research and development program in Helsinki University of Technology. For more information see <http://www.strada.hut.fi>.



forthcoming). My interest in the organizational activities and the success of strategy implementation supplements the views present in my ex-colleagues' work.

The second source of motivation comes from the sheer practical challenge of implementing strategies, which I have personally faced in several organizations as a researcher and a consultant. Numerous ambitious strategy declarations and vision statements are written down in various strategy documents and communicated to the organizational members, the external stakeholders, and the public. However, these statements often remain unoperationalized and unconnected to the daily work and routines of organizational members. In that way, strategy easily remains as words on a paper, or rather, figures on PowerPoint slides. By studying the linkage between mundane organizational activities and the official strategy expressions, I hope to add our knowledge about the nature of the ubiquitous implementation challenge.

### **1.3 STRUCTURE OF THE THESIS**

---

The fact that this study is based on the grounded theory methodology sets a challenge for the structure of the text. According to Dougherty (2002: 864), linear, step-by-step presentation of the entire study seriously misinterprets how grounded theory building actually occurs. But, presenting the study as it actually unfolded, in a complex spiraling over time among theory, data, questions, answers, and write-ups, can be very confusing.

My structural choice here is a rather conventional one as I follow the basic structure of *theory* → *methodology and data* → *results* → *conclusions*. However, I have tried to retain some sense of the actual research process in the flow of the text. For instance, I have presented the final research questions in the end of the following theory chapter, but I have also shown an earlier version of them in the footnote, in order to give some feeling about how the focus of the study actually evolved. Or, some analytical procedures that I came up with in the vary late phases of study, are described in the results chapters, after the methodology chapter.

This introductory **first chapter** has presented the domain of the research and the sources of motivation, both theoretical, practical, and personal, for the study. I have also outlined the research problem of the study.

In **chapter two**, I will lay the theoretical foundation for the work. I will first briefly review the history and the meaning of the strategy concept and discuss three perspectives on strategy, especially relevant for the study: strategy as content and process, strategizing all over the organization, and strategy as practice. Then I will focus on the two central concepts of the study: strategic goals and strategic activities. Strategic goals will be discussed by introducing the concepts of individual, collective and organizational goals, reviewing the literature on strategic intent and goal, and finally defining the adoption of strategic goals. The discussion on strategic activities starts by defining the concepts of act, event and activity, continues by asking what ultimately makes an action strategic, and finishes by finding out what kinds of strategic activities there are. In the last section of the theory chapter I will summarize the key concepts of the study as well as the gaps in the literature this thesis is focused on, and formulate two specific research questions for the study.

The research approach, methodology, data, role of the researcher, and the analysis process are presented in **chapter three**. The results of the study are in the chapters four and five. The **fourth chapter** addresses the first research question (*How are strategic goals realized through organizational activities?*) by presenting the general strategic activity classification and the case descriptions that were used to build it, and by using the classification to describe the cases' diverse activity patterns. The **fifth chapter** focuses on the second research question (*How are strategic activities related to the success of strategic goal's adoption?*) by describing the adoption of the strategic goal in each case, by analyzing the relationships between adoption and the activity patterns, and by summarizing the findings in the form of six theoretical propositions.

**Chapter six** discusses the findings of the study, their contribution, and the evaluation of the study. The concluding **seventh chapter** proposes some practical implications of the study and suggests some areas for further research. References and appendices follow.

## 2 THEORETICAL BACKGROUND

### 2.1 THE CONCEPT OF STRATEGY

---

Although first mentioned in the Old Testament, the origins of strategy are in warfare. The concept of strategy derives from the Greek *strategos*, “a general”, and is a compound of *stratos*; meaning “army”, and *agein*, “to lead.” The concept of *strategos* meant both a military general himself and his warfare skills, “the art of the general”. (Bracker 1980)

According to Bracker (1980), von Neumann and Morgenstern (1947) were the very first modern writers to relate the concept of strategy to a business context with their theory of games. During the 1950s and 1960s, the use of strategy spread in the organizational literature. Chandler (1962: 13) defined strategy as *the determination of the basic long-term goals and objectives of an enterprise, and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals.*

As the amount of research and publishing in the strategy field increased, so did discussion of the strategy concept itself. There exist numerous definitions with different elements and emphases. For example, most strategy textbooks provide one of their own (e.g. Shrivastava 1994, Thompson & Strickland 1995, Mintzberg & Quinn 1996, Hitt et al. 2001).

There are similarities in the definitions. In his review on early definitions of strategy, Bracker (1980) sums up the characteristics of business strategy: an environmental or situational analysis is used to determine a firm’s posture in its field, and then the firm’s resources are utilized in an appropriate manner to attain its major goals. In line with this is Farjoun’s (2002) more recent definition of strategy as *the planned or ac-*

*tual coordination of the firm's major goals and actions, in time and space, that continuously co-align the firm with its environment.*

MacCrimmon's (1993) strategy conceptualization uses a slightly different vocabulary and includes three elements: connectedness, comprehensiveness, and conditionality. *Connectedness* means that strategy is a series of related actions involving resource deployments and coordinated by goals. *Comprehensiveness* means that strategy has a wide scope in space and time. Strategy *conditionality* refers to taking into account environmental events including the actions of other agents, the effect of one's actions on other units, the possible actions of other units, and the various interactions that arise.

Porter (1996) adds still another aspect of strategy, that is, *being different*. In his discussion on the essence of strategy, Porter emphasizes the difference between operational effectiveness and strategy. He argues that the quest for productivity, quality, and speed is not about strategy, but operational effectiveness. Both operational effectiveness and strategy are essential to superior performance, but they work in different ways. Operational effectiveness means performing similar activities better than rivals, while strategy is about performing *different activities* than rivals do, or performing similar activities in *different ways*.

To sum up, the concept of strategy seems to embody

- organization's *relationship with its environment*,
- some sort of *goal-orientation*,
- specificity to a particular *situation*,
- use of organizational *resources*,
- coordination of its *actions*, and
- *differentiation* with other organizations.

There can be seen a fundamental duality in the strategic management literature concerning the *time-orientation* of the theories and frameworks. The concept of strategy has been conceptualized in two basic ways: either as something that is formulated, planned or intended before actions take place or something that can be seen retrospec-

tively, by looking at the actions taken. The first approach is called *intended* strategy, and the second *realized* strategy. Intended strategy refers to the strategy that managers espouse, perhaps in some sort of formal plan, public statement, or explanation. Realized strategy is taken to mean the observable output of an organization's activity in terms of its positioning over time. (Mintzberg 1978, Mintzberg & Waters 1985, Johnson 1988)

For the first approach the field of strategic management has been filled with ex ante models for strategy formulation (e.g. Ansoff 1965, Hofer & Schendel 1978, Porter 1980), and numerous normative strategy textbooks give step-by-step advice for the whole process of strategy formulation and implementation (e.g. Higgins 1985, Chakravarthy & Lorange 1991, Pearce & Robinson 1994, Shrivastava 1994, Thompson & Strickland 1995, Wright, Kroll & Parnell 1998, Hitt et al. 2001). Thus, there are numerous aids for building an intended strategy.

On the other hand, there are studies which have focused on revealing what strategic actions organizations really take in process of time. For example, Mintzberg & Waters (1982), Pascale (1984), Mintzberg & McHugh (1985) and Burgelman (1994) have described retrospectively strategy realization in organizations in the form of a pattern in a stream of actions. In all cases, Steinberg Inc. (an entrepreneurial retail chain in Canada), Honda Motors, the National Film Board of Canada and Intel Corporation, the conclusion was that the strategic actions taken were not particularly intentional, at least on the official organizational level. Instead, events in the organization's environment proved to be the main driver for strategic actions.

As can be seen from the previous brief review, the strategic management field is broad and fragmented, even to the point of being rapidly pulled apart by centrifugal forces (Hambrick 2004: 91). This study focuses on two of the central strategy concepts: organizational *goals* and *actions*, or more specifically, *activities*. Before looking into these concepts, I will discuss three specific views on strategy literature more closely in order to consolidate my theoretical foundations for addressing the research problem I have set.

## 2.1.1 STRATEGY AS CONTENT AND PROCESS

Strategy research has traditionally been divided into strategy content and strategy process research. This distinction has been explicated for example in the leading journal of the field, *Strategic Management Journal*. In 1988 there was a special issue on strategy content research in SMJ and in 1992 there were two special issues on strategy process research.

Strategy *content* research refers to the line of research which examines the content of decisions regarding the goals, scope, and/or competitive strategies of corporations or of one or more of their business units (Fahey & Christensen 1986). Empirical content research has centered on identifying which sets of strategies seem to enable firms to achieve economic success (Bourgeois 1980). Content research employs more or less analytical approaches, which are grounded in economic theory, particularly the theory of imperfect competition and industrial organization. Both have found new life in e.g. game theory, economics of information, and transaction cost theory (Schendel 1988).

Thus, strategy content research has been characterized as focusing on *which* strategic positions and decisions of the firm lead to optimal performance under varying environmental contexts (Fahey & Christensen 1986, Huff & Reger 1987, Chakravarthy & Doz 1992). There exists a long tradition in the literature on different types of strategy. For instance, Chandler (1962) distinguished between four types of growth strategies: expansion of volume, geographical dispersion, vertical integration, and diversification. Miles & Snow (1978) based their typology on the organization's rate of product-market change and divided organizations into defenders, prospectors, analyzers, and reactors. Porter (1980) distinguished between three generic strategies: overall cost leadership, differentiation, and focus. And, Galbraith & Schendel (1983) identified ten strategy types: harvest, builder, cashout, niche or specialization, climber, and continuity strategies for consumer products, and low commitment, growth, maintenance, and niche or specialization strategy for industrial products.

On the contrary, another major strategy research tradition, strategy *process* research, has taken a more descriptive approach by looking at *how* these decisions and associated actions and events unfold in the process of time. More precisely, process research focuses on how strategic decisions are reached in organizational settings (Fahey &

Christensen 1986), on the actions that lead to and support strategy (Huff & Reger 1987), or on how effective strategies are shaped within the firm and then validated and implemented efficiently (Chakravarthy & Doz 1992).

Many argue that the content and process fields of strategy have come closer to each other and distinguishing between them may not be possible, relevant, or even reasonable anymore (Huff & Reger 1987, Pettigrew 1992, Prahalad & Hamel 1994, Regnér 2005).

Even if classifying a particular study as a piece of process or content research might not be necessary anymore, the content/process dichotomy is still important. By recognizing both these elements of strategy, researchers might be able to build more holistic models and explanations of strategy. As a matter of fact, more studies incorporating both substance and processual elements are emerging; authors of the content tradition have taken a more dynamic perspective and the authors of the process tradition have more explicitly linked process themes to the time series analysis of strategy content (Pettigrew 1992, Schendel 1992b).

The process view on strategy is advocated by claims for more *dynamic* strategy conceptualizations (Porter 1991; Rumelt, Schendel & Teece 1991; Farjoun 2002) and for more *longitudinal* research approaches (Chakravarthy & Doz 1992, Pettigrew 1992, Schendel 1992b, Barnett & Burgelman 1996). Strategy process research has been accredited for making substantial contributions to the strategy discipline: for opening up the black box of organization, for ‘humanizing’ the field by bringing in human beings in the strategy arena, and for legitimizing small sample in-depth studies (Johnson et al. 2003).

On the other hand, the role of the strategy content must not be neglected. Process research has been criticized for separating itself from the strategy content issues. Also, the primary focus of strategy process research has been on description of macro strategy processes *per se* and obstacles to strategy implementation, rather than on what foundation strategies are developed. Consequently, there is also less emphasis on considerations of strategy outcome and performance. (Johnson et al. 2003, Regnér 2005)

One more important aspect of strategy is suggested by Pettigrew (1987) who, in his model of organizational transformation, also distinguishes the *content* of the strategy

and the *process* in which strategic change is carried out, but also adds a third dimension to the model: the outer and inner *contexts* of an organization. Outer context refers to the social, economic, political, and competitive environment in which the organization operates. Inner context refers to the structure, culture, and political context within the organization. Pettigrew (1987) contends that the content, the context and the process are intertwined and affect each other in complex ways:

*[...] the transformation of the firm is seen as an iterative, multilevel process, with outcomes emerging not merely as a product of rational or boundedly rational debates, but also shaped by the interests and commitments of individuals and groups, the forces of bureaucratic momentum, gross changes in the environment, and the manipulation of the structural context around decisions. (Pettigrew 1987: 658)*

In sum, process researchers regard strategy here as *a pattern gradually emerging from the day-to-day actions and decisions made by organizational actors* (Bower 1970; Mintzberg 1978; Quinn 1980; Burgelman 1983a, 1991; Barnett & Burgelman 1996; Noda & Bower 1996; Lovas & Ghoshal 2000). Strategy takes the form of an organizational process, taking place in and being affected by a particular context, and carrying some content concerning organizational goals.

In this study, both the strategy content and process are acknowledged: the content by focusing on the strategic goals that the organizations have, and the process by exploring the repertoire of organizational activities used in the realization of the goals.

## **2.1.2 STRATEGIZING ALL OVER THE ORGANIZATION**

*“It’s clear that strategizing isn’t a “thing”, and neither is it a process. Instead, it must be a deeply embedded capability – a way of understanding what’s really going on in your industry, turning it on its head, and then envisioning the new opportunities that fall out. Strategizing is not a once-a-year rain dance, nor is it a once-a-decade consulting project. Strategizing must be a skill as deeply embedded as total quality, cycle-time reduction, or customer service.” (Hamel 1997: 77)*



In many strategy models, the only strategic thinker and actor is the top manager or the top management team.<sup>2</sup> However, the content of strategy can change for example as a result of some experimentations with new technologies in organizational periphery. Burgelman (1994) studied Intel's strategic business exit from the memory business and found that it took top management several years to come to the conclusion that Intel's strategic position in the memory business was no longer viable. At the same time, middle-level managers shifted scarce manufacturing resources gradually from the memory business to new opportunities in the microprocessor business, contrary to the official corporate strategy. Thus, the strategic action – what Intel actually did – depended on initiatives taken by middle-level managers who responded more to external and internal selection pressures than to official corporate strategy. Later on, the official strategy was changed to correspond to the realized strategy.

As the above case shows, the so-called Bower-Burgelman process model of strategy making (Bower 1970; Burgelman 1983a, 1983b, 1994, 1996; Noda & Bower 1996) explicitly recognizes the middle level managers' role in strategy. The significance of the middle level in strategy-making is also emphasized in studies of middle-up-down approach to management and information creation (Nonaka's 1988), middle management motivation to implement strategy (Guth & MacMillan 1986), the relationship between middle management involvement in strategy formation and organizational performance (Wooldridge & Floyd 1990), and top middle and operating level managerial roles in strategic renewal (Floyd & Lane 2000). Still, research on operational actors' role in strategy remains scarce. Mantere's (2003) study of social positions in the strategy process is one of the welcome exceptions.

The bottom-up approach to strategy is taken to the extreme in Bourgeois & Brodwin's (1984) *crescive* strategy implementation model, in which strategy comes upward from the bottom of the organization, rather than downward from the top. Instead of commanding or allocating resources, the top manager's role is to define the organization's purposes broadly enough to encourage innovation, and to select judiciously from among those projects or strategy alternatives that reach his attention. Thus, strategy

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<sup>2</sup> See e.g. Mintzberg's (1973b) *planning* mode of strategy making or Chaffee's (1985) *linear* model of strategy.

making can no longer be limited conceptually to the CEO or the top management team, rather, it should be conceptualized as an organization-wide phenomenon (Hart 1992)

Mintzberg (1994) and Johnson & Huff (1997) also argue that strategies need not derive from a center, but can grow from small initiatives, in strange places, and at unexpected times, and thereby almost anyone in the organization can be a strategist. This argument that strategy is not always formulated by the top management is investigated empirically in Regnér's (2003) study of strategy creation and development activities in the organizational *center* versus the *periphery*. He found that strategy-making in the center was *deductive* involving an industry and exploitation focus, and activities aligned with the existing strategy, as opposed to *inductive* strategy-making in the periphery characterized by externally oriented and exploratory strategy activities aimed at strategy creation. Thus, strategy work in the periphery, instead of the center, resembled most the creative act of strategy-making illustrated in the strategy textbooks!

The approach taken in this thesis does not delimit the domain of strategic activity. I conceive strategy as an issue concerning all organizational members (Fredrickson 1984, Hart 1992, Prahalad & Hamel 1994, Eden & Ackermann 1998, Hamel 2000), and even some audiences outside a focal organization. Furthermore, I tend to consider strategy realizing in the actions and decisions of all organizational members, as both a flesh and blood phenomenon and words on paper or ideas in a single strategist's mind.

As will be shown in the empirical part of the work, informants representing all organizational levels as well as different functions and locations will be utilized. Focusing on organizational activities enables inclusion of all levels of actors, since people from various locations and hierarchical positions are involved in the activities. Here the analysis level, however, is an activity, and not an individual or group of individuals.

### **2.1.3 STRATEGY AS PRACTICE: AN ACTIVITY-BASED VIEW OF STRATEGY**

Research under the agenda of *strategy as practice* has emerged to explore strategy as a social phenomenon, to investigate how the practitioners of strategy really act and interact (Whittington 1996, 2002; Johnson et al. 2003). The activity-based view on

strategy, advanced by the practice researchers, proposes that value lies increasingly in the micro activities of managers and others in organizations, and seeks to “go inside organizations, their strategies and processes, to investigate what is actually done and by whom” (Johnson et al. 2003: 5).

Whittington (2002, 2006) presents an integrated model of practice that includes three inter-linked concepts: practitioners, practices, and praxis. *Practitioners* are the doers of strategy, the strategists. *Practices* are the tools of strategy, the ‘done thing’, in both the sense of accepted as legitimate and the sense of well-practiced through repeated doing in the past. *Praxis* is what practitioners actually do, the real work of strategizing. Strategy praxis covers all the various activities involved in the deliberate formulation and implementation of strategy, it is the intra-organizational work required for making strategy and getting it executed (Whittington 2006: 619).

The *strategy as practice* research agenda seeks to answer the following questions: how and where is strategizing and organizing work actually done, who does the formal work of strategizing and organizing and how do they get to do it, what are the skills required for strategizing and organizing work and how are they acquired, what are the common tools and techniques of strategizing and organizing and how are these used in practice, how is the work of strategizing and organizing organized, and how are the products of strategizing and organizing communicated and consumed. (Whittington 2003)

Micro strategy or the activity-based view of strategy is concerned with the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes. The approach is bottom-up, from the activities that constitute the substance of strategic management. (Johnson et al. 2003) In practice research, the importance of exploring the linkages between various strategy levels: strategizing on micro-level, organization level, and institutional level has been noted. (Johnson et al. 2003, Whittington 2006)

This study can be regarded as a clear contribution to the practice perspective on strategy because the main interest is also in understanding what is actually done in the name of strategy in organizations and in linking these day-to-day activities to organizational level strategic outcomes, here, to the success of strategy implementation.

For the three strategy perspectives discussed so far, their relevance to this study are summarized in Table 2-1.

**Table 2-1. Key perspectives on strategy and their relevance to the study.**

| <b>Perspective</b>                     | <b>Relevance</b>  |
|--|---|
| Strategy as a content and a process    | Encompassing both the strategy content by focusing on specific strategic goals and the process by exploring various organizational activities that realize the strategic goals              |
| Strategizing all over the organization | Not restricting the sphere of strategizing to any particular group in organization, such as top management team, but on extending the study's informant group to all organizational members |
| Strategy as practice                   | Assuming an activity-based view on strategy which seeks to relate detailed day-to-day activities and processes to strategic outcomes  |

## **2.2 STRATEGIC GOALS**

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As the discussion in the previous section demonstrates, strategy is an abstract, ambiguous, and multi-layered phenomenon. In order to address my research problem empirically, *how do day-to-day organizational activities reflect the success of strategy implementation?*, I need to identify a relatively bounded, concrete element of strategy, whose implementation I will focus on.

Perhaps the most central issue in different strategy conceptualizations has been some sort of determination of the desired future state of the organization, typically in the form of long-term or strategic goals or objectives. In fact, goal-setting has always been an elemental activity in strategic management (e.g. Chandler 1962, Ansoff 1965, Learned, Christensen, Andrews & Guth 1965, Andrews 1971), and different kinds of strategic goals are set, communicated, and pursued continuously in all kinds of organizations.

In the following, I will first discuss various kinds of organizational goals and then arrive at the definition of the strategic goal to be used here. In the final section, the “dependent variable” of the study – the success of strategy implementation – will be conceptualized as *the adoption of strategic goals*.

## 2.2.1 INDIVIDUAL, COLLECTIVE AND ORGANIZATIONAL GOALS

Goals and intentions are an essential part of all human behavior. The interrelationship between intent and action has been proved by philosophers to be problematic in several ways. For example, if I intend to take some action, why in many cases do I not take that particular action, at least not in the manner exactly intended?

Searle (2001) proposes three gaps between intent and action. The first is the gap in rational decision making, where I try to make up my mind about what I am going to do. The gap is between the *reasons* for making up my mind, and the actual *decision* that I make. The second gap is between the *decision* and *action*. The decision itself is not sufficient to produce the action, and for many reasons I do not do what I have decided to do. Searle's third gap arises from actions and activities extended *in time*, that is, between the initiation of action and its continuation to completion. At the moment of writing this, I have surely initiated the action of "writing a dissertation" although completion will still take a long time.

Examined the other way around, I have taken many actions that, when evaluated afterwards, did not stem from any particular intent. Or, the intention I had has changed significantly. Or, I cannot actually remember the original intention, and in fact imagine that I had some sort of intention at that time, thus rationalizing my behavior retrospectively. This perplexity in the relations between intentions and actions increases substantially when we extend the discussion to a group of individuals or organization.

In an organization, the locus of decision-making can be diffuse, action in an organization can occur without consensus, and various exogenous events can trigger decisions (Butler 1990). Organizational action is not always preceded by clear intentions, and actions are often rationalized by hindsight. Weick (1979) suggests that goals may be imaginative reconstructions that impute order and rationality to acts and decisions after they have occurred.

Starbuck (1983) even claims that organizations generate actions unreflectively and non-adaptively most of the time, and to justify their actions, they create *problems*, *successes*, *threats*, and *opportunities*. Instead of being in a *problem-solving* mode in which perceived problems motivate searches for solutions, organizations most often

are in an *action-generating* mode in which action taking motivates the invention of problems to justify the actions.

Decision-making researchers have also tackled similar questions at length, and concluded that the connection between decision and action is problematic in various ways and action without decision is possible (Butler 1990). Some researchers have even shifted to study streams of actions instead of streams of decisions (Mintzberg & Waters 1990).

In each organization there usually exist multiple goals, held by individuals and groups inside and outside the organization: members of different departments within the organization, on different levels of hierarchy in the organization, as well as external stakeholders such as clientele, suppliers, owners, and investors. However, as Thompson (1967) suggests, we can also consider the goals of the organization or organizational goals, as the future domains intended by those in the *dominant coalition*. Most obviously this would mean the top management of the organization, but other options also exist, for instance the owner of the organization. The conflicting goals of these two groups have been discussed in agency theory as the ‘principal-agent problem’ (Alchian & Demsetz 1972).

An even more fundamental question is the following: is there really such a thing as collective or shared intent or goal? Already Cyert & March (1963: 30) argued that people or individuals have goals while collectives of people do not. This question has been addressed in philosophical literature: Tuomela & Miller (1988) have discussed *we-intentions*, Bratman (1999) *shared intention*, and Searle (1990) *collective intention*. In order to develop a theory on such phenomena, these texts examine individuals’ beliefs and intentions and their knowledge of other individuals’ beliefs and intentions. This approach seems too micro-level and too cognition-oriented in the context of studying strategy implementation on the organizational level, which is the purpose of this study.

To sum up, organizations are considered to be filled with individual, collective and organizational goals. But, on the other hand, whether a collective or an organization can even have a goal, seems to be a tricky, debated question. Still, organizational level goals have been discussed in strategic management literature for many decades. Next,

I will go on to discuss goal in the context of strategy literature, starting with the concept of strategic intent.

## 2.2.2 STRATEGIC INTENT AND GOAL

The concept of strategic intent has been central in the management literature. Hamel & Prahalad (1989) popularized the concept as *an obsession with winning at all levels of the organization*. According to them, strategic intent captures the essence of winning, is stable over time, and sets a target that deserves personal effort and commitment. While quite intriguing, this approach remains rather abstract as far as the nature of this obsession is concerned.

For Hamel & Prahalad (1989, 1994), strategic intent is a rather broad concept. A strategic intent conveys a sense of direction, a sense of discovery, and a sense of destiny, but it is more specific about the ends than it is about means.<sup>3</sup> However, as Hamel & Prahalad (1994: 136) point out, turning strategic intent into reality requires that every employee understands the exact way in which his or her contribution is crucial to its achievement. This *personalization* of strategic intent is achieved by setting clear *corporate challenges* that focus everyone's attention on the next key advantage or capability to be built. These challenges are milestones on the path between today and tomorrow. In a sense, each challenge is a *mini-strategic intent* (ibid.: 144, italics added).

Others have discussed strategic intent in less lofty terms. In the 'Bower-Burgelman process model of strategy making' (Bower 1970, Burgelman 1983a, Noda & Bower 1996), the strategic intent is explicated as a concept of corporate strategy: *the more or less explicit articulation of the firm's theory about the basis of its past and current successes and failures*. Chakravarthy & Lorange (1991: 98) conceptualize strategic intent as *a concise description of the direction in which an organizational unit should head in order to survive and prosper*. Lovas & Ghoshal (2000) use the concept in even more concrete way. For them, strategic intent means those *long-term goals that reflect the preferred future position of the firm, as articulated by its top management*.

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<sup>3</sup> As an example of an ambitious and emotionally compelling strategic intent, Hamel & Prahalad (1994: 133) refer even to Christ's command to his band of followers to "Go into all the world and preach the gospel".

For the purpose of describing the success of strategy implementation, the concept of strategic intent seems too broad and abstract. On the other hand, even when defined as for example by Lovas & Ghoshal (2000) above, strategic intent is generally associated with Hamel and Prahalad's rather emotional notion involving terms like 'obsession' and 'sense'. Hence, I will focus here on those long-term goals reflecting the preferred future position of the firm, to which Lovas & Ghoshal (2000) refer above. To signal their connection to the explicated strategy, and the fundamental role of the external environment in strategy, I will use the term strategic goal, and define it as *an explicated key content in the strategy reflecting the desired future state of the organization or its relationship to its environment*.

This notion of strategic goal resembles very much the concept of *strategic issue* that Regnér (2003) employed in his micro-level study on strategy creation. He used four criteria to identify strategy creation issues: 1) the focal strategic issue had to be a substantial change from prior strategy, 2) the strategy should preferably have evolved within the past ten years, 3) strong assistance from a supporter inside the company was necessary, and 4) in order to increase generalizability, the firms and strategic issues were intentionally selected in order to alter the context of each.

It is likely that there are several long-term or strategic goals in organizations that follow each other in the course of time, or exist at the same time. For instance, Cyert & March (1963: 47) identified five kinds of major goals: production, inventory, sales, market share and profit. This observation leads us to consider organizations as places where several goals and activities exist in parallel and even diverge and compete with each other (Cyert & March 1963, Thompson 1967) like decisions and solutions in the garbage can model of decision making (Cohen, March & Olsen 1972). This view differs notably from Hamel & Prahalad's (1989) conception of strategic intent, which implicitly assumes that there can only be *one* strategic intent in an organization at a time and that the intent remains the same for a relatively long time.

Focusing on an explicated strategic goal can be regarded as a limited view on strategy because it represents only the formal, planned side of strategy. As numerous authors have proved, strategy can form without, or even despite explicit intentions (e.g. Mintzberg 1978, Quinn 1978, Burgelman 1983a, Mintzberg & McHugh 1985, MacCrimmon 1993, Weick 2000). Still, my choice for studying the implementation of



formal strategic goals can be defended on the following grounds, suggested by Whittington (2003: 118):

- 1) Even though the formal strategy work does not necessarily produce the ultimate strategic outcomes, it *can* do it, intentionally or unintentionally.
- 2) The formal strategy work takes place in organizations in any case, and thereby consumes organizational resources in terms of time and expense.
- 3) The formal side of strategy is easier to study empirically than the emergent elements of strategy.

In fact, focusing on official explicit intentions has proved to be a suitable methodological choice in many existing empirical strategy studies in both problem-focused implementation research (e.g. Alexander 1985) and the more recent practice-oriented work (e.g. Regnér 2003).

### **2.2.3 ADOPTION OF STRATEGIC GOALS**

At the beginning of my research I set a research problem that involves understanding the success of strategy implementation. The purpose of this thesis is to investigate how organizational activities and their properties indicate the success of strategic goal implementation. I have discussed ‘strategy’ and ‘implementation’ separately and jointly, and have decided to focus on *strategic goals* on the ‘strategy side’ and on *organizational activities* on the ‘implementation side’. But, I have still not discussed ‘success’ enough.

What does successful strategy implementation actually mean? As I have focused on specific strategic goals here, the question can be refined as follows: when is a strategic goal successfully attained? The attainment of strategic goals could be approached numerically, by operationalizing the strategic goals as some performance indicators of the organization: revenue, cost, profit, production volume, throughput time, market share etc. Although they are fundamental indicators, these measures tell little about *how* the quantified result is reached, and with what kinds of operations, processes, activities, and people.

A completely different approach is offered by the *strategy as practice* literature. Johnson et al. (2003: 16) discuss exactly the same issue, the “dependent variable” of the activity-based view, the question of *what an activity-based view is trying to explain*. Besides conventional performance measures, they suggest concentrating on the effectiveness of practices and practitioners in more immediate terms by recognition of 1) managerial influence, 2) the adoption of strategic initiatives, or 3) the perceived success of strategy-making episodes. The second suggested measure of strategic outcome, the adoption of strategic initiatives, seems to fit the purposes of this study perfectly. The strategic goal can be regarded as one kind of strategic initiative, and thereby success in strategy implementation can be evaluated in terms of *the adoption of strategic goals*.

It seems rather obvious that realization of a strategic goal requires the organizational members to somehow adopt it. According to the dictionary, ‘to adopt’ means (among other things):

*To choose or take as one's own; make one's own by selection or assent; to accept or act in accordance with (a plan, principle, etc.).<sup>4</sup>; to take over (an idea etc.) from another person; to choose to follow (a course of action etc.).<sup>5</sup>*

and ‘adoption’ stands for:

*The act of adopting, the state of being adopted.<sup>6</sup>*

As I regard strategy as an issue concerning all organizational members, and my particular interest is in seeking to reveal how strategy becomes alive at all organizational levels, I define adoption of strategic goals as *organizational members choosing to follow the strategic goal*.

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<sup>4</sup> *Dictionary.com Unabridged (v 1.0.1)*. Retrieved October 18, 2006, from Dictionary.com website: <http://dictionary.reference.com/browse/adopt>.

<sup>5</sup> The Concise Oxford Dictionary (1990)

<sup>6</sup> *Dictionary.com Unabridged (v 1.0.1)*. Retrieved October 18, 2006, from Dictionary.com website: <http://dictionary.reference.com/browse/adoption>.

## 2.3 STRATEGIC ACTIVITIES

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*Don't ask managers, "What is your strategy?" Look at what they do!*

CEO Andrew Grove reflecting the difficulties with perceiving Intel's major strategic change in 1980s (Burgelman 1991)

In this chapter, the focus will be turned to activities, to what really takes place in organizations. First, I will discuss and define the concepts of *act* and *action* and related concepts of *event* and *activity*. After that, I will concentrate on the question of what makes an action strategic. In the last part of the chapter, I will discuss what kinds of strategic activities exist.

### 2.3.1 ACTS, EVENTS AND ACTIVITIES

Action is often defined as meaningful human behavior (Huczynski & Buchanan 2001: 21). The notion of a *human act* is related to the notion of an *event*, i.e. a change in the world. An act is not a change in the world. But many acts may quite appropriately be described as the bringing about or *effecting* of a change. One cannot act without a corresponding event taking place. The act of opening a door causes the event of the door being opened. Thus, to act, in a sense, is to *interfere* with 'the course of nature'. The notion of an *agent* is essential to the distinction between acts and events. An act requires an agent, whereas an event does not. An agent can be *personal* or *impersonal*, e.g. a corporation. Personal agents can be further distinguished into *individual* and *collective* agents. (von Wright 1963)

Tuomela & Miller (1988: 369) note that most actions are *social* in the wide sense that they conceptually presuppose the existence of other agents and of various social institutions. Of the actions that are social in this sense, some are performed by single agents; the rest are either performed jointly by several agents or by collectives of agents. Thus, my writing of this sentence is an example of an action performed by a single agent, discussion by me and my colleague represents a joint action, and a university launching a new study program embodies an action performed by a collective of agents: an organization. Some joint actions, such as lifting up a car, could not be carried out by a single individual alone. Many other actions, while involving several people, could be performed by a single person.

In the field of sociology, collective action has been studied on either an individual or societal level. The individual level studies have focused on the incentives for individual participation (such as Prisoner's Dilemma paradigm) while research on the society level has studied the behavior of different groups such as why some oppressed groups revolt and others do not (Heckathorn 1996). It seems that organizational level studies are rare in sociology.

Hence, an actor (an agent) can be either an individual, a group of individuals, or an organization. What does organizational action – an organization taking an action, or acting – actually mean? Strictly speaking, organizations do nothing, but people do. Organizations consist of people. Does organizational action then mean that all organizational members do things as a collective? This definition seems odd. When an organization consists of more than a couple of people, there are few actions that we could imagine being taken by all the organizational members together. Moreover, if for an action to be organizational does not require that all the members of the organization act, then one could ask how many are needed? Can for example two persons acting together in an organization constitute an organizational action? How about only a single person?

This leads to another possible definition of organizational action as an action that some members of an organization take *in the name of* the organization or *as a representative of* the organization. For example, when the CEO of a company announces to the press that the firm has acquired one of its competitors, do we witness an organization acting? Maybe. But if we look at the manager giving a speech, we see an individual acting. The reference to a collective of which the actor is part, is relevant here in distinguishing between individual and organizational action. However, this approach could easily be deemed managerialist. As for example Shrivastava (1986) and Knights & Morgan (1991) have pointed out, equating an organization with its management, sustains and enhances the prerogatives of management and negates alternative perspectives on organizations.

From an economic standpoint, an organization can be seen as a collection of discrete, but interrelated economic activities such as products being assembled, salespeople making sales visits, and orders being processed (Porter 1985). Or, we could adopt a legal viewpoint on organizational action and view the firm as an autonomous legal

entity that can establish contracts with employees, suppliers, distributors, and customers (Chandler 1992: 483). From this perspective, an organizational act such as an acquisition would operationalize as a contract. This approach, however, is quite limited, since it excludes the bulk of organizational actions that are not contractual.

Thus, we can fairly easily distinguish between individual and collective acts, but the concept of organizational action still seems a tricky one. How can we classify an action as organizational or non-organizational? I will here adopt the idea of an action taken in the name of the organization and define *organizational action as a collective action which the members of the organization consider to be taken by their organization*.

One more distinction must be made. *Act*, *action* and *activity* are not the same. There are numerous meanings for these concepts in the dictionary. ‘Act’ includes the following meanings:

*Anything done, being done, or to be done; deed; performance: “a heroic act”; the process of doing: “caught in the act”*<sup>7</sup>,

‘Action’ includes the following meanings:

*The process or state of acting or of being active: “The machine is not in action now”; something done or performed; act; deed*.<sup>8</sup>

So, *act* and *action* can be equated here to simply denote ‘something that is done’, although a distinction must be made between act and action on the one hand and the notion of *activity* on the other. ‘Activity’ includes the following meanings in the dictionary:

*The state or quality of being active: “There was not much activity in the stock market today.” “He doesn’t have enough physical activity in his life.”; a specific deed, action,*

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<sup>7</sup> *Dictionary.com Unabridged (v 1.1)*. Retrieved March 04, 2007, from Dictionary.com website: <http://dictionary.reference.com/browse/act>

<sup>8</sup> *Dictionary.com Unabridged (v 1.1)*. Retrieved March 04, 2007, from Dictionary.com website: <http://dictionary.reference.com/browse/action>

*function, or sphere of action: "social activities"; an organizational unit or the function it performs.*<sup>9</sup>

So, it seems that *activity* is proximate to the concepts of *act*, *action*, and *deed*. However, the difference can be made by assuming von Wright's (1963) conceptualization: acts are related to *events* and activities to *processes*. For example, to close a window is to perform an act, while to read is to be engaged in activity. Events happen, processes go on. Acts affect the happening of events, activities keep processes going. Thus, the difference seems to come from the continuity of 'something that is done', and for the purposes of this thesis, I can define *activity* as an ongoing flow of *actions*.

In the light of the distinction above, examples of organizational *action* include a firm launching a new product or an organization changing principles for rewarding personnel. Similarly, examples of organizational *activity* are the process of invoicing customers for services or the running of goal-setting discussions between foremen and their subordinates. The level of analysis is crucial here. For instance, for a new employee, who has just participated in his first goal-setting discussion, this occasion might appear to be an organizational action, while considered at the organizational level, we can surely define the goal-setting discussions as an organizational activity.

Thus, the time-relation of the concept of activity is continual. This perspective differs for instance from the competitive dynamics viewpoint, in which the sequence of actions is the primary interest, or a series of competitive moves in a certain situation. Strategy is seen as a plot to overcome the competitor (Mintzberg 1987a). My time-relation viewpoint also differs from the above in which implementation is considered, often implicitly, as a finite phenomenon. It is considered as something that has a start and an end, resembling a project: first we analyze, then we set goals, choose methods, implement, and assess the results. Since the focus of this thesis is on the nature and the variety of strategic activities, not their chronological order, causal connections, or evolution in time, a cross-sectional view on activities is assumed. In other words, I will map all the strategic activities at a certain point of time.

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<sup>9</sup> *Dictionary.com Unabridged (v 1.1)*. Retrieved March 04, 2007, from Dictionary.com website: <http://dictionary.reference.com/browse/activity>

## 2.3.2 THE ESSENCE OF STRATEGIC ACTION

I have now discussed the concept organizational action. But what then does strategic action mean? What actually makes an individual organizational action strategic? In retrospect, determining whether an action is strategic is relatively easy. Since strategy ultimately is about the success of the organization, one can say that if an action proves to be vital for the organization's success or survival, then it must be strategic. Consider for example a firm that enters a new market and thus earns economic profits by exploiting 'first-mover advantages' (Lieberman & Montgomery 1988). The decision to enter a new market and related actions can surely be classified afterwards as strategic.

But what if in retrospect successful strategic actions are just the result of good luck? Perhaps nobody had any strategic intentions, and actions were taken for some other reasons, for example to imitate a competitor's movements? Success could also be a product of miscalculation, serendipity, and organizational learning as in the case of Honda motorcycles' penetration of the US market in 1960s, in a story by Pascale (1984). Rumelt (1996) actually refers to three very different written stories on Honda's US conquest (Boston Consulting Group 1975, Pascale 1984, Prahalad & Hamel 1990), each of them using the same case to support their own concept of successful strategy making. But the problem is that we do not know the actors' intentions, as Rumelt (1996) notes:

*"The key element of controversy [between the stories] is intentionality: Did Honda knowingly and purposefully translate its early product success in Japan into high-volume, low-cost facilities? Did Honda "plan" its entry into the US market? In particular, did Honda enter knowing that 50cc bikes were a "loose brick" [an explanation of success given by Prahalad & Hamel (1990)]? Did Honda anticipate the segment retreat strategies of British firms? Did Honda deliberately lose money to build share in order to generate the scale to ultimately deliver the best quality at the lowest cost? Did Honda "understand" that its competence was engine design and both expand and diversify in ways that enhanced and built upon this "core competence"?" (Rumelt 1996: 109)*

On the other hand, in many cases *not to act* can surely prove to be a successful 'move'. During the hottest Internet boom at the turn of the millennium, in many cases

not to invest in all new business opportunities turned out to be a reasonable choice. What were the real reasons for those companies not taking action? The companies which did not jump on the Internet wagon were perhaps just slow or did not have resources for the necessary investments. Those companies can not necessarily be labeled as smart strategists.

Furthermore, is a strategic action necessarily an organizational action? Can an action of a powerful individual be strategic? Take for instance a situation where a CEO with 20 years of service announces his retirement, which in turn affects the organization's future in a multitude of ways. Can the act of retiring be regarded as a strategic action? If the retirement act has critical consequences for the organization, the answer would be yes. Or, if the retirement was carefully planned beforehand and prepared for by the management team, some other strategicness criteria would surely be fulfilled.

Strategicness is a problematic concept because it is relative, at least in two ways. Referring to hierarchical levels in the organization, Rumelt (1979: 197) notes that "one person's strategy is another's tactics – that what is strategic depends on where you sit", and Mintzberg (1994: 27) adds "it also depends on *when* you sit, because what seemed tactical yesterday might prove strategic tomorrow".

How then can we say something about the strategicness of an action, at the moment of taking the action? The usual reasoning is that the size matters. For example, according to Hitt et al (2001), strategic action is an action that represents a significant commitment of specific and distinctive organizational resources, and it is difficult to implement and to reverse. This view, however, contradicts the findings of the processualists according to which strategic change can develop from minor actions taken in peripheral locations in organizations and that some everyday activities can be later conceived as crucial events for the realized strategies (e.g. Bower 1970; Mintzberg 1978; Burgelman 1983a, 1991; Mintzberg & Waters 1985; Johnson & Huff 1997; Regnér 2003).

Whether an action is strategic or not seems to be a tough question to answer theoretically. In fact, it might not actually be the most relevant question concerning strategic action. Although a single action would not be called a strategy, a set of actions might (MacCrimmon 1993), and in fact, it is the integration or reinforcing pattern among or-



ganizational choices and activities that has been said to be in the core of strategy (Mintzberg 1978, Rumelt et al. 1991, MacCrimmon 1993, Nath & Sudharshan 1994, Inkpen & Choudhury 1995, Araujo & Easton 1996, Hambrick & Fredrickson 2001). This kind of coherence view however is beyond the scope of this thesis and some other approach is required.

Another common view is that strategic actions or activities are those derived from strategy (e.g. Porter 1985), where the notion of strategy refers to a plan – some sort of consciously intended course of action or guideline (or set of guidelines) to deal with a situation (Mintzberg 1987a: 11). This view presupposes an existing, explicated strategy in which the strategic objectives are operationalized into distinct activities and actions. However, the problems with this approach have been pointed out by scholars emphasizing the emergent, incremental or evolutionary view, who have argued that in real life strategies can and do develop and change gradually, and may even emerge without prior intentions (e.g. Lindblom 1959; Mintzberg 1978, 1994; Quinn 1978; Miles & Snow 1978; Burgelman 1983a; Mintzberg & Waters 1985; Johnson 1988; Weick 2000).

So, it seems that those activities that are written down in strategic plans do not necessarily qualify as strategic activities or do not encompass all strategic activities. Yet another option is to define strategic activities as those activities that organizational members *themselves* relate to the content of organizational strategy. This definition also requires the existence of strategy in some explicit form, to which the activities can be related, but is not confined to those documented in strategic plans.

But who are the individuals who conceptually link activities to strategic contents, perhaps in a process of sensegiving (Gioia & Chittipeddi 1991, Weick 1995)? The top management certainly, but in at least some organizations there must be a wider pool of strategists who make sense and communicate the linkages between organizational actions and strategy content. This undoubtedly raises issues of discrepancy, where an organizational action is regarded as strategic by one agent and not strategic by another. However, as I have earlier argued, strategizing or at least strategy implementation takes place throughout the organization – on all organization levels and locations. Hence, I do not regard limiting the “target group” as in any way reasonable.

Even though strategies can emerge without prior intentions, the strategicness of an activity is dependent on time and place, and strategy might ultimately be a question of consistency between various activities, those important issues are not considered here. This study is not about the wholeness of strategy, but strategy implementation. Hence, I consider strategic activities to be those activities that are linked to preconceived strategy, more precisely to an explicated strategic goal. Hence, strategic activity is defined here as *a more or less continuous flow of organizational actions, which the members of the organization relate to the realization of a strategic goal.*

### **2.3.3 STRATEGIC ACTIVITY TYPES**

The spectrum of organizational actions and activities is as wide as human life itself. Von Wright (1963) distinguishes between the following four types of elementary act:

- doing, e.g.: the act of opening the door
- destroying, e.g.: the act of closing the door
- preserving, e.g.: the act of keeping a door open with a closing spring-mechanism
- suppression, e.g.: the act of keeping a door closed, that would otherwise be open due to a current of air.

Transferring the above into an organizational context, we could distinguish for example between four kinds of organizational actions: 1) introducing a new product line in a company where no such product line existed before, 2) ending the product line in use, 3) struggling on with an existing product line against the will of a powerful shareholder, and 4) inhibiting the introduction of a new product line in the company.

In organization theory, there are numerous ways to categorize organizational activities. Huczynski & Buchanan (1991: 454) distinguish four main classes of organizational activities: steady-state activities, policy-making activities, innovation activities, and breakdown activities. *Steady-state* activities include routine activities which are capable of being programmed. These activities form the majority of organizational activities and include for example production of organizations outputs, sales, and account keeping. *Policy-making* activities concern identifying goals, setting standards, allocating resources, and getting people to do things. *Innovation* activities are con-

cerned with anything that changes in what the organization does or how it does it; examples include the activities of the research and development department and developing new markets for old products. Finally, in an emergency or crisis, certain individuals, groups or departments in organizations, engage in *breakdown* activities.

In strategy literature, strategic actions usually involve an organization as a unity taking some sort of action in respect to its environment (Araujo & Easton 1996). Typical actions discussed in theories and models of corporate strategy are diversification, internationalization, merger, acquisition and restructuring. (e.g. Porter 1985, Hitt et al. 2001) Porter (1985) goes inside the organization with his value chain framework, and distinguishes between activities that directly produce, market, and deliver the product and those that create or source the inputs or factors required to do so.

Further on, Hitt et al. (2001) give examples of strategic action such as entry into new markets, introduction of a new service, and establishment of a new business. In their empirical analysis of strategy types, Galbraith & Schendel (1983) focused on a total of 26 managerially controlled variables representing pricing, marketing, product development, research and development, production, plant, and cost decisions.

Empirical studies describe strategic actions in quite a similar vein. In Noda & Bower's (1996) study, the strategic actions referred to the introduction of a new service, the formation of a new company, the winning or losing of a major deal, the formation of an agreement, a joint venture or a merger, the acquisition of a company, the formation of a consortium, or the announcement of a plan for some of the above actions.

The competitive dynamics literature has focused on a firm's competitive actions taken to defend or enhance its competitive position in comparison with its competitors. In many studies, even the context is the same, the U.S. airline industry (e.g. Chen & MacMillan 1992; Chen 1996; Chattopadhyay, Glick & Huber 2001; Miller & Chen 1996). Ferrier, Smith & Grimm (1999) classified actions into six categories: major new pricing actions, new marketing and promotional actions, new products, new capacity additions, new legal actions, and new signaling actions. Later on, Ferrier (2001) provides another slightly different six-class categorization: pricing, marketing, new product, capacity, service, and signaling actions. However, he knowingly ex-

cluded firms' internal actions, but mentioned that research focusing on internal issues like using new information systems, reorganizing and shifting to lean manufacturing would be relevant.

Strategy research, especially strategy content research, has typically examined a focal organizations' external conditions, with considerably less attention devoted to conditions internal to the organization (Fahey & Christensen 1986). Ghoshal & Bartlett's (1994) case study of a manufacturer of electronics-based industrial products describes some internal strategic actions. These include top manager replacements, employee cuts, organizational restructurings, top management meetings, agreement on a mission statement and top priority projects, focused benchmarking of a key competitor, introduction of a new cost accounting system and a new CAD system, and cascading down of meeting format to lower levels.

Oliver (1991) identified five different strategic responses taken by organizations as a result of the institutional pressures toward conformity that are exerted on them. *Acquiescence* refers to conformity to norms and rules, *compromise* to negotiation and balancing with different institutional stakeholders, *avoidance* to concealing nonconformity or buffering oneself against institutional pressures, *defiance* to active resistance and challenging of the rules and the institutional stakeholders, and finally *manipulation* refers to changing or exerting power over the content of the institutional expectations themselves or the sources that seek to express or enforce them.

All the categorizations above make sense but I do not believe they include all strategic actions, in the sense of the strategicness of an organizational action discussed in the previous chapters. For example, many categorizations are quite brief consisting of only a few categories, and internal actions seem to be missing in almost all the examples of strategic actions. This leads to the conclusion that existing literature seems to lack a comprehensive, detailed typology of organizational actions, both internal and external, that are taken to realize the concept of organization's strategy.

The models of strategy implementation might be relevant for this study because of their focus on activities. What actions then does the realization of a pre-formulated strategic plan require? The answer is most often offered by normative strategy literature. Strategy textbooks give advice and present models about how to analyze the ex-

ternal and internal environment of the organization, create multiple strategic options, choose the best one, and successfully implement it.

In his extensive review of both conceptual and empirical strategy implementation literature, Noble (1999) noticed the twofold nature of strategy implementation research. The *structural* view concentrates on organizational structure and control mechanisms while the *interpersonal* view discusses strategic consensus, autonomous strategic behaviors, diffusion perspectives, leadership and implementation style, and communication and interaction processes.

A brief review of the strategy implementation literature revealed the main types of activities through which the strategies are to be implemented (Table 2-2).

**Table 2-2. Strategy implementation activities.**

|                              |  |                            |  |
|------------------------------|--|----------------------------|--|
| Galbraith & Nathanson (1978) | Structure<br>Task<br>Information and decision processes<br>Reward system<br>People (selection, training and development)   | Hrebiniak & Joyce (1984)   | Primary and operating structure<br>Operating level objectives<br>Incentives<br>Controls  |
| Higgins (1985)               | Choosing a structure<br>Utilizing communication systems<br>Utilizing integrated planning and control systems<br>Utilizing leadership and motivation systems<br>Utilizing human resources functions (recruiting, training, developing etc.) | Hambrick & Cannella (1989) | Broad-based inputs on formulation<br>Assessment of implementation obstacles<br>Resource commitments<br>Subunit policies and programs<br>Structure<br>Rewards<br>People<br>Selling of strategic change upward, downward, across, and outward                                      |
| Alexander (1991)             | Organization structure<br>Task<br>People / human resources<br>Reward systems<br>Information and decision processes<br>Objectives<br>Management processes<br>Control mechanisms   | Pearce & Robinson (1994)   | Structuring an effective organization<br>Setting annual objectives<br>Developing functional strategies<br>Developing and communicating concise policies<br>Using reward systems<br>Controlling implementation  |
| Shrivastava (1994)           | Changing structures and systems<br>Changing performance evaluation and reward systems<br>Changing resource allocation<br>Changing skills and staff   | Johnson & Scholes (1999)   | Choosing or changing organization structure and configuration<br>Allocating and controlling resources<br>Changing organizational routines and symbols<br>Communicating change<br>Diagnosing strategic change needs<br>Identifying resource requirements<br>Developing competence |

Based on the review above, the most often mentioned activity categories in the strategy implementation literature seem to be *controlling*, *managing resources*, and *organizing*. In Noble's (1999) terms, existing strategy implementation models seem to stress the structural elements at the expense of the interpersonal approach. Many strategy implementation models also included vague and abstract guidelines such as managing 'culture' or 'leadership' or 'style' which cannot be regarded as activities. For

me, they seem to be more like phenomenon influencing and being influenced by the actions and activities described above.

The categories described above are very similar to the classical ideal of managerial work. In 1916 Henri Fayol introduced five basic managerial functions of *planning*, *organizing*, *coordinating*, *commanding*, and *controlling*. In 1930 Luther Gulick introduced an acronym POSDCORB to describe the work of the chief executive. The acronym stood for *planning*, *organizing*, *staffing*, *directing*, *coordinating*, *reporting*, and *budgeting*. (Mintzberg 1973a).

I can now conclude the discussion of different strategic action types by noting that strategy implementation literature and classical managerial functions emphasize internal activities, while competitive dynamics models emphasize external activities. There is a need for a comprehensive model. I will build such a model and use it here as a vocabulary of organizational activities. Moreover, not using any pre-existing categorization is also in line with the grounded theory principles, the methodological approach taken in this study.

## 2.4 RESEARCH QUESTIONS

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My purpose here is to describe strategy implementation in a novel and detailed way by exploring the repertoire of strategic activities and their relationships with strategic goals. In line with the practice-oriented strategy researchers (e.g. Whittington 1996, 2003, 2006; Johnson et al. 2003, Regnér 2003) I aim at linking the organizational, day-to-day activities to strategic outcomes. This is done by describing the activities organizations employ in realizing their strategic goals and using these activities to explore the success of strategy implementation, in terms of adoption of the strategic goals throughout an organization. The main concepts applied in this study are summarized in the Table 2-3.

**Table 2-3. The key concepts of the study.**

|                                   |   |
|-----------------------------------|---|
| <b>STRATEGIC GOAL</b>             | An explicated key content in the strategy reflecting the desired future state of the organization or its relationship to its environment      |
| <b>ADOPTION OF STRATEGIC GOAL</b> | Organizational members choosing to follow the strategic goal  |
| <b>STRATEGIC ACTIVITY</b>         | A more or less continuous flow of organizational actions, which the members of the organization relate to the realization of a strategic goal |

To summarize the theoretical discussion in this chapter, I will briefly list four gaps in the current strategy literature that I aim to address with this thesis. The **first** one concerns the current strategy implementation literature. Even though the defects of the classic implementation models have been noted, we do not have many better frameworks that would explain how strategies are actually realized in organizations. Furthermore, the question of what it means to succeed in strategy implementation is an important one but surprisingly rarely addressed. I hope that my choice of focusing on the adoption of strategic goals will provide additional insight in this area.

The **second** related gap concerns the activities themselves. It seems that the existing strategic activity categorizations are either very concise or limited to external or internal activities, and there is a clear need for an all-encompassing strategic activity categorization.

The continuation of the promising strategy-as-practice agenda forms the **third** area of contribution. In my view, the activity-based view introduced in the strategy-as-practice literature (Johnson et al. 2003) has not focused enough on the activities themselves. Hence, addressing the questions of what are those activities, what makes them strategic, and how are they related to the success in strategy implementation, adds to the existing practice literature.

The **fourth** gap concerns the organizational level of existing empirical strategy research. Even though strategy is currently often considered to concern many other stakeholders than top management, even all organizational members, the empirical literature still focuses mainly on top management and studies involving informants on all organizational levels are scarce.

In the introduction, I outlined the following research problem: *how do day-to-day organizational activities reflect the success of strategy implementation?* Based on the theoretical discussion above, this research problem can now be operationalized in the form of two **research questions**, each of them having two sub-questions:



1. How are strategic goals realized through organizational activities?
  - 1a. What kinds of strategic activities are there?
  - 1b. How do different strategic goals manifest themselves in the activities?
2. How are strategic activities related to the success of strategic goal's adoption?
  - 2a. How are the strategic goals being adopted?
  - 2b. What characteristics of the strategic activities reflect the adoption of the strategic goal?

The research questions have evolved during the research process, the above set of questions being the final one. Methodologically, this is a grounded theory study (Glaser & Strauss 1967, Strauss & Corbin 1990), and I started with a quite general research objectives<sup>10</sup> and came back to them as the empirical work proceeded. In grounded theory, the idea is that while the initial research question starts out broadly, it becomes progressively narrowed and more focused during the research process, as concepts and their relationships are discovered to be relevant or irrelevant (Strauss & Corbin 1990: 37).

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<sup>10</sup> For instance, in one early point in the study my research questions were the following: 1) *what kinds of organizational actions are associated with the strategy by individuals in various organizational positions?* and 2) *how do these organizational strategic actions change over time in relation to practices?* Since then, the questions have been adjusted and focused so that e.g. the concepts of 'strategy' and 'action' have been replaced by 'strategic goal' and 'activity', the change aspect has been discarded, and the issue of 'success of strategic goal's adoption' has been added.



## 3 METHODOLOGY

I will start by discussing my research approach and its underlying ontological and epistemological assumptions and then move on to a presentation of the two methodological traditions on which the study rests. After that, I will describe the data utilized in the study as well as my role as researcher. In the final part I will discuss the analysis of the data by going through the six main steps of the analysis process.

### 3.1 RESEARCH APPROACH

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At the outset of the study, I had a broad interest in strategy implementation and a desire to understand how strategies are realized in organizational life. By strategies I meant explicated strategic goals and in their realization I was interested in various organizational actions and activities. I assumed the strategic activities and goals to be something that take place, or exist, in the organizations, and that as a researcher, I could obtain information about them through organizational informants and documents.

Hence, the approach of this study is based on *realistic ontology*<sup>11</sup>, which assumes an apprehendable, coherent reality to exist regardless of an observer and his conceptions of it 'out there' in the world (e.g. Burrell & Morgan 1979). I presuppose the investigator and the investigated object to be independent entities, the former obtaining information from the latter, which makes this study epistemologically<sup>12</sup> an *objectivist* one.

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<sup>11</sup> Ontology refers to the form and nature of reality: what is there that can be known about? (e.g. Burrell & Morgan 1979, Guba & Lincoln 1994)

<sup>12</sup> The epistemological question is "what is the nature of the relationship between the knower or would-be-knower and what can be known? (e.g. Burrell & Morgan 1979, Guba & Lincoln 1994)

A pure objectivist would consider that the researcher does not affect the studied object, in this case, an organization, and, vice versa, that the researcher is not affected by the research object (e.g. Guba & Lincoln 1994). The researcher collects information from the object, and any other observer would interpret the collected information similarly.

Even if I classify this study as an objectivist inquiry, I assume a less extreme viewpoint and consider the case organizations affecting my interpretation, and, vice versa, my research intervention possibly having some kind of effect on the case organizations. Hence, I acknowledge the effects of the case on the researcher and the effects of the researcher on the case constituting possible sources of bias (Patton 1990, Miles & Huberman 1994). For instance, me posing questions to organizational members in interviews might affect the interviewees as well as the phenomena I am studying, for example, the adoption of a strategic goal. Above all, my interpretation inevitably has an influence on my research results, that is, the strategic goals and activities and their relations that I describe here.

Still, I do not consider myself a subjectivist in the sense that I would consider the studied phenomena to be created in the interaction between the researcher and the representatives of the focal organization (e.g. Guba & Lincoln 1994), or hermeneutically between the interpreter and the text. Instead, my epistemological approach is close to *critical realism* that assumes "real" reality but only imperfectly apprehendable (Guba & Lincoln 1994). For instance, I assume strategic activities to exist in the organizations I investigate, but I am only imperfectly able to get information about them, because of inadequate methods or biased or insufficient information, and other obtrusive factors.

I recognize these biases, but still have an ideal of objective data generation and analysis. Both *analyst* and *data triangulation*<sup>13</sup> (e.g. Jick 1979, Eisenhardt 1989, Patton 1990, Miles & Huberman 1994, Yin 1994) are utilized here in striving for objectivity. The data generation was planned and carried out by a team of researchers, who discussed the findings, and the application and applicability of the methodology

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<sup>13</sup> The analyst triangulation refers to the use of several different researchers, and the data source triangulation to the use of variety of data sources, in the same study.

throughout the data generation process. I collected supplementary archival data from various sources during the analysis phase in order to get a better, that is, a more objective, picture of the studied phenomena. When analyzing the data, I utilized various different data reduction methods (Miles & Huberman 1994), coding procedures (Strauss & Corbin 1990), and data displays (Miles & Huberman 1994) to make the data more accessible, compact, focused, and organized in order to see “what is happening” (ibid.: 11), “what is going on here” (Dougherty 2002). I will come back to these methodological issues in the chapters dealing with data generation and analysis, as well as the evaluation of the study.

With these ontological and epistemological postures, this can be regarded as a *post-positivist*<sup>14</sup> study. Like the positivist, the post-positivist studies aim at the explanation, prediction and control of phenomena, instead of a critique or transformation of structures that constrain or exploit humankind, or understanding or reconstruction of human constructions (Guba & Lincoln 1994, Lincoln & Guba 2000). My chief aim in this study is to *describe* strategy implementation in terms of organizational activities and *explore* the relation between the activities and the success of implementation. Explanation, prediction and control are beyond the scope of the study, and I personally do not even consider those aims conceivable in this research area.

Studies in post-positivist paradigm have increasingly utilized qualitative methods as well as a *grounded theory* approach (Glaser & Strauss 1967) to determine the meanings and purposes that people ascribe to their actions (Guba & Lincoln 1994). This study also rests on qualitative data and analysis, a choice made already at the outset of the study, stemming from the nature of the research problem<sup>15</sup> as well as from my access to a rich qualitative data set.

The above-mentioned grounded theory methodology is imbued with realism and objectivism, assuming an external reality to exist that researchers can discover and record (Guba & Lincoln 1994, Charmaz 2000). However, Charmaz (2000) distinguishes

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<sup>14</sup> Post-positivism represents the efforts of the past few decades to respond to the most problematic criticism of positivism, but still mostly retaining the basic ontological and epistemological assumptions of positivism (Guba & Lincoln 1994)

<sup>15</sup> The fit between the research problem and the chosen methodology is discussed in the following chapters.

between objectivist and constructivist grounded theory approaches. According to my epistemological posture, my approach to grounded theory is clearly objectivist, meaning that I view data as real and assume that they represent objective facts about a knowable world, that they already exist in the world, and that I as a researcher seek to find them.

Besides grounded theory, I have adopted some elements of *case study research* during my research process. These methodological approaches are discussed next.

## 3.2 METHODOLOGICAL CHOICES

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Methodologically, my study rests on two qualitative<sup>16</sup> traditions: grounded theory and case studies. Grounded theory methodology aims to build theory from data through qualitative analysis (Glaser & Strauss 1967; Strauss & Corbin 1990, 1998). Having a extensive qualitative data set to start with, as well as a research aim of exploring, conceptualizing and understanding strategy implementation success, the grounded theory approach seemed to fit my methodological purposes. Grounded theory can be regarded as my main methodological choice, which is reflected throughout data collection, sampling, and analysis.

The case study approach also proved beneficial due to the nature of my research problem. The case study approach has been regarded as a suitable research strategy when a “how” or “why” question is being asked about a contemporary set of events over which the investigator has little or no control (Yin 1994). I had generated a mass of qualitative data with my colleagues and was interested in exploring it to be able to understand the success of strategy implementation, in particular, *how* are strategic activities related to the success of strategic goal’s adoption (research question 2).

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<sup>16</sup> The notions of qualitative studies, qualitative methods, and qualitative research have been used in many textbooks on research methodology and design (e.g. Miles & Huberman 1994, Creswell 1994, Strauss & Corbin 1990, Patton 1990, Denzin & Lincoln 2000), but are, on the other hand, said to be vague and ambiguous concepts (e.g. Van Maanen 1979, Morgan & Smircich 1980). Also, there has been discussion about the confusion between case studies and studies utilizing qualitative data (Yin 1981). I will not delve into these determination issues here, but focus instead on describing the basic principles of grounded theory and case study methodologies on which my study rests.

Another factor supporting the case study methodology was the fact that theory-building case studies suit new research areas or research areas for which existing theory seems inadequate and a fresh perspective is needed (Eisenhardt 1989). My aim of linking strategic goals to organizational activities seemed to be a rather unexplored research area.

In short, this study is **a multiple case study, utilizing qualitative data, analyzed with grounded theory approach**. This can also be regarded as an *interview-based study*, in which the chief emphasis is on unstructured or semi-structured interviews in 1-5 organizations, along with examination of documents (Bryman 1989). Next, I will briefly discuss the basic ideas of the grounded theory and the case study methodologies, explaining on a general level how I utilize them in my study. Detailed methodological procedures are described later in the analysis chapter.

### **3.2.1 GROUNDED THEORY**

Grounded theory methodology was originated to close the gap between theory and research in the field of sociology (Glaser & Strauss 1967: vii), but has since spread to other social sciences and practitioner fields such as accounting, business management, education, nursing, public health, and social work (Strauss & Corbin 1997: vii).

As opposed to prevalent attempts to improve the methods for testing a theory, Barney Glaser and Anselm Strauss suggested grounding theory in research itself, that is, generating theory from the data so that theory evolves inductively during actual research through continuous interplay between analysis and data collection. The guiding principle in the discovery of theory from systematically obtained and analyzed data is the method of *constant comparative analysis*. (Glaser & Strauss 1967; Strauss & Corbin 1990, 1994, 1998; Goulding 2002). The generated theory consists of conceptual *categories* and their conceptual *properties*, and *hypotheses* or generalized *relations* among the categories and their properties (Glaser & Strauss 1967: 35).

On general level, my analysis has followed the main stages of the constant comparative method: 1) comparing incidents in data applicable to each category, 2) integrating categories and their properties, 3) delimiting the theory, and 4) writing the theory (Glaser & Strauss 1967: 105). I also have adopted the idea of starting without any

preconceived theory that would dictate, prior to the research, relevancies in concepts and hypotheses. Instead, I merely have a general question or problem in mind (Glaser & Strauss 1967: 33). The main concepts of my study, for instance the adoption of a strategic goal, or various strategic activity types, arose as the study progressed through concurrent coding, analysis and generation of theoretical categories.

Indeed, one central idea in grounded theory is that in generating a theory, collection, coding, and analysis of data are done together as much as possible. These activities should blur and intertwine continually, from the beginning of an investigation to its end (Glaser & Strauss 1967: 43). A related principle in grounded theory is *theoretical sampling*, the idea that the process of data collection is controlled by the emerging theory, so that the researcher decides what data to collect next and where to find them based on the categories that have arisen in the analysis (ibid.: 45). A closely related concept is *purposeful sampling*: selecting information-rich cases for study in-depth, that is, cases from which one can best learn about issues of central importance to the purpose of the research (Patton 1990, Stake 1994).

As I started my study with a pre-existing set of interview data, data collection did not entirely take place jointly with coding and analysis and was not entirely controlled by the developing categories and emerging theory. I did not simultaneously collect and analyze my interview data, and “stay in the field until no new evidence emerges which can inform or underpin the development of a theoretical point” (Goulding 2002: 70). However, my study can still be regarded as following this theoretical sampling approach for three reasons.

First, the pre-existing interview data from 12 organizations can be seen as a ‘cache of documents’ that can be regarded much like a set of interviews, made with either a sample of people or representatives of different groups (Glaser & Strauss 1967: 167). The interview data being very rich by covering a multitude of strategy implementation topics<sup>17</sup>, I could explore it again and again as my own categories developed and my theoretical understanding of the phenomena developed. For instance, I came to explore the mass of interview data anew after the concept of strategic goal adoption had

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<sup>17</sup> See the interview outlines in Appendix 1.



emerged. Second, my selection of cases was controlled by the emerging theory. I selected my four cases, one after another, from the set of available 12 cases, based on the emerging categorizations in my analysis. Third, in addition to the interviews, I collected some additional archival data in the later phases of the research, again according to my findings from the analysis of the interview data. For example, as the origin of the strategic goal started to look relevant, I acquired some reports to fill the gaps in my knowledge on that area.

### **3.2.2 CASE STUDY RESEARCH**

‘Case study’ is somewhat ambiguous term which has been regarded as a research method (Gummesson 1991), as a study utilizing qualitative data (Miles 1979), as a study focusing on a certain kind of object to be studied (Stake 1994), or as a research strategy (Yin 1981, Eisenhardt 1989).

I consider the case study more as a broad research strategy than a commitment to a certain type of analysis method or data. The case study as a research strategy attempts to examine a contemporary phenomenon in its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident (Yin 1981). It focuses on understanding the dynamics present within single settings (Eisenhardt 1989). Case studies can involve various types of evidence: qualitative, quantitative or both. They can utilize various data collection methods such as interviews, archives, questionnaires, and observations, and these methods are often combined. (Yin 1981, Eisenhardt 1989)

Yin (1994) suggests that the unit of analysis – what the case is – should be related to the research questions. This study is about strategy implementation, ‘strategy’ referring to something that a single organization has (or *does*; Jarzabkowski 2004: 529; Whittington 2006: 613). As my research questions focus on the nature of the strategic activities and strategic goals and their adoption, the natural choice for a case was *an organization*. Hence, during the research process, I became more and more interested in understanding each organization as a functioning, historical whole, not only through my specific interest in the implementation of a specific strategic goal.

In addition, I believed that knowing each context – the organization in its environment with its history – better would improve my understanding of the topic of my research. In other words, I engaged in doing a study on cases: specific, complex, functioning things, integrated systems that have boundaries and working parts (Stake 1995:2). As I was aiming to generate some propositions concerning strategy implementation in general, and having an access to an interview data from several organizations, I decided to have a multiple-case design.

The role of theory in some case study literature differs from grounded theory methodology. For example, Yin (1994: 28) argues that theory development prior to the collection of any case study data is an essential step in doing case studies. Instead, in grounded theory, the basic idea is to start without any theoretical propositions. My approach falls somewhere in between these principles, and is similar to Eisenhardt's (1989) position of beginning as close as possible to the ideal of no theory under consideration and no hypotheses to test, and regarding the research question and possible constructs as tentative in the beginning. At the outset of my study, the interview data had already been generated by myself and my colleagues, and I approached them with a rather broad interest in the success of strategy implementation, specifying the topics in stages as the study progressed. As discussed in the previous section, that approach resembles grounded theory, while the fact that we had developed a rather good understanding on the field of strategy implementation and designed our interview study based on that understanding before the data collection, is an approach favored in case studies (e.g. Yin 1994).

These choices make my study an instrumental, collective case study. In an *instrumental* case study, a particular case is examined to provide insight into an issue or refinement of theory. The case is of secondary interest, playing a supportive role, facilitating understanding of something else (Stake 1994), here, the success of strategy implementation. On the other hand, this is a *collective* case study, in which researchers study a number of cases jointly in order to inquire into a phenomenon, population, or general condition (Stake 1994).

Eisenhardt's (1989) case study approach have many commonalities with the grounded theory methodology. In fact, her approach was based on Glaser & Strauss's (1967) grounded theory principles as well as on Yin's (1984) case study design and Miles &

Huberman's (1984) procedures for analyzing qualitative data. Eisenhardt (1989) has described a process of building theories from case study research. This process, or roadmap, is divided into nine distinct phases<sup>18</sup>, but is highly iterative, meaning that it moves back and forth between the phases. In each of these phases, Eisenhardt (1989) presents various research activities and principles, of which I have followed many. My application of these procedures as well as the grounded theory principles is described later in the analysis chapter.

### 3.3 DATA

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The data were generated within the research and development project STRADA<sup>19</sup> at the Helsinki University of Technology. The data consist of *interview data*, generated between May and September 2000, and *archival data* collected both at the time of the interviews and later when writing the thesis. The data were generated in four Finnish organizations representing financing, telecommunications, retail, and public health services. The size of the case organizations or the units under study<sup>20</sup> varied from 100 to 500 employees.

At the time of the interview data generation, our research team's aim was to explore and understand strategy implementation in general, and thus, an interview-based methodology was chosen. A set of interview outlines and some auxiliary questionnaires were devised, focusing on how the strategic plans were *communicated, interpreted, adopted, and enacted* in organizations. These topics were adopted from Noble's (1999) definition of strategy implementation, which is based on his review of implementation research.

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<sup>18</sup> 1) Getting started, 2) selecting the cases, 3) crafting instruments and protocols, 4) entering the field, 5) analyzing within-case data, 6) searching for cross-case patterns, 7) shaping hypotheses, 8) enfolding literature, and 9) reaching closure.

<sup>19</sup> The aim of the project was to create new knowledge on the factors affecting the success of strategy implementation. The project was funded by the Finnish Productivity Program, the Finnish Workplace Development Program, and the participating work organizations. The same data set has been utilized by my colleagues in several publications, e.g. Mantere (2003, 2005), Ikävalko (2005). See <http://www.strada.tkk.fi> for more information.

<sup>20</sup> In some of these organizations, the 'case' was part of the organization. The determination of each case is discussed in the case descriptions in the results chapter.

In each organization, a focused *strategic goal*<sup>21</sup> was chosen for closer examination. The strategic goal was defined as 1) a selected key content in the strategy, 2) which had been communicated recently in the organization, and 3) was aimed at influencing the actions and activities of the organizational members. There were several potential strategic goals in the organizations to pick from. Thus, the strategic goal discussed in the context of each case here does not represent the whole strategy in that organization, but a selected key content or theme in the strategy.

The original reason for using a specific strategic goal as a research instrument was the aim of being able to discuss strategy and strategy implementation on all organizational levels. Strategy as a general notion or as a totality of various themes was considered too abstract, complex or distant for many organizational members, and focusing on one concrete strategic topic was seen as a way to link strategy to the everyday life of most organizational members.

The study was carried out by a four-person research team,<sup>22</sup> in a total of 12 organizations. A team of two researchers carried out the research in each case organization. The team combination was changed case-by-case so that each researcher got to work with everybody else. By doing this, we aimed to enrich our intra-team discussion and thereby improve our understanding on the topic. This kind of multiple-researcher design can also be regarded as one type of *analyst triangulation*, which is said to reduce the biases in the data collection (Patton 1990: 468), and to enhance the creative potential of the study (Eisenhardt 1989: 538).

But joint data collection can also cause reliability problems. Absolute homogeneity of the data generation process, the aim of objectivism, can never be attained. Even with similar interview outlines at hand, different interviewers tend to carry out interviews in different manners, stressing different issues or letting the interviewees think by themselves for a different amount of time before intervening etc. There are two factors increasing the similarity of the data collection process. First, all the four researchers planned the research design and some basic interview policies together. For example, we agreed on aiming to avoid any prompting of the interviewees. Second, during

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<sup>21</sup> At that time, a concept of 'strategic theme' was used.

the data generation process, we shared our interview experiences, discussed the differences in our ways of carrying out the interviews and also listened to some excerpts of each others taped interviews.

The implementation of the study was planned in each case: the strategic theme was determined, interview outlines and questionnaires were modified accordingly, interviewees were chosen, and the schedule for the study was prepared. The planning took place in cooperation with representatives of the organization: managers, business and HR development professionals, and in most cases also representatives of personnel. After the interviews, each organization received a report on their strategy implementation. The findings and conclusions were also presented to and discussing with the representatives of the organization.

### **3.3.1 THE CASES**

Eisenhardt (1989: 537) argues that the selection of an appropriate case population is crucial since it controls extraneous variation and helps to define the limits for generalizing the findings. The set of 12 STRADA project cases, that is, my population of cases, suited the purposes of this thesis for at least three reasons.

First, to be able to study an organization's success in strategy implementation, it is necessary that the organization has explicated some sort of strategic plan, and has put some effort into realizing it. All 12 STRADA cases were established organizations with some written strategic intentions, and a willingness to improve their strategy implementation. There were, for example, no new start-up organizations in the population, which might never have implemented a strategic plan. Neither were there very small organizations in the population that might have lacked explicated strategic plans.

Second, I was familiar with most of the organizations and their businesses, since I had participated in the STRADA research project from the beginning, and been involved in the research activities in the majority of the cases. This role also guaranteed for me access to these organizations after the project for possible additional data gathering.

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<sup>22</sup> Heini Ikävalko, Saku Mantere, Mari Ventä, and myself.

Third, the organizations in the population represented various industries and sizes, which enabled me to sample from a diverse population based on my emerging needs.

So, there existed a total of 12 cases to pick from. My selection of cases from this population took place in the spirit of theoretical sampling. Theoretical sampling means that the samples are selected according to the developing categories and emerging theory (Glaser & Strauss 1967; Strauss & Corbin 1990, 1998; Goulding 2002). One can sample from data yet to be gathered or from previously collected data (Strauss & Corbin 1990: 181), as I did. I selected the third and the fourth case after the previous cases were analyzed, seeking to extend the developing activity repertoire by adding to the variety in both the nature of the organizations and their strategic goals. Variety was important since I was aiming to build a general category of strategic activities.

As in one of Eisenhardt’s (1989: 537) theoretical sampling examples, my sample reflected the selection of specific cases to extend the theory to a broad range of organizations. By variety in *organizations*, I mean covering different industries or businesses, and including both private companies, publicly owned companies, and non-profit organizations. Variety in *strategic goals* simply means differences in the natures of the goals. For example, a strategic goal might be about the financial performance of the organization, while another goal focuses on the consumers of the organization’s services. The resulting set of cases consisted of four different organizations with their own strategic goals (Table 3-1).

**Table 3-1. The case organizations and their strategic goals (in italics).**

|            |   |
|------------|---|
| FINANCIER  | A public financing company aiming to ensure its position and legitimacy by striving for <i>self-sustainability</i>  |
| HEALTHCARE | A public health authority realizing a city's strategy and advancing societal well-being by <i>intervening in the ill-being of children and young people</i> |
| RETAILER   | A chain of hypermarkets aiming to harmonize its operations and strengthen the chain image by <i>implementing a defined business concept</i>                 |
| TELECOM    | A local telecommunications company aiming to assure its competitive position by <i>improving its customer service processes</i>                             |

### 3.3.2 INTERVIEWS

Silverman (1993) distinguishes positivistic and interactionistic views to interviews.

*According to **positivism**, interview data give us access to ‘facts’ about the world; the primary issue is to generate data which are valid and reliable, independently of the research setting; the main ways to achieve this are the random selection of the interview sample and the administration of standardized questions with multiple-choice answers which can be readily tabulated.*

*According to **interactionism**, interviewees are viewed as experiencing subjects who actively construct their social worlds; the primary issue is to generate data which give an authentic insight into people’s experiences; the main ways to achieve this are unstructured, open-ended interviews usually based upon prior, in-depth participant observation. (ibid.: 90-91)*

In line with my objectivist standpoint, my approach to interviews is close to the positivistic approach. I regard interviews as a method to get information about the organizations and their strategy implementation. I aim to generate reliable and valid data, and have utilized a fixed interview outline, and random selection of the interviewees when possible.

The main data set consists of 101 recorded and transcribed interview texts from the four case organizations.<sup>23</sup> The interviewees presented all hierarchical levels of the organizations, since our original interest in the project was to investigate strategy implementation from multiple viewpoints, and especially on the ‘grass-root’ level, in the light of daily routines and lives of individuals. The main source of motivation for this choice was novelty. The approach of studying strategy on organizational levels below the management level is quite rare. For instance, Noble’s (1999) review of empirical strategy implementation studies shows that a clear majority of informants were managers of some sort. Nonetheless, strategy making can not be limited conceptually to the CEO or the top management team. Rather, as Hart (1992) recommends, strategy making should be conceptualized as an organization-wide phenomenon and research-

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<sup>23</sup> Personally I carried out 41 of the 101 interviews: 19 of the 24 at Financier, none of the 25 at Healthcare, 9 of the 27 at Retailer, and 13 of the 25 at Telecom.

ers should use data collected from both top managers and organizational members in a broad sample of organizations.

In each organization, approximately twenty-five interviewees were interviewed: 3-5 persons representing the top management level, 5-12 persons the middle management level, and 8-16 persons the personnel level. The middle manager and personnel interviewees were chosen randomly, ensuring however that different tasks, work groups, and departments were represented equitably. Organizations and the distribution of the interviews are presented in Table 3-2.

**Table 3-2. The hierarchical division of the interviewees in the cases.**

| <i>Organization</i> | <i>Top managers</i> | <i>Middle managers</i> | <i>Personnel</i> | <i>Total number of interviews</i> |
|---------------------|---------------------|------------------------|------------------|-----------------------------------|
| FINANCIER           | 5                   | 11                     | 8                | 24                                |
| HEALTHCARE          | 4                   | 5                      | 16               | 25                                |
| RETAILER            | 3                   | 12                     | 12               | 27                                |
| TELECOM             | 3                   | 6                      | 16               | 25                                |
| Total               | 15                  | 34                     | 52               | 101                               |

The interviews can be regarded as *semi-structured* in the way that the interviewer asked all respondents the same series of pre-established questions as in structured interviewing (Fontana & Frey 1994, 2000). However, a limited set of response categories was not used, the pace of the interview was not controlled strictly, and pre-established coding schemes (ibid.) were not utilized. The interviews were more like a *focused* interview, in the sense that the interview was open-ended and assumed a conversational manner but followed a certain set of questions determined beforehand (Yin 1994: 84). This kind of standardized open-ended interview is typically used when it is important to minimize variation in the questions posed to interviewees, especially when a large number of people are to conduct interviews on the same topic (Patton 1990: 281). Even though there were only four of us in the research team, standardized interview outlines were utilized.

The semi-structured nature of the interviews also showed in the interviewers' reaction to emergent topics. When an interviewee chose to speak about issues he or she believed to be important but were not included in the interview agenda, the researcher went along with the drift of the discussion, as in unstructured interviews (Bryman



1989: 147). However, the aim of the interviews was to cover all the topics included in the interview outline.

In each case organization, the study was carried out by two researchers, but in each interview session there was only one researcher present at a time. In other words, the interviewees were divided among the researchers. In the beginning of each interview, the interviewer introduced himself and the organization he or she represents (Helsinki University of Technology), explained that the motif of the interview is to study strategy implementation by focusing on a chosen strategic goal, emphasized the confidentiality of the interview, asked permission for recording the interview and explained why the interview should be recorded and when and how the results would be discussed in the organization. By clarifying these issues in the beginning, we aimed to gain trust and establish rapport with the interviewees, which are essential for conducting interviews (Fontana & Frey 1994).

Each interview followed an outline of 20-30 questions. The outline contained questions regarding the concepts of strategy and strategy implementation, the focal strategic goal, the implementation of the strategic goal, the ways of communicating strategy, the effect of the strategy on the work tasks and objectives of interviewees, as well as some background questions. Three somewhat different interview outlines were used for top managers, middle managers, and personnel (see appendix 1). The basic difference was that only on the managerial level interviews were there organization-level strategy questions and some supervisor-role-related questions. The outline was tailored for each organization, to suit the strategic goal under study in the organization.

The following interview questions proved most relevant for the study<sup>24</sup>:

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<sup>24</sup> The entire interview outlines are presented in Appendix 1.

- 
- |   |
|---|
| <ul style="list-style-type: none"> <li>- What is the [strategic goal]<sup>25</sup> in your view?</li> <li>- Why is the [strategic goal] important for the organization?</li> <li>- Are there unclear issues associated with the [strategic goal]? What are they?</li> <li>- When and where have you become aware of the [strategic goal]?</li> <li>- In what other situations and with whom have you discussed the [strategic goal]?</li> <li>- What means have you noticed being utilized in the realization of the [strategic goal]?</li> <li>- How has the understanding of the [strategic goal] been supported?</li> <li>- How have you advanced realization of the [strategic goal]?</li> <li>- How do you know whether the personnel has adopted the [strategic goal]?</li> <li>- How is the [strategic goal] present in the organization's / your unit's / your own work?</li> <li>- How is the [strategic goal] present in the organization's / your unit's / your own objectives?</li> <li>- How is the [strategic goal] present in your own work? Give an example.</li> <li>- How should the [strategic goal] be present in the organization's activities?</li> </ul> |
|---|

Each interviewee filled in one or two questionnaires<sup>26</sup> during the interviews. Top and middle managers were given a questionnaire on the *methods* used to implement the strategic goal as well as another questionnaire on general implementation *problems*. The personnel were given a questionnaire on the situations and other contexts *where they had learned about* the strategic goal. Earlier strategy implementation studies (Alexander 1991, Lares-Mankki 1994) had been utilized in the preparation of the questionnaires.

Interviewees were encouraged to comment on the topics while they filled in the questionnaire(s). The quantitative results of the questionnaires were not analyzed for the purposes of this study. Their role was to gain a general view of the prevalence of different strategy implementation methods and problems. In addition, the use of questionnaires aimed to support and enrich the discussion in the interviews.

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<sup>25</sup> The term 'strategic theme' was not used. In each organization it was replaced with the organization's chosen strategic theme, for example *self-sustainability*.

<sup>26</sup> See appendix 2.

The interviews were tape-recorded with the interviewees' approval and fully transcribed. Atlas.ti software was utilized in classifying, coding, and analyzing the data.

### 3.3.3 ARCHIVAL DATA

Archival data refers to documentation and archival records (Yin 1994) or to so-called non-technical literature (Strauss & Corbin 1990), which comprises letters, biographies, diaries, proposals, organizational charts, budgets, various reports, agendas, memoranda, correspondence, videotapes, newspaper clippings, studies or evaluations of the organization, and a variety of other materials. In most qualitative studies archival data are used as supplementary data to corroborate and augment evidence from other sources such as interviews and observations in order to learn about an organization, its structure, and how it functions (Strauss & Corbin 1990, Yin 1994).

Here, the archival data were used to support the interviews in identifying and describing the strategic goals and activities as well as to deepen the understanding of the history of each case organization (Strauss & Corbin 1990, Yin 1994). This kind of *data source triangulation*<sup>27</sup>, that is, a combination of multiple sources of evidence in a study of the same phenomenon, is generally used to enhance the quality of analysis (Jick 1979, Patton 1990, Miles & Huberman 1994, Yin 1994).

I used five types of supplementary archival data: memoranda, strategy documents, research reports on strategy implementation, organizational websites and email correspondence.

There existed a set of **memoranda** on the meetings in which the study was planned in each case organization. The study was planned in collaboration with the researchers and the case organization representatives in two to four meetings in each organization. There were also memos about the reporting meetings held in the case organizations where the findings and implications of the research were presented and discussed. In each organization, two reporting meetings were held, one for the interviewees and another for the planning group or the management team of the organization. The memo-

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<sup>27</sup> There are basically four kinds of triangulation that contribute to verification and validation of qualitative analysis: 1) methods triangulation, 2) triangulation of sources, 3) analyst triangulation, and 4) theory triangulation (Patton 1990: 464).

randa were especially useful in improving my understanding of the nature and the history of the strategic goals.

Pre-existing **strategy documents** were analyzed as well. There existed statements about each organization's strategy and the strategic goal, as well as the organization's vision, mission, and values. There were also strategy process descriptions, where the cycle and/or the schedule of the official strategy making and implementation activities were illustrated. Annual reports and other relevant reports were analyzed. In some of the cases, there were even special reports on the strategic goal.

Another archival source comprised the **strategy implementation research reports** written by me and my colleagues for each organization when the case studies were carried out. Each report included a description of the background of the research in the case organization, a brief description of the methodology employed (sampling, data collection, and analysis), the results complemented with illustrative interview quotations, and conclusions with some practical suggestions for development.

The **websites** of the case organizations were explored for information on the strategic goal, as well as for general information on customers, services, products, strategy, and structure.

I had also saved all my **email correspondence** with the representatives of the case organizations from the time of the interviews. While I was analyzing the data and writing the results, I returned from time to time to the emails to fill some gaps in the description of the history of the strategic goal. Concerning one of the cases, additional information was also requested by email from some key persons.

### **3.4 THE ROLE OF THE RESEARCHER**

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Describing the role of the researcher has been considered important in qualitative research (e.g. Patton 1990, Creswell 1994). For example Patton (1990: 472) argues that because the researcher is the instrument in a qualitative inquiry, a qualitative report must include information about the researcher. The principle is to report any personal and professional information that may have affected data collection, analysis, and interpretation (ibid.).

Having an objectivist approach, my interest here is to minimize the biases of my interpretation, trying to show the research object in its “natural state”. I aim to achieve this by being conscious of my biases, and by making my interpretation as transparent as possible to the readers. I have tried to open my interpretation process in as much detail as possible in the following analysis chapter. Before that, I will briefly describe my history in relation to the case organizations and their business domains. By doing that, I aim to illustrate the level of my basic knowledge of each case, and more importantly, discuss some potential interpretation biases and my ways of coping with them.

I acted as a researcher and project manager in the research team carrying out the case studies. Thus, I was involved in the planning, execution, and reporting of the 12-case-study from the beginning to the end<sup>28</sup>. I participated in the planning of all the four case studies included here. I also collected some additional archival data about all the cases later. Otherwise, my role varied slightly in the four cases:

- ⇒ I participated in all the case study phases at **Financier**: planning, data generation, and reporting. Financier was also a familiar organization. I had had a close relationship to it as a consultant in past development projects. The projects did not focus on Financier’s strategic goal, but concerned teamwork and business processes. Hence, I had a rather good understanding of Financier on general level before the strategy implementation study.
  
- ⇒ Unlike in the other cases, at **Healthcare**, I did not participate in the interviews or the reporting. However, I was present at the planning meetings. The lack of first-hand contact with the case organization was offset by extra effort in studying additional archival data. Also, one of the researchers who had made the interviews at Healthcare read and commented on my case description text. The target group of the strategic goal, children and young people, was interesting and personal for me, being a consumer of the services, that is, being a fairly new parent myself, and having my child in the municipal daycare at the time of the analysis.

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<sup>28</sup> After the 12 case studies we published a summary report on strategy implementation (Aaltonen, Ikävalko, Mantere, Teikari, Ventä & Währn 2001).

- ⇒ At **Retailer**, I participated in all the case study phases: planning, data generation, and reporting. The organization was not familiar before the case study, but the business was familiar: I had a personal history as a worker in another retail chain.
- ⇒ Of the four cases, I was most involved in **Telecom**. Telecom participated in a development project, coordinated by our researcher team, after the case study phase. The project consisted of collaboration among the participating organizations around common strategy implementation themes and development projects carried out in each organization<sup>29</sup>. In other words, the problems discovered in the interview study were tackled in Telecom. This enabled continued observation of the case. However, the majority of the data, namely the interviews, were produced before the development project started. Thus, the project did not affect the interviews. However, I had also collaborated with Telecom earlier by participating as a consultant in a development project concerning customer service process development. With that kind of history, I had quite a rich insight into the history of Telecom and its strategic goal. However, having a role in the activities concerning the strategic goal involves also a risk of bias in data generation. The interviewees could have recognized me as a key stakeholder in the development project, focused on the strategic goal, which was also the topic of the interviews. And, this might have somehow affected the way the interviewees talked to me in the interviews. Perhaps the informants would have crafted their responses to be amenable to the researcher, a bias pointed out by Miles & Huberman (1994: 265). This possible source of bias was avoided by letting my colleague interview the persons who had participated in the development project. I interviewed those not involved in the project.

My role in the case organizations is summarized in the Table 3-3.

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<sup>29</sup> The collaboration took place in ‘network workshops’ and the organization-specific development work was organized in separate consultation projects.

**Table 3-3. The researcher's role in the cases.**

| <i>Organization</i> | Consultation project | Strategy implementation case study |                                    | Strategy implementation development project | Data analysis | Additional data collection |
|---------------------|----------------------|------------------------------------|------------------------------------|---|---------------|----------------------------|
|                     |                      | Planning of the study              | Interviews, reporting and feedback |   |               |                            |
| FINANCIER           | X                    | X                                  | X                                  |   | X             | X                          |
| HEALTHCARE          |                      | X                                  |                                    |   | X             | X                          |
| RETAILER            |                      | X                                  | X                                  |   | X             | X                          |
| TELECOM             | X                    | X                                  | X                                  | X   | X             | X                          |

### 3.5 ANALYSIS

On a general level, my understanding of the history and situation of each organization developed in three main phases. In the *data generation phase* during the year 2000, I became familiar with all the cases, as well as with the nature and background of their particular strategic goals. Carrying out the interviews, writing a report for each organization as well as presenting and discussing it with the representatives of the organization and my colleagues, established a good understanding of the cases.

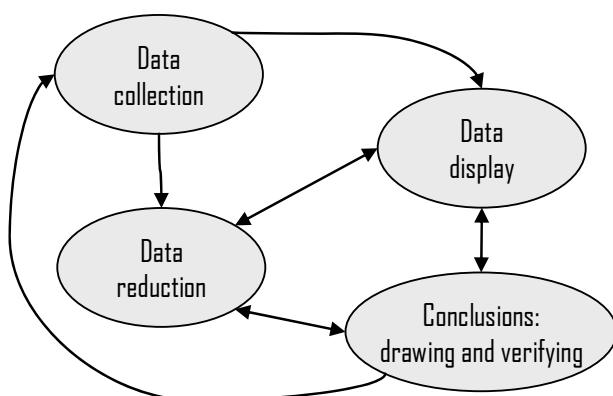
In the *preliminary analysis* phase, about three years after the interview data production, I carried out the very first exploration of strategic activities. More specifically, I focused on actions that realize strategy and presented a first strategic action categorization in a conference paper (Aaltonen 2003). The study was carried out on two of the four cases of this thesis (Financier and Healthcare) and two other ones. That preliminary work served as an orientation to the research theme and analysis process, but was not directly utilized here. The analysis for this thesis also started from the beginning in the Financier and Healthcare cases.

The *main analysis* phase was carried out one to three years after the preliminary analysis, when I re-analyzed the data and wrote this dissertation. The main encounter with the data took place after finishing, for the first time, the literature review and choosing the theoretical lenses of strategic goal (at that time, strategic intent) and strategic activity (at the beginning, strategic action).

In grounded theory methodology, the area of original intent may change as ideas and unexpected actions emerge from the data. The researcher should be willing to adapt to

these and remain flexible with respect to the evolving conceptual nature of the emerging theory (Glaser & Strauss 1967, Strauss & Corbin 1990, Goulding 2002). My analysis process was flexible and emergent by nature, and my specific areas of interest developed during the process. At the beginning, I had a general interest in strategy implementation, and started to build the activity typology without exactly knowing how to use it in exploring the success of strategy implementation. The main concepts of the study, strategic goal, adoption of the goal, and various types of activities emerged during the research process in the interplay of data and emerging theoretical categories and concepts.

My data analysis involved an iterative approach of moving back and forth between data, relevant literature, and emerging theory (Glaser & Strauss 1967, Eisenhardt 1989, Miles & Huberman 1994). This can be illustrated as consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing and verification. These three streams are interwoven before, during, and after data collection in parallel form (Miles & Huberman 1994) (Figure 3-1).



**Figure 3-1. Components of qualitative data analysis (Miles & Huberman: 1994: 12).**

- ⇒ In *data reduction*, the data appearing in written-up field notes or transcriptions are selected, focused, simplified, abstracted, and transformed. Data reduction is a form of analysis that sharpens, sorts, focuses, discards, and organizes data in such a way that “final” conclusions can be drawn and verified. (Miles & Huberman 1994)
- ⇒ *Data display* refers to organized, compressed assembly of information that permits conclusion drawing and action. The most frequent form of qualitative data,



text, is cumbersome, dispersed, sequential, poorly structured, and extremely bulky. By creating and using displays such as matrices, graphs, charts, and networks, the qualitative data can be made more accessible and compact. (Miles & Huberman 1994)

⇒ *Conclusion drawing and verification* is about deciding what things mean by noting regularities, patterns, explanations, possible configurations, causal flows, and propositions. The meanings emerging from the data have to be verified, tested for their plausibility, their sturdiness, and their “confirmability” – that is their validity. (Miles & Huberman 1994)

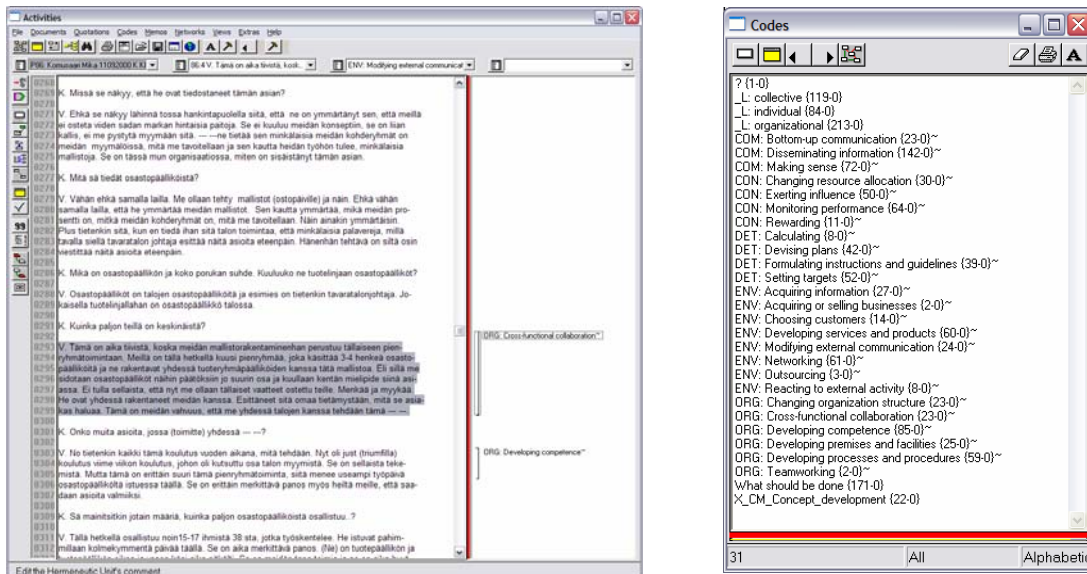
My data reduction took place by means of various grounded theory coding procedures. Throughout the analysis process, I used various kinds of tables as *diagrams*, that is, the graphic representations or visual images of the relationships between concepts (Strauss & Corbin 1990). On the other hand, these diagrams served as *data displays* to make data more accessible and compact, in order to see what is happening (Miles & Huberman 1994). The most essential displays are cursorily shown in the following in order to illustrate the analysis process. The displays are discussed thoroughly throughout the result chapters. I will also present here the general analysis principles to help the reader make sense of the results.

My main analysis is divided into six partly overlapping phases that are discussed in the following chapters and summarized in Table 3-4.

Table 3-4. Summary of the six analysis phases.

### Analysis phase 1: coding the interview texts

The strategic activities were identified in the interview texts and a list of activity categories was formed.



### Analysis phase 2: creating activity tables

An activity table was formed for each case, consisting of descriptions of existing and desired activities, grouped under main and subcategories. At the same time, the first version of general classification was built.

The image shows a grid of activity tables for four cases: TELECOM, RETAILER, HEALTHCARE, and FINANCIER. Each case has a header row and several columns representing different activity categories and subcategories.

| Main category                 | Subcategory                                      | Explanation  |
|-------------------------------|--|--|
| FORMULATING STRATEGY          | Analyzing strategy                               | Analyzing the content of strategy  |
|                               | Devising plans                                   | Preparing plans, guidelines, budgets, or scenarios for the future  |
|                               | Formulating directions                           | Formulating instructions or standards for work   |
| COMMUNICATING                 | Bottom-up communication                          | Individuals presenting their ideas to their superiors or superiors gathering information from their subordinates |
|                               | Discussing information                           | One way (top-down) communication about strategy  |
|                               | Making sense of strategy                         | People discussing/reflecting strategy  |
| CONTROLLING                   | Changing resource allocation                     | Changing the distribution of human and financial resources   |
|                               | Exerting influence                               | Influencing other people getting somebody to do something  |
|                               | Implementing decisions                           | Executing decisions made by others   |
|                               | Monitoring performance                           | Continuous monitoring of performance or quality in relation to some standard                                     |
|                               | Rewarding  | Rewarding for implementing strategy  |
| ORGANIZING                    | Changing organization structure                  | Modifying hierarchy, reporting relations, job descriptions   |
|                               | Developing competence                            | Assessing and developing organizational competence by training, job circulation, recruiting etc.                 |
|                               | Developing processes and procedures              | Creating new or adjusting established work processes and procedures  |
|                               | Internal collaboration                           | Internal, temporary cross-functional or cross-level cooperation  |
| INTERACTING WITH ENVIRONMENT  | Renegotiating (streamlining) operations          | Cutting costs and managing time usage  |
|                               | Acquiring information                            | Getting and collating external information   |
|                               | Choosing customers                               | Choosing customers to work with  |
|                               | Modifying external communication                 | Adapting e.g. marketing communication or customer interaction  |
|                               | Modifying services and products                  | Proactive modification of products and services, also their pricing  |
|                               | Networking                                       | Socializing with external partners, e.g. joint projects with external partner                                    |
| Reacting to customer activity | Actions triggered by customer action or inaction |  |

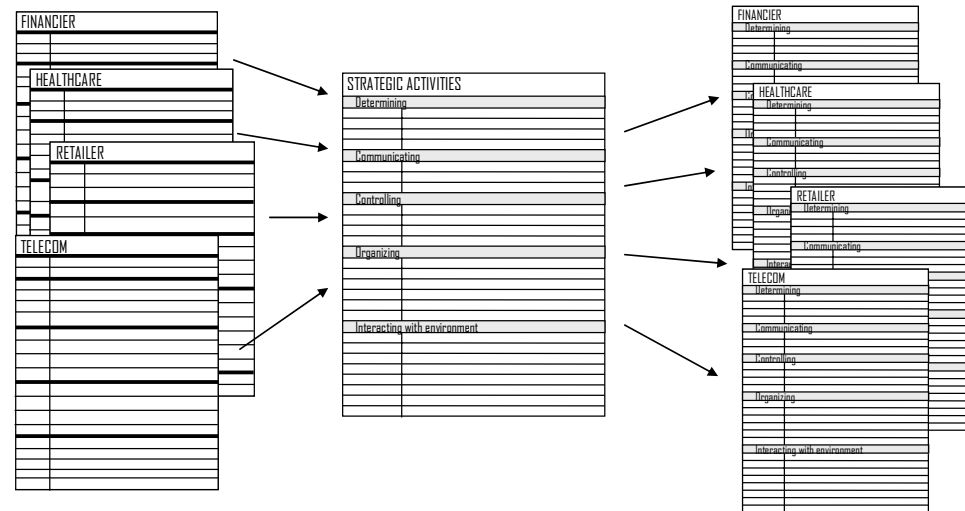
### Analysis phase 3: writing the case descriptions

The interview and archival data as well as the case activity tables were used to write four approximately ten-page case texts describing the case organizations, their strategic goals, and strategic activities.

The image shows four overlapping cards, each representing a case description. The cards are titled 'The Financier case', 'The Healthcare case', 'The Retailer case', and 'The Telecom case'. Each card contains a brief summary of the case's background, challenges, and organizational structure.

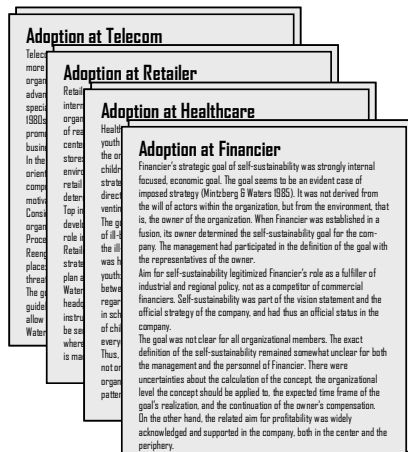
**Analysis phase 4: building the general strategic activity classification**

The four activity categorizations were compared, the category titles and their descriptions were modified, and the case specific activity tables were merged into a general strategic activity table, and then used to describe the cases.



**Analysis phase 5: describing the adoption of strategic goals**

The interview data were utilized to determine the adoption of strategic goals conceptually through three analytic dimensions, which were then used to describe how the strategic goal was adopted in each case.

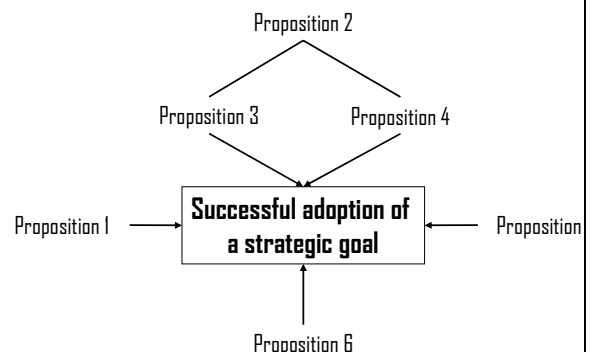


|                           | FINANCIER | HEALTHCARE | RETAILER | TELECOM |
|---------------------------|-----------|------------|----------|---------|
| 1) Goal importance        |           |            |          |         |
| 2) Goal clarity           |           |            |          |         |
| 5) Goal realization roles |           |            |          |         |

**Analysis phase 6: linking the activity pattern to the adoption of the strategic goal**

The resulting activity pattern was connected to the adoption of the strategic goal in each case and a set of theoretical propositions concerning the observed linkages was written.

|            | MISSING ACTIVITIES | CONNECTION | ADOPTION CHALLENGES |
|------------|--------------------|------------|---------------------|
| FINANCIER  |                    | ←→         |                     |
| HEALTHCARE |                    | ←→         |                     |
| RETAILER   |                    | ←→         |                     |
| TELECOM    |                    | ←→         |                     |



### 3.5.1 ANALYSIS PHASE I: CODING THE INTERVIEW TEXTS

Although I had analyzed two of the cases earlier (Aaltonen 2003), I started this first phase from the beginning. One reason for this was that I changed the analysis software from Microsoft Excel to the more appropriate Atlas.ti, and thereby had to start the analysis from the beginning. However, I also wanted to analyze all the cases at the same time, or at least one immediately after the other, in order to avoid any possible time-related analysis biases between the cases.

I started to read the interview texts and to look for expressions of activities or actions related to the strategic goal<sup>30</sup>. That is, I read the transcribed interview texts through and all comments where interviewees associate some kind of activity or action with the strategic goal were coded in the text. In general, coding of data represents the operations by which data are broken down, conceptualized, and put back together in new ways (Strauss & Corbin 1990: 57).

As I found a potential expression, I tried to understand what was it basically about, asking myself questions like: What is this? What does this represent? Is this an activity? What kind of activity is it? Then I coded it by giving it a short category title such as “devising plans” or “acquiring information”. This process of searching the interview data for expressions of strategic-goal-related activities and labeling each activity with a short common-sense title is similar to *open coding* of data, the process of breaking down, examining, comparing, conceptualizing, and categorizing data (Strauss & Corbin 1990: 61).

Open coding starts with a full transcription of an interview, after which the text is analyzed line by line in an attempt to identify key words or phrases which connect the informant’s account to the experience under investigation (Goulding 2002: 76). I

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<sup>30</sup> In the beginning, I used the notion of ‘action’, but during the analysis process switched to ‘activity’. This decision stemmed from the theoretical considerations of the nature of the phenomenon I was trying to understand. Actions (or acts) are related to events and activities to processes (von Wright 1963). As I was not aiming at describing the realization of strategic goals as a series of separate actions but more like on-going processes, the notion of activity was adopted. However, I did not apply any criteria for the recurrence of the activities. For example, in the Telecom interviews, only one business acquisition was referred to, thus representing one organizational action. Still, I do not regard this choice as a weakness, since my research aim concerning the activities was not to distinguish between activities and actions or to study the activities from longitudinal or temporal perspective, but to understand the variety in the nature of the activities.

coded the interview text by sentence or paragraph, instead of coding line-by-line or the entire document (Strauss & Corbin 1990: 73).

In this phase I aimed to identify and develop various strategic activities – the key concepts of my study. Concepts are the conceptual labels placed on discrete happenings, events, and other instances of phenomena (Strauss & Corbin 1990: 61), and, open coding is the analytic process by which concepts are identified and developed in terms of their properties and dimensions.

While coding an incident for a category, I compared it with the previous incidents in the same and different groups coded in the same category (Glaser & Strauss 1967: 106). I added new categories as new themes came up but used the old categories when possible. In this way, the activity categories started to emerge from the interview data. This continued as an iterative process, where data was interpreted, and categories developed, modified, split, merged, or deleted, in turn.

During this phase I had an open mind towards actions and activities. Everything that resembled action or activity of some sort was taken into account and coded with a short description of the nature of activity (see Table 3-5 for some examples). In other words, no very rigid judgment was practiced at this point on whether the coded text described an activity or something else. Later, some pieces of coding were dropped since they were too vague. For example, the dropped piece of text might have described more people’s aspirations (“*we aim to deliver the services in time*“) than existing organizational activities.

**Table 3-5. Some coding examples.**

| Quotation   | Activity category         |
|---|---------------------------|
| "But then we have this performance bonus system, which applies to the whole company. And one bonus criterion in it is how well we serve other departments internally, and that is essentially related to this service process [improvement]."                 | Rewarding                 |
| "... concerning this theme too, this year, and why not in the future too, there has been an intensive investment in cooperation among these different bureaus and administrations."   | Networking                |
| "Well, there was this information meeting when we started working here, and there they told us [about the strategic goal]. We were given a this thick handbook called "The policy of the house" and I have read about these [strategic goal issues] from it." | Disseminating information |

Accounts referring to organizational activities took different forms. In practice, the activities mentioned by interviewees were such that either the interviewee or somebody else had been involved. Sometimes the interviewees spoke about a collective to which they had belonged (“*we always discuss the strategic goal in our meetings*”) or a collective to which they had not belonged (“*the management team devises a plan for the development actions*”). They could also refer to a specific person (“*the department head announced that there will be a training program on the topic*”), but sometimes the agent remained unidentified (“*they have changed the performance criteria*”). However, most often the interviewees used the passive voice, for example “*the targets are set*”, “*some work processes have been analyzed and developed*”, or “*the new department was established to improve the customer service*”.

During the coding process I soon realized that the boundaries between activity categories were not clear-cut. In other words, many activities could be easily related to more than one category. For example, a comment on goal-setting, “*they [management] determine a performance level that we must reach*”, could be coded either in ‘setting goals’, ‘sharing information’, or ‘controlling performance’. Or, an activity of *process development* could be carried out in *cross-functional cooperation* (another activity category). Or, when *disseminating information* a person usually *exerted influence* on someone else. Or, *developing services and products* necessarily embraced some kind of *development of processes and procedures*.

In situations like those above I had to exercise careful judgment in deciding into which category each reference would fall. In other words, to decide which category dominated. To be able to do that, I reread the interview text, perhaps many times, in order to capture the most essential meaning of the comment. In other words, I asked questions about the data and made comparisons for similarities and differences between arising categories (Strauss & Corbin 1990: 62).

While reading the interview text and looking for expressions of existing activities, I also came across normative references concerning the realization of the strategic goal and decided to code them too. In other words, I looked for comments on how the goal *should* or *could* be better realized. I coded these activities in the category “What should be done”. Later, I decided to call this activity category “*desired strategic ac-*

tivities”. Here, the challenge of the analysis was to distinguish between non-specific hopes such as “we should do the best we can” and concrete improvement suggestions.

This decision to include the desired activities in the analyses seemed relevant for two reasons. First, when reading the interview data, I soon realized that many interviewees discussed the normative side of strategic goal realization at length, even to the extent that I had some difficulties in interpreting whether they were talking about how things are (existing activities) or how things should be (desired activities). Hence, since interviewees also brought up normative expressions frequently, I reasoned that they might prove useful and decided to code them all, too.

Second, this normative side of strategic activities also seemed theoretically relevant. I thought that by looking at the desired activities, in addition to the existing ones, I could take a more dynamic approach to strategy realization. The dynamism here would come from the existing activities describing the present and the desired activities aiming to the future. Also, revealing the intentions of the implementers, would allow for a more in-depth understanding on the topic.

At the beginning, I also coded the *level* of each activity, in addition to the content. The division into individual, collective, and organizational activity was applied. However, after analyzing the first two cases this coding was abandoned. I faced various challenges in this coding procedure. The interviewees’ hierarchical position affected the level of activity. For example, a comment that “we have done this”, can be interpreted either as a collective activity of a group to which the interviewee belonged, or as an organizational activity concerning the whole company. Also use of the passive voice in the interviews complicated determination of an activity’s level. Moreover, because the activity level was not regarded as essential considering the research questions of this thesis, the level coding was eventually given up.

As I encountered a problem, such as those above, or gained an insight into an issue, I stopped coding data and wrote down my thoughts. That is, I kept *memos* in which I continuously wrote down ideas, questions, and decisions concerning the analysis (Glaser & Strauss 1967: 107; Goulding 2002: 64). For example, when I had a problem with an activity category, and wrote down the concerns about it as well as the decision I made regarding it and the grounds for making it. As the analysis progressed I kept

coming back to the memos when I needed clarification for some analytic decisions I had made. I also revisited the memos when I wrote this description of my analysis process.

I built the activity categories myself purely from the data instead of using pre-existing categorizations. There are numerous reasons for that. Emergent conceptualization is beneficial because selecting data for a category that has been established by another theory tends to hinder the generation of new categories. Emergent categories usually prove to be the most relevant and the best fitted to the data, because as they are emerging, their fullest possible generality and meaning are being continually developed and checked for relevance. The adequacy of indicators for emergent categories is seldom a problem. Finally, borrowed concepts often bring with them commonly held meanings and associations that can bias the readers as well as the researcher himself. (Glaser & Strauss 1967: 37, Strauss & Corbin 1990: 68)

At the end of this first analysis phase, I had the text from 101 interviews coded in a number of activity categories, each category describing an existing activity, through which the strategic goal is pursued in that organization. I also had a group of references called “*What should be done?*” describing various ways in which the goal should or could be realized better than at the moment.

### **3.5.2 ANALYSIS PHASE 2: CREATING ACTIVITY TABLES**

After finishing the first analysis phase, I continued by reading through all the quotations on activities. As I read the quotations, category by category, I tried to make sense of the activity the interviewees were talking about. Again, I asked myself what is this activity type all about and made constant comparisons with other categories (Glaser & Strauss 1967, Strauss & Corbin 1990). I kept modifying both the categories’ names and the coding of the text. Categories were deleted (e.g. ‘managing projects’ was discarded since it was considered only as a means to advance different themes that could be expressed by other activity categories) and new categories were formed when progressing from one case to the next. Moreover, some coded pieces of text were discarded due to a lack of relevance, that is, they seemed to describe something other than an activity.



As the number of categories became rather high, I started to build a hierarchy of categories. In other words, I moved to the *axial coding* phase of grounded theory, that is, putting data back together in new ways after open coding, by making connections between a category and its subcategories (Strauss & Corbin 1990: 96). I developed a set of main categories under which these actual categories fell. The main categories were formed by seeking similarities and differences between the (sub)categories. During this analysis phase, subcategories were merged and moved from one main category to another. When building the categories, I aimed at naming the main and subcategories universally, so that every case would fit in. Thus, during this process, the category titles were modified constantly as new cases brought new features to the activity categories.

This phase resulted in four activity tables, one per case, describing the activities that realize the strategic goal in each case, as well as a number of desired activities, that is, normative accounts on how the goal could or should be better realized. For each category in each case, I wrote descriptions of how the activity realizes the strategic goal. Hence, the resulting main and subcategories had similar titles in all cases, but the textual descriptions varied. Also, not all subcategories were filled in every case, simply because every activity did not exist in all cases. A part of a case-specific table is presented in Figure 3-2.

| Case  | ACTIVITY TYPE                | DESCRIPTION OF REALIZATION  | NORMATIVE ACCOUNTS   |
|---|------------------------------|---|--|
| RETAILER  |                              |   |  |
| Subcategory   | <b>Developing competence</b> | The whole personnel attends to product display trainings. The concept developers first train store managers, who then train their employees. When new stores are opened, or existing ones re-opened after renovation, the staff is educated on several issues including the concept. One criteria for choosing personnel in the stores is the person's "fit" with the ideas of the concept. The concept issues are discussed also in other trainings, like sales training, sub-concept launch training, suppliers' product trainings, and customer service trainings. In induction training, the main themes of the concept are explained to the new employees. | Concept training should be more comprehensive to ensure the whole staff's knowledge on the concept. The service points should always be staffed by personnel with relevant special training. (2) |
| Number of different persons referring to this activity type | (26)                         | ...   | ...  |

**ORGANIZING**

**Description of realization; how the strategic goal is realized in the case. Later changed to "existing activities".**

**Normative accounts; how the strategic goal should or could be realized better. Later changed to "desired activities".**

**Figure 3-2. An excerpt from a case's activity table.**

The number of references for each activity type, or more precisely, the number of different persons referring to certain activity types, were counted (see the numbers in brackets in Figure 3-2). Although it would have been interesting, no prioritization or ranking between different activities was made on the basis of this quantitative information. In other words, no prevalence or importance differences between various activities were sought. This was because the reference volume cannot be regarded as a proper indicator of activity importance. Let us consider for example the activities of *acquiring businesses* and *teamworking*. If the former activity gets two references and the latter twenty, can we conclude that teamworking is a more important activity than acquiring businesses? Or does it more likely tell about how *known* a certain activity is among organizational members? Also, because the awareness of activities was beyond the scope of the study, it was not explored.<sup>31</sup>

<sup>31</sup> The reference frequencies of the final activity tables are, however, included in appendix 3.

The output of this analysis phase comprised four case activity tables and a first general strategic activity classification consisting of five main categories, 23 activity categories, and their short descriptions. The activity explanations in the general classification were formed by summarizing the numerous descriptions in the four cases. In terms of grounded theory methodology, I integrated the activity categories and their properties (Glaser & Strauss 1967: 108) as I again did *axial coding*, that is, I put data back together in new ways after open coding, by making connections between a category and its subcategories (Strauss & Corbin 1990: 96).

Axial coding involves moving to a higher level of abstraction and is achieved by specifying relationships and delineating a core category or construct around which the other concepts revolve (Goulding 2002: 78). An example of moving to a higher level of abstraction is presented in Table 3-6, where five types of case-specific competence development activities are merged into a general activity category.

**Table 3-6. Moving to a higher level of abstraction in coding: the activity of developing competence as an example.**

| Case specific activities   | General activity classification   |
|--|---|
| <p>The whole personnel attends product display training. The concept developers first train store managers, who then train their employees.</p> <p>When new stores are opened or existing ones reopened after renovation, the staff is educated on several issues including the concept.</p> <p>One criterion for choosing personnel in the stores is the person's "fit" with the ideas of the concept.</p> <p>The concept issues are also discussed in other training, like sales training, sub-concept launch training, suppliers' product training, and customer service training.</p> <p>In induction training, the main themes of the concept are explained to the new employees.</p> | <p>Assessing and developing organizational competence by training, job circulation, recruiting etc.</p> |

### 3.5.3 ANALYSIS PHASE 3: WRITING THE CASE DESCRIPTIONS

Writing the case descriptions took place partly in tandem with the formation of activity descriptions. The motivation for writing case texts stemmed from the need to understand the organizations more thoroughly than just as a set of organizational activities. I aimed to become familiar with each case as a stand-alone entity (Eisenhardt 1989: 540) and to understand each case as a specific, complex, functioning thing

(Stake 1995: 2) So, in this phase I expanded my view from the activities to the chosen strategic goal, its history, and the general nature and the context of the case organization as well. When writing the case descriptions, I set the activity tables aside for awhile, let the cases “talk”, and aimed at creating a story of each of the four organizations. Still, the activity tables were used as a starting point in the case descriptions when describing the activities.

As I set my conceptual categories aside for awhile and went back to the data, my emphasis was in reading the interview data in order to describe each case organization, its general purpose, domain and structure, as well as the nature of its strategic goal. In doing so, I also utilized multiple archival data: planning memos, organizations’ web sites, my email correspondence with the case organizations, and some additional reports concerning the strategic goal. The archival data were used to deepen the view formed by the interview data about the case organizations, their goals and activities, and key historical events. In this phase, I also included quotations from the interview data into the case descriptions to enrich the strategic goals and the activity types in them.

When writing the case descriptions, I became aware of the diversity of the cases, their goals, and activities. Hence, I felt justified in freeing myself from the original activity categorization and in organizing the activities in the way that seemed most natural in each case. By moving backwards and forwards between data and emerging theoretical notions (Glaser & Strauss 1967, Strauss & Corbin 1990), I sought to improve the applicability of the categories, as well as the quality of their descriptions.

The strategic activities were grouped into main categories by the dividing criteria arising from each case context. As a result, the activity categorization was different in each case. The output of this analysis phase comprised four ten-page case descriptions, each discussing the general characteristics of the organization, the history and nature of the strategic goal, the activities realizing the strategic goal, and the suggestions for improving goal realization.

### **3.5.4 ANALYSIS PHASE 4: BUILDING THE GENERAL STRATEGIC ACTIVITY CLASSIFICATION**

The building of the general strategic activity classification was characterized by comparison of different categorizations. Methodologically, the constant comparison (Glaser & Strauss 1967) and axial coding of data (Strauss & Corbin 1990) continued. In the case descriptions, I took the liberty of breaking down the original activity categorization and built the summarizing activity tables around categories arising from each case. As I was aiming to build a general categorization, it was time to merge the case specific categorizations.

In addition to the summary tables of the case descriptions, I had the original case-specific activity tables and the preliminary general activity classification that I had created in the second analysis phase. I searched for cross-case patterns (Eisenhardt 1989) by looking for differences and similarities in the categories in all these ‘data displays’ (Miles & Huberman 1994). The general activity classification was formed step-by-step. This analysis process, the essential data displays and its output are described in the result chapter 4.3.

Open coding of data, that is, breaking down, examining, comparing, conceptualizing and categorizing the data (Strauss & Corbin 1990) also continued in this stage. I used interview data continuously to validate different activity categories. As in previous phases, some coded activities were deleted because of their irrelevance or lack of explanatory power. For example, references such as “setting the targets so that the strategic goal is realized” that I had coded in the ‘setting targets’ category or “taking marketing actions in a way they create true benefit “ in the ‘modifying external communication’ category did not tell much and I decided to delete them.

When building the general activity typology, based on the existing activities, the normative expressions (desired activities) were also categorized into the general classification. I was able to categorize all the normative expressions, which indicates either that the general classification is all-inclusive, or that the interviewees could not think “outside the box”, and hence could not come up with totally innovative activities.

As a result of this analysis phase, I had a refined general activity categorization with five main categories, 25 subcategories, and a short description of each, and the exist-

ing and desired activities for each case described with this categorization, in other words four different *activity patterns*.

### 3.5.5 ANALYSIS PHASE 5: DESCRIBING THE ADOPTION OF STRATEGIC GOALS

In this stage I moved to *selective coding* (Strauss & Corbin 1990: 116) as adoption of strategic goals became my *core category*: the central phenomenon in my study around which all the other categories are integrated (ibid.). I had developed different activity categories that I aimed to use to explore the success of strategic goal adoption, my core category, but I still needed to understand adoption itself better.

In the theoretical part of the thesis I have defined the adoption of strategic goals as *organizational members choosing to follow the strategic goal*. Still, I had to go back to the interview data to be able to understand what it meant. In a sense, I had to collect more data from my cache of interview data, thus letting the developing categories and emerging theory control the data collection (Glaser & Strauss 1967).

The indicators of adoption were explored by searching the data for interviewees' conceptions about the strategic goal: its nature, significance, and realization. I started by reading the interviewees' answers to various strategic-goal-related questions. Step-by-step, different indicators of the adoption started to emerge when I kept asking myself what does this phenomenon tell about adoption and continuously made comparisons with other incidents and other emerging categories. In other words, I engaged in *open coding* (Glaser & Strauss 1967, Strauss & Corbin 1990) of the interview data again.

Since the interview outline was rather broad<sup>32</sup>, I also had a good opportunity to explore the concept of adoption. First, the experienced *importance* of a strategic goal seemed quite clearly connected with the acceptance or adoption of the goal. People are inclined to undertake issues that they consider important. And vice versa, if a goal is considered irrelevant, or is even openly resisted, no active adoption can be expected. Here, the interviewees were not directly asked how important they considered the strategic goal, but were asked about the grounds for the assumed importance of the goal for their organization. These answers were especially useful for me in evaluating

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<sup>32</sup> See Appendix 1.

how important the interviewees considered the strategic goal. In addition, objections and other expressions of dissatisfaction with the existence of the goal were noted.

When discussing the problems in realizing the strategic goal, many interviewees referred to the goal's inadequate *clarity*. An ambiguous goal can not be expected to be adopted very consistently or effectively. In other words, if there are considerable uncertainties concerning the goal, its adoption can be difficult. The interviewees were directly asked to define the strategic goal in their own words and to say whether there was something unclear about the strategic goal. With the answers to these questions, I could assess how clear the strategic goal was in each case organization.

The interviewees were also asked about their own *role* in realizing the strategic goal. To be able to adopt a goal, an individual must have a comprehension of how he can contribute to it, to know what he should do to advance its realization. In other words, can an individual define what is expected from him, what is his role in organizational strategy? I evaluated the ability to define a role in realizing the strategic goal by looking at the answers given by the interviewees when asked to describe how the strategic goal is present in their own work.

Hence, I ended up with three dimensions of the strategic goal adoption: importance of the goal, clarity of the goal, and goal realization roles. These dimensions of strategic goal adoption as well as their sources of information are summarized in Table 3-7.

**Table 3-7. The analysis framework for the strategic goal adoption.**

| <b>Analysis dimensions</b> | <b>Explanation</b>  | <b>Sources of information</b>   |
|----------------------------|---|---|
| 1) Goal importance         | How important was the goal considered and for what reasons?                             | Indications of the interviewees' experienced importance of the strategic goal<br>Indications of objection and other expressions of dissatisfaction with the existence of the goal<br>In particular, the interview question:<br>– <i>Why is the strategic goal important for the organization?</i>   |
| 2) Goal clarity            | Were there unclear issues concerning the goal?  | Interviewees' indications of unclarities concerning the strategic goal<br>In particular, the interview questions:<br>– <i>What is the strategic goal in your view?</i><br>– <i>Are there unclear issues associated with the strategic goal? What are they?</i>  |
| 3) Goal realization roles  | Could individuals explicate themselves a role in the realization of the strategic goal? | Interviewees' conceptions of their own role in realizing the strategic goal<br>In particular, the interview questions:<br>– <i>How is the strategic goal present in the organization's / your unit's work activities at the moment?</i><br>– <i>How is the strategic goal present in your own work? Give an example.</i><br>– <i>How have you advanced the realization of the strategic goal?</i> |

Based on these information sources, I wrote a description of the strategic goal's adoption in each case. The ultimate output of this phase was a summarizing table presenting the success of the strategic goal adoption in each cases, analyzed by the three adoption dimensions.

### **3.5.6 ANALYSIS PHASE 6: LINKING THE ACTIVITY PATTERN TO THE ADOPTION OF THE STRATEGIC GOAL**

In the sixth analysis phase, I focused on examining the linkages between activity patterns and the observed success in the strategic goal's adoption, that is, combining the outputs of analysis phases 4 and 5. I tried to figure out which characteristics of the activity patterns were related to adoption challenges or other adoption attributes. I searched for cross-case patterns (Eisenhardt 1989) by, for example, examining activity types common to all cases or those characteristic only to a single case, aiming to



understand the meaning of these discrepant, “outlier” cases (Miles & Huberman 1994).

When desired activities were examined more closely, they seemed to divide into two basic types that I named ‘enhancing’ and ‘novel’ activities. *Enhancing* desired activities reinforced the existing activities while *novel* desired activities introduced new opportunities to pursue the strategic goal. In addition, two concepts, *origin of the strategic goal* and *coherence of the strategic whole*, emerged as new categories affecting strategic goal adoption.

In grounded theory methodology terms, in this phase I moved to *writing theory* (Glaser & Strauss 1967: 113) as well as *selective coding* (Strauss & Corbin 1990: 116): the process of selecting the core category and systematically relating it to other categories, identifying a “story line” and writing a story that integrates the categories, resulting in a set of propositions. On the other hand, the continuation of constant comparison of activity categories, elicited a completely new activity categorization: the dichotomy of enhancing and novel activities. In that sense, I *delimited my theory*, by discovering underlying uniformities in the original set of categories or their properties, and formulated the theory with a smaller set of higher level concepts (Glaser & Strauss 1967: 110)

In case study terminology, this final phase was about determining the relationships between the constructs – the adoption of strategic goal, the strategic activities, and the emergent concepts of goal origin and coherence of the strategic whole – and verifying them with case evidence, and writing a set of propositions as the final product of the study (Eisenhardt 1989).



## 4 STRATEGIC ACTIVITIES

The results are presented in two main parts, each of them addressing one of the main research questions. This first result chapter answers the first research question: *How are strategic goals realized through organizational activities?*

The chapter starts with the description of the results of a **preliminary classification**. The bulk of the chapter consists of four **case descriptions**. Each case text presents the organization, its general purpose, domain and structure, as well as the nature of its strategic goal, the variety of organizational activities through which the goal was pursued, and a set of desired activities that were regarded as a way to improve the strategic goal realization. Based on the case descriptions, a **general strategic activity classification** is built, thus forming the answer to the sub-question 1a: *What kinds of strategic activities are there?*

In the last part of the chapter the sub-question 1b (*How do different strategic goals manifest themselves in the activities?*) is answered by showing the **strategic activity pattern** in each case.

### 4.1 PRELIMINARY STRATEGIC ACTIVITY CLASSIFICATION

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The preliminary classification was formed in the analysis process described in the methodology section. In the first analysis phase the activities were identified in the interview text, and in the second phase, activity tables for each case and the first version of general activity table was created.

The output of this second phase was a preliminary strategic activity classification: five main categories under which there were 23 subcategories, each with a short explanation (Table 4-1).

**Table 4-1. The preliminary strategic activity classification.**

| Main category                | Subcategory                             | Explanation  |
|------------------------------|---|--|
| FORMULATING STRATEGY         | Analyzing strategy                      | Analyzing the content of strategy  |
|                              | Devising plans                          | Preparing plans, guidelines, budgets, or scenarios for the future  |
|                              | Formulating directions                  | Formulating instructions or standards for work   |
|                              | Setting goals                           | Setting goals for the strategy content   |
| COMMUNICATING                | Bottom-up communication                 | Individuals presenting their ideas to their superiors or superiors gathering information from their subordinates |
|                              | Disseminating information               | One way (top-down) communication about strategy  |
|                              | Making sense of strategy                | People discussing, reflecting strategy   |
| CONTROLLING                  | Changing resource allocation            | Changing the distribution of human and financial resources   |
|                              | Exerting influence                      | Influencing other people: getting somebody do something  |
|                              | Implementing decisions                  | Executing decisions made by others   |
|                              | Monitoring performance                  | Continuous monitoring of performance or quality in relation to some standard                                     |
|                              | Rewarding                               | Rewarding for implementing strategy  |
| ORGANIZING                   | Changing organization structure         | Modifying hierarchy, reporting relations, job descriptions   |
|                              | Developing competence                   | Assessing and developing organizational competence by training, job circulation, recruiting etc.                 |
|                              | Developing processes and procedures     | Creating new or adjusting established work processes and procedures  |
|                              | Internal collaboration                  | Internal, temporary cross-functional or cross-level cooperation  |
|                              | Rationalizing (streamlining) operations | Cutting costs and managing time usage  |
| INTERACTING WITH ENVIRONMENT | Acquiring information                   | Getting and utilizing external information   |
|                              | Choosing customers                      | Choosing customers to work with  |
|                              | Modifying external communication        | Adapting e.g. marketing communication or customer interaction  |
|                              | Modifying services and products         | Proactive modification of products and services, also their pricing  |
|                              | Networking                              | Socializing with external parties, e.g. joint projects with external parties                                     |
|                              | Reacting to customer activity           | Actions triggered by customer action or inaction   |

At this point, I had an activity table for each case, organized by a shared main and subcategory structure, seen above, describing the existing as well as the desired activities in each case. As the mere activities are not very interesting theoretically or even practically, I wanted to understand the organizational context in which they took place. This led me to explore each case more deeply.

## 4.2 CASE DESCRIPTIONS

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The case descriptions cover the general **purpose** and **structure** of the organizations, their specific **strategic goals**, and the goals' **history**, the **activities realizing** the strategic goal, and the suggestions for improving the goal realization, that is the **desired activities**. Before presenting the case descriptions, I will briefly discuss one conceptual division that arose in the case analysis: an organization's *center* and *periphery*.

As was discussed in theory section, strategic behavior has been analyzed by contrasting the center and the periphery of the organization (Johnson & Huff 1997, Regnér 2003). The centricity or peripherity refers both to the hierarchical location and the proximity to or remoteness from dominant practices and beliefs (Regnér 2003).

When analyzing the cases, especially Retailer, some strategic activities turned out to be directed from the center (the headquarters at Retailer) to the periphery (the stores), others from the periphery to the center, while still others took place in the center or the periphery. Hence, the use of concepts center and periphery appeared to be useful in analyzing the strategic activities. In other words, I took advantage of the uniqueness of a specific case (Retailer) and the emergence of new theme (division to center and periphery) to improve the resultant theory (Eisenhardt 1989: 539).

In each case organizations, this division into periphery and center formed around the hierarchical and physical location, but was also related to the strategic goal in question (Table 4-2).

**Table 4-2. The case organizations' center and periphery, and the criteria for the division.**

| <b>Case &amp; strategic goal</b>  | <b>Center</b>   | <b>Periphery</b>   |
|---|---|--|
| FINANCIER<br>Self-sustainability  | The management and support functions at the headquarters<br>– no direct customer responsibility | The network of regional offices and the unit for major customers<br>– direct customer responsibility                                       |
| HEALTHCARE<br>Intervening in the ill-being of children and young people | The administrative unit<br>– no direct contact with the children and young people               | The network of health stations, including the doctors and nurses working at schools<br>– direct contact with the children and young people |
| RETAILER<br>Implementation of a business concept                        | The headquarters<br>– developers of the concept   | The network of stores<br>– implementers of the concept   |
| TELECOM<br>Customer service process improvement                         | The top management<br>– no role in the customer processes                                       | The sales and installation staff and supervisors, and other participants in the customer processes<br>– a role in the customer processes   |

## 4.2.1 THE FINANCIER CASE

Financier was a state-owned specialized financing company offering financing services to promote the domestic operations of small and medium-size businesses and to further exports and internationalization of enterprises. Financier's role was to offset the deficiencies of the financing market, that is, to provide services to supplement the national financial market, not to compete with other financial companies such as banks.

Financier had gone through a merger one year before the research. Two public financing organizations with different but complementary markets and products had been merged. These organizational differences were still evident in Financier and people were also talking about the diverse subcultures. For the personnel, a concrete and visible consequence of the merger was the extended product range. Each organization's members had to familiarize themselves with the other organization's products.

Financier's organizational structure consisted of a headquarters with four business units and four support functions and a network of regional offices around the country. One of the headquarters' business units served its customers directly while the other three did it through the regional offices. The products – loans, guarantees and export credit guarantees – were developed in the headquarters.

Both management and personnel were quite confident about the future of the company. They felt that there was a demand in the financing market for an actor such as Financier that could take more risk and finance companies and projects that cannot obtain financing from the other sources. On the other hand, economic fluctuations influenced Financier's operations directly. For example, the rate of bankruptcies affected the rate of credit and guarantee losses that Financier had to deal with. Consequently, these losses related directly to the profitability of the company. Thus, some challenges and threats were also expected for the future.

### **FINANCIER'S STRATEGIC GOAL**

The owner of the company originally introduced the strategic goal of *self-sustainability*, which was simply defined as *break-even result in the long-term*. Due to its supplementary role in the financing market, Financier's self-sustainability was examined not only in the light of financial results, but also through the implementation of industrial policy objectives. These two objectives were paradoxical: although the owner-set mission was to operate in market segments where commercial risk financing is not profitable, operations were still expected to be profitable. To be able to manage this, Financier received subsidies earmarked in the government's budget to implement industrial and regional policy.

However, there were ambiguities concerning the definition of self-sustainability. Some interviewees complained that it is a poor concept, that an exact definition is missing, that the concept is extremely difficult to define, or that it should even be discarded.

*“After all, such a concept doesn't even really exist. If you can find a guy who can define self-sustainability adequately [...] Why can't we just talk about profitability? Self-sustainability is a word that everyone in this organization [...], I could imagine that there are at least 300 different emphases.” (Development manager)*

Many interviewees complained that the goal contradicted the mission of the organization, meaning that self-sustainability would require dumping certain products and customers, which would be in conflict with the industrial and regional policy objectives. The owner's compensation for fulfilling this political risk financing role was acknowledged, but there was some confusion about to what extent and for how long this

support would be provided. In other words, people did not know whether the state subsidies were counted in the revenues and to what extent. An end to the state subsidies was anticipated in the future, but there was confusion about the timetable.

Many interviewees mentioned that the profitability should be achieved over the long term, but what exactly was meant by the “long term” was not clear. On the other hand, some interviewees regarded the concept of self-sustainability relevant only at the company level, while others also discussed the concept, for example, at a regional office level. Moreover, the existing two subcultures affected interpretations of the self-sustainability concept. Historically, there had been different uses and interpretations of the concept in the two organizations, and also the role of the state subsidies had been significantly different.

### **ACTIVITIES ENSURING SELF-SUSTAINABILITY**

The strategic goal of Financier was without doubt ambiguous. However, the factors affecting self-sustainability were well-known. When discussing self-sustainability, most interviewees interpreted the goal simply as profitability, that is, the degree with which expenses are covered by revenues. Hence, the goal was regarded self-evident; the idea of running the business profitably should be important for any organization. It was also regarded as a legitimacy issue; the running of the company should be credible in the eyes of the owner. On the other hand, aiming for a zero result was an indication of not competing with commercial financing companies.

Thus, the ways to ensure self-sustainability were mainly related to the improvement of profitability.

*“[Q: What is the most essential message you have sent to Financier’s personnel?] If simplified: we have to keep costs under control, and get some more volume, and through that extra volume, more income.” (Top manager)*

The identified activities ensuring self-sustainability were related to determination and sensemaking of the concept, as well as to improving organizational profitability through control, information, organizing, and customer activities. These activity categories are discussed in the following.



### Determination activities

Since the nature of the goal was somewhat vague, it was specified by various members in the organization. Various **calculations** for self-sustainability as well as for profitability were created. In addition, the organization's different cost structures and time usage were analyzed.

*“This self-sustainability is a funny kind of thing, because when viewing it, you can build ten different profit and loss statements around it. And, we have done lots of calculation exercises of that kind.” (Top manager)*

**Business plans and budgets** were devised dealing with, for example, operation costs, marketing actions, and pricing. Various profit forecasts were created. Possible profitability improvement actions were listed. Alongside planning and budgeting, quantitative **targets were set** for different types of income and credit losses. The targets were set on the regional office level and sometimes the individual level as well. Some targets for time use by personnel were set as well.

### Sensemaking activities

Sense was made of the concept of self-sustainability. People **discussed** in groups and pairs **what the goal meant** for them. They discussed the issues affecting self-sustainability: organization structure, operational costs, state subsidies, and products. In meetings, supervisors interpreted the material received from headquarters to their subordinates. The bases for calculation of the self-sustainability measure were discussed with the owner.

*“In fact, the discussion has been more on the whole Financier level than on this [regional] office's level, and then we have discussed organizational structure, operational costs, and organizational efficiency. Then, we have discussed the boundary conditions set by the state...” (Regional manager)*

In addition, the vagueness of the self-sustainability concept was **criticized** in unofficial discussions. Regional offices also complained about the expensiveness of the headquarters' functions.

### Control activities

People in different positions **exerted influence** on each other in many ways to enhance self-sustainability. Managers stressed the importance of the profitability of operations in their speeches. People who controlled the invoices manifested the company cost policy by deciding whether to approve or not to approve an invoice. The use of cost efficient products was promoted internally by persons responsible for products. Middle managers asked their subordinates to consider the costs when traveling to meet customers. The profit and loss statement was modified in the headquarters in order to bring about changes in the behavior of the regional offices.

Different cost, revenue, profit, volume and risk **parameters were monitored** continuously on the unit level. Budget realization was controlled on a yearly basis. A self-assessment quality system was used to monitor organizational performance. Managers evaluated the quality and quantity of new development project proposals.

*“ ... we have been keeping track of these key operational figures, for example, personnel's labor costs per so-called revenue or financial income, interest income, that percentage. Whether the rate of efficiency is right, you know. “ (Regional manager)*

Also, the **compensation** system recognized profitability. When salaries were raised, analytical skills were taken into account.

### Information activities

Especially at the time when the company was established in a merger, **the strategic goal** of being self-sustainable **was communicated** to personnel in briefings and meetings. There were articles on the goal in the staff bulletin. The goal was discussed in goal-setting discussions and training sessions. The goal was also brought up in discussions with representatives of customers.

**Information** on profitability and related financial parameters was **disseminated** to the organization. The headquarters communicated the cost structures to regional offices. Regional managers passed the information they received, such as statistics and related memos, down to their subordinates in meetings. Budget information was published in the intranet.

*“... I mean, [regional manager] receives all kinds of stacks of paper from the headquarters in the regional managers’ meetings, and, when he unravels it here to us, then all these issues are discussed, at least at some level.” (Finance assistant in a regional office)*

Also, some **feedback** went from the frontline to the top. Regional managers discussed the goal among themselves and then presented ideas for development to the top management.

### Organizing activities

The operations and the organizational structure were **rationalized** in order to boost profitability. Operational costs such as travel and recreation were cut and recruitment was suspended. In addition to watching the expenses, attention was also focused on the income side. All possible income, including overdue payments, were repatriated.

**Use of time** was improved to increase efficiency: tasks were delegated to banks and other partners, cost-effective products were promoted and the necessity of having meetings was evaluated.

*“...what comes up in discussions is mainly about whether something is efficient, reasonable; about some meeting, is it worth to convene, is it worth to have a meeting at all or would an email or a phone call do [...]. The profitability, self-sustainability on concrete [level] is about these kinds of meeting omission etc.” (Development manager)*

The organizational **structure** was lightened at the top by cutting some jobs at the headquarters. The flow of the funding **process** was streamlined and sped up to increase the efficiency of funding. A risk management **system** was developed to decrease the risk of credit losses. Risks were also lowered by **teamworking**: in big customer cases, two or more persons were involved in decision-making. The goal’s realization was advanced by **developing the staff’s competence**: there were training programs on budgeting and products that included themes that indirectly supported the goal.

### Customer activities

**Selecting the right customers** was regarded important in preventing credit losses. The funding risks were assessed carefully, and “good” customers were chosen to work with, that is, companies that were assumed to represent low risk or rapid growth were sponsored.

*“We have been implementing such a strategy here in [a city] that we try to take part in good firms and good projects, and to offer money for, I would say, a reasonable price. Because, in the end, the profit is very vulnerable to credit losses, it largely rises or falls through the credit losses. “ (Regional manager)*

Customer companies were constantly **screened for potential credit loss risks** to be able to react when needed. On the revenue side, **product pricing** was considered all the time, that is, ensuring that the loans and securities granted had enough margin to earn income. The **partners were used** in the pursuit of self-sustainability as well. The financing risk was diminished by sharing it with banks, the efficiency of customer contacting was increased by cooperation with banks and municipal officers, and new customers were obtained through the partners.

### **DESIRED SELF-SUSTAINABILITY ENSURING ACTIVITIES**

So far, the existing activities, that is, the activities that were running at Financier, have been discussed. Several activities contributing to self-sustainability were identified, but even more could be done, according to the interviewees. These desired activities are discussed below.

The self-sustainability of the company could have been better achieved by **reorganizing** the company structure by moving some employees from the back-office functions to the customer interface. Also, work **efficiency** should have been increased and coordination of traveling should have been improved.

The ambiguity of the very concept of self-sustainability would have required more sensemaking and determination. The self-sustainability **concept should have been defined** accurately. Product- and customer-specific costs and profits should have been

**calculated.** In addition, the purpose and the **strategy** of the company should have been **discussed** in depth.

Unprofitable **products** should have been discarded. Also, people from the customer interface should have been involved in new product development.

Strengthening the customer activities was also suggested. **Better customers**, that is, customers with more growth potential, should have been acquired and more **customer feedback** should have been collected from entrepreneur federations and sent to the owner to facilitate developing products that customers really need. And, **cooperation** with other financial institutions in general should have been improved.

### **SUMMARY OF THE FINANCIER CASE**

The activities realizing Financier's strategic goal, self-sustainability, were divided into six distinct groups: determination, control, information, sensemaking, organizing, and customer activities. The activities are summarized in Table 4-3.

**Table 4-3. Financier's strategic activities.**

|                                 |  |
|---------------------------------|--|
| <b>Determination activities</b> | Calculating self-sustainability figures and related financial and operational measures<br>Planning and budgeting operations carefully to improve the profitability of the company<br>Setting targets for different types of income and credit losses   |
| <b>Sensemaking activities</b>   | Discussing the meaning of the self-sustainability concept, the issues affecting it, and the ways to calculate it<br>Criticizing the vagueness of the concept as well as the current organizational structure   |
| <b>Control activities</b>       | Getting other organizational members to promote cost-effective operation<br>Continuous monitoring of various performance parameters<br>Recognizing profitability and analytical skills in compensation   |
| <b>Information activities</b>   | Introducing and promoting the self-sustainability goal through meetings, speeches, and articles<br>Disseminating profitability-related information such as cost structures in the organization<br>Giving feedback about issues affecting self-sustainability from the frontline to the top   |
| <b>Organizing activities</b>    | Rationalizing operations in order to cut travel and recreation costs<br>Improving the efficiency of time usage<br>Lightening the organization structure by job cuts at the headquarters<br>Streamlining and speeding up the financing process to increase efficiency<br>Developing a risk management system to decrease the risk of credit losses<br>Involving several individuals instead of one when deciding on big customer cases to decrease the risk of credit losses<br>Organizing training on budgeting and products, including fields that support the realization of self-sustainability |
| <b>Customer activities</b>      | Getting better customers, that is, selecting customers representing low risk or rapid growth<br>Screening the customer companies for potential credit loss risks to be able to react when needed<br>Pricing products carefully to ensure profits<br>Diminishing the financing risk by sharing it with banks<br>Improving the efficiency of customer contacting by cooperation with banks and municipal officers<br>Getting new customers through the partners  |

The *desired* activities, which the interviewees saw as a way to improve realization of the strategic goal further, concerned enhancing or modifying the existing activities on the one hand and introducing some new activities on the other.

Careful customer selection was still stressed as well as rationalization of the operations such as traveling. Moreover, even if some jobs in the headquarters were cut, more reorganizing in terms of moving people to the frontline was demanded. Despite the existing determination and sensemaking activities, more work on defining the self-sustainability concept was hoped for, but also extension of that discussion to Financier's strategy in general. Perhaps the most novel desired self-sustainability-advancing

activity was the elimination of some of the existing products based on their cost and profit analyses.

## **4.2.2 THE HEALTHCARE CASE**

Healthcare was a district health center in a city health department, operating in one of the city's geographical areas. It consisted of a network of health stations, a health center hospital, a dental care unit, a mental health unit, and an administrative unit. The purpose of Healthcare was to advance its citizens' well-being and health and to provide the treatment for illnesses.

Healthcare's future appeared quite challenging. There were some societal changes going on in the city, affecting the operations of Healthcare. Aging of the city's population and the consequent increase in demand for health services along with a medical labor shortage were anticipated to generate stress for the city health department's personnel. In addition, an on-going trend to transfer more and more patients from special health care to primary health care also increased the workload at Healthcare.

On the other hand, Healthcare operated in a relatively child-rich, low-income, high immigrant-level area, which entailed another kinds of challenges. There was a growing concern among Healthcare's personnel as well as the city's decision-makers, about societal problems such as long-term unemployment, poverty, homelessness, and mental illness. Among the citizens, these problems manifested themselves in marginalization, negative health behavior, and high illness rates.

A new population responsibility principle had recently been established in the city health care. It meant that every citizen had a designated doctor and a nurse. With this personal doctor / nurse principle, the continuation of treatment, the creation of mutual trust, and the success of treatment were striven for.

### **HEALTHCARE'S STRATEGIC GOAL**

The strategic goal, *intervening in the ill-being of children and young people*, had a clear connection both to the city's strategy of preventing marginalization among its inhabitants and the characteristics of the population in Healthcare's area discussed above. The goal was one of the five strategic development areas determined in the

health department's strategic plan.<sup>33</sup> The nature of the goal was very much societal and it was discussed from time to time in the public media as well.

The goal was particularly important in Healthcare's region because the high child and youth density. The number of children and young people was increasing, as was the whole population in the area. The income level of the inhabitants in Healthcare's area was below the city average. Also, the number of immigrants in the area was relatively high, which also raised the risk of marginalization.

*"It is important because we know that there exists a lot of ill-being among the [city's] children and young people [...] and in recent years we have attempted to build the healthcare strategy more on the existing information [...] and to really direct our operations based on how our inhabitants are, well or bad, and now this children and young people issue was raised quite consciously on the grounds of all the signals we have received [...]" (Top manager)*

In addition to health authorities, the city social welfare department, especially its personnel at family counseling clinics and day-care centers, as well as teachers in local schools were concerned about the level of ill-being among children and young people. In fact, cooperation between these authorities was regarded as fundamental to successful intervention in ill-being.

The goal was interpreted to advance the health of children and young people by preventing their marginalization. Marginalization was concretized in health behavioral and psycho-social problems such as unhealthy nutritional habits, smoking, and drug and alcohol abuse, as well as problems with school attendance and conflicts in family life.

### **THE ACTIVITIES OF INTERVENING IN THE ILL-BEING OF CHILDREN AND YOUNG PEOPLE**

Many Healthcare employees regarded their entire jobs to be about implementing the goal. Thus, the goal seemed somewhat trivial for some of them. The goal most directly concerned the doctors and nurses working in schools and at health stations.

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<sup>33</sup> The other four strategic development areas were: 1) influencing the living habits and health differences of citizens, 2) developing the service structure, 3) improving the customer's position and customer service, and 4) improving the personnel's and the organization's competence.



Doctors visited the schools for regular pupil checkups. Some nurses worked part-time in school and part-time in a health station while some schools had a full-time nurse. At the health stations, there were maternity clinics for pregnant women and child health clinics for parents with small children. In practice, intervention in ill-being took place in checkups in schools and health stations as well as all in other encounters with children and young people and their families.

*“Most important is the basic work in school health care and child health clinics. The most important aspects are early intervention, support in parenthood, increase in self-care, and care of oneself and oneself’s family in order to build those resources [of coping].” (Head nurse)*

As discussed above, the strategic goal of intervening in the ill-being of children and young people was very well-known among the Healthcare personnel. The goal was evidently a broad theme, involving various actors and activities. Six distinct activity categories were identified: *communicative, customer, cooperative, target-setting and planning, control, and organizing* activities.

#### Communicative activities

**Information** on the goal was **disseminated** verbally and in written form. The goal was written down in strategic plans and the plans were presented in briefings and circulated among the units. News about the goal appeared in the personnel bulletin, as well as in the public media, for example that there would be more resources allocated to school health care. Actions planned to realize the goal were communicated to personnel in various meetings. Statistics about the realization of the goal were presented in briefings. Managers gave speeches about the goal when they opened staff training sessions. The CEO made annual visits to all the units to present the strategy and also discussed it in induction training.

*“In an opening speech [in a briefing] for example, this has come up. I mean, they [managers] have indicated that this is one of those things that must be intervened in.” (School nurse)*

Personnel **discussed the goal** and shared their experiences on a daily basis in meetings as well as in unofficial settings. They were worried about the well-being of chil-

dren and young people, they considered how children and young people could be helped and how the resources should be allocated.

**Bottom-up communication** on the goal also existed. Fieldworkers presented development suggestions and problems to their immediate superiors. Demands for more resources were written into the meeting memos. Middle managers wrote up reports and plans at the request of top management. Employees were also interviewed for development projects.

#### Customer activities

New **service concepts** such as group counseling for families were introduced or existing ones such as home visits modified in order to reach children and young people better and to prevent them from getting into trouble. Special services for immigrants were also developed.

*“Well, we have tried to develop the child health clinic activities, this group family counseling experiment has progressed quite far and then we have developed family coaching together with The Mannerheim League for Child Welfare.” (Chief medical officer)*

**Information** on the situation of children and young people was **acquired**. Personnel found out how they were, either by asking them directly or inquiring indirectly from the school teachers. In addition, managers read research reports on the health of children and young people and visited seminars dealing with the topic.

**Customers** that seemed to have problems were **prioritized**: they got more attention and time. When a child or a young person or their parent indicated problems, **personnel responded quickly**, by analyzing the situation and starting to think of possible treatment actions. **Passive families**, that is, families who did not attend child health clinic receptions, **were contacted** by personnel. **Articles** on children’s upbringing **were given** to the parents.

### Cooperative activities

There was continuous **cooperation with the personnel of other authorities and organizations**: the city social services department, the city education department, and the Mannerheim League for Child Welfare. Their personnel cooperated daily concerning shared customers; the means for reaction to ill-being were discussed and decided on together. A city-wide, cross-departmental program called “Clear City” was launched. Task forces and projects consisting of officials from various authorities were formed around specific regions, customer groups and topics. For example, multidisciplinary, inter-organizational student care teams were established in schools.

*“... concerning this theme, this year, and why not in the future too, there has been an intensive investment in cooperation among these different bureaus and administrations. We have [...] various projects which are focused on children and young people or their problems [...]” (Manager)*

### Target-setting and planning activities

Different types of **targets were set** for intervening in the ill-being of children and young people. Quantitative targets were set for the scope of the customer checkups and home visits. Targets were set also for the accessibility of the services, such as limits for customer queuing time. The objectives for new service concepts were defined. Micro-level goals for the care of individual customers were also set.

*“There is the objective of raising the scope for checkup of three and five-year-olds to 100 percent. And then nurses meet everyone from seven to fifteen years [...] annually [...] That is, in every grade.” (Doctor at a health station)*

The goal was advanced by **planning**. The goal was written down in the strategy plans and service plans. Project plans for specific topics such as drug abuse were drawn up.

### Control activities

The **resource allocation** at Healthcare was changed towards children and young people. Monetary and human resources were added to services for them. The working time of existing personnel was reallocated towards serving them by for instance letting nurses work more in the schools.

*“I believe that it is just about giving employees more time to take care of these things. Because this is just that what it takes. And now we are able to intervene by being present and conscious of these [cases of ill-being]” (School nurse)*

The goal-related **performance** of the organization was **monitored** constantly. Various performance volumes such as checkups for children and young people were monitored organization-wide. In addition, employees themselves kept watch on how their own customers got along.

Managers **influenced others** to advance the goal. Middle managers stressed the importance of the goal to their subordinates. They also requested more resources for services advancing the goal. The CEO emphasized the importance of the goal as well as the need for more resources in discussions with politicians and other societal decision-makers. The CEO also ensured that goals were set and resources were allocated evenly among the organizational units.

#### Organizing activities

New **work practices** were introduced and existing ones were modified in order to be better able to evaluate and, if necessary, intervene in the situation of children and young people. For example, a tool for observing the parent-child interaction was developed. Also, some written **work instructions were developed** for routine checkups, as well as for various types of ill-being.

*“[...] these new postnatal clinical cards have arrived and there is, in particular, more emphasis on this kind of mental well-being than merely routine checks [...] Yes, this is certainly paid attention to, more than before.”(Doctor at a health center)*

Also, some broad **guidelines** were set for intervening, such as ‘supporting families’, ‘ensuring that children finish their schools’ or ‘cooperating with the social welfare bureau’.

The organizational **competence was developed** to support the goal. An extensive training program was arranged for the entire personnel, focusing on children and young people. In addition, separate training sessions were arranged on specific goal-related topics. The experience with children and young people was acknowledged in

recruiting. For instance, a manager specializing in children and young people was recruited.

### **DESIRED ACTIVITIES FOR INTERVENING IN ILL-BEING**

So far, the existing activities, that is, activities that were running at Healthcare, have been discussed. Several activities contributing to intervening in the ill-being of children and young people were identified, but even more could be done, according to the interviewees. The various desired activities are discussed below.

Evidently, more effective intervention in the ill-being of children and young people could have been achieved by **allocating more human resources** to services for them. Resources should have been allocated more flexibly across regional borders, on the basis of real needs. Also, the allocation of more resources to immigrants was suggested.

Various **customer activities** should also have been improved. More contacts should have been made with the families of children and young people. Real-time information on their well-being should have been acquired in order to be proactive instead of reactive. The duration of standard checkups should have been lengthened. The emphasis in the checkups should have been shifted from somatic to psycho-social issues. Services for children and young people should have been delivered so that the parents would enjoy themselves and could find other parents in similar situations in life.

New **work procedures** should have been developed for new threats concerning children and young people such as drugs. The process of customer guidance should have been improved in order to ensure that the need and the care always match. The personnel's **competence** to intervene in the customers' problems should have been developed further. Suggestions concerning organizing also included changes in **organization structure**. For example, the division of responsibility for customers between the school nurse and the personal nurse at the health station should have been more clearly defined.

There should also have been **more cooperation** between different authorities as well as various occupational groups. From the Healthcare personnel's viewpoint, the

school teachers should have contacted the social welfare and health authorities or the family more quickly when children and young people got into trouble.

A few comments concerned **communication** inside Healthcare. Persons who set goals for intervening should have been in contact with the front-line employees in order to ensure the feasibility of the goals. News concerning the goal should have been communicated to the personnel before they heard it from the media. The meaning of the goal should also have been discussed in small groups.

Finally, the problems concerning the ill-being of children and young people should have been **prioritized** and the personnel **rewarding criteria** should have been developed to support intervening in ill-being.

### **SUMMARY OF THE HEALTHCARE CASE**

The activities realizing Healthcare's strategic goal, intervening in the ill-being of children and young people, were divided into six distinct groups: communicative, customer, cooperative, target-setting and planning, control, and organizing activities. The activities are summarized in Table 4-4.

**Table 4-4. Healthcare’s strategic activities.**

|  |  |
|--|--|
| <b>Communica-<br/>tive activi-<br/>ties</b>                | Disseminating information on the goal, its relevance, and associated statistics and planned actions<br>Discussing and sharing experiences on the ill-being cases and their solutions on a daily basis<br>Presenting development suggestions and plans, resource demands and other opinions about the goal upwards in the organization  |
| <b>Customer<br/>activities</b>                             | Introducing new service concepts such as group counseling for families and modifying the existing ones such as home visits in order to be able to intervene better in ill-being<br>Acquiring information on the situation of the children and young people on the individual level from children and young people themselves or through their teachers<br>Acquiring information on the situation of the children and young people on the population level from reports and seminars<br>Prioritizing children and young people with most problems<br>Responding rapidly to the indications of ill-being by analyzing the situation and thinking of treatment actions<br>Contacting passive families, that is, families who do not attend child health clinic receptions<br>Supplying articles on children’s upbringing to parents |
| <b>Cooperative<br/>activities</b>                          | Cooperating with other authorities and organizations in helping children and young people, in the form of daily interaction with shared customers, as well as various programs, projects, and task forces  |
| <b>Target-<br/>setting and<br/>planning<br/>activities</b> | Setting quantitative targets for intervening as well as for customer service quality<br>Including the goal into strategy plans and compiling plans for specific goal-related topics such as drug abuse   |
| <b>Control ac-<br/>tivities</b>                            | Shifting human and monetary resources to services for children and young people<br>Monitoring the goal-related performance of the organization such as the volumes of checkups for children and young people<br>Managers influencing other organizational members and external decision-makers to invest time and resources in the goal  |
| <b>Organizing<br/>activities</b>                           | Introducing new work practices such as a tool for observing the parent-child interaction and modifying the existing practices in order to be able to better evaluate and intervene in ill-being<br>Developing the staff’s knowledge of ill-being and skills for intervening by means of training and recruiting<br>Developing work instructions for intervention in ill-being<br>Setting broad guidelines for intervening  |

Most *desired* activities, the activities seen by the interviewees as a way to further improve intervening in ill-being, concerned enhancing already existing activities. These include resource allocation towards children and young people, development of services for children and young people as well as related work procedures and competencies, increasing cooperation between other authorities, and also improving internal communication on the goal.

In addition to strengthening the existing activities, there were a couple of original suggestions concerning the clarification of customer responsibilities, the development of personnel rewarding criteria and the prioritization of the problems concerning the ill-being of children and young people.

### 4.2.3 THE RETAILER CASE

Retailer was a chain of versatile, low-priced stores in the hypermarket size category. Selections consisted of groceries and home and specialty goods. The grocery departments were run by independent retailers with their own staff, whereas all non-food trade was carried out by the chain, with department store managers running each store with their staff, supervised and supported by the headquarters of the chain. In other words, there were personnel of two employers working in each hypermarket.

This study focuses on the chain running the non-food business, thus leaving out the grocery business. By focusing on the headquarters led non-food business, an interesting relationship between the center (the headquarters) and the periphery (the stores) can be explored.

The chain's organization form was a matrix: there were several stores around the country, led by local department store managers and department managers as their subordinates. There was a product organization in the headquarters, where marketing and product managers led their product segments, mainly through local department managers in the stores.<sup>34</sup>

#### RETAILER'S STRATEGIC GOAL

The top executives of Retailer considered strategy in general to be comprised of the determination of the market and customers, and the choices of product groups, selections and pricing. This entailed, for example, determining which product groups were focused on, and how product selections were built and priced. The strategic goal studied here, *the implementation of a business concept*, was seen as a way to realize the

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<sup>34</sup> Henceforth in the text, *the chain* stands for the non-food retail chain, consisting of a number of *stores* and *the headquarters*.



choices determined in the strategy by leading the stores into the desired direction as a coherent chain. An essential part of the concept was a set of *customer promises*: defined as *easy shopping*, *breadth of product range*, *low price*, and *extra value for regular customers*.

Hence, by implementing the concept, coherence in the appearance of the stores and their operations was sought, which was seen as a way to strengthen the image of the chain. It was assumed that shopping would be easier when customers could expect similar premises, services and product selections everywhere.

*“It is important because we want to be a chain. We want to highlight the chain’s strengths. We can’t be strong together if we don’t have coherent ways of action [...] We want to save in many things, and if we don’t operate coherently, it is difficult to find synergy advantages.” (Planning manager)*

The business concept defined all the essential issues in the retail chain. In addition to the store concept, that is, how the stores looked like, several other aspects were defined in the business concept. All in all, the concept incorporated the definition of the market position (or the line of business), target customer group and customer promises, competitor analysis, product group and selection management, store layout and shop fittings, exposition of the goods, marketing, purchase management and logistics, and even leadership.

However, for the majority of the staff, the concept was manifested as *the determination of the target customer group and the four customer promises, as well as the fulfillment of the promises by the coherence in the appearance of the stores, product selections, and marketing communications*.

The concept development had been started a few years ago in the chain headquarters. Some international retail chains had been benchmarked when developing the concept. The concept brought along a notable change in the stores’ layout and product disposition: from a layout reflecting the organization’s internal structure to a layout aligned with customers’ shopping habits and needs. At the same time, special attention was given to product display and ease of shopping.

At the time of the research, the main concept development work was behind, and it was a phase of fine adjustment. New sub-concepts were developed and tested. From the headquarters perspective, the main responsibility of the stores was to implement the concept, along with the basic goal of making a profit. When new stores were opened, the concept was adopted. When old stores were renovated or extended, the changes were made according to the concept. In other stores, the concept was implemented within the limitations of the existing premises and facilities.

The members of Retailer organization had one of two basic general roles regarding the concept: concept developer or concept implementer. *Concept developers* mean the persons in the headquarters who have been involved in the development of the concept and/or are responsible for the on-going concept maintenance and adjustment activities. There is no such position in the organization as concept developer, but rather, it is one of the tasks or roles of persons working in the sales and marketing management in the headquarters. *Concept implementers* mean basically all the staff in the stores following, for better or for worse, the guidelines of the concept.

### **ACTIVITIES IMPLEMENTING THE BUSINESS CONCEPT**

If oversimplified, for the concept developers the implementation of the concept was the concern of store staff carefully following their instructions presented in various concept manuals.

*“I mean, it is realized so [...] that the stores are in compliance with the concept. There are no options, because we tell how the product groups are located, and the furniture manuals are out there from where you can order the pieces of furniture. You can not order anything that is not listed in the manuals. And then there are display manuals which tell how the goods are to be laid out.” (Sales manager)*

For the store staff, the concept, as a term, was not present in daily discussions, but the related issues, such as fulfilling the customer promises and following product display instructions were familiar. Hence, several different concept implementation activities could be identified. Some of the activities went on clearly in the headquarters or were directed from the headquarters to the stores, while other activities ran within the stores or originated in the stores. In addition, one group of activities evidently ran between

Retailer and its environment, thus crossing the organizational boundaries. Next, these three types of activities are discussed.

### Headquarters activities

In the headquarters, **targets were set**, as well as prioritized, for the concept implementation. The targets were related to different elements of the concept such as store renovations, new store establishments, sub-concept developments, training, or the sales growth of focus product groups. Concept developers had also set targets for their own information role such as the number of monthly visits to the stores. Another kind of link between the concept and target-setting was the compliance of sales objectives with the store renovations: sales objectives were lowered for the renovation period and then raised again after the renovation was finished.

*“Basically, all our goals are in some way linked to strategies and thereby this concept shows [in the goals], be it product group management, or certain pricing decisions, selection decisions, staff training plans, any sub-concepts we are working on at the moment [...]” (Marketing manager)*

Target-setting was closely related to different **planning** activities. The concept’s various development and implementation areas were prioritized and scheduled in the headquarters. Budgeting instructions that reflected the focus product groups were devised for the stores. Plans were also modified, for example, when difficulties were discovered in a sub-concept pilot phase, the sub-concept definition was modified accordingly.

The concept was **communicated** to the stores. Basically, concept developers informed the department store managers and department managers on concept matters such as upcoming store renovations, concept development and sub-concept pilot experiments. Communication methods included briefings, presentations in various chain meetings where concept developers and store managers meet, as well as sending of meeting memos and bulletins, and writing of stories in the internal newspaper. Concept developers told store managers about the phases of the new store establishment process. In addition, concept developers tried to influence the store staff by emphasizing the importance of following the concept instructions in the stores. Benefits for the

business were explained and spirit was built in the chain meetings by envisioning the sales goals for the next year.

A key implementation tool was the **compilation of concept manuals**. Concept developers drafted various concept manuals that defined how the concept should be implemented. The general concept manuals dealt with customer promises, focus product groups, and marketing principles. The brand manual defined the chain's business idea and identity. The product display manuals described in detail how products should be displayed in the stores. The product group manuals defined the principles of product group management. The furniture manuals listed the allowed pieces of store furniture. The selection manuals defined the products that belonged to the chain's product range.

Along with the manuals, the concept implementation entailed many forms of **personnel training**. The entire personnel attended product display training. The concept developers first trained the store managers, who then trained their employees. When new stores were opened, or existing ones reopened after renovation, the staff was trained on several issues including the concept. The concept issues were also discussed in other types of training, for example sales training, sub-concept launch training, suppliers' product training, and customer service training.

Concept developers also **controlled** implementation in the stores in various ways. Financial results were monitored continuously, sales and profit numbers were compared with past performance and also between stores and between departments. Concept developers in the headquarters watched the market research results and customer satisfaction surveys to see how the customer promises were realized. Sales managers noted deviations in sales and profit volumes and asked the stores for explanations. Concept developers circulated in the stores to see how the concept was being implemented and reviewed the plans for new stores or new campaigns in order to ensure that they complied with the concept. The realization of business plans, which included concept matters, was reviewed in regular meetings in the headquarters. There were also rewards: extra bonuses were given to persons in the headquarters whose performance exceeded expectations.

The concept was apparent in the **resource allocation** in the headquarters; the focus product groups were given more time and resources. In addition, the organization structure was modified to support concept development and implementation by moving the purchasing function from the group to the chain, thus broadening the chain's product organization's responsibilities. The product range was widened by launching completely new product lines, to keep the customer promise of wide selections.

There was some **cooperation on the concept across organizational units** such as continuous cross-functional (concept developers and store managers) small group work on e.g. the development of product selections and collections. Best practices for concept solutions in the stores were sought and then copied at all the other stores. When the department stores were renovated according to the concept, the department store managers and their subordinates cooperated with the concept developers in order to adjust the store concept to the local conditions. Concept developers took store managers with them abroad to benchmark international top retail chains, to get new ideas, and to see the top business concepts in practice.

### Store activities

*“We have these department meetings and [the department store manager] may also come to our meeting and bring slides on surveys that have been made. We also have newsletters, but they are mainly meant for our department manager, who then passes the information on.” (Salesperson)*

Many concept-related store activities were about store managers **passing the information** and instructions they received from the headquarters on to their subordinates. In regular sales and other meetings in department stores, managers informed their personnel about concept matters and other issues. Bulletin boards were also used for this purpose. Supervisors in the department stores explained to their staff how the goals set by the chain should be met and how the customer promises should be fulfilled in the daily operations of the stores. The personnel in the department stores was also reminded about who was the target customer group (e.g. by using a related slogan) and what promises had been made to customers. Department store handbooks that were given to new employees included concept guidelines for e.g. the display of products.

*“[The communication on the concept] should be so concrete. Perhaps the ease of shopping is most easily communicated. Like, is it easy, if you don’t have the price label there? If you have the label there, it is substantially easier to buy. Or, if you have put cardboard signs all over the aisles, it is pretty difficult to stroll there with a [shopping] cart.” (Department manager)*

The supervisors in the stores **controlled** their subordinates’ concept implementation. Store and department managers oversaw how their employees followed the concept guidelines, e.g. in product display. Volumes of service errors, such as missing or incorrect price labels or failures to ask customers for their bonus cards, were monitored in the stores. In addition, small rewards, such as movie tickets, gift vouchers, clothes or training trips, were given to store employees who exceeded over expectations in concept implementation.

More general concept-related **guidelines** existed in the stores as well. Customer promises entailed some principles for working in the stores, for example, the promise of easy shopping meant that service points should always be staffed and that premises should be in order.

The control of implementation also took the form of **supervisors influencing their subordinates**. Supervisors in the department stores constantly reminded their personnel about the importance of keeping the store in good condition: availability of goods, good display of products, clear signs and price labels, clean and orderly premises, as well as friendly service were stressed. Supervisors also explained to the personnel the grounds for certain practical solutions concerning e.g. product display or the launch of new products.

Concept-related **targets set in the headquarters were taken into account in the department stores’ planning cycle**, that is, in annual plans and budgets. Plans were devised on store and department level. Goals were prioritized and operationalized. For example, a concept implementation matter, typically the correcting of something that does not comply with the concept, was assigned as a personal goal to a store employee.

The stores’ physical appearance was enhanced by **improving the premises and facilities**. New stores were constructed, and existing stores renovated according to the

concept, so that buildings, store layouts, furniture, service points, recycling points, and parking lots were in line with the concept. The renovation and the use of premises were carried out ecologically to boost the chain image; solar panels and ecological fluorescent lamps were introduced, special attention was given to recycling in the renovation process as well as in the use of the premises.

At the stores, **services were developed** continuously. Product displays in the stores were enhanced to make it easier for customers to find the products and to increase sales. Customer needs were taken into account in the stores' layout and the product disposition, for example so that products that are usually bought at the same time were placed next to each other.

*“There is this new trend in the chain, you see, that there is this area for all the stuff children need. It is called [the name of the sub-concept], and there are diapers, kids' accessories, toys, textiles, footwear and everything pretty close to each other. That is a new trend. It has not been tried before.” (Salesperson)*

Service points were launched for special product groups that require more active customer service. Pricing of the products was considered continuously, for example, by pricing some products very low more customers were sought, in the hope that they would also buy other products. Concrete, operative level ways to realize the customer promises in the daily customer service were defined in the stores. Some service changes can also be regarded as resource reallocation at the store level, because focus product groups obtained more sales space and human resources as well as attention and time from the personnel in the stores.

The discussion on the concept was not very intensive in the stores, but some **sense-making** took place, especially when new stores were opened and old stores were renovated, and when sub-concepts and store layouts were discussed in the stores. The concept was interpreted in the stores and applied to local competitive environments by the managers. This sensemaking sometimes crossed the organizational unit borders when stores in the same district cooperated in adapting the chain's marketing policies to local conditions.

Stores gave some **feedback on the concept to the headquarters**. Development ideas stemming from the problems in implementing the concept in the stores were commu-

nicated to the concept developers at the headquarters. Cross-functional product group development yielded input to the concept development. From time to time, department store personnel asked the concept developers why certain decisions concerning the concept had been made. Some **bottom-up communication** existed **at the store level**, too. When the department stores were renovated, the department store managers collected suggestions from their employees concerning the changes. Moreover, when department managers instructed their employees about implementation of the concept, they asked whether the employees had questions or suggestions concerning the issue.

The concept was also reflected in **recruiting**; one criterion for choosing personnel in the stores was the person's "fit" with the ideas of the concept. In **induction training**, the main themes of the concept were explained to the new employees.

#### Boundary-crossing activities

**External information was acquired** to support concept implementation. Annual company image surveys were carried out in which the various aspects of the service of the chain, as well as its competitors, were evaluated. When renovating a store, the views of regular customers were sought. Also, some outside experts were hired for store planning.

The basis of the concept, the target customer group, was emphasized in all **marketing communication**. Marketing concentrated on building a coherent image of the chain. The choice of focus product groups and the planning and timing of campaigns and offers were conducted in the headquarters. The results of neutral research on national price levels were used in the marketing to boost the chain's low price image. Ecological aspects of the renovation process and the use of the properties were used in the marketing to enhance the ecological image of the chain. Special offers for regular customers were used to increase the number of regular customers.

Some **cooperation crossed the organizational boundaries**. Aggressive sales growth targets were set and new sub-concepts were plotted together with product suppliers. The independent grocery retailers or even competitors were contacted regarding issues of common interest such as the development of shared premises.



**DESIRED CONCEPT IMPLEMENTATION ACTIVITIES**

So far, the existing activities, that is, the activities conducted at Retailer, have been discussed. The belief in the realization of the concept was quite strong among the members of the organization. In the headquarters the concept developers were quite satisfied with the situation. However, there were doubts that the concept could be realized perfectly. For example, store staff reported some failures to follow the concept. The reasons for not implementing the concept completely included constraints caused by premises and facilities, belief that the local way is somehow better than the way determined in the concept, or simply old habits and local or personal style.

There were some desired concept implementation activities, that is, suggestions on how to improve the implementation of the concept. These change proposals were, however, quite few and scattered. Most suggestions concerned either the communication of the concept or the improvement of store services.

On **communication**, the opinion was that the personnel should have been better informed about the backgrounds and goals of decisions related to the concept, as well as the results achieved by implementing the concept, in order to ensure commitment to implementation. On the other hand, commitment to implementation could have been achieved by communicating the opportunities for creativity in concept realization, in addition to the importance of following certain guidelines. More down-to-earth language should also have been used when communicating concept issues to personnel.

On **service development**, the change suggestions were dispersed; the target customer group and customer promises should have been taken more carefully into account when deciding on product range and disposition issues in the stores and regular customers should have been approached by more offers and personal marketing letters.

Some suggestions on improving the concept implementation demanded more **control and formulation**. The personnel's understanding of the concept should have been ensured. A system for monitoring and rewarding the realization of the concept should have been developed. The realization of the concept should have been more specifically defined, for example by linking it to the job descriptions. Numerical targets should always have been set for concept implementation.

Some **organizing** activities were also desired. Responsibility for the stores' inventory management should have been clarified. The service points should have always been staffed by personnel with relevant special training.

Also, the store personnel's **competence** was discussed. On the one hand, personnel was seen as a potential resource for improving the concept implementation; when planning product displays, concept developers should have visited the stores more often and should have used the store staff's experience more effectively. On the other hand, the concept training should have been more comprehensive to ensure that the entire staff was familiar with it.

Potential was also seen in **resource reallocation**. More staff should have been allocated to the stores to implement the concept and store managers should have used more time in ensuring the concept implementation.

### **SUMMARY OF THE CASE RETAILER**

The activities realizing Retailer's strategic goal, the implementation of a specific business concept, were divided into three distinct groups: headquarters (or center) activities, store (or periphery) activities and boundary-crossing activities. The activities are summarized in Table 4-5.

**Table 4-5. Retailer's strategic activities.**

|   |  |
|---|--|
| <b>Head-<br/>quarters<br/>activities</b>    | <ul style="list-style-type: none"> <li>Setting targets for the concept implementation</li> <li>Compiling plans for the concept implementation</li> <li>Communicating the concept to the stores</li> <li>Compiling concept manuals</li> <li>Organizing concept training and also discussing the concept in other training</li> <li>HQ controlling the stores' operations in terms of monitoring the performance and reviewing the plans and the physical premises and facilities</li> <li>Allocating resources to focus product groups</li> <li>Modifying the HQ organization structure to support concept implementation</li> <li>Modifying the product range to keep one of the customer promises</li> <li>Concept developers and store staff cooperating on the application of the concept, different stores sharing concept practices</li> </ul>  |
| <b>Store ac-<br/>tivities</b>               | <ul style="list-style-type: none"> <li>Store supervisors passing on the concept information to their subordinates</li> <li>Store supervisors controlling their subordinates' implementation of the concept both visually, by numbers, and rewards</li> <li>Maintaining concept-related working principles in the stores</li> <li>Store supervisors urging their subordinates to follow the concept</li> <li>Taking the concept-related targets set in the HQ into account in stores' planning cycles</li> <li>Constructing, renovating, and modifying the premises and facilities according to the concept</li> <li>Developing the services in terms of e.g. product disposition and establishment of service points</li> <li>Interpreting and applying the concept at the times of store openings and renovations</li> <li>The concept implementers communicating to the concept developers: e.g. presenting development ideas or asking why concept-related decisions had been made</li> <li>Taking the personal abilities required in concept implementation into account in recruiting and induction training</li> </ul> |
| <b>Boundary<br/>crossing<br/>activities</b> | <ul style="list-style-type: none"> <li>Acquiring information on the success of the concept implementation with company image surveys and customer satisfaction studies</li> <li>Taking the concept into account in marketing communication and centralizing the marketing communication to harmonize it</li> <li>Cooperation with external parties on specific concept matters, for example with product suppliers on new sub-concept development, or with grocery retailers and competitors on the development of shared premises</li> <li>Hiring outside experts for store planning</li> </ul>   |

The *desired* concept implementation activities, discussed in the previous chapter, were rather few. They mainly concerned increasing or strengthening the existing activities; more thorough explanation of the concept to the employees, better use of store personnel's competence in concept development, more comprehensive training, stricter formulation and control of implementation, as well as miscellaneous service improvements.

More novel activities concerned resource reallocation by increasing the number of staff implementing the concept in the stores as well as increasing the store supervisors' focus on the concept implementation. Also, clarification of responsibility for the stores' inventory management was called for.

#### **4.2.4 THE TELECOM CASE**

Telecom had long roots as a local telephone association and had developed an extensive local clientele. It had a strong regional landline telephone network and associated technical competence, and delivered various voice, data, and internet services and products. Telecom was organized into four business units: network services, traffic services, sales and marketing, and administrative services. Telecom had recently become a public limited company and was even more recently listed on the stock exchange. At that time, a new sales and marketing unit was established by merging the home and corporate customer service departments with the marketing department. The new unit was responsible for marketing, sales, productization, and delivery of Telecom's services and products.

In the business environment, Telecom's strong local presence was threatened by the emergence of new competitors as well as new mobile technologies. In order to remain competitive in the challenging business environment, Telecom aimed to focus on quality, efficiency, and competence in its operations. In addition to a strong customer base, technological developments, such as increasing use of the Internet, were seen as business opportunities for Telecom. There was also a growing collaboration with a larger player in the field on various topics.

However, among the personnel there were feelings that this development threatened the independence and stability of the company. There were also concerns about the future of jobs as well as the upcoming retirement of the long-standing and respected CEO. The accelerating technological development and the resulting changes in work had created learning pressures for personnel, especially for the older staff. Still, the personnel was confident about Telecom's future on the grounds of both the long history of the company and the belief in the ability to change in the future.

**TELECOM'S STRATEGIC GOAL**

Some twenty years ago, the management's attention had been drawn to customer service improvement, and it had become an important topic in the company. During the past few years, a process-orientation had arisen among business development staff in the marketing unit, and customer service process improvement had gained increasing attention. Core business processes had been determined and described. Several process simulations had been arranged in order to analyze the current bottlenecks in the customer processes. However, the number of improvements on the process problems identified had remained modest.

Among the personnel, the goal of *customer process improvement* was generally regarded as important, because of the company image, customer satisfaction, cost-effectiveness, and the necessity of coping with the intensifying competition. The personnel often referred to the long history of Telecom as a telephone cooperative, and remarked that the customer orientation must nowadays be different than in the days of the local monopoly.

*"[...] customer satisfaction, that our services are experienced as customers want them, and of course, the competitive situation even forces [us] to that ultimately. So, our deliveries must meet the customers' expectations. Another aspect is purely economic, that some [money] must remain on the bottom line. What we do, we must do efficiently."*  
(Sales manager)

On the other hand, in the minds of the personnel, the notion of customer process improvement was somewhat ambiguous. For different people, it embraced many issues ranging from internal cooperation and cost effectiveness to smooth deliveries, a good corporate image and courteous customer service. The customer process improvement activities were often associated with a recent development project in which the goal had been focused on, or were personified in the change agents who had led the description and analysis of the customer processes.

**ACTIVITIES IMPROVING CUSTOMER SERVICE PROCESSES**

Perhaps as a result of the lack of explicitness in the goal, many employees had difficulties in specifying organizational activities enhancing the goal. Instead, the person-

nel described how it *would ease* their work and increase customer satisfaction, if the service processes ran smoothly.

*“I guess it would encompass the smooth functioning of everything from the order phase to the installation or execution phase. And nobody would need to waste time excessively in wondering what is going on here. It should be possible that everything from the beginning to the end could come off flexibly.” (Installation supervisor)*

Some *difficulties* were also described that arose when the processes did not run as they should have.

*“Traditionally [the procurement of goods for an order or for a project] goes so that you wander around the warehouse searching for the goods and wonder whether the equipment you need is there, whether somebody has remembered to order it. And then you find out that it’s missing, but you have a work order saying that such an order must be delivered. A basic device such as a telephone set is missing. This is a typical example.” (Telecommunications installer)*

However, top and middle managers as well as several staff representatives were able to specify a set of organizational activities aimed at upgrading the customer service processes. Many of the activities identified were related to the development project in which customer service processes were simulated and analyzed. In addition to project-related activities, a variety of on-going activities was mentioned; target-setting activities, organizing activities, communicative activities, and customer activities.

#### Development-project-related activities

Especially among the personnel, the strategic goal was first and foremost associated with the process development project that had been launched about a year and a half ago.

*“[The development project] is exactly about that. [...] when a customer approaches us, how things proceed from there. And we investigate whether unnecessary work is being done, is the work done in many places and could it be centralized, could something be skipped, because the chain is too long [...].” (Employee in customer service)*

In other words, the project entailed **cross-functional collaboration**. Representatives from different parts of the process gathered to evaluate how processes work and how

they could be improved. Running an organization-wide development project also meant that **human resources were allocated** to customer process development. In addition, a badly served **customer was invited** to participate in a process development project. Moreover, in order to understand the details of customer processes, **employees were interviewed** for the project.

**Information** on the development project was **disseminated** to Telecom's personnel in various ways. Supervisors informed their subordinates in meetings and briefings about the launch and progress of the service process development project. Stories on the topic were written in the staff bulletin and email and the intranet were used for the same purpose.

#### Target-setting activities

Quantitative **objectives were set** for service process lead-time, service level, customer complaint volumes, and inventory turnover.

*“As early as when we started to develop our [internet product], we checked from the PC magazine about how long it takes to get [the internet product] to the customer, and it was about two weeks or two months from the order, and then we set a goal for ourselves that it must be 15 minutes.” (Development manager)*

Managers also set qualitative goals related to the service process for their subordinates such as participation in internal development projects. Guidelines such as good internal cooperation and delivery reliability were also included in plans. The goal was set as a priority in annual goal-setting discussions between the CEO and the managers. In addition, the **performance bonus system** included criteria for the service level.

#### Organizing activities

Typical on-going activities for improving customer processes concerned the organization of the operations.

*“It is about rationalizing the operations, locating the bottlenecks, and finding solutions for them, in order to get things to run more flexibly. To search for problems, if there are any, and to fix them”. (Chief of installation)*

The **organization of the steps in the service processes** was improved in many ways. Existing service processes were depicted, their flow was analyzed, and the process steps were reorganized from time to time. For example, the circulation of the work order was shortened, or the storage of telecommunication devices was reorganized to support a service process more effectively. Tasks performed by humans were being computerized. Operational supervision of work was reorganized in accordance with the service processes. When launching new products, the flow of the service process was planned. Re-use of returned appliances was launched. The work order sheet was modified in order to improve the flow of information. When sending a tender, a sales representative included the contact information of all the persons involved in the service delivery to facilitate the customer's communication.

The **hierarchical structure of the organization** was adjusted constantly to enhance the customer service processes, that is, there were changes in the way the employees were organized around customer segments, products, and service processes. A call center was also established to make it easier for customers to contact the company. And, **human resources were allocated** to the stores in order to extend their opening hours.

Also, **continuous cooperation across functional boundaries** was evident. Employees in different departments cooperated to improve the flow of information in the process. For example, employees in sales/customer service and installation departments discussed what information, and in what form, should be included in the work orders. Information on the customer orders was shared between the departments on a daily basis in order to facilitate the delivery process. Knowledge of other participants' work in the service processes was increased in cross-functional development meetings. Managers asked their subordinates to collaborate with other functions. Some cross-functional cooperation even defied organizational norms; when delivering the services, employees ignored the official procedures and contacted each other directly instead of through their supervisors.

There were also activities concerning **competence development** of the staff. When launching new products, personnel were taught to run associated service processes. When recruiting personnel, candidates were also evaluated from the service process or customer service orientation viewpoint. The versatility of the customer service per-



sonnel's competence was developed by job circulation. Some **teamworking** activities were also associated with the goal. When the sales manager was out of the office, the sales assistant tried to help customers who called and asked for the sales manager. Also, peers covered for absent colleagues.

Perhaps the most macro level organizing activities were **acquisitions and outsourcing**. A chain of retail stores was acquired and some activities such as spadework in cable laying had been contracted out. In addition, existing **store premises were renovated** in order to improve customer service.

### Communicative activities

There were several goal-related communicative activities in Telecom.

*"[...] in our department's internal meetings, in which all kinds of issues are discussed, this [goal] has just been one of the topics. As a sort of notice-type issue, that such a thing is going on, or coming up. Then there are these briefings for a wider audience in the [company]. And in the internal [company] bulletin there have been [items] about this of course." (Sales assistant)*

There was many kinds of **top-down communication** on topics related to the customer service process. Managers presented the results of customer satisfaction and company image surveys in meetings. Managers used a service process diagram in meetings to get the staff to grasp the totality of the service process. R&D personnel informed and trained the sales force on new products and services. Information on new products was also delivered by email and intranet.

The communication was also about **exerting influence**, that is, about persuading other people to improve the customer service processes. Managers emphasized the importance of proper customer encounter in the stores, as well as the benefits of smooth customer service processes; the costs saved by the company and the time saved by the customers. The CEO emphasized that service process development improves the competitiveness of the company, which helps to save the jobs in the future. Slogans emphasizing customer service, problem solving and teamwork were propagated around the organization. Process thinking, i.e. the notion that before and after every

process step something happens, and that the steps depend on each other, was repeated to the employees.

Some **reciprocal communication**, even negotiation, also took place in the customer processes. The installation staff insisted that the sales staff not sell in excess of capacity. The sales staff asked for more customer feedback on the installation staff. The means to improve the flow of a part of a service process was contemplated in small group meetings. The accumulation of problems in service processes initiated discussions on corrective actions. The question of which activities should be outsourced and which ones should be kept in house, was discussed annually. In goal-setting discussions, the roles of individuals in service processes were discussed.

Some communication on process improvement was clearly from the **bottom up**. Employees requested training and new tools to support the delivery of new products. Unclear responsibilities in service processes were brought up in meetings. The goal was also discussed with **external parties**. Negotiations and discussions with subcontractors and suppliers were carried out regularly and an overflow arrangement for incoming phone calls was negotiated with a partner.

#### Customer activities

Some activities concerned the interaction of the organization with its customers. Interaction took several forms. First, there was a **response to customer activity**. Customer complaints about defects were analyzed carefully to ensure that only real defects are passed on to the defect correction process. The product features were modified according to the desires of the customers as interpreted by the marketing unit.

Second, **information** on customers' satisfaction was **collected** by regular surveys. Information on the responsibilities in customer organization was acquired in order to improve communication between the representatives of the company and the customer organization. The information collection was directly linked to **performance monitoring**. The customer satisfaction level and the company image were monitored regularly. Customer complaint volumes were monitored. Error rates in specific parts of the service processes were monitored.

The third class of customer activity was **proactive customer communication**, which included PR events organized for customers. Customers were also contacted about changes in delivery schedules.

Fourth, **products and services were developed** from the customer service viewpoint. The ease of selling and installing products, as well as the clarity of the instructions, were improved continuously. A self-service product was launched. Customer service was improved by extending the opening hours in the stores and renovating retail outlet premises.

#### **DESIRED ACTIVITIES FOR CUSTOMER SERVICE PROCESS IMPROVEMENT**

So far, activities that were actually running in the organization have been discussed. Even though several activities were identified, many interviewees commented that much more could be done. In other words, not all members of the organization were completely satisfied with the current realization of the strategic goal. There were some desired customer process improvement activities, that is, opinions about how the customer process improvement should take place.

Still more **cross-functional collaboration** was suggested, especially in the form of **communication between the phases** of the delivery processes. Complete information concerning customer deliveries should have been promptly and reliably gathered and passed on in the service process. All stakeholders in the service process should have participated in the process development activities to prevent sub-optimization. Realized business cases should have been analyzed on a monthly basis in cross-functional process teams. Employees from different departments should have gotten to know each other by meeting in small groups. The phases of the service processes as well as the division of responsibilities between departments should have been clarified.

Also, more **changes in organization structure and resource allocation** should have been made. The responsibilities for different customers as well as deliveries should have been more carefully defined in the service processes. There should have been more technical staff to enable proper operation of both the sales support and the product development and management. The ownership of service processes should have

been decided. When scheduling installation, slack resources should have been reserved for unexpected assignments.

A few suggestions about **process steps and procedure development** activities existed as well. The work order typology should have been simplified. Reuse of returned appliances should have been improved. The installation staff should have been given more laptop computers. The service process should have been better integrated with the processes of the customers. Moreover, when developing new products and services, the service process should have been simulated and documented in advance.

Staff **competence** should have been developed. The number of multi-skilled personnel should have been increased. Personal knowledge of products and technologies should have been improved continuously. Sales staff should have been given more training on products and services. Customer service should also have been improved by teaching manners to the staff.

More **control** over the customer processes was also desired. The correct way to run the service processes should have been declared in the company. Supervisors should have made themselves responsible for development of service processes. The process development work should have had a powerful leader. A system for real-time monitoring of delivery status should have been developed. Rewarding system should have been changed to support cooperation instead of competition between departments.

Desired **communicative** activities concerned both bottom-up and top-down communication. Bottom-up **suggestion making** should have been more active and supported by a suggestion box. Concerning top-down communication, top management should tell personnel about the **direction of the company** in order to facilitate and focus the process development efforts.

## **SUMMARY OF THE CASE TELECOM**

The activities realizing Telecom's strategic goal, the improvement of customer service processes, were divided into five distinct groups: activities related to a development project, target-setting activities, organizing activities, communicative activities, and customer activities. The activities are summarized in Table 4-6.

**Table 4-6. Telecom’s strategic activities.**

|   |  |
|---|--|
| <b>Development-project-related activities</b> | <p>Evaluating the customer service processes in cross-functional cooperation</p> <p>Allocating human resources to the process development project</p> <p>Interviewing employees about customer service process details</p> <p>Inviting a customer to participate in process development work</p> <p>Disseminating information about the process development project in the organization</p>  |
| <b>Target-setting activities</b>              | <p>Setting quantitative and qualitative objectives for various customer process aspects</p> <p>Including guidelines related to customer processes in goal statements</p> <p>Including criteria for service level in the performance bonus system</p>   |
| <b>Organizing activities</b>                  | <p>Analyzing, reorganizing, and eliminating steps in the service processes constantly</p> <p>Developing the customer service process documentation, e.g. work order sheets and tenders</p> <p>Modifying the hierarchical structure of the organization to facilitate the running of the customer processes</p> <p>Allocating human resources to the stores in order to extend their opening hours</p> <p>Cooperating continuously across the functional borders on customer process improvement issues</p> <p>Improving the personnel’s customer service process and product knowledge and skills by training and job circulation, and recruiting new personnel with matching skills</p> <p>Teamworking, that is, covering for each other, in order to improve customer service</p> <p>Acquiring a chain of retail stores to improve customer service</p> <p>Renovating existing store premises in order to improve customer service</p> <p>Outsourcing some functions to streamline service processes</p> |
| <b>Communicative activities</b>               | <p>Managers and R&amp;D staff communicating various customer service-process-related topics as well as the importance of the theme</p> <p>Getting other people to improve the customer service processes</p> <p>The parties in the customer process, that is, the different organizational functions communicating reciprocally on process improvement issues</p> <p>Personnel requesting tools, training, and information to facilitate the daily running of customer processes</p> <p>Negotiating with external parties having a role in Telecom’s customer service processes</p>  |
| <b>Customer activities</b>                    | <p>Responding to customer complaints and suggestions for improvement</p> <p>Collecting customer satisfaction information in order to evaluate the functioning of the customer processes</p> <p>Monitoring the performance of customer processes through the customer satisfaction level, complaints, and process error rates</p> <p>Arranging PR events to make the company familiar to customers</p> <p>Contacting the customers on changes in delivery schedules</p> <p>Developing products to ease their selling and delivering and developing services to improve the customer satisfaction</p>  |

If we look at the *desired* activities discussed in the previous chapter, we can see that most of them concerned organizing. More specifically, this included cross-functional collaboration and communication, adjustment of hierarchical organization structures,

resource reallocation, development of process steps and procedures, and development of the staff's competencies.

It is interesting to note that almost all of the desired activities were already used to realize the goal. Thus, in a sense, more of the same was needed. However, some, at least partly novel activities were mentioned. Interestingly, increased control was requested in the form of discipline in following agreed principles, stronger change leadership, reward system changes, and delivery status monitoring systems. Some upward and downward communication activities were also hoped for: active bottom-up communication in the form of development suggestions and communication by top management about the direction of the company.

### **4.3 GENERAL STRATEGIC ACTIVITY CLASSIFICATION**

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The aim of this first result chapter is to describe various strategic activities. First, I have formed a preliminary general activity categorization and then I have presented four in-depth case descriptions to illustrate the variance in strategic activity. Now it is time to return to the general level. In this section, the case-specific activity categorizations will be combined into a general strategic activity classification. Hence, the preliminary activity classification will be modified on the basis of the four case activity tables and the final general strategic activity classification will be formed.

The variety of existing strategic activities was considerable, as we can see in the four case descriptions above. In each case, some twenty activities could be identified.<sup>35</sup> Also, there were several ways to classify these activities into a few main categories. These activity classifications were created on the basis of the data, by seeking in each case the most obvious way of separating the activities.

At Retailer, there was a clear separation between the *headquarters*, the *store*, and the *boundary-crossing* activities. At Telecom, the activities divided into specific, *goal-focused project* activities and on-going activities concerning *target-setting*, *organizing*, *communication*, and *customers*. These general activities also came up at Health-

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<sup>35</sup> At Financier, 24, at Healthcare, 20, at Retailer, 24, and at Telecom, 29 distinct activity types were identified.

care, but were complemented with *control* and *cooperative* activities. At Financier, the activity categorization was quite similar to that of Healthcare; however, *sensemaking* activities took the place of cooperative activities. (Table 4-7)

**Table 4-7. The main activity categories in the cases.**

| FINANCIER     | HEALTHCARE                  | RETAILER          | TELECOM                     |
|---------------|-----------------------------|-------------------|-----------------------------|
| determination | target-setting and planning | headquarters      | development-project-related |
| control       | control                     | store             | target-setting              |
| information   | communicative               | boundary-crossing | communicative               |
| organizing    | organizing                  |                   | organizing                  |
| customer      | customer                    |                   | customer                    |
| sensemaking   | cooperative                 |                   |                             |

The above activity categorizations arose in the process of analyzing and writing the case descriptions presented in the previous chapters. Thus, these categorizations are characteristic for the cases. For instance, Retailer’s categorization is based on organizational structure, in contrast to the other cases, and Telecom’s category of activities related to a development project clearly differs from the others. Some common categories, shared by two or more cases, existed as well. These might be candidates for the main categories. They are emboldened in Table 4-8.

**Table 4-8. The main activity categories in the cases, with the categories shared by two or more cases in bold.**

| FINANCIER         | HEALTHCARE                         | RETAILER          | TELECOM                     |
|-------------------|------------------------------------|-------------------|-----------------------------|
| determination     | <b>target-setting</b> and planning | headquarters      | development-project-related |
| <b>control</b>    | <b>control</b>                     | store             | <b>target-setting</b>       |
| information       | <b>communicative</b>               | boundary-crossing | <b>communicative</b>        |
| <b>organizing</b> | <b>organizing</b>                  |                   | <b>organizing</b>           |
| <b>customer</b>   | <b>customer</b>                    |                   | <b>customer</b>             |
| sensemaking       | cooperative                        |                   |                             |

Next, the process of forming the general categorization out of the case categorizations is described. I will first present the rough steps involved, and then describe the linkages between each case category and the general classification.

I will start analyzing the commonalities and differences between the cases by looking at Financier's categories.

If opened up<sup>36</sup>, the main category of determination at Financier included the activities of *planning* and *target-setting*, which were also present at Healthcare and Telecom. Thus, a main category of *determining*<sup>37</sup> can be formed, also encompassing the activity of *calculation*, present only at Financier.

Various *controlling* activities existed as such at Financier and Healthcare, and also under other categories at Telecom and Retailer.

Information and sensemaking activities at Financier were actually subcategories of *communicating* activities, and present in all the other cases as well.

*Organizing* activities existed at Financier, Healthcare and Telecom as such, and also inside Retailer's main categories, thus forming a common category.

Customer activities were present at Financier and also at Healthcare and Telecom. Under Financier's customer category there were, however, also other external parties and it made sense to speak of *interacting with the environment*.

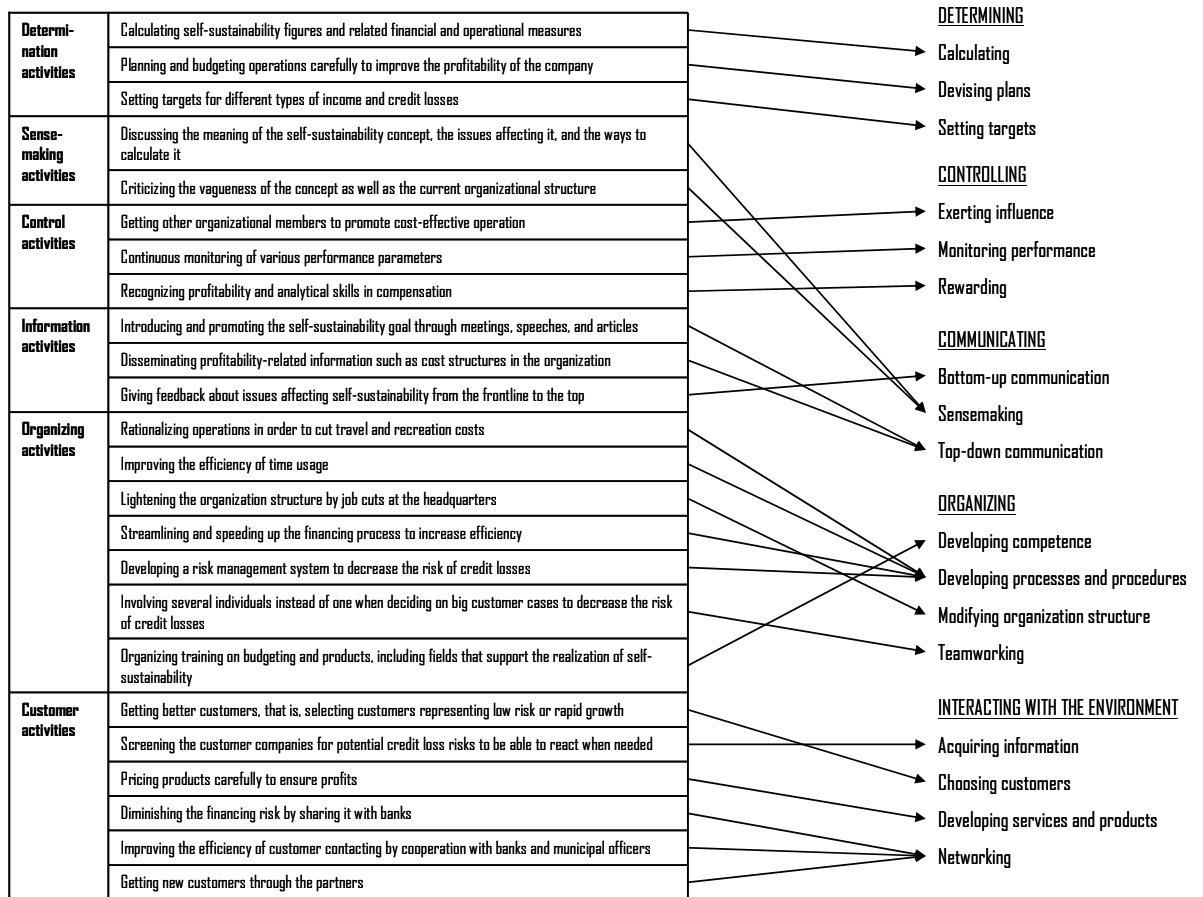
At the subcategory level, the linkages between Financier's categorization and the general activity classification are shown in Figure 4-1.

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<sup>36</sup> The case subcategories and their linkages to the general classification are illustrated in detail in the figures on the next pages.

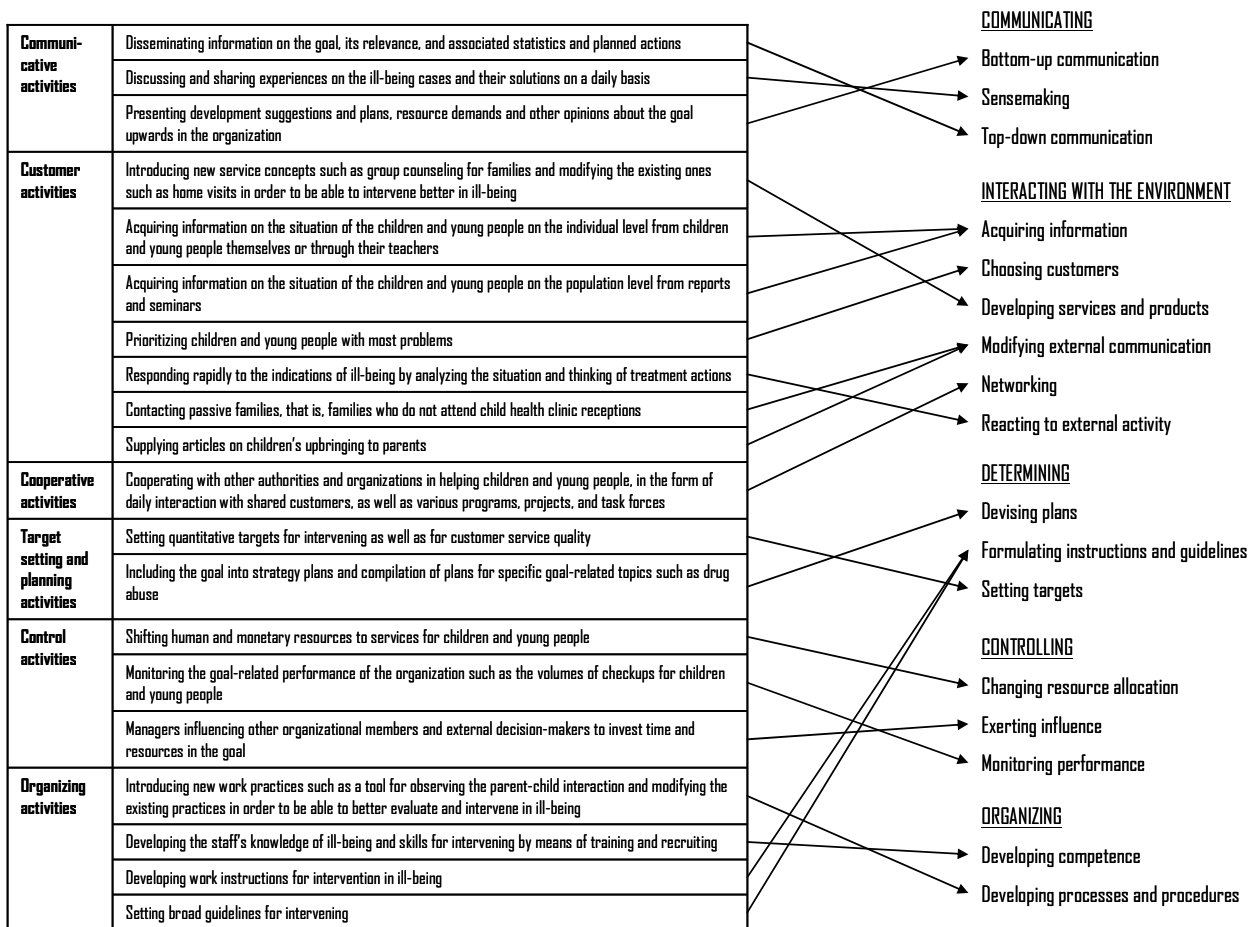
<sup>37</sup> For the sake of uniformity, the verb form of the category titles is used in all categories (e.g. *communicating*, instead of communication or communicative)





**Figure 4-1. Linking Financier’s activity categorization to the general activity classification.**

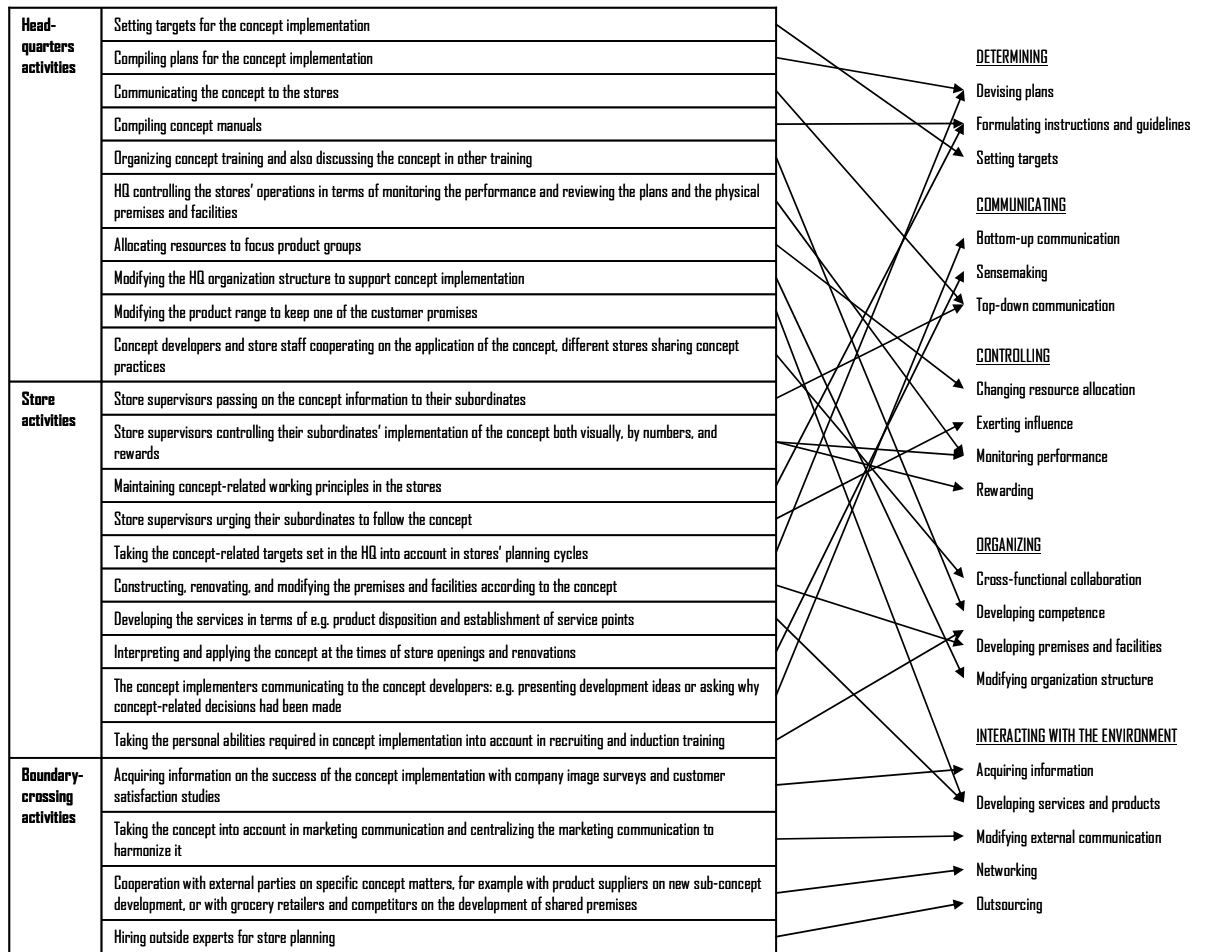
At Healthcare, there was a target-setting and planning category, which, as already noted, can be regarded as part of *determining* activities. *Control*, *communication*, and *organizing* categories existed as such. *Customer* and *cooperative* activities could be merged into the category *Interacting with the environment*. (Figure 4-2)



**Figure 4-2. Linking Healthcare's activity categorization to the general activity classification.**

As can be seen from the figure above, there were slight differences in the subcategories between the cases. For example, in the *determining* main category, there was no *calculation* concerning the strategic goal at Healthcare like there was at Financier. Moreover, at Healthcare, there was an activity called *formulating instructions and guidelines* that did not take place at Financier.

Clearly, Retailer's categorization differs from the other three. However, when the *headquarters*, *store*, and *boundary-crossing* categories are opened up, common categories can be identified (Figure 4-3).



**Figure 4-3. Linking Retailer's activity categorization to the general activity classification.**

Finally, at Telecom, there were common categories of target-setting, organizing, communicating, and customer activities. When Telecom's original category of *development-project-related* activities is opened up, familiar activities that fell into the existing categories are evident. (Figure 4-4)

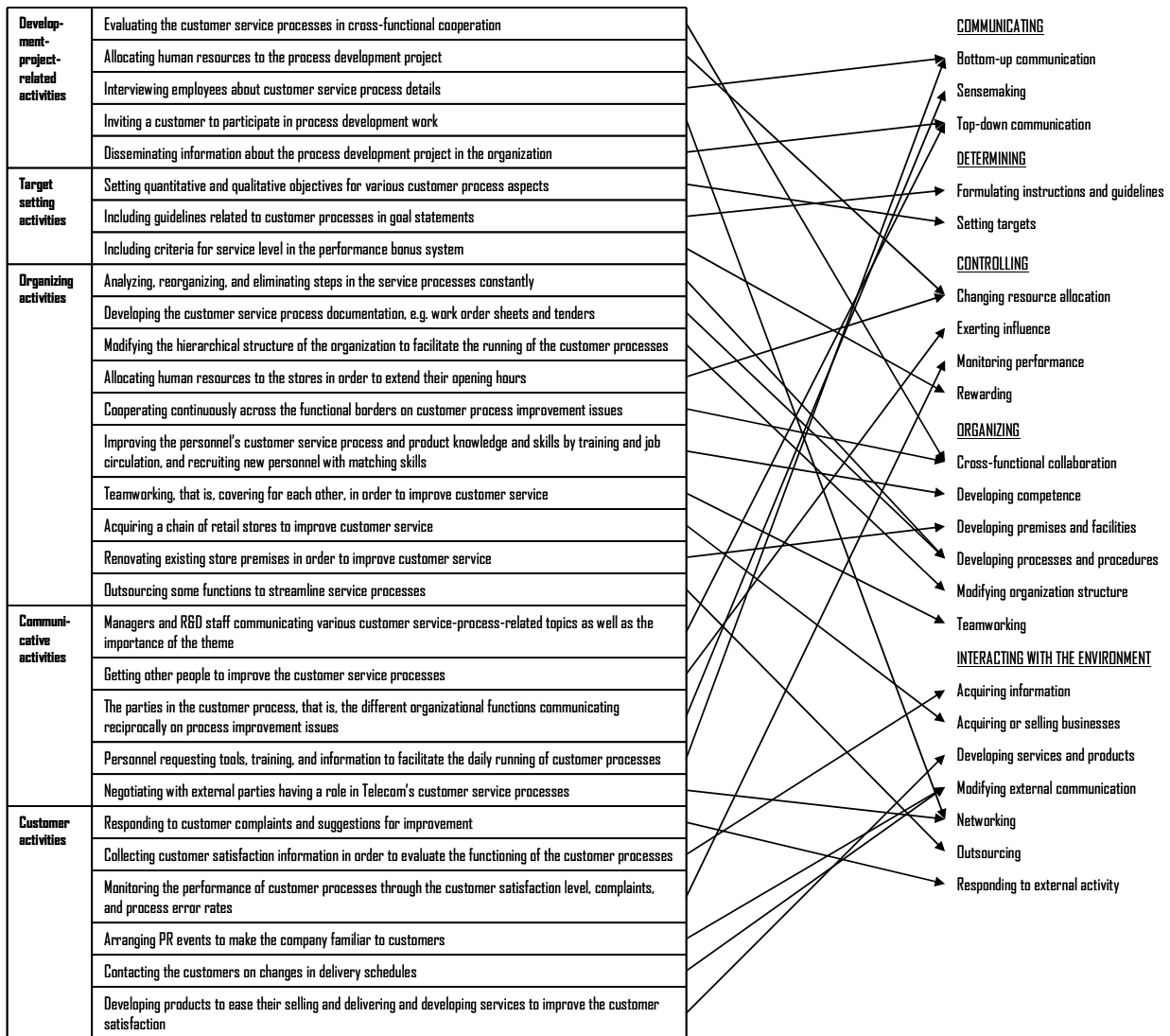


Figure 4-4. Linking Telecom's activity categorization to the general activity classification.

Thus, through an iterative data analysis process, described above and in the data analysis chapter, five main action categories, encompassing all of the cases' activity categories could be formed. These general activity categories of *determining*, *communicating*, *controlling*, *organizing*, and *interacting with the environment* and their 25 subcategories are listed and explained in Table 4-9.

**Table 4-9. The final strategic activity classification.**

| <i>Activity type</i>                    | <i>Explanation</i>   |
|---|--|
| <b>DETERMINING</b>                      |  |
| Calculating                             | Numerically analyzing the strategic goal   |
| Devising plans                          | Preparing plans, budgets or scenarios for the strategic goal, and acknowledging the strategic goal in other organizational plans                           |
| Formulating instructions and guidelines | Formulating instructions, manuals, and standards for work  |
| Setting targets                         | Setting objectives for the strategic goal  |
| <b>COMMUNICATING</b>                    |  |
| Bottom-up communication                 | Individuals presenting ideas or questions concerning the strategic goal to their superiors or superiors gathering information from their subordinates      |
| Sensemaking                             | People discussing, reflecting, and interpreting the strategic goal   |
| Top-down communication                  | Disseminating information about the strategic goal and its relevance   |
| <b>CONTROLLING</b>                      |  |
| Changing resource allocation            | Changing the distribution of human and financial resources to advance the strategic goal   |
| Exerting influence                      | Influencing people: getting others to contribute to the strategic goal   |
| Monitoring performance                  | Monitoring the performance of the organization in terms of the realization of the strategic goal   |
| Rewarding                               | Rewarding for implementing the strategic goal  |
| <b>ORGANIZING</b>                       |  |
| Cross-functional collaboration          | Internal collaboration across organizational functions or departments on strategic goal realization  |
| Developing competence                   | Assessing and developing strategic-goal-related competence through training, job circulation, and recruiting   |
| Developing premises and facilities      | Renovating or renewing physical premises and facilities to support strategic goal realization  |
| Developing processes and procedures     | Creating new or adjusting established work processes and methods of working by e.g. using information technology in order to realize the strategic goal    |
| Modifying organization structure        | Modifying and determining the organizational hierarchy, responsibilities, and job descriptions to advance the strategic goal realization                   |
| Teamworking                             | Improving strategic goal realization through increased role flexibility within organizational groups   |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |  |
| Acquiring information                   | Getting and using external strategic-goal-related information  |
| Acquiring or selling businesses         | Realizing the strategic goal by buying a new business or selling an existing one   |
| Choosing customers                      | Advancing strategic goal realization by selecting customers to work with   |
| Developing services and products        | Introducing new or developing existing products and services, and modifying product or service range and pricing to advance the strategic goal realization |
| Modifying external communication        | Adapting marketing communication or customer contacting to support the strategic goal realization  |
| Networking                              | Collaborating with external parties, e.g. in joint projects on issues affecting the strategic goal realization   |
| Outsourcing                             | Pursuing the strategic goal by contracting out some of the organization's activities   |
| Reacting to external activity           | Responding to customers' or competitors' strategic-goal-related action or inaction   |

When compared with the preliminary activity categorization, we can see some changes. The main categories remained, but there were several changes on subcategory level. Some activities were removed, some added, and some modified.

- Two activities were deleted. *Implementing decisions* was left out because it was not regarded as an organizational activity itself, but more as a role of an individual or of a group in an organization, when participating in some activity. *Rationalizing (streamlining) operations* was abandoned as well. Rationalization was seen more as an aim of various activities that were mostly about developing processes and procedures, a category that existed already.
- Four new strategic activities were added. The activities of *developing premises and facilities*, *teamworking*, *acquiring or selling businesses*, and *outsourcing* were not identified in the preliminary analysis but justified themselves as independent strategic activities.
- Five activities were modified. *Analyzing* was changed to *calculating* in order to emphasize the numerical nature of the activity and to distinguish it from planning and sensemaking. *Changing organization structure* was replaced by *modifying organization structure* because ‘changing’ resembled too much a discrete shift from one organizational configuration to another, while ‘modifying’ could also incorporate more gradual and less radical adjustments present in many cases. *Disseminating information* was changed to *top-down communication* because all information dissemination happened from the top to the lower levels in the hierarchy or from the center to the periphery. In addition, top-down communication formed an equal pair with bottom-up communication. *Internal collaboration* was changed to *cross-functional collaboration* to specify the nature of the internal collaboration in the question. Finally, *reacting to customer activity* was changed to *reacting to external activity* due to the fact that reaction can also be triggered by the actions of other external stakeholders such as competitors.

The five main activity categories proved to be quite general organizational activities. The activity of *determining* is usually associated with the formulation of strategy, for example determining a favorable market position (Porter 1980). Planning and goal-

setting has been in the center of strategic management since its beginning (Ansoff 1965). However, determining activity clearly also justifies itself in the realization of an explicated strategic goal. Determination here seems to involve conceptual concretization of a rather broad, or even vague, strategic goal in the form of plans, targets, budgets, instructions, guidelines, and calculations.

*Communicating* is an activity characteristic for any organization and for social behavior in general. As a strategic activity, communication intuitively has to do with the strategy “owners” telling others about it, in this case, disseminating information about the strategic goal. Hambrick & Cannella (1989) call it ‘selling’ strategy to different stakeholders. This top-down process is complemented with bottom-up communication; persons at lower hierarchical levels or peripheral locations present questions to clarify the strategic goal, as well as criticize it. In addition, strategy communication involves making sense of strategy (Gioia & Chittipeddi 1991, Weick 1995) or jointly understanding, reflecting, and negotiating strategy (Eden & Ackermann 1998), typically in small group discussions at various organizational levels and locations.

*Controlling* is a classic form of managerial activity (e.g. Fayol 1916, ref. in Mintzberg 1971), as well as organizational systems (e.g. Lawler & Rhode 1976). Also, in traditional implementation models (e.g. Hrebiniak & Joyce 1984) controlling of the behavior of the members of organization has played a central role. Here, control as a strategic activity took the form of allocating resources to the strategic goal, monitoring the goal-related performance, rewarding for realizing the goal, and interpersonal influencing of others in the organization to advance the goal.

All organizations are open to the uncertain environment and all organizations must adapt to their environments by crafting appropriate structures (Burns & Stalker 1961, Chandler 1962, Lawrence & Lorsch 1967, Thompson 1967). Here the division was made between the more internal-focused, strategy-driven activity of organizing, and the more external-oriented and -originated activity of interacting with the environment. The realization of the strategic goal through *organizing* took the form of changing organization structure, developing organizational competence, premises and facilities and processes and procedures, and collaboration either between organizational functions, or within functional teams.

Relating a company to its environment has been in the center of strategy literature, for example in aligning organization's strengths and weaknesses with environment's threats and opportunities (Andrews 1971), and analyzing an industry's structure and competitive forces to find a favorable position in it (Porter 1980). In this study, organizations advanced their strategic goals in *interaction with the environment* through acquiring relevant information from the environment, modifying their own external communication, developing products and services, choosing their customers, acquiring or selling businesses or outsourcing their own activities, networking with external parties, or just reacting to external activity.

#### **4.4 VARIANCE IN THE CASES' ACTIVITY PATTERNS**

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In this section I will address research question 1b: *How do different strategic goals manifest themselves in the activities?* Each case had a unique strategic activity pattern in which a certain repertoire of activities was present while a number of others were not. Also, the set of *desired activities* – the normative expressions on how the strategic goal realization should be improved – was unique in each case.

Concerning the existing activities, no main category was missing in any case. In other words, in all cases some sort of determination, communication, control, organizing, and interacting with the environment took place. Communication in particular was common; in *every case there existed all kinds of communication* – bottom-up, top-down, and sensemaking – on the strategic goal. Thus, communicating seemed to play a significant role in the realization of the strategic goals. On the other hand, desired activities were not numerous and there were even empty main categories, meaning that certain kinds of activities were not suggested at all. The variance in the cases' activity patterns can be seen in Table 4-10.



**Table 4-10. Summary of existing (E) and desired (D) activities in the cases.**

| CASE<br>Strategic goal                             | FINANCIER<br>Self-sustainability |         | HEALTHCARE<br>Intervening in the<br>ill-being of children<br>and young people |         | RETAILER<br>Implementation of<br>a business concept |         | TELECOM<br>Customer process<br>improvement |         |
|--|----------------------------------|---------|---|---------|---|---------|--|---------|
|  | Existing                         | Desired | Existing  | Desired | Existing  | Desired | Existing                                   | Desired |
| <b>DETERMINING ACTIVITIES</b>                      |                                  |         |   |         |   |         |  |         |
| Calculating  | E                                | D       |   |         |   |         |  |         |
| Devising plans                                     | E                                |         | E   | D       | E   |         |  |         |
| Formulating instructions & guidelines              |                                  |         | E   |         | E   |         | E  |         |
| Setting targets                                    | E                                |         | E   |         | E   | D       | E  |         |
| <b>COMMUNICATING ACTIVITIES</b>                    |                                  |         |   |         |   |         |  |         |
| Bottom-up communication                            | E                                |         | E   | D       | E   | D       | E  | D       |
| Sensemaking  | E                                | D       | E   | D       | E   |         | E  |         |
| Top-down communication                             | E                                |         | E   | D       | E   | D       | E  | D       |
| <b>CONTROLLING ACTIVITIES</b>                      |                                  |         |   |         |   |         |  |         |
| Changing resource allocation                       |                                  |         | E   | D       | E   | D       | E  | D       |
| Exerting influence                                 | E                                |         | E   | D       | E   |         | E  | D       |
| Monitoring performance                             | E                                |         | E   |         | E   | D       | E  | D       |
| Rewarding  | E                                |         |   | D       | E   | D       | E  | D       |
| <b>ORGANIZING ACTIVITIES</b>                       |                                  |         |   |         |   |         |  |         |
| Cross-functional collaboration                     |                                  |         |   |         | E   |         | E  | D       |
| Developing competence                              | E                                |         | E   | D       | E   | D       | E  | D       |
| Developing premises and facilities                 |                                  |         |   |         | E   |         | E  |         |
| Developing processes and procedures                | E                                | D       | E   | D       |   |         | E  | D       |
| Modifying organization structure                   | E                                | D       |   | D       | E   | D       | E  | D       |
| Teamworking  | E                                |         |   |         |   |         | E  |         |
| <b>INTERACTING WITH THE ENVIRONMENT ACTIVITIES</b> |                                  |         |   |         |   |         |  |         |
| Acquiring information                              | E                                | D       | E   | D       | E   |         | E  |         |
| Acquiring or selling businesses                    |                                  |         |   |         |   |         | E  |         |
| Choosing customers                                 | E                                | D       | E   | D       |   |         |  |         |
| Developing services and products                   | E                                | D       | E   | D       | E   | D       | E  | D       |
| Modifying external communication                   |                                  |         | E   | D       | E   | D       | E  |         |
| Networking   | E                                | D       | E   | D       | E   |         | E  |         |
| Outsourcing  |                                  |         |   |         | E   |         | E  |         |
| Reacting to external activity                      |                                  |         | E   |         |   |         | E  |         |

On this more detailed level, we can see that some of the activities were common to all cases, while there were also unique ones. In addition to aforementioned communication activities, in all cases *targets were set* for the strategic goal realization, people *influenced* others to pursue the goals, goal-related *performance was monitored*, *competence*, *services* and *products* were *developed* to support the pursuit of the goal, goal-

related *information was acquired*, and the goal was sought through *networking* with external parties.

The *desired* activities diverged more; there were only two desired activities common to all of the cases. *Changing the organizational structure* was an activity suggested in all cases. The other common desired activity was *developing services and products*. That is, in all of the cases it was suggested that improvement of strategic goal realization should be achieved by developing possibly the most concrete link between the organization and its environment, the services and products offered by it.

When looking at the situation more closely, case by case, some distinctive characteristics in the activity patterns can be detected.

## **FINANCIER**

Financier pursued the strategic goal of self-sustainability with 17 kinds of activities: by both defining and calculating the concept itself by determination and sensemaking activities, and improving organizational profitability through various control, information, organizing, and customer activities.

At Financier there seemed to be an equal number of strategic activities in all main categories. Financier was the only case where there were calculation activities that could be explained by the strategic goal's economic nature. There were no changes of resource allocation to improve self-sustainability, such as shifting human or monetary resources to more efficient operations. However, changes in organization structure were made, and more radical ones were hoped for, although the activities of acquiring or selling businesses, outsourcing, or developing premises and facilities did not take place.

There were rather few desired activities in the eight categories at Financier. It was suggested that the self-sustainability goal could be better realized by further improving its definition, by more radical reorganization of the organizational structure as well as the product selection, and by maintaining careful customer selection and improving customer process efficiency.

## **HEALTHCARE**

Healthcare aimed at intervening in the ill-being of children and young people with 17 types of activities: by setting targets, allocating resources, and planning for the intervening, communicating this goal and its importance both internally and externally, developing its services, customer contacting, work procedures, information acquisition and competencies, cooperating closely with other authorities, and monitoring the results.

At Healthcare, there seemed to be an emphasis on the activities of interaction with the environment, instead of internal organizing. All other environment activity types were present except acquiring or selling businesses and outsourcing, which might not be typical of public organizations in general.

There were lots of desired activities in 15 different categories at Healthcare. The goal was regarded to be better realized by further increasing resources, cooperation, and communication, by further improving the services, procedures, and competencies, and by prioritizing the ill-being problems, changing personnel rewarding criteria, and clarifying some customer responsibilities. Healthcare was the only case where there were desired activities in categories where activities did not already exist. In other words, it was suggested that the strategic goal realization be also improved with completely new means, not just within the existing activity repertoire.

## **RETAILER**

Retailer implemented its business concept with 19 sorts of activities: headquarters-led goal-setting, communication, training, instruction, organization, marketing, performance monitoring, and control, on the one hand, and by interpretation and application of these headquarters' instructions in the development of services, premises, and competences in the stores, on the other hand. Thus, the activities were spread quite evenly over all the main categories, although there seemed to be a slight emphasis on communication and control activities in both existing and desired activities.

Some characteristics distinguish Retailer's activity patterns from the previous two cases. One is the existence of the activity of developing premises and facilities, which makes sense because changing the appearance of the stores was an essential part of

the business concept. Another characteristic is the lack of customer selection activities, which again is quite natural considering the nature of the hypermarket business: when defining the business concept, the customer segment can be determined, but when running your business, you can not control who walks into the store. In addition, there was no development of processes and procedures, in contrast to all the other cases.

There was a variety of *desired* activities in 11 activity categories. It was considered possible to improve concept implementation by strengthening the existing concept communication and control and by bringing the store services and organization and the marketing communication into line with the concept. Additional human resources for the stores and more use of the store personnel's existing competence were also suggested. When looking at the desired activities, the emphasis seems to be on internal activities instead of interacting with the environment.

## TELECOM

Telecom improved its customer processes by with many as 22 sorts of activities: by establishing a development project for the topic, by setting targets for the customer processes, by vertical and horizontal communication on the topic, by aligning organization and procedures with the processes, and by using customer information in process, product, and service development.

Thus, there were customer process improvement activities in almost all of the categories. The activity of acquiring and selling businesses was present in only this case, in the acquisition of a chain of retail stores. This seems natural considering the nature of the goal, the improvement of customer service processes. Another special feature in Telecom's activity pattern was the lack of planning activities concerning the strategic goal.

There were *desired* activities in 11 categories, with the emphasis clearly on controlling and organizing. The goal of customer service process improvement was considered to be better realized by introducing new and strengthening the existing control activities, and by further enhancing process-oriented organization, through for example improving the cross-functional collaboration and changing the organization struc-

ture. In addition, strengthening of some communication activities was also suggested. However, Telecom was almost entirely lacking desired environment-interaction activities.

At this point, the strategic activity classification is ready, and I have used it to show the different activity patterns in the cases. However, the organizational activities themselves are not very interesting theoretically. Hence, I need to somehow link these day-to-day activities of organizational life to strategic outcomes (Johnson et al. 2003). This will be done by relating the activity patterns to the *adoption* of the strategic goals in the cases.



## 5 ADOPTION OF STRATEGIC GOALS

This second result chapter answers the second research question: *how are strategic activities related to the success of strategic goal's adoption?* First, I will use the research data to describe the adoption in each case, thereby answering research question 2a: *how are the strategic goals being adopted?* Then, I will analyze how the goal adoption is manifested in the activity patterns of the cases, that is, the repertoire of existing and desired strategic activities, and finally summarize the findings in the form of six theoretical propositions. By so doing, I will answer research question 2b: *what characteristics of the strategic activities reflect the adoption of the strategic goal?*

As the result of my analysis process, presented in the methodology chapter, I could identify three dimensions of adoption in the data. Successful adoption of a strategic goal would show in the experienced **importance** and **clarity** of the goal and clear realization **roles**. Based on this analysis framework, the adoption of the strategic goal in each case is described next.

### 5.1 ADOPTION AT FINANCIER: AN IMPOSED, AMBIGUOUS, FINANCIAL GOAL FACING SOME RESISTANCE, BUT BEING SUPPORTED BY GENERAL STRIVING FOR EFFICIENCY

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Financier's strategic goal of self-sustainability was a strongly internal-oriented, economic goal. The goal seems to be an obvious case of *imposed strategy* (Mintzberg & Waters 1985). It was not derived from the will of actors within the organization, but from the environment, that is, the owner of the organization. When Financier was established through a merger, its owner determined the self-sustainability goal for the

company. The management had participated in the definition of the goal with the representatives of the owner.

The aim of self-sustainability legitimized Financier's role as a fulfiller of industrial and regional policy, not as a competitor of commercial financiers. Self-sustainability was part of the vision statement and the official strategy of the company, and thus had an official status in the company. It was also considered important throughout the organization mainly from various legitimacy viewpoints, for instance, because public companies should be profitable in the long run.

However, the goal was not clear to all members of the organization. The exact definition of the self-sustainability remained somewhat unclear for both the management and the personnel of Financier. There were uncertainties about the calculation of the concept, the organizational level to which the concept should be applied, the expected time frame for the goal's realization, the continuation of the owner's compensation, and the experienced contradiction between the self-sustainability goal and the strategic objective of realizing industrial and regional policy.

Since the goal of self-sustainability was inadequately defined, the center of the organization did not completely support it. Moreover, according to the center, the strategic goal of self-sustainability was realized moderately or poorly in the organizational activities. The center demanded both clear sentiments from the owner and effectiveness and special competence from the organization. Neither was the self-sustainability goal completely supported by the periphery. It met some resistance due to the ambiguities and contradictions discussed above and it was even suggested that the whole concept be discarded.

On the other hand, the related aim of profitability was widely acknowledged and supported in the company, both in the center and the periphery. Profitability, an essential factor of self-sustainability, was considered a self-evident goal for any organization. For the Financier's personnel, who were financial specialists, the goal can also be seen as even *ideological* (Mintzberg & Waters 1985) or at least, a part of their *professional identity*. Curiously, Financier's exogenous strategic goal of self-sustainability was both self-evident and ambiguous.



Concerning the roles in fulfilling the self-sustainability goal, most interviewees could not conceive a direct link from their own work to self-sustainability. Instead, all interviewees could define a role for themselves in running the operations profitably, which was seen as a central part of fulfilling the self-sustainability goal.

## **5.2 ADOPTION AT HEALTHCARE: AN IDEOLOGICAL, SOCIETAL GOAL GAINING WIDE SUPPORT IN THE ORGANIZATION AND ITS ENVIRONMENT**

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Healthcare's strategic goal of intervening in the ill-being of children and young people is an example of a purely external-oriented goal, aimed at affecting one of the organization's key customer groups. Intervening in the ill-being of children and young people had been recently determined as one of the five strategic goals in the official strategy. In addition, the goal contributed directly to the city's general strategy, especially the objective of preventing marginalization among its inhabitants.

The goal also had legitimation in a larger political arena. The prevalence of ill-being was reported to be on the increase, and public discussion on the ill-being of children and young people was increasing in the media. The goal was highly relevant for the city's other units working with children and young people: the social welfare and education departments. The cooperation between the healthcare, social welfare and education departments was regarded as fundamental to intervening in ill-being. Healthcare's personnel in schools and health stations also shared a growing concern about the ill-being of children and young people. This shared concern stemmed from their everyday work experiences with children and young people.

Thus, the goal was a pure example of an *ideological* strategy, which exists not only in the head of the leader, but is shared by the members of the organization, who identify strongly with it and pursue it so that clear patterns can be seen (Mintzberg & Waters 1985). The goal was self-evident for the Healthcare's personnel; it was part of the doctors' and nurses' *professional identity*. Moreover, the goal was apparently *societal* and widely shared, there was anxiety about children and young people among the city's decision makers and the public, which was also manifested in the media. It was a theme that no-one would resist.

However, the strategic goal was not completely clear to all Healthcare personnel. The goal's connection to the practice had remained partly unclear for some, especially the question of where to get the resources for intervening. There was also some uncertainty about what should be done differently, and what new intervening methods would be needed.

The center supported the strategic goal and was also fairly satisfied with its adoption: the right things had been done, but there was still a lot to do. The goal was supported by the periphery as well as the outside partners. It was considered very important, and it was interpreted coherently, but there seemed to be some unclear issues such as resource allocation. Still, everybody could conceive of a role for themselves in fulfilling the goal.

### **5.3 ADOPTION AT RETAILER: A DETAILED, TOP-DOWN GOAL REMAINING SOMEWHAT UNFAMILIAR TO THE PERIPHERY, BUT BASICALLY SUPPORTED THROUGHOUT THE ORGANIZATION**

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Retailer's strategic goal of business concept implementation had an internal emphasis in seeking coherence between different organizational units, the stores in the chain. The goal had the external aim of reaching the target customer group and fulfilling its needs. The center, the headquarters, had defined the business concept for the stores, the periphery, to implement. In this definition process, the environment played a central role. Developing business concepts in the retail trade had become popular worldwide, and having a clearly defined business concept was a "must" for any hypermarket chain. Top international hypermarket chains were benchmarked when developing Retailer's business concept. The goal also had a major role in competition with the main competitor in the market.

Retailer's strategic goal was a typical example of a *planned* strategy in which leaders articulate their intentions in the form of a plan and elaborate the plan in as much detail as possible (Mintzberg & Waters 1985). The business concept of Retailer was formulated in the headquarters to be implemented in the stores, with the guidance of instructions, manuals, and marketing materials. Retailer's goal can also be seen as an exam-

ple of strategic *programming* (Mintzberg 1994), where a clear-cut division between the planners and implementers of strategy is made.

The center regarded the goal as central for the identity of Retailer; “the concept defines what we are”. The center was quite satisfied with the level of concept implementation. The goal was not completely supported by the periphery of the organization, because the term ‘concept’ was unfamiliar to many. There were some unclaritys about the concept in the periphery. Many respondents could not define what was unclear, but some of them mentioned that the unclaritys related to customer promises, campaigns, and instructions. The roles in the concept implementation were either self-evident, that is, to merely follow the concept instructions, or the question was difficult to answer, since the very term ‘concept’ was unfamiliar or strange.

On the other hand, the similarity of stores, the core of the business concept, was regarded important in the periphery from the customer viewpoint. The similarity of stores was conceived to facilitate shopping in the chain.

## **5.4 ADOPTION AT TELECOM: A BROAD GOAL GAINING WIDE ACCEPTANCE, BUT LACKING CONCRETE DEVELOPMENT ACTIONS**

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Telecom’s strategic goal of customer service process improvement was more internal-than external-oriented, because it focused on organizing the processes internally, even though aiming at competitive advantage. The top management of the company had already started to pay special attention to customer service in the beginning of the 1980s. A couple of internal developers, “change agents”, had started to promote the determination, analysis and development of various business processes at the end of 1990s.

In the periphery, there was a shared need to strengthen the customer orientation. The company’s history as a monopoly and increasing competition drove the improvement efforts. Another source of motivation was the will to succeed in daily work with customers. Considering the business environment, the role of processes in organizational development had become widely noted in the 1990s. Process-thinking spread in the form of ‘isms’ such as Business Process Reengineering (BPR). In the 1990s, a major

change in the industry took place; the mobile telecommunications expanded, which threatened Telecom's business to some extent.

The goal resembled an *umbrella strategy* in which leaders define general guidelines for the behavior, thus providing a sense of direction, but allow actors to manoeuvre within the boundaries set (Mintzberg and Waters 1985). This shows in the multitude of interpretations of the goal among the members of Telecom. On the other hand, there were traces of *consensus strategy*, where different actors naturally converge on the same theme, or pattern, so that it becomes pervasive in the organization, without the need for any central direction or control (Mintzberg and Waters 1985). At Telecom, a group of change agents originally started promoting the customer process improvement theme, which later on gained wider acceptance.

Both in the center and the periphery the goal was regarded as important. The reasons varied from company image and customer satisfaction to cost effectiveness and tightening competition.

On a general level, the goal was supported by the center and the periphery. The goal was in a sense a combination of a customer focus led by top management and a process orientation stemming from the change agents in the center. The center was rather satisfied with the customer process improvement. In the periphery, some interviewees saw some improvements, but many did not. The goal was not realized in concrete, operative level changes and in personal goals very well, and many individuals could not think of a role for themselves in pursuit of the goal. In the periphery, there were also a multitude of interpretations of the goal among the personnel, and some unclarities over the responsibilities for realizing it. General resistance to change was brought up as well.

Success in strategic goal adoption in terms of the three analytic dimensions is summarized in Table 5-1.

**Table 5-1. The success of the strategic goal adoption in the cases. (Shaded cells indicate challenges in adoption.)**

| Case and strategic goal<br>Adoption dimension | FINANCIER<br>Self-sustainability   | HEALTHCARE<br>Intervening in the ill-being of children and young people    | RETAILER<br>Implementation of a business concept                            | TELECOM<br>Customer service process improvement                              |
|---|--|--|---|--|
| 1) Goal importance                            | The basic idea of the goal regarded as important, but there was some resistance due to the ambiguities and contradictions involved | Goal regarded as important   | Goal regarded as important  | Goal regarded as important   |
| 2) Goal clarity                               | Several unclarities concerning the definition of the goal  | Some unclarities concerning the goal realization, especially the resources | The goal somewhat unfamiliar and involved some unclarities in the periphery | Some unclarities concerning the goal-related responsibilities                |
| 3) Goal realization roles                     | No clear direct links between work roles and the goal, but strong indirect link through the shared aim of profitability            | Clear goal realization roles   | Some difficulties in linking one's own work to the goal in the periphery    | Difficulties in linking one's own work to the goal all over the organization |

## 5.5 LINKING THE ACTIVITY PATTERNS TO THE ADOPTION OF THE STRATEGIC GOALS

As discussed earlier, the case's strategic activities divided into existing and desired ones. The *existing* activities are the activities that realized the goals in the case organizations. The activities that interviewees said should or could be done to promote strategy implementation are called *desired* activities. When examined again, it was discovered that the desired activities were divided into two basic types that were named 'enhancing' and 'novel' activities. The difference between these types was related to their relationship with the existing activities. *Enhancing* activities reinforced the existing activities while *novel* activities introduced new opportunities for pursuit of the strategic goal.

For example, at Financier, there was an activity category of developing services and processes, which was also one of the desired activities. The novelty of the desired activity here stems from the fact that the existing product development concerned the

pricing of the products while the desired one was about discarding the unprofitable products, which was clearly something new compared with the existing activity. On the contrary, further improvement in product pricing would have been an enhancing activity in this case.

Next, I will present each case's activity pattern (existing, enhancing desired, and novel desired activities) in the following tables (6-2 – 6-5), and keeping the strategic goal's adoption in mind, try to discern the connections between the goal adoption and the activity pattern.

### **FINANCIER**

There were relatively few desired activities at Financier (Table 5-2) that might relate to the imposed and ambiguous nature of the strategic goal. Because the self-sustainability goal was more or less given, it was not strongly "owned" by the members of the organization, thereby discouraging the generation of suggestions for improvement. Due to its ambiguous conceptualization, the goal was even resisted. The vague definition of the self-sustainability concept showed in the existence of calculation activities and in the desire to further improve calculation of the self-sustainability-related concepts: the product- and customer-specific costs and profits.

In contrast to the other cases, there was no formulation of instructions or guidelines concerning the strategic goal at Financier. That kind of operationalization could have been beneficial for a broad and vague strategic goal such as self-sustainability. In addition, Financier was the only case where no further control activities were desired. There were general profitability-related control mechanisms, and the center seemed to be content with them and no specific controls for self-sustainability were required. Considering the economic nature of the self-sustainability goal, an increase in control or "belt-tightening" could have been expected. However, since profitability was the basis for ensuring self-sustainability and there were routines for its control, no additional control procedures were needed.

Versatile sensemaking of the self-sustainability goal took place, including criticism of the goal, which did not take place in any of the other cases. The criticism and the desire to discuss the purpose and the strategy of the firm were related to the ambiguity

of the goal and the contradictions involved. Especially the contradiction between striving for self-sustainability and executing regional policy was highlighted.

On the other hand, striving for efficiency, which is closely related conceptually to self-sustainability, was valued throughout the organization. This was manifested for example in the existence of several process and procedure development activities. Rationalizing and streamlining operations were considered a central means for improving the efficiency of operations.

The most desired activities were about improving interaction with the environment: collecting more customer feedback, attracting better customers, cutting the product range, and improving cooperation with other financiers. Also, reorganization by moving staff from support functions to the customer interface was required. This emphasis tells about the idea that efficiency can be improved, in addition to internal streamlining, also through the interrelationships with external parties. For example avoiding credit losses was emphasized by many interviewees as a central means to ensure efficiency. This finding also supports the observation that the idea of efficiency was widely adopted in the organization.

In addition, there were many novel activities among the desired activities, and many of them were rather radical. The novel desired activities can be condensed as rather straightforward advice; discuss the purpose of the company, cut the amount of support staff, identify unprofitable products and drop them. However, still more could have been done. There were no activities of acquiring or selling businesses, outsourcing, or developing premises and facilities. Neither were they suggested. They could have substantially affected self-sustainability.

In sum, Financier's imposed strategic goal was partly ignored and resisted due to its ambiguous conceptualization, which showed in the existence of calculation activities and the desire to make sense of the definition of the goal. Due to the ambiguity of the goal, formal implementation actions seemed to be lacking, which can be seen in the absence of formulation of instructions and guidelines. Instead, the idea of efficiency was adopted and manifested especially in various organizing activities, in a set of rather radical novel desired activities, and in a novel desire to discuss the purpose and strategy of the company.

**Table 5-2. Financier's existing and desired (enhancing and novel) activities in aiming for self-sustainability.**

| Category                            | Existing activities  | Desired activities  |
|-------------------------------------|--|---|
| <b>DETERMINING</b>                  |  |   |
| Calculating                         | Calculating self-sustainability figures and related financial and operational measures   | <i>Novel activity:</i> Calculation of product- and customer-specific costs and profits  |
| Devising plans                      | Planning and budgeting operations carefully to improve the profitability of the company  | -   |
| Setting targets                     | Setting targets for different types of income and credit losses  | -   |
| <b>COMMUNICATING</b>                |  |   |
| Bottom-up communication             | Giving feedback about issues affecting self-sustainability from the frontline to the top   | -   |
| Making sense                        | Discussing the meaning of the self-sustainability concept, the issues affecting it, and the ways to calculate it<br>Criticizing the vagueness of the concept as well as the current organizational structure   | <i>Enhancing activity:</i> Defining the self-sustainability concept accurately<br><i>Novel activity:</i> Discussing the purpose and the strategy of the company |
| Top-down communication              | Introducing and promoting the self-sustainability goal through meetings, speeches, and articles<br>Disseminating profitability-related information such as cost structures in the organization   | -   |
| <b>CONTROLLING</b>                  |  |   |
| Exerting influence                  | Getting other organizational members to promote cost-effective operation   | -   |
| Monitoring performance              | Continuous monitoring of various performance parameters  | -   |
| Rewarding                           | Recognizing profitability and analytical skills in compensation  | -   |
| <b>ORGANIZING</b>                   |  |   |
| Developing competence               | Organizing training on budgeting and products, including fields that support the realization of self-sustainability  | -   |
| Developing processes and procedures | Rationalizing operations in order to cut travel and recreation costs<br>Improving the efficiency of time usage<br>Streamlining and speeding up the financing process to increase efficiency<br>Developing a risk management system to decrease the risk of credit losses | <i>Enhancing activity:</i> Increasing the work efficiency and improving the coordination of traveling   |
| Modifying organization structure    | Lightening the organization structure by job cuts at the headquarters  | <i>Novel activity:</i> Reorganizing the company structure by moving some employees from the back-office functions to the customer interface                     |
| Teamworking                         | Involving several individuals instead of one when deciding on big customer cases to decrease the risk of credit losses   | -   |



| Category                                | Existing activities   | Desired activities  |
|---|---|---|
| <b>INTERACTING WITH THE ENVIRONMENT</b> |   |   |
| Acquiring information                   | Screening the customer companies for potential credit loss risks to be able to react when needed  | <i>Novel activity:</i> Collecting more customer feedback from entrepreneur federations and sending it to the owner to facilitate developing products that customers really need |
| Choosing customers                      | Getting better customers, that is, selecting customers representing low risk or rapid growth  | <i>Enhancing activity:</i> Getting better customers, that is, customers with more growth potential  |
| Developing services and products        | Pricing products carefully to ensure profits  | <i>Novel activity:</i> Discarding unprofitable products<br><i>Novel activity:</i> Involving people from customer interface in new product development                           |
| Networking                              | Diminishing the financing risk by sharing it with banks<br>Improving the efficiency of customer contacting by cooperation with banks and municipal officers<br>Getting new customers through the partners | <i>Enhancing activity:</i> Improving the cooperation with other financial institutions in general   |

## HEALTHCARE

There existed a considerable number of different desired activities at Healthcare (Table 5-3). There were desired activities, both enhancing and novel, in all of the existing main activity categories. In contrast to all the other cases, there were desired activities in two non-existing categories. This observation might relate to the nature of the strategic goal; because intervening in ill-being was regarded as an essential part or even the totality of the personnel's work, everybody had opinions on how to improve the situation. People were actively involved on a daily basis with the strategic goal and the goal was connected to their professional identity.

There were relatively many 'interacting with the environment' activities compared for example with organizing activities. The emphasis on interaction with the environment is probably explained by the fact that the strategic goal was clearly customer-oriented, but also widely shared and supported by other authorities, the public, and the politicians as well.

A rather strong customer focus can be seen in Healthcare's activity pattern. Information on the situation of children and young people situation was acquired, customers were prioritized, services were developed, families were contacted and responses to

customer action were prompt. There were also many desired activities concerning these customer activities. This is again a clear indication of the adoption of the goal, intervening in the ill-being of children and young people, which was manifested in many activities.

The adoption of the strategic goal at Healthcare was still not complete. The novel desire for prioritization of the problems of children and young people and the desire for continuing sensemaking of the meaning of the goal are probably connected to the observed unclarity in adoption. Some interviewees experienced the goal as vaguely linked to daily practices, which raised questions such as what should be done differently, where should resources be obtained, and what new methods were needed.

To sum up, the strategic goal of Healthcare was supported in all three sectors: environment, center, periphery. Although there were some unclarity in the realization of the strategic goal, the personnel played a very active role concerning the goal which was manifested in numerous desired activities. Both a strong customer orientation and cooperation with other authorities were apparent in the emphasis on activities of interacting with the environment.

**Table 5-3. Healthcare's existing and desired (enhancing and novel) activities in intervening in the ill-being of children and young people.**

| Category                                | Existing activities   | Desired activities  |
|---|---|---|
| <b>DETERMINING</b>                      |   |   |
| Devising plans                          | Including the goal into strategy plans and compilation of plans for specific goal-related topics such as drug abuse   | <i>Novel activity:</i> Prioritizing the problems concerning the ill-being of children and young people  |
| Formulating instructions and guidelines | Developing work instructions for intervention in ill-being<br>Setting broad guidelines for intervening  | -   |
| Setting targets                         | Setting quantitative targets for intervening, as well as for customer service quality   | -   |
| <b>COMMUNICATING</b>                    |   |   |
| Bottom-up communication                 | Presenting development suggestions and plans, resource demands and other opinions about the goal upwards in the organization.   | <i>Novel activity:</i> Persons who set goals for intervening contacting the frontline employees in order to ensure the feasibility of the goals   |
| Making sense                            | Discussing and sharing experiences on the ill-being cases and their solutions on a daily basis  | <i>Enhancing activity:</i> Discussing the meaning of the goal of intervening in ill-being in small groups   |
| Top-down communication                  | Disseminating information on the goal, its relevance, and associated statistics and planned actions   | <i>Enhancing activity:</i> Communicating the news concerning the goal to the personnel before they hear it from the media   |
| <b>CONTROLLING</b>                      |   |   |
| Changing resource allocation            | Shifting human and monetary resources to services for children and young people   | <i>Enhancing activity:</i> Allocating more human resources to children and young people<br><i>Novel activity:</i> Allocating resources more flexibly across regional borders, based on real needs   |
| Exerting influence                      | Managers influencing other organizational members and external decision-makers to invest time and resources in children and young people  | -   |
| Monitoring performance                  | Monitoring the goal-related performance of the organization such as the volumes of checkups for children and young people   | -   |
| Rewarding                               | -   | <i>Novel activity:</i> Developing the personnel rewarding criteria to support the intervening in ill-being  |
| <b>ORGANIZING</b>                       |   |   |
| Developing competence                   | Developing the staff's knowledge of ill-being and skills in intervening by means of training and recruiting   | <i>Enhancing activity:</i> Developing the personnel's competence to intervene in the customers' problems.   |
| Developing processes and procedures     | Introducing new work practices such as a tool for observing the parent-child interaction and modifying the existing practices in order to be better able to evaluate and intervene in ill-being | <i>Enhancing activity:</i> Developing new work procedures for new threats concerning children and young people such as drugs.<br><i>Novel activity:</i> Improving the process of customer guidance in order to ensure that the need and the care always match |

| Category                                | Existing activities  | Desired activities   |
|---|--|--|
| Modifying organization structure        | -  | <b>Novel activity:</b> Changing organization structure. For example, defining the division of responsibility for customers between school nurse and the personal nurse at the health station more clearly  |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |  |  |
| Acquiring information                   | Acquiring information on the situation of the children and young people on individual level from children and young people themselves or through their teachers<br>Acquiring information on the situation of the children and young people on the population level from reports and seminars | <i>Enhancing activity:</i> Acquiring real-time information on the well-being of children and young people in order to be able to be proactive instead of reactive  |
| Choosing customers                      | Prioritizing children and young people with most problems  | <i>Enhancing activity:</i> Allocating more resources to immigrants   |
| Developing services and products        | Introducing new service concepts such as group counseling for families and modifying the existing ones such as home visits in order to be able to intervene better in ill-being  | <b>Novel activity:</b> Lengthening the duration of standard checkups<br><b>Novel activity:</b> Shifting the emphasis in the checkups from somatic to psycho-social issues<br><i>Enhancing activity:</i> Delivering the services for children and young people so that the parents enjoy themselves and can find other parents in similar situation in life |
| Modifying external communication        | Contacting passive families, that is, families who do not attend child health clinic receptions<br>Supplying articles on children's upbringing to parents  | <i>Enhancing activity:</i> Contacting the families of children and young people more frequently  |
| Networking                              | Cooperating with other authorities and organizations in helping children and young people, in the form of daily interaction with shared customers, as well as various programs, projects, and task forces  | <i>Enhancing activity:</i> More cooperation between the authorities as well as the occupational groups<br><i>Enhancing activity:</i> Getting the school teachers to contact the social welfare and health authorities or the family more promptly when children and young people get into trouble  |
| Reacting to external activity           | Responding rapidly to the indications of ill-being by analyzing the situation and thinking of treatment actions  | -  |

## RETAILER

There were lots of both existing and desired communication and control activities at Retailer (Table 5-4). Especially top-down communication on the strategic goal and monitoring of performance were emphasized. Instructions and guidelines, particularly the compilation and communication of various concept-related manuals, played a central role in realizing the strategic goal. This indicates that the concept developers in

the headquarters had adopted their role in implementation, in communicating the concept they had defined, and in controlling its implementation in the periphery.

An interesting finding is that there was not any development of processes and procedures concerning the strategic goal, in contrast to all other cases. The concept was communicated to the stores as a model of their desired appearance, but the support for the grass-root behavior in the stores, the processes and procedures by which the concept is adopted and then applied in process of time, seems to be lacking. This gives a rather static view of the business concept implementation and resembles an unidirectional, top-down implementation model or “command model” (Bourgeois & Brodwin 1984, Hart 1992, Hart & Banbury 1994), which often involve problems with interpretation and commitment.

This hypothesis of the command type of implementation is supported by the perceived unfamiliarity of the concept as well as associated unclarity concerning its implementation in the periphery. In addition, the observed contradiction between following the centrally determined concept and adjusting to varying local circumstances might indicate insufficient determination of concept implementation in the stores. What must be done strictly ‘by the book’ and in which areas there is room for improvisation might require some clarification.

The emphasis of desired activities was on internal activities instead of interacting with the environment. In particular, improving the top-down communication of the concept and control of its implementation was hoped for. In fact, there was no desire for sensemaking of the concept. This is an interesting observation since there would have clearly been demand for this; the concept was unfamiliar to many and there were various unclarity concerning its implementation. The center suggested improving the top-down informing about the concept, but discussion or dialogue was not promoted. The periphery did not desire improved discussion on the concept either, perhaps because it was just too remote or unfamiliar.

All the novel desired activities were about control and structure. Developing a system of monitoring and rewarding the realization of the concept, increasing of implementation resources in the stores, defining concept realization in job descriptions, and clarification of some responsibilities were suggested as new ways to improve goal realiza-

tion. This indicates that the center wanted to assure that the periphery interprets the concept right and follows the concept in the daily operations in the stores.

Summing up Retailer case, the center's strong role in concept implementation showed in several communication and control activities. It was suggested that the unfamiliarity of the concept in the periphery and associated unclarities could be corrected with more informing and control. However, more two-way discussion was not suggested. Missing process and procedure development activities might explain the difficulties in applying the concept in the stores. The emphasis of desired activities on control and structure tell about a strong top-down orientation in the strategy implementation.

**Table 5-4. Retailer's existing and desired (enhancing and novel) activities in implementing a business concept.**

| Category                                | Existing activities   | Desired activities  |
|---|---|---|
| <b>DETERMINING</b>                      |   |   |
| Devising plans                          | Compiling plans for the concept implementation<br>Taking the concept-related goals set in the headquarters into account in stores' planning cycles  | -   |
| Formulating instructions and guidelines | Compiling concept manuals<br>Maintaining concept-related working principles in the stores   | -   |
| Setting targets                         | Setting targets for the concept implementation  | <i>Enhancing activity:</i> Always setting numerical targets for the concept implementation  |
| <b>COMMUNICATING</b>                    |   |   |
| Bottom-up communication                 | The concept implementers communicating to the concept developers: e.g. presenting development ideas or asking why concept-related decisions had been made   | <i>Enhancing activity:</i> The concept developers visiting the stores more often and using the store staff's experience more effectively when planning product displays   |
| Making sense                            | Interpreting and applying the concept at the times of store openings and renovations  | -   |
| Top-down communication                  | HQ communicating the concept to the stores<br>Store foremen passing on the concept information to their subordinates  | <i>Enhancing activity:</i> Telling personnel about the backgrounds and goals of decisions related to the concept, as well as the results achieved by implementing the concept in order to ensure the commitment to implementation<br><i>Enhancing activity:</i> Communicating the opportunity for creativity in concept realization, in addition to the importance of following certain guidelines<br><i>Enhancing activity:</i> Using more down-to-earth language when communicating the concept issues to personnel |
| <b>CONTROLLING</b>                      |   |   |
| Changing resource allocation            | Allocating resources to focus product groups  | <i>Novel activity:</i> Allocating more staff to the stores to implement the concept<br><i>Novel activity:</i> Store managers using more time in ensuring the concept implementation   |
| Exerting influence                      | Store supervisors urging their subordinates to follow the concept   | -   |
| Monitoring performance                  | HQ controlling the stores' operations in terms of monitoring the performance and reviewing the plans and the physical premises and facilities<br>Store supervisors controlling their subordinates' implementation of the concept both visually and by numbers | <i>Enhancing activity:</i> Assuring the personnel's understanding of the concept<br><i>Novel activity:</i> Developing a system for monitoring the realization of the concept  |

| Category                                | Existing activities   | Desired activities   |
|---|---|--|
| Rewarding                               | Supervisors controlling their subordinates' implementation of the concept by rewards  | <b>Novel activity:</b> Developing a system for rewarding the realization of the concept  |
| <b>ORGANIZING</b>                       |   |  |
| Cross-functional collaboration          | Concept developers and store staff cooperating on the application of the concept, different stores sharing concept practices  | -  |
| Developing competence                   | Organizing concept training and also discussing the concept in other training<br>Taking the personal abilities required in concept implementation into account in recruiting and induction training               | <i>Enhancing activity:</i> Making the concept training more comprehensive to ensure the whole staff's knowledge of the concept<br><i>Enhancing activity:</i> Staffing the service points by personnel with relevant special training |
| Developing premises and facilities      | Constructing, renovating and modifying the store premises and facilities according to the concept   | -  |
| Modifying organization structure        | Modifying the HQ organization structure to support the concept implementation   | <b>Novel activity:</b> Defining the realization of the concept in everyone's job description<br><b>Novel activity:</b> Clarifying the responsibility for the stores' inventory management  |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |   |  |
| Acquiring information                   | Acquiring information on the success of the concept implementation with company image surveys and customer satisfaction studies   | -  |
| Developing services and products        | Modifying the product range to keep one of the customer promises<br>Developing the services in terms of e.g. products' disposition and establishment of service points  | <i>Enhancing activity:</i> Taking the target customer group and customer promises more carefully into account when deciding on product range and disposition issues in the stores  |
| Modifying external communication        | Taking the concept into account in marketing communication and centralizing the marketing communication to harmonize it   | <i>Enhancing activity:</i> Approaching regular customers by more offers and personal marketing letters   |
| Networking                              | Cooperating with external parties on specific concept matters, for example with product suppliers on new sub-concept development, or with grocery retailers and competitors on the development of shared premises | -  |
| Outsourcing                             | Hiring outside experts for store planning   | -  |

## TELECOM

Perhaps the most obvious feature in Telecom's activity pattern is the large number of different existing activities (Table 5-5). The strategic goal of customer service process improvement was realized with a very wide range of activities. It would seem that the goal was widely adopted, and it was supported throughout the organization, as well as in its environment. But at the same time, the interviewees reported unclarities, espe-



cially with regard to responsibilities concerning customer process improvement. The goal was not linked very well with operative level changes, personal goals and work roles. This coexistence of numerous activities and the failures experienced in realizing the goal form an interesting contradiction.

A potential explanation for this contradiction is the fact that unlike in all other cases there were no planning activities for the strategic goal. In addition, no planning or any other determining activities concerning the goal were desired. This seems strange, since the customer process development is a rather broad goal and might therefore require at least some sort of planning. Hence, the lack of planning must be linked to the experiences of missing improvement action and to the missing link between the individuals' work and the strategic goal.

The emphasis of the desired activities was evidently on controlling and organizing. Demands for organizing are quite understandable; the flow of business processes cannot be easily improved without intervening in hierarchical and functional boundaries. Also, more control was required and there were novel desired control activities in all subcategories. These stressed control desires may signify a lack of discipline concerning process development. In spite of the existing activities and the company-wide development project, there was apparently much to do concerning customer process development. People knew where the challenges were, but the required changes had not been made.

Thus, realization of the goal had been stuck on an abstract level and the ability to concretize it was lacking. In other words, on the interpretive or cognitive level the strategic goal was adopted, but on the practical level the adoption was inadequate. The lack of planning might also indicate that concerning the customer process improvement, Telecom could not look into the future and had somehow been stuck in a retrospective mode.

There was various 'interacting with the environment' activities, but only one desired activity in this category. In other words, it was not suggested that customer processes should be improved through interaction with environment. This inward orientation might be another indicator of the need for discipline concerning customer process improvement. Customers or other external stakeholders were not needed in process im-

provement; it was a matter of internal organizing and everyone following the agreed guidelines.

In sum, the strategic goal was supported throughout Telecom; this was manifested in an extensive repertoire of existing and desired activities. However, there was dissatisfaction in the goal realization; responsibilities were not entirely clear and the goal's link with the work of individuals remained rather vague. This situation can be explained by the lack of planning activities, as well as by the insufficient discipline indicated by the strong desire for increased control activities.

**Table 5-5. Telecom's existing and desired (enhancing and novel) activities in improving customer service process.**

| Category                                | Existing activities  | Desired activities  |
|---|--|---|
| <b>DETERMINING</b>                      |  |   |
| Formulating instructions and guidelines | Including guidelines related to customer processes in goal statements  | -   |
| Setting targets                         | Setting quantitative and qualitative objectives for various customer process aspects   | -   |
| <b>COMMUNICATING</b>                    |  |   |
| Bottom-up communication                 | Interviewing employees about customer service process details<br>Personnel requesting tools, training, and information to facilitate the daily running of customer processes                                       | <i>Novel activity:</i> Activating suggestion making on process development and supporting it by a suggestion box  |
| Making sense                            | The parties in the customer process, that is, the different organizational functions communicating reciprocally on process improvement issues  | -   |
| Top-down communication                  | Disseminating information about the process development project in the organization<br>Managers and R&D staff communicating various customer service-process-related topics as well as the importance of the theme | <i>Novel activity:</i> Top management telling personnel about the direction of the company in order to facilitate and focus the process development efforts   |
| <b>CONTROLLING</b>                      |  |   |
| Changing resource allocation            | Allocating human resources to the process development project, and to the stores in order to extend their opening hours  | <i>Novel activity:</i> Reserving some slack resources for unexpected assignments when scheduling installing   |
| Exerting influence                      | Getting other people to improve the customer service processes   | <i>Novel activity:</i> Declaring the correct way to run the service processes in the company<br><i>Novel activity:</i> Supervisors making themselves responsible for the development of the service processes<br><i>Novel activity:</i> The process development work having a powerful leader |

| Category                            | Existing activities   | Desired activities  |
|-------------------------------------|---|---|
| Monitoring performance              | Monitoring the performance of customer processes through the customer satisfaction level, complaints, and process error rates   | <b>Novel activity:</b> Developing a system for real-time monitoring of delivery status  |
| Rewarding                           | Including criteria for service level in the performance bonus system  | <b>Novel activity:</b> Changing the rewarding system to support cooperation instead of competition between departments  |
| <b>ORGANIZING</b>                   |   |   |
| Cross-functional collaboration      | Evaluating the customer service processes in cross-functional cooperation<br>Cooperating continuously across the functional borders on customer process improvement issues      | <i>Enhancing activity:</i> Gathering required information concerning the customer deliveries and passing on in the service process promptly and reliably<br><i>Enhancing activity:</i> Participating of all service process stakeholders in the process development activities to prevent sub-optimization<br><i>Enhancing activity:</i> Analyzing realized business cases on a monthly basis in cross-functional process teams<br><i>Enhancing activity:</i> Getting employees from different departments to know each other by meeting in small groups<br><i>Enhancing activity:</i> Clarifying the phases of the service processes as well as the division of responsibilities between departments |
| Developing competence               | Improving the personnel's customer service process and product knowledge and skills by training and job circulation<br>Recruiting new personnel with matching skills            | <i>Enhancing activity:</i> Increasing the number of multi-skilled personnel<br><i>Enhancing activity:</i> Improving the personal knowledge of products and technologies continuously<br><i>Enhancing activity:</i> Giving the sales staff more training on products and services<br><i>Enhancing activity:</i> Improving customer service by teaching manners to the staff  |
| Developing premises and facilities  | Renovating existing store premises in order to improve customer service   | -   |
| Developing processes and procedures | Analyzing, reorganizing, and eliminating steps in the service processes constantly<br>Developing the customer service process documentation, e.g. work order sheets and tenders | <i>Enhancing activity:</i> Simplifying the work order typology<br><i>Enhancing activity:</i> Streamlining the flow of appliances in the customer process<br><i>Enhancing activity:</i> Providing the personnel with sufficient equipment to keep pace with the technological development of the products  |

| Category                                | Existing activities   | Desired activities  |
|---|---|---|
| Modifying organization structure        | Modifying the hierarchical structure of the organization to facilitate the running of the customer processes  | <p><i>Enhancing activity:</i> Defining the responsibilities for different customers as well as deliveries more carefully in the service processes</p> <p><i>Enhancing activity:</i> Acquiring more technical staff in order to enable both the sales support and the product development and management</p> <p><i>Novel activity:</i> Deciding on the ownership of service processes</p> <p><i>Novel activity:</i> Integrating the service process better with the customers' processes</p> |
| Teamworking                             | Improving the availability of customer service through increasing the role flexibility within customer service teams                                    | -   |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |   |   |
| Acquiring information                   | Collecting customer satisfaction information in order to evaluate the functioning of the customer processes   | -   |
| Acquiring or selling businesses         | Acquiring a chain of retail stores to improve customer service  | -   |
| Developing services and products        | Developing products to ease their selling and delivering and developing services to improve the customer satisfaction                                   | <i>Enhancing activity:</i> When developing new products and services, always simulating the service process in advance in order to improve its documentation  |
| Modifying external communication        | Arranging PR events to make the company familiar to customers<br>Contacting the customers on changes in delivery schedules                              | -   |
| Networking                              | Inviting a customer to participate in process development work<br>Negotiating with external parties with a role in Telecom's customer service processes | -   |
| Outsourcing                             | Outsourcing some functions to streamline service processes  | -   |
| Reacting to external activity           | Responding to customer complaints and suggestions for improvement   | -   |

I have presented above a tentative answer on case level to research question 2b: *what characteristics of the strategic activities reflect the adoption of the strategic goal?* In the final part of the results I will combine the findings to form a set of theoretical propositions.

## 5.6 SUCCESSFUL ADOPTION OF STRATEGIC GOALS

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The previous result chapter ended by describing how the adoption of strategic goals was manifested in the activities of the case organizations. Some evident links could be found, and, in this section, they are put together to build a framework of successful strategic goal adoption, expressed as a set of theoretical propositions. Each proposition is followed by a discussion of its rationale and theoretical implications.

### 5.6.1 EXISTING STRATEGIC ACTIVITIES

The first proposition concerns the set of existing activities:

PROPOSITION 1: The absence of some of the *necessary strategic activities*<sup>38</sup> indicates problems in the adoption of a strategic goal.

To be able to justify this proposition, I will first have to identify the necessary strategic activities. There were varying numbers of strategic activities in the cases. In some cases, the activities were spread quite evenly over the activity categories, while in others gaps in the activity patterns were more evident. In every case, there were activities in all main categories, although on the subcategory level several differences can be observed. In spite of the fact that each case had a unique strategic goal, it seems that **some activities were necessary always, regardless of the nature of the goal**. The data show that if these activities were missing, strategic goal adoption problems ensued. In two instances, the missing activities were not related to adoption challenges, but were still suggested as a new way of improving goal realization.

- Most *determining* activities seemed to be relevant to all cases. Calculating proved to be a specific activity for Financier, but the rest of the subactivities either existed in all cases or their lack caused problems in goal realization. Target-setting took place in all cases. Plans were devised in all cases but Telecom and instruc-

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<sup>38</sup> The necessary activities include devising plans, formulating instructions and guidelines, setting targets, bottom-up communication, top-down communication, sensemaking, changing resource allocation, exerting influence, monitoring performance, rewarding, developing competence, developing processes and procedures, modifying organization structure, acquiring information, developing services and products, and networking.

tions and guidelines were formulated in all cases but Financier. In both of these cases, the absence of these activities was manifest in problems with operationalizing and concretizing the strategic goal. Hence, successful strategic goal realization would involve target-setting and compilation of plans, instructions, and guidelines.

- All types of *communicating* – top-down, bottom-up and sensemaking – took place in all cases. Moreover, it makes very good sense that concerning any strategic goal, some information must be disseminated, sense should be made about the goal, and some feedback and questions concerning the goal inevitably arise.
- Almost all kinds of *controlling* activities existed in all cases. Changes in resource allocation were lacking in Financier, but changes in organization structure were made.<sup>39</sup> Strategic-goal-related rewarding was missing at Healthcare, but it was desired as a completely novel activity to improve strategic goal realization. Hence, successful strategic goal realization seems to require all types of control: changing resource allocation, exerting influence, monitoring performance, and rewarding.
- Concerning *organizing* activities, there was more variance in the subactivities of the cases. Competence development was the only activity existing in the strategic activity patterns of all cases. Process and procedure development was lacking only in Retailer; this lack seemed to have hindered Retailer's strategic goal realization. Modifying organization structure was missing at Healthcare, but suggested as a novel desired activity. Thus, organizing the realization of a strategic goal seems to incorporate at least the development of competencies, processes and procedures, and modifications in the organization structure, while cross-functional collaboration, development of premises and facilities, and teamworking seem to be relevant in only some contexts.
- Three types of *interacting with the environment* activities existed in all cases: information was acquired, services and products were developed, and networking

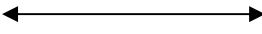
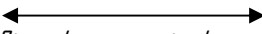
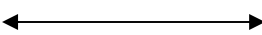
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<sup>39</sup> Modifying organization structure belongs to the category of organizing here, but it can be interpreted as a sustainable and extensive form of resource reallocation.

was used to realize the strategic goals. In addition, some of the cases acquired or sold businesses, chose customers, modified external communication, outsourced, and reacted to external activity. The existence or lack of these activities seemed to be related to the nature of the strategic goal. For instance, reaction to external activity was found at Healthcare and Telecom, both having an external-oriented strategic goal, in contrast to the more internal goals of Financier and Retailer.

Thus, I suggest that successful adoption is linked to a set of necessary activities, essential in any case. To further justify this proposition, I illustrate how the above-mentioned critical gaps in the activity patterns are related to adoption challenges in the cases (Table 5-6).

**Table 5-6. The relations between missing activities and the challenges in adopting the strategic goals.**

| Case & strategic goal                            | Missing activity                        | Proposed connection   | Related adoption challenge(s)  |
|--|---|---|--|
| FINANCIER<br>Self-sustainability                 | Formulating instructions and guidelines | <br><i>Specific instructions and guidelines could not be devised since the vagueness of the goal</i>                              | Several unclarities concerning the definition of the goal  |
| RETAILER<br>Implementation of a business concept | Developing processes and procedures     | <br><i>Since the concept implementation was not conceived as a process, the link to daily practices remained somewhat vague</i> | Somewhat unfamiliar goal and some realization unclarities in the periphery<br>Some difficulties in linking the goal to the work roles in the periphery |
| TELECOM<br>Customer service process improvement  | Devising plans                          | <br><i>Concretization of the goal to individual level was unsuccessful since no plans were made</i>                             | Unclarities concerning the responsibilities<br>Difficulties in linking the goal to the work roles all over the organization                            |

None of the above missing activities were desired in that particular case. However, they were present in all the other cases.

Hence, based on these cases I can make a tentative division into *necessary* and *specific* strategic activities, the former being relevant in all cases, and the latter only in some (Table 5-7). The necessary activities were present in all cases, or when lacking, indicated problems in goal realization.

**Table 5-7. The necessary and specific activities in strategic goal realization.**

|                                  | <b>Necessary activities</b>  | <b>Specific activities</b>  |
|----------------------------------|--|---|
| DETERMINING                      | Devising plans<br>Formulating instructions and guidelines<br>Setting targets                     | Calculating   |
| COMMUNICATING                    | Bottom-up communication<br>Top-down communication<br>Sensemaking                                 | -   |
| CONTROLLING                      | Changing resource allocation<br>Exerting influence<br>Monitoring performance<br>Rewarding        | -   |
| ORGANIZING                       | Developing competence<br>Developing processes and procedures<br>Modifying organization structure | Cross-functional collaboration<br>Developing premises and facilities<br>Teamworking   |
| INTERACTING WITH THE ENVIRONMENT | Acquiring information<br>Developing services and products<br>Networking                          | Acquiring or selling businesses<br>Choosing customers<br>Modifying external communication<br>Outsourcing<br>Reacting to external activity |

Hence, it seems that both various internal and external activities are essential for realizing a strategic goal. If compared to the strategy implementation frameworks discussed in the theoretical background chapter (Galbraith & Nathanson 1978, Hrebiniak & Joyce 1984, Higgins 1985, Hambrick & Cannella 1989, Alexander 1991, Pearce & Robinson 1994, Shrivastava 1994, Johnson & Scholes 1999), several similarities can be detected. Various controlling and organizing activities, especially changes in resource allocation, organizational structures and systems, played a central role in the implementation models. The communication and determining activities that were central for strategic goal realization in the four cases played a minor role in the literature. Moreover, the activities of interacting with the environment seem to be omitted from these implementation models. This is in line with Alexander's (1991: 75) summary of strategy implementation models, in which the structure, reward systems, objectives, and control mechanisms are in a central role.

On the other hand, in competitive dynamics literature, strategy has been conceptualized as a sequence of competitive actions, and the described actions are clearly externally oriented, often exclusively (e.g. Chen 1996; Miller & Chen 1996; Chat-



topadhyay et al. 2001; Ferrier 2001). For example, Ferrier (2001) categorizes the action events into pricing, marketing, new product, capacity, service, and signaling actions. Of these, only capacity actions seem to be internal oriented.

## 5.6.2 DESIRED STRATEGIC ACTIVITIES

The next three propositions are related to the *desired* activities, the first concerning their existence alone:

PROPOSITION 2: A variety of desired activities, that is, suggestions on how to improve the realization of the strategic goal in the organization, indicates successful adoption of the strategic goal.

In all cases there were various desired activities, indicating that some sort of a need for improvement had been recognized in every organization. What does the existence of desired activities actually tell us? On the individual level, it would make sense that if a person is able to describe how the goal could be better realized, he must at least have reflected on the strategic goal. In other words, an ability to come up with improvement suggestions indicates an understanding on the situation of strategic goal realization.

The number of desired activities varied between the cases, from Financier's eight kinds of activities to Healthcare's 15. Is the number, or coverage, or comprehensiveness, of the desired activities significant for goal adoption? The differences in the diversity of desired activities might indicate success in goal adoption; the more different the desired activities, the better the goal adoption. For example, at Healthcare, there was a very comprehensive repertoire of desired activities, also in two completely novel categories. This could be interpreted as a sign of successful adoption of the strategic goal.

On the other hand, the lack of desired activities might implicate that everything has already been done for goal realization, that 'the mission is accomplished'. However, this argument does not seem plausible, since many strategic goals, like improving the customer service processes or intervening in the ill-being of children and young people, are such that their realization could be improved for long periods of time, if not

forever. Also, the realization of a strategic goal might require continuous development of new means, due to changing circumstances such as competitor behavior, changing regulations, or economic fluctuations. For example, Financier might need to modify its activity repertoire when an economic boom turns into recession, in order to ensure the realization of the self-sustainability goal.

In fact, the lack or paucity of desired activities might indicate an inability to improve strategic goal realization. The organization might not recognize the need for development; like the person who does not know he is sick. Or, knowledge of the proper means for improving the situation is missing; the person perceives he is sick, but does not know how to cure himself.

What then constitutes a sufficient amount or diversity of desired activities? For example, were the challenges in Financier's strategic goal adoption related to its relatively few kinds of desired activities? The importance of the sheer number of desired activities might be difficult to evaluate, but the relevance of the coverage of the activities can be contemplated by looking at the gaps in the desired activity patterns. If we look at the activity patterns, we can see that at Healthcare and Retailer, there were desired activities in all main categories, although Financier lacked all control desires and Telecom all determining desires. Do these gaps indicate any difficulties in the adoption of the strategic goals?

- ⇒ Looking at Financier's lack of controlling desires, we could argue that there were general control mechanisms related to profitability and the organization was content with them, and that is why no specific controls for self-sustainability were required. The desired activities dealt with other issues, the clarification of the self-sustainability concept and the change in organization structure in particular.
- ⇒ At Telecom, no determining activities concerning the goal were desired. It was proposed that the lack of planning was linked to the experiences of missing improvement actions and to the missing link between the work of individuals and the strategic goal. The fact that no determining activities were suggested indicates that the root of the concretization problem might not have been comprehended in the organization, in turn indicating unsuccessful goal adoption.

Hence, it seems that the gaps in the desired activity repertoire or the number of different desired activities can indicate various issues, and I content myself with noting the general relevance of desired activities; I propose here that the existence of desired activities indicates an ability to improve goal realization. In fact, it seems relevant that at the same time there is a comprehensive variety of activities *and* also a number of desired activities with which it is proposed that the situation could be improved. In other words, the organization both does something for the realization of the goal and there are capabilities to improve the present way of realizing the goal.

The third and the fourth propositions relate to the *nature* of the desired activities, to be exact, to the way in which the desired activities were linked to the existing ones. Almost all desired activities were related to already existing activity categories. There were only two exceptions, both at Healthcare, where rewarding and changing organization structure for fulfilling the goal were something that was not already taking place, but were hoped for. Healthcare was actually the only case that lacked these activities in the first place.

When I investigated the desired activities on a more micro level and looked at the activities inside each category, I could discern that the desired activities were divided into two basically different categories, which I named “enhancing” and “novel”. Enhancing activities reinforced the existing activities while novel activities introduced new ways to pursue the strategic goal.

The dichotomy between enhancing and novel activities relates to *recursiveness* versus *adaptation* of strategy practices (Jarzabkowski 2004), to the *iterational* versus the *projective* element of human agency (Emirbayer & Mische 1998), to *exploitation* of old certainties versus *exploration* of new possibilities (March 1991), and to *single* versus *double-loop* learning in (Argyris 1977).

Jarzabkowski (2004) draws on social theories and discusses the tension between recursive and adaptive practice underpinning the existing strategic management literature. On the one hand, strategy as practice is recursive, routinized, and prone to inertia. But, on the other hand, strategy as practice is adaptive, flexible, and prone to learning and becoming.

Emirbayer & Mische (1998) conceptualize human agency as a temporally embedded process of social engagement, informed by *the past* (in its habitual aspect), but also oriented toward *the future* (as a capacity to imagine alternative possibilities) and toward *the present* (as a capacity to contextualize past habits and future projects within the contingencies of the moment).

March (1991) discusses the relation between the exploration of new possibilities and the exploitation of old certainties in organizational learning. Floyd & Lane (2000) view this duality in terms of managers' role conflict: the need to efficiently deploy existing competencies versus the need to experiment with new ones. Both are essential for companies but they compete for scarce resources. Hence, maintaining a balance between the two is important. The essence of *exploitation* is the refinement and extension of existing competences, technologies, and paradigms. Its returns are positive, proximate, and predictable. However, exploitation entails the risk of becoming trapped in suboptimal stable equilibrium. On the contrary, the essence of *exploration* is experimentation with new alternatives, which is necessary for survival in changing environments in the long run. However, its returns are uncertain, distant, and often negative. (March 1991, Crossan & Berdrow 2003)

Argyris (1977) distinguishes between *single-* and *double loop-learning*. Single-loop learning can be compared to a thermostat that knows when it is too hot or too cold and then turns the heat on or off. In an organizational context, single loop learning refers to a process of detecting and correcting error, which enables the organization to carry on its present policies or achieve its objectives. Learning becomes double-loop when the organization is not only capable of detecting and correcting an error, but also of questioning the underlying organizational policies and goals, like a thermostat that could question itself about whether it should be set at 21 degrees.

Summing up, the desired activities divided into two basic types that resemble various dichotomies of "building on old" versus "inventing new" present in the literatures of social practice, strategy, change, and organizational learning. Resting on "old" is claimed to involve inertia and to hinder adjustment to external changes, but on the other hand, to offer stability, efficiency, and accumulation of knowledge. On the contrary, creating "new" is uncertain and risky, but necessary for surviving and prosper-

ing in the (competitive) environment in the long run. It is suggested that maintaining the balance between the two is important.

The third and fourth propositions relate to the role these two types of desired activities play in strategic goal adoption:

**PROPOSITION 3:** The existence of desired activities that *enhance* the existing activities indicates successful strategic goal adoption in terms of incremental improvement. An excessive emphasis on enhancing activities in the core areas of the strategic goal can be a sign that development is stuck.

**PROPOSITION 4:** The existence of novel desired activities in all activity categories indicates a successful adoption of a strategic goal in terms of creativity and exploration.

The reasoning behind the third and the fourth proposition is based on the observed linkages between desired activities and the features of the goal adoption.

- ⇒ At Financier, there were rather few desired activities. The enhancing activities were about rationalizing processes and procedures, selecting better customers, improving networking, and making sense of the self-sustainability concept. These seemed to be in the core of the realization of self-sustainability goal. Relatively many of the desired activities were novel, and there were novel activities in all desired activity categories. If considered in terms of improving profitability, the goal was effectively adopted; profitability was regarded as important everywhere, and all organizational members could describe themselves a role in realizing that. So, the variety of novel activities suggests that the profitability aim was effectively adopted, and the problems in adoption concerned the very concept of self-sustainability.
  
- ⇒ At Healthcare, the enhancing activities were focused on interaction with the environment, again an area that can be seen to in the core of the strategic goal, intervening in the ill-being of children and young people. Differing from the previous cases, at Healthcare, there were novel activities in all main categories: determin-

ing, communicating, controlling, organizing, and interacting with the environment. The strategic goal was adopted quite successfully, there were no significant unclaritys, the goal was considered important everywhere, and all organizational members could think of a role for themselves in realization. Thus, an extensive variety of desired activities seems to be a sign of successful adoption of the strategic goal.

- ⇒ At Retailer, the novel desired activities were about controlling and restructuring, and the enhancing activities were focused on communicating the strategic goal to the stores and developing competence and services in the stores. These enhancing activities were at the center of strategic goal realization: the center communicating the concept to the stores and supporting its interpretation by training. At Retailer, the concept was still somewhat unfamiliar in the periphery and some unclaritys concerning its implementation were reported. However, as indicated by the rather small number of enhancing activities, as well as the center's satisfaction with the level of the concept implementation, goal adoption had proceeded successfully.
- ⇒ At Telecom, the situation was quite similar to Retailer; the majority of the novel activities were about controlling and restructuring. On the other hand, there were many enhancing activities concerning organizing, especially cross-functional collaboration and development of processes, procedures, and competences. These activities are in the core of the strategic goal of customer process service improvement as in any business process improvement efforts (e.g. Harrington 1991). This emphasis on enhancing existing activities in the core of the strategic goal might indicate that the goal adoption had not progressed in these key areas, and for some reason development had not concretized. In addition, numerous novel suggestions to increase control indicate a need for tighter discipline in customer service process improvement. Hence, at least in this case, a large number of enhancing activities seems to actually indicate problems in goal adoption.

Concerning the *novel* desired activities, the categories in which the novel activities are located seem relevant. Novel activities tell about a creative and explorative approach to strategic goal realization. If the novel solutions are focused on control and struc-

ture, as at Retailer and Telecom, that reflects a mechanistic, structural (Noble 1999), orientation to strategy implementation. There is creativity in improving control and structure, but goal realization through for example interaction with the environment, communication, and organizing takes place through existing channels. Since the control and structure issues are typically the responsibility of the management, this mode also resembles the *command* model of strategy implementation (Bourgeois & Brodwin 1984, Hart 1992, Hart & Banbury 1994), in which the organizational member's role is to obey the orders and not to experiment and take risks.

If the novel desires are spread over all categories, like at Financier and Healthcare, including various organizing and interacting with the environment activities, the range of emergence is wider. Emergence here means that there arise ways to realize the strategic goal that were not originally intended. On the other hand, a wide variety of novel activities can indicate efficient adaptation to changes in the environment. This resembles the adaptive mode of strategy-making (Mintzberg 1973b) or a processual approach to strategy (Whittington 2001).

Strategy realization with desires for diverse novel activities resembles a *cultural* model of strategy implementation (Bourgeois & Brodwin 1984) in which top management guides organization by communicating its vision and allowing each individual to participate in designing work procedures in concert with the vision. In that situation, strategic goal realization benefits from various new means of improvement, arising in all types of activities, thus indicating better goal adoption.

The observed linkages between desired activities and adoption features are summarized in Table 5-8.

**Table 5-8. The relations between the desired activities and the adoption of the strategic goals.**

| Case & strategic goal   | Desired activity pattern features  | Proposed connection   | Adoption features  |
|---|--|---|--|
| FINANCIER<br>Self-sustainability  | Desire to enhance sensemaking of the definition of the goal  | ↔<br><i>Clarification of the ambiguous goal was clearly needed</i>  | Ambiguous definition of the goal<br>Resistance to the goal due to the ambiguities and contradictions   |
|   | Rather radical novel desires concerning the organization structure and product range<br>Novel desire to discuss the purpose and the strategy of the company                | ↔<br><i>The personnel was well aware of the means of efficiency improvement</i>   | Aim for efficiency improvement adopted   |
|   | No control desires   | ↔<br><i>Existing control mechanisms were regarded sufficient to ensure efficiency</i>   |  |
| HEALTHCARE<br>Intervening in the ill-being of children and young people | Numerous desired activities, both enhancing and novel, in all main categories  | ↔<br><i>The goal was a central part of the personnel's work and professional identity</i>   | Very high experienced importance of the goal<br>Personnel in active role in realizing the goal   |
|   | Novel desire of prioritization of the children and young people's problems<br>Desire to enhance sensemaking on the meaning of the goal                                     | ↔<br><i>There was still a need to sharpen the resource allocation and the focus of efforts in goal realization</i>  | Some unclarities concerning the realization of the goal, especially its resourcing   |
| RETAILER<br>Implementation of a business concept                        | Emphasis on internal activities, especially top-down communication and control<br>All novel desires about control and structure<br>Lack of sensemaking desires             | ↔<br><i>Highly top-down orientation in strategy implementation showed in emphasis on unidirectional communication and clear division into planners and implementers</i> | Somewhat unfamiliar goal and some realization unclarities in the periphery<br>Some difficulties in linking the goal to the work roles in the periphery |
| TELECOM<br>Customer service process improvement                         | A large number of enhancing activities in the goal's core areas<br>Emphasis of desired activities on controlling and organizing<br>Novel activities focused on controlling | ↔<br><i>Development had remained on an abstract level without sufficient concretization; there was a lack of discipline</i>   | Unclarities concerning the responsibilities<br>Difficulties in linking the goal to work roles throughout the organization                              |



### 5.6.3 COHERENCE AND ORIGIN OF THE STRATEGIC GOAL

The previous four propositions suggest how existing and desired organizational activities were related to the success of strategic goal adoption. In addition to the organizational activities, two other factors affecting the adoption came up in the analysis process. The coherence of the whole strategy and the origin of the strategic goal are discussed next.

When an organization has defined numerous strategic goals, a situation of *contradiction* between the different goals becomes possible. Contradiction means the pursuit of one goal would hamper or harm the pursuit of some other goal. Adoption of the goal can suffer if there are various competing goals that demand the attention of organizational members. Also, some other strategic issues such as the defined overall strategy or the purpose or mission of the organization can conflict with a strategic goal. The fifth proposition concerns the relation of strategic goal to other elements of strategy:

**PROPOSITION 5:** Coherence of a strategic goal with the wider strategic context, i.e. other strategic goals or general strategy and the purpose of the organization, facilitates the adoption of the goal.

In some cases the realization of a strategic goal was reported to be inhibited by the existence of another goal. This was most evident at Financier, where two central strategic goals, self-sustainability and realization of industrial and regional policy, contradicted each other. The former meant reaching the break-even point in the long run, while the latter required to complete the market in segments where commercial risk financing was not profitable. In addition to the criticism and the desire to determine self-sustainability better, the contradictory situation was apparent in the desire to discuss the purpose and the strategy of the company.

In the case of Healthcare, the children and young people were clearly prioritized; they were the only specified customer segment mentioned in the set of strategic goals<sup>40</sup>.

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<sup>40</sup> Healthcare's strategic goals were 1) intervening in the ill-being of children and young people, 2) influencing the living habits and health differences of citizens, 3) developing the service structure, 4) improving the customer's position and customer service, and 5) improving the personnel's and the organization's competence.

Hence, the strategic contradiction could form between various customer segments. Focusing on children and young people inevitably turns attention and resources away from other Healthcare's customer groups, for example the elderly. However, this was not brought up by the interviewees, and, in fact, on a conceptual level all five determined strategic goals seemed to support each other, thus reflecting successful adoption.


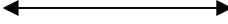
Retailer's strategic goal of implementing a business concept was seen as a way to realize the choices determined in the strategy concerning the market, customer segment, product groups, selections, and pricing. However, the need to adjust to local competition and circumstances was recognized in the context of concept implementation. This was emphasized by the periphery, but was also noted by the center. Thus, there might be a contradiction between precise concept implementation and local adaptation. But, the strategic goal was not questioned, and the similarity of the stores was regarded as important throughout the organization and the concept developers were quite satisfied with the current situation. Thus, even though there were some doubts about the full realization of the business concept due to varying local circumstances, this did not form a major coherence problem.

There were various strategic development areas in different units of Telecom. For example, the parts of the organization that were not in direct contact with the end customers had their own topics, such as technological developments. The customer process improvement could potentially compete for organizational resources and its members' attention with for example product innovation. But no clear contradictions between various strategic goals appeared. Instead, the strategic whole seemed vague. There did not exist any explicit set of strategic goals, each unit had their own strategic goals under an umbrella theme of *competitive capability*. Moreover, there was a desire to discuss the direction of the company to facilitate realization of the focal strategic goal. At least some of the observed difficulties in adopting the goal of customer service process improvement could have been tackled by clarifying the general strategy and the role of each strategic goal in it.

I determined the contradiction situations discussed above on the basis of interviewees' expressions of difficulties in balancing various goals or other strategic issues. In addi-

tion, I used the official, defined goals of each case. The connections between the contradictions and adoption are summarized in Table 5-9.

**Table 5-9. The relations between the strategy coherence problems and the challenges in adopting the strategic goals.**

| Case & strategic goal                           | Coherence problems in the strategic whole  | Proposed connection  | Adoption challenges   |
|---|--|--|---|
| FINANCIER<br>Self-sustainability                | Contradiction between the self-sustainability and industrial and regional policy goals | <br><i>The fact that the involved contradictions had not been resolved confused and even irritated the personnel</i> | Several unclarities concerning the definition of the goal<br>Some resistance to the goal due to the contradictions and unclarities                    |
| TELECOM<br>Customer service process improvement | The vagueness of the strategic whole.  | <br><i>Lack of explicit direction of the company impeded the customer service process development efforts</i>        | Unclarities concerning the responsibilities in the goal realization<br>Difficulties in linking the goal to the work roles throughout the organization |

Hence, the coherence of the strategic whole seems important for the adoption of a single strategic goal. In general, coherence or *integration* has been regarded as important when designing a strategy (e.g. Rumelt et al. 1991, Hambrick & Fredrickson 2001). Moreover, when observing an organization's strategy in retrospect, researchers have searched for *patterns* in its behavior (e.g. Mintzberg 1978, Galbraith & Schendel 1983, Inkpen & Choudhury 1995, Araujo & Easton 1996) or the *connectedness* of its actions (MacCrimmon 1993).

The case organizations' strategic goals came into existence in different ways and locations. The fact that a strategic goal, or some close and supporting themes, originated in a certain location is very likely to contribute to the success of its adoption. The opposite phenomenon, the "not invented here" syndrome, is used to describe a persistent corporate or institutional culture that either intentionally or unintentionally avoids using previously acquired knowledge because the developed knowledge did not originate in-house. By origin I do not so much mean where the goal first appeared, but in more general terms the locations where the goal started to gain attention and support. Hence, a goal can originate in several places, either at the same or different times.

The last proposition concerns the effect of origin on the adoption of a strategic goal. In general terms, the goal can originate in the *center* or the *periphery* of the organization, as discussed before. In addition to the center and periphery, strategy can originate outside the organization, in its *environment*, imposed either by some powerful stakeholder or the environment's restrictions (Mintzberg & Waters 1985) or as a result of institutional processes (e.g. DiMaggio & Powell 1983, Oliver 1991, Scott 2001).

**PROPOSITION 6:** Origination in various locations, including organizational center, periphery, and environment, advances a strategic goal's adoption.

At Healthcare and Telecom, the strategic goal's origins can be traced both to the center, the periphery and the environment of the organizations. At Healthcare, the center had legitimized the goal by making it one of the strategic goals of the organization, it was part of the professional identity of the personnel in the periphery, and it was supported by the network of authorities, political decision-makers, and the public as well. The goal was approved widely, and all organizational members could see a role for themselves in its realization.

At Telecom, the customer service process improvement goal also originated in three locations. Customer focus and process orientation themes had arisen in the center, and the will to succeed with the customers and awareness on the company's competitive position grew in the periphery. Furthermore, in the environment, competitive and technological changes, as well as the growing business process development trend supported the strategic goal of Telecom. The strategic goal was considered important throughout the organization.

At Financier and Retailer, the strategic goal did not originate in all possible locations. At Financier, the goal was exogenous, set by the owner when founding the company. The center had participated in the process, and it had an official status in the company, but the exact definition of self-sustainability remained somewhat unclear for both the center and the periphery. At the same time, the closely related theme of profitability was widely acknowledged and enacted throughout the organization. However, the imposed, ambiguous theme of self-sustainability had caused confusion and resistance in the organization.

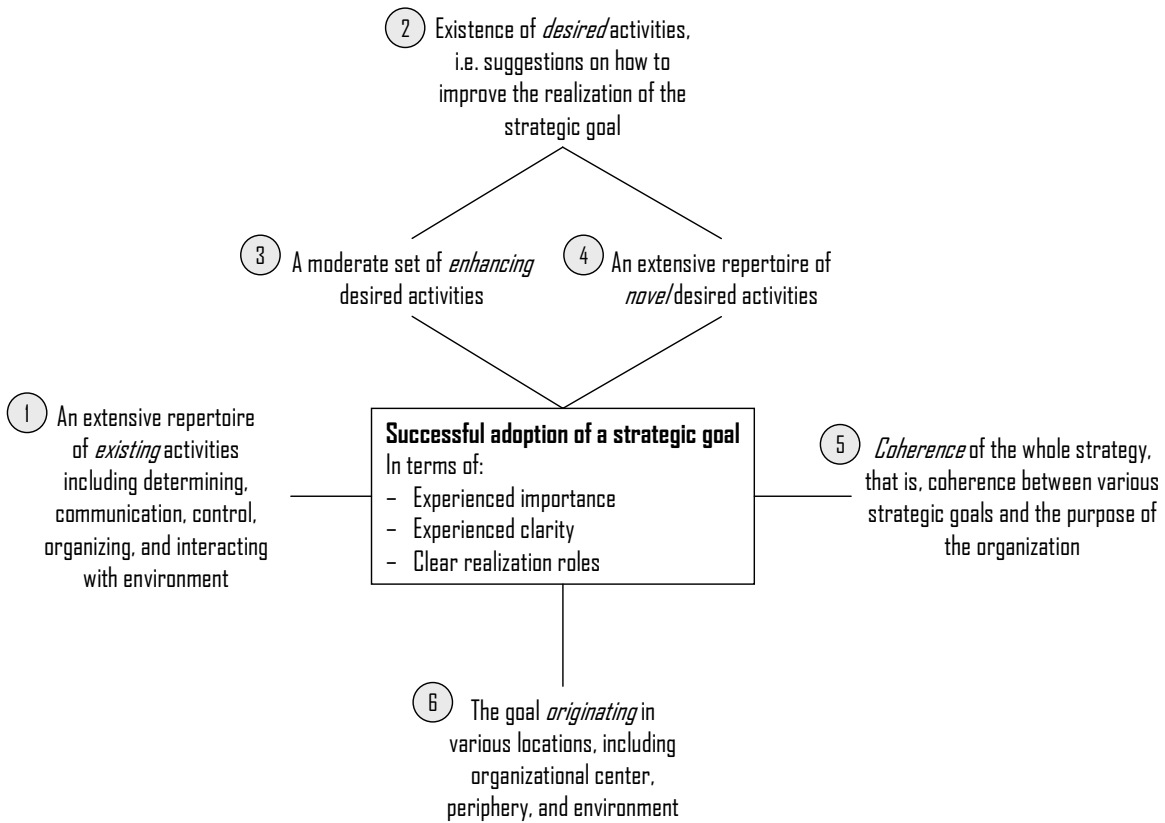
At Retailer, the business concept implementation goal had originated in the center and was supported by external trends in the industry and the competitive environment. The goal did not originate in the periphery, and as a result, the business concept was a strange notion to many and there was uncertainty about its implementation. However, the related aim, store similarity, was regarded as important in the periphery, and in that sense the adoption was successful.

The origin of the goal was determined by looking at both the interview texts and the archival data for references to the history of the goal. Especially useful were the memos of the planning meetings in which the potential goals to be studied were discussed for the first time, and then decided. The origin's connection to the adoption is summarized in Table 5-10.

**Table 5-10. The relations between the origin and the features in adopting the strategic goals.**

| Case & strategic goal   | Origin of the goal                 | Proposed connection  | Adoption feature(s)  |
|---|------------------------------------|--|--|
| FINANCIER<br>Self-sustainability  | Environment                        | <p>←→</p> <p><i>Because it originated from outside, both the center and the periphery had had a minor role in determination of the goal, leading to a vague definition</i></p> <p><i>The very imposed nature of the goal might also have caused indifference among the members of the organization</i></p> | Basic idea of goal considered important, but since inadequately determined, the goal was not fully supported and even resisted |
| HEALTHCARE<br>Intervening in the ill-being of children and young people | Center, periphery, and environment | <p>←→</p> <p><i>Wide origin showed in wide support in the organization</i></p>   | Goal considered important throughout the organization  |
| RETAILER<br>Implementation of a business concept                        | Environment and center             | <p>←→</p> <p><i>Because not originated in the periphery, the goal had remained distant to many</i></p>   | Goal considered important, but somewhat unfamiliar in the periphery  |
| TELECOM<br>Customer service process improvement                         | Center, periphery, and environment | <p>←→</p> <p><i>Wide origin showed in wide support in the organization</i></p>   | Goal considered important throughout the organization  |

These six propositions or *elements of successful strategic goal adoption* are summarized in Figure 5-1.



**Figure 5-1. Elements of successful adoption of a strategic goal.**

## 6 DISCUSSION

The purpose of this thesis was to explore strategy implementation in terms of strategic goals and organizational activities. Two main research questions have been addressed: *how are strategic goals realized through organizational activities?* and *how are strategic activities related to the success of strategic goal's adoption?*

### 6.1 CONTRIBUTION OF THE STUDY

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I have shown how strategic goals are enacted in organizational reality by identifying a set of *existing activities*. I have revealed how the organizational members consider that the situation can be improved by proposing a set of *desired activities*. I have explored the linkage between the existing and desired strategic activities and identified the *enhancing* and *novel* logics behind the desired activities. Finally, I have proposed how these different types of activities, the origin the strategic goal, and its coherence with other elements of strategy contribute to its adoption.

My attempt to understand the relationship between strategic goals and organizational activities contributes directly to the *strategy as practice* discussion. Strategy as practice research agenda emerged to explore strategy as a social phenomenon, to investigate how the practitioners of strategy really act and interact, to understand the strategies and processes of the organizations, and what is actually done there and by whom (Whittington 1996, 2002; Johnson et al. 2003). Instead of analyzing the practitioners, managers or others 'doing strategy' or *strategizing* (Whittington 1996, Mantere 2003), I have taken the activity-based view on strategy (Johnson et al. 2003) seriously, and focused on those organizational activities in which strategy comes to life. What are these activities? How do they work? How are they linked to strategic outcomes? I have identified the variety of strategic activities that organizations employ in aiming

to realize their strategic goals. I have shown that they are part of the conventional organizational life and the strategicness comes from their interrelationships to each other and to the strategic goals. I have presented the diversity of the activities as a hierarchical typology, and identified a set of necessary activities that are required in realizing the strategic goal.

One central area of interest among strategy as practice researchers has been to understand the linkages between day-to-day organizational activities and strategic outcomes (Johnson et al. 2003, Regnér 2005). I have addressed that question by showing which characteristics in organizational activities reflect successful adoption of the strategic goals. I have suggested that the variety of the activities, and in particular, different types of activities, existing and desired, enhancing and novel, and their relationships, explain the strategic outcome of strategic goal adoption. In addition to the activities, the origin of the goal and the strategic goal's fit to other elements of strategic proved to be important.

My activity typology, which covers both internal and external activities, might also be useful for the models of competitive dynamics. Action or activity repertoires investigated in competitive dynamics literature have focused mainly on external types of actions such as acquisitions, signaling, marketing, and new product development, while incorporating the organization's internal activities has also been suggested (Ferrier 2001).

One key finding of the study related to the novel desired activities. The novelty of these improvement suggestions was proposed to be an important element in adoption of a strategic goal. Thus, innovativeness and creativity, usually associated with the creation of unique strategies (e.g. Porter 1996, Kim & Mauborgne 2005) or strategy evolution through autonomous strategic behavior (e.g. Burgelman 1983a, 1991), also seem to be relevant in the strategy implementation.

I have followed Whittington's (2006) suggestion to integrate intra- and extra-organizational approaches to strategy. The study has focused on organizational activities that can be regarded as a meso level of analysis in strategy research. This approach falls in between macro level analysis that regards an organization as a unitary entity, acting as a part of a population, and micro level analysis, that typically takes



the viewpoint of an individual in his strategizing efforts. Thus, my main emphasis is internal, the various strategic activities, and the adoption of the strategic goal in the organization. However, some of the activities, the category I named ‘interacting with the environment’, crossed the boundaries of the organization.

In addition, when analyzing the origin of the strategic goals, I have incorporated the external environment, too. I tracked down the origins of strategic goals both in the organizational center and periphery, as well as the environment of the organization. The environmental influences on the adoption of the strategic goal included, for instance, owner’s actions, competitive, industrial and technological changes, development trends, and public discussion. Relating the conditional features on various levels to the phenomenon under study is essential for any study (Strauss & Corbin 1990: 161).

My inclusion of both internal and external strategy phenomena also contributes to more traditional strategic management literature, and especially to the approaches to strategy implementation. Traditionally, the relationship between an organization and its environment has been a central element in organizational theories such as contingency theory (Gouldner 1954, Woodward 1965, Burns & Stalker 1961, Lawrence & Lorsch 1967, Thompson 1967), resource dependence theory (Pfeffer & Salancik 1978), population ecology (Hannan & Freeman 1977, Nelson & Winter 1982), and institutional theory (Selznick 1957, 1996; Meyer & Rowan 1977; DiMaggio & Powell 1983; Scott 2001). In strategic management, relating a company to its environment has been discussed for example in terms of environment’s opportunities and threats when designing a corporate strategy (Andrews 1971) or an industry’s structure and forces when positioning a firm in it (Porter 1980).

However, the prevalent strategy implementation models seem to focus almost exclusively on internal matters, especially controlling and organizing. This study shows the relevance of an organization’s environment in strategy implementation. In terms of realizing a strategic goal, strategy implementation proved to be strongly about interacting with the environment. It consisted of communicating and cooperating with external parties, reacting to their behavior, developing products and services, selling and acquiring businesses, outsourcing some of the organization’s activities, utilizing ex-

ternal information, and selecting customers. In addition, the environment's role in the origination of strategic goals was related to their adoption.

Hence, implementing a strategy takes clearly place in – and through – interaction with the environment. Nevertheless, implementation tends to be conceptualized as a mainly internal matter of structures, control mechanisms, reward systems, objectives and the like (e.g. Alexander 1991). The causes for implementation difficulties are regarded as internal, too, such as a top-down or laissez-faire senior management style, unclear strategy and conflicting priorities, an ineffective senior management team, poor vertical communication, poor coordination across functions, businesses or borders, and inadequate down-the-line leadership skills and development (Beer & Eisenstat 2000). Of course, the external world is recognized indirectly in the implementation models, for example goal-setting might concern issues such as customers, but for some reason these external issues are not explicated as the major components of the implementation.

Indeed, the literature's emphasis on environment when designing a strategy and the omission of environment when implementing a strategy is an interesting observation. This bias might actually explain some of the numerous problems experienced in strategy implementation (Alexander 1985, 1991; Beer & Eisenstat 1996, 2000; Noble 1999). For instance, many of the implementation problems Alexander (1991) identified were related to external issues. He found out that for example, competing activities and crises distracted attention from implementing a strategic decision, uncontrollable environmental factors had an adverse impact on implementation, and implementation took more time than originally allocated. Naturally, implementation is also about internal issues, but it seems that if it is considered an exclusively internal endeavor, problems will arise.

In strategic management literature, strategy formulation and implementation are often said to be separate, distinguishable parts of the strategic management process, and can be differentiated both conceptually and practically (Hrebiniak & Joyce 2001). On the other hand, the tendency to treat formulation and implementation as two separate phases has been criticized for being at the root of many failed strategies (Hambrick & Cannella 1989), and being appropriate only in certain situations such as in crises, in

some totally new ventures, and in organizations facing predictable futures (Mintzberg & Quinn 1996: xvi).

Even though managers keep asking “we have developed a strategy, how should we implement it?”, the very use of the concepts of ‘formulation’ and ‘implementation’ might be problematic. In addition to dividing people into thinkers and doers (Bourgeois & Brodwin 1984, Mintzberg 1994), and strategy work into the glamorous and the mundane (Alexander 1991), the formulation / implementation division seems to divide the focus to external and internal challenges. In many strategic management theories, the development of organizational strategy has been conceptualized without using the formulation / implementation dichotomy, for example, as strategy formation (Mintzberg 1978), intra-organizational ecology (Burgelman 1983a, 1991; Burgelman & Grove 1996), guided evolution (Lovas & Ghoshal 2000), or strategic renewal (Huff, Huff & Thomas 1992, Floyd & Lane 2000). These less discrete conceptualizations might be more fruitful in exploring the organizations and their strategic endeavors than dualisms such as formulation / implementation.

Communication has not had a central role in strategy implementation literature (see e.g. Alexander 1991), but its role in implementing a strategy was emphasized in the results of this study. In all cases, information about the strategy was disseminated, sense was made about the strategy in various locations, and some feedback, questions and criticism concerning the strategy arose from the bottom to the top. In addition, more communication was desired in order to be able to better realize the strategy.

Even if communication has not been in the core of strategy implementation literature, the top-down, informative role of communication has been acknowledged. Porter (1996: 77) argues that strategy requires constant discipline and clear communication, and strategy should guide employees in making choices that arise because of trade-offs in their individual activities and in day-to-day decisions. Hamel & Prahalad (1994) emphasize the same informative point by stating that turning strategic intent into reality requires that every employee understands the exact way in which his or her contribution is crucial to the achievement of strategic intent and each employee must understand the nature of the linkage between his or her own job and the attainment of the goal (ibid.: 136). Hambrick & Cannella (1989) note that new strategy al-

ways involves change that provokes anxiety and resistance. Hence, continuous persuasion or “selling” of new strategy to everyone who matters is crucial.

My results show that in addition to disseminating information, communication in the context of strategy implementation also involves *making sense* of and *interpreting* strategy in various locations, as well as *bottom-up inquiries*, *suggestions*, and even *criticism* on the strategy. Alexander (1991) emphasizes the two-way nature of the communication that permits and solicits questions from employees about the formulated strategy, its implementation, and potential problems that might occur. In addition, effective communication includes explaining reasons for the new strategic decision and the new responsibilities, tasks, and duties that need to be performed by the employees (ibid.: 86).

Coherence in various forms has been regarded as one of the central features of strategy. Strategy has been defined as a pattern<sup>41</sup> in a stream of decisions (Mintzberg 1978) or actions (Mintzberg 1987a), a series of coordinated actions (MacCrimmon 1993), a consistent pattern or combination of managerial controllable or decision components (Galbraith & Schendel 1983), a central, integrated, externally oriented concept of how the business will achieve its objectives (Hambrick & Fredrickson 2001), the consistency across a series of disparate actions over a period of time (Araujo & Easton 1996), and the integration or reinforcing pattern among the organizational choices (Rumelt et al. 1991). This study adds still another aspect of coherence: the consistency between various strategic goals, which proved to be important for the adoption of a strategic goal.

Methodologically, my study rests on the tradition of case study research (Yin 1981, 1984; Eisenhardt 1989), the approach that has been applied, for example, in studies of strategy formation (Mintzberg & Waters 1982; Mintzberg & McHugh 1985), strategy evolution (Lovas & Ghoshal 2000), and interaction of organizational context and managerial action (Ghoshal & Bartlett 1994). In analysis process, I adopted a methodological approach of grounded theory (Glaser & Strauss 1967; Strauss & Corbin

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<sup>41</sup> Mintzberg (1978) did not define what he meant with the notion of pattern. Instead, he described two types of patterns of strategic change: the life cycle of an overall strategy (conception, elaboration, decay, and death), and periodic waves of change and continuity within the life cycle.

1990, 1994, 1997, 1998), especially in terms of constant moving backwards and forwards between data and emerging theoretical notions.

In strategy research, the strategic actor has traditionally been either the organization or the top management. Some researchers have focused on the role of middle management in executing strategies (Guth & MacMillan 1986, Nonaka 1988, Wooldridge & Floyd 1990, Floyd & Lane 2000). Arguments of strategizing taking place throughout the organization are also increasing (e.g. Hart 1992, Whittington 1996, Hamel 2000, Regnér 2003). For example, Hart (1992) suggests that strategy making should be conceptualized as an organizationwide phenomenon and researchers should use data collected from both top managers and organizational members in a broad sample of organizations. Hence, it can be argued that strategy is most often realized through the actions of all organizational members. Still, studies investigating strategy as a phenomenon taking place on all levels in organizations, and especially studies using interview data from organizational levels below the management level are rare<sup>42</sup>. My choice of generating data on various organizational levels is therefore a clear methodological contribution to the extant strategy literature, and proved to be especially advantageous in identifying bottom-up activities, the voices “from the bottom”.

I analyzed the success of strategy implementation in terms of the adoption of strategic goals. I operationalized the adoption of strategic goals as the experienced *importance and clarity of the goal*, and *the clarity of the roles* in the goal realization. These dimensions of adoption resemble the psychological variables of *liking* and *confusion/clarity* that Sproull & Hofmeister (1986) refer to in their discussion on innovation implementation. If people like an innovation, they will change their behavior in ways consonant with it, and if people are confused about what the innovation means for their own behavior, they will be unable to modify their behavior accordingly, even if they like the innovation and want to implement it (ibid.: 45).

The concept of adoption has been central in the innovation literature, in which the adoption is typically presented as the middle phase in the innovation process between initiation and implementation (Pierce & Delbecq 1977). Adoption refers to the *deci-*

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<sup>42</sup> See e.g. Noble's (1999) extensive review of empirical strategy implementation literature.

sion made by the senior managers or other organizational decision makers to provide a mandate and resources for an idea or a proposal (Pierce & Delbecq 1977, Klein & Sorra 1996), thus differing notably from the use here. My view on adoption encompasses all the organizational members who are supposed to be involved in the realization of the strategic goal, not only those setting the goal.

To conclude, I could argue that implementing a strategy is nothing extraordinary. It consists of conventional individual, collective and organizational actions and activities; the strategicness arises from the *relations* between strategic goals, actions, and activities. In other words, a strategic activity is like any other organizational activity. The strategicness arises from its role in the wider strategic context.

## 6.2 EVALUATION OF THE STUDY

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The quality of a study can be evaluated from a number of viewpoints. According to Miles & Huberman (1994), the goodness of a study's conclusions can mean that they are, for instance, possibly or probably true, reliable, valid, dependable, reasonable, confirmable, credible, useful, compelling, significant, and empowering (ibid. 277). In addition to the conclusions – the output of the study – the evaluation has been suggested to cover the effect of the researcher (Patton 1990, Miles & Huberman 1994), the research process and the procedures used (Glaser & Strauss 1967, Strauss & Corbin 1990, Patton 1990), the empirical grounding of the research findings (Eisenhardt 1989, Strauss & Corbin 1990), and the documentation of the study (Glaser & Strauss 1967, Miles & Huberman 1994).

Evaluation of a study should be based on its epistemological assumptions. As I have assumed in this study an objectivistic – or critical realist – epistemological position, I will base the evaluation of my study on the central criteria used in similar research. Miles & Huberman (1994) who consider themselves critical realists, have presented five “goodness criteria” for evaluating the quality of conclusions:

1. objectivity (confirmability)<sup>43</sup>
2. reliability (dependability, auditability)
3. internal validity (credibility, authenticity)
4. external validity (transferability, fittingness)
5. utilization (application, action orientation) (ibid.: 277).

For Miles & Huberman (1994) objectivity seems mainly to be a question of researcher biases, which they also discuss under the concept of reliability (ibid.: 278). Utilization is the question of what the study does for its participants, both researchers and researched – and for its consumers (Miles & Huberman 1994: 280). This is a question that is ultimately answered by the above stakeholders themselves after reading this dissertation. However, my ideas relating to this question can be read in the discussion of the practical implications of the study in the next chapter.

Hence, I do not consider it reasonable to discuss objectivity and utilization separately, but focus here on the issues of *reliability*, *internal validity*, and *external validity*.

***Reliability*** is about the question of whether the process of the study is consistent, lacking errors and biases, being reasonably stable over time and across researchers and methods (Kirk & Miller 1986, Gummesson 1991, Miles & Huberman 1994, Yin 1994, Schwandt 1997). Yin (1994) suggests that one way to increase the reliability of the information in a case study is to maintain a “chain of evidence”. The principle is to allow the reader of the study to follow the derivation of any evidence from initial research questions to ultimate conclusions. (ibid.: 98). Patton (1990) contends that the qualitative researcher has an obligation to be methodical in reporting sufficient details of data collection and the processes on analysis to permit others to judge the quality of the resulting product (ibid.: 462).

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<sup>43</sup> Miles & Huberman (1994) are pairing traditional terms (presented first) with those proposed as more viable alternatives for assessing the “trustworthiness” and “authenticity” of naturalistic research (in brackets) (ibid.: 277).

When describing the data analysis, I have tried to maintain the transparency of my thinking (Patton 1990, Strauss & Corbin 1990, Miles & Huberman 1994, Yin 1994) by illustrating the analysis process through detailed textual and visual descriptions of the six main analysis phases. In the methodology chapter I have also discussed my role as a researcher (Patton 1990, Creswell 1994) in all the four cases, evaluated my potential biases, and described the actions that I have taken in order to minimize those biases. Personal biases were also considered when sampling the interviewees: random sampling was utilized when possible to avoid any distortion because of selectivity in the people who were sampled for interviews (Patton 1990: 471).

As presented in the methodology chapter, I have applied analyst and data triangulation (Jick 1979, Eisenhardt 1989, Patton 1990, Miles & Huberman 1994, Yin 1994) to enhance the reliability of the study. The generation of the interview data was planned and executed in a four-person research team; this reduced the effect of my personal biases at that phase of the study. Our research team jointly devised the interview outlines and protocols, tested it with the research project's steering group, and, during the research process, we shared our experiences about the applicability of the interview outlines and questionnaires. We also listened to each others recorded interviews in order to increase the coherence of our interviewing techniques.

All the procedures above can be seen to reinforce the reliability of the study. Another method for improving reliability is secondary coding: asking other persons to carry out some parts of the data analysis and comparing the results. However, that was not used at any stage of the analysis, which might make the study less reliable. However, my colleagues and my instructor who was very familiar with the data, read and reviewed my case descriptions and activity categorizations several times, which led me to reanalyze the data and to rewrite my findings once in a while. I therefore regard the lack of secondary coding as a minor weakness here.

**Internal validity** is about the truth value of the study: do the findings make sense, are they credible to the people we study and to our readers, do we have an authentic portrait of what we were looking at? (Miles & Huberman 1994: 278). Or, how do we know when we have specific social inquiries that are faithful enough to some human construction that we may feel safe in acting on them, or, more important, that mem-



bers of the community in which the research is conducted may act on them? (Lincoln & Guba 2000: 180)

Validity has been regarded as a problematic concept and also a highly controversial issue between different paradigms (Kvale 1989, Silverman 1993, Schwandt 1997, Lincoln & Guba 2000). My approach here is based on the assumption that internal validity of a study is also related to its epistemological position. From the objectivist position assumed in this study, knowledge is a representation of an objective world, and true knowledge corresponds to the world of objective and quantifiable facts (Kvale 1989: 76). From this viewpoint, validity refers to the extent to which researchers are able to use their method to study what they seek to study (Gummesson 1991: 80). In essence, validity means that a theory, model, concept, or category describes reality with a good fit, just like a good map properly describes the Earth (ibid.: 81).

Thus, the internal validity of my study comes ultimately to the question of whether I have been able to produce descriptions of the case organizations that correspond to their organizational realities. For instance, is my version of the adoption of a strategic goal correct? Did I identify all activities, or is it possible that there were activities in the case organizations that were not revealed in the data? Did I interpret the nature of the activities correctly? Do my propositions about the successful adoption of a strategic goal hold true in the cases?

There are several methodological procedures that enhance the internal validity of the study. For instance, the possibility of lacking activities is minor because the sampling of the interviewees was carried out so that there were representatives of various organizational levels and functions, in order to get the most complete view possible on the phenomena studied.

Many methodological procedures that were suggested to increase the reliability of the study also contribute to the validity. Careful iterative preparation of the interview outlines and supporting questionnaires in our research team and testing them with the steering group of the research project surely contributed to the quality of the methods. The quality here refers to internal validity, that we researchers were able to use our method to study what we had sought to study rather than studying something else (Gummesson 1991: 80).

Another internal validity driving factor was the method triangulation discussed earlier at several stages. I acquired and analyzed various archival data (memoranda, strategy documents, research reports, organizations' websites, and email correspondence) to improve my understanding of the case organizations and their strategic goals and activities to "get it right".

When analyzing the data, I have systematically used grounded theory methods of constant comparison, different coding procedures and memo writing (Glaser & Strauss 1967). As Kvale (1989) points out, in the grounded theory approach validation is built into this research process, with continual checks of the credibility, plausibility and trustworthiness of the actual strategies used for collecting, coding, analyzing and presenting the data (*ibid.*: 78).

I have also aimed for as context-rich and meaningful descriptions of the cases as possible. I have amply used direct quotations from the interviewees, as well as different kinds of tables and illustrations on the data and its analysis procedures throughout the text to convey the credibility of the theory to the readers (Glaser & Strauss 1967: 228), to make my account "ring true", make sense, seem convincing and plausible, and enable a "vicarious presence" for the reader (Miles & Huberman 1994: 279). Naturally, the evaluation of my success in this area remains the responsibility of the readers of this text.

One limitation concerns the cross-sectional, snapshot-like nature of interview data. Longitudinal data collection could have given deeper and more valid comprehension about the activities and the adoption of the strategic goals. Neither did I carry out any respondent validation, that is, getting feedback from the informants about my interpretations, which is suggested to enhance the validity of the findings (Patton 1990, Silverman 1993, Miles & Huberman 1994). However, I used another tactic to reduce interpretation biases (Miles & Huberman 1994) and validated my findings with my contact persons in each case organization by letting them read and comment my case descriptions. In addition, my colleagues, with whom the interview data generation was planned and carried out, and who had themselves been deeply involved with the same cases, read and commented the case descriptions in various stages of the writing process.

*External validity* refers to the question of whether the conclusions of the study are transferable to other contexts (Miles & Huberman 1994: 279). In other terms, external validity is about *generalization*, an act of reasoning from the observed to the unobserved (Schwandt 1997: 57). The issue of generalization has been considered problematic in the context of qualitative research and the opinions on the usefulness of the whole concept diverge (Patton 1990, Stake 1995, Schwandt 1997).

I will take the standpoint of *analytic* generalization here: the findings from a specific case are not generalized to any population, but they are used to test or modify some theory, or theoretical idea, concept, or model (Gummesson 1991, Yin 1994, Schwandt 1997). Grounded theorists refer to the same idea by highlighting the representativeness of *concepts* in grounded theory studies as opposed to the representativeness of *sample* in quantitative research (Strauss & Corbin 1990: 190).

Hence, I am not aiming here to generalize my findings to any population but have used my four cases to build and modify my model of successful adoption of strategic goals. In this way, I have generalized my four cases to a set of theoretical propositions (Yin 1994: 12), presented at the end of the second result chapter. I believe that the findings of this study also have value in other organizational contexts by offering a novel analytical framework for understanding the intriguing phenomenon of strategy implementation.

I have used two methodological practices that seem to improve the external validity of the findings. I have sampled the cases theoretically (Glaser & Strauss 1967, Strauss & Corbin 1990) by consciously seeking diversity in the nature of the case organizations and their strategic goals. This kind of theoretically diverse sampling would seem to encourage broader applicability of the findings (Miles & Huberman 1994: 279), in my case, the model of successful adoption of a strategic goal.

Another methodological matter enhancing generalizability relates to the description of the findings. It is suggested that reporting the findings with “thick description”<sup>44</sup> will help readers assess the potential transferability and appropriateness of the findings for

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<sup>44</sup> While the term “thick description” popularized by Clifford Geertz is typically associated with phenomenology (Schwandt 1997), it is also used in texts leaning towards the realist tradition (e.g. Miles & Huberman 1994).

their own settings (Miles & Huberman 1994: 279). I have attempted to offer highly context-rich and meaningful descriptions of the cases by illustrating them in numerous ways, ranging from 10-page case descriptions to various tabular analyses. I have also tried to use the most generic concepts possible, in order to facilitate understanding and assessment of the potential application of the findings in the readers' own settings.

## 7 CONCLUSION

I set the following research questions for this study:

1. How are strategic goals realized through organizational activities?
  - 1a. What kinds of strategic activities are there?
  - 1b. How do different strategic goals manifest themselves in the activities?
2. How are strategic activities related to the success of strategic goal's adoption?
  - 2a. How are the strategic goals being adopted?
  - 2b. What characteristics of the strategic activities reflect the adoption of the strategic goal?

I have answered to the first main research question by creating a general activity categorization from the data and by using the categorization to describe the realization of the strategic goal in each case. The categorization was based on both the *content* (25 categories under five main categories) and the *orientation* (existing and desired) of the activities.

The second research question was answered by determining the adoption of a strategic goal through three dimensions (experienced importance, experienced clarity, clear realization roles), by describing adoption in the four cases through these dimensions and by analyzing the linkages between the adoption and the activities. This analysis led me to propose that the successful adoption of a strategic goal is related to the existence of *necessary strategic activities*, a moderate set of *desired activities that enhance* the existing ones, and an extensive repertoire of *novel desired activities*. In ad-

dition, I have suggested that the scope of the strategic goal's *origin* and its *coherence* with other elements of the strategy contribute to the adoption of the strategic goal.

In this concluding chapter, I will briefly suggest some practical implications of the study and put forward a few ideas for future research.

## 7.1 PRACTICAL IMPLICATIONS

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Johnson et al. (2003: 5) argue that in order to aid management and the managing of organizations, researchers need to bring strategy from the macro level to the level on which managers really influence and bring micro activities and their effects to managers attention, simply because managers manage activities. This study has explicitly focused on strategy activities and some practical implications for managers, as well as other practitioners, can be put forward.

The first implication concerns the existing activity patterns. In the four cases discussed here, the strategic activity patterns clearly differed and the differences most likely stemmed from the fact that the organizations are different and their strategic goals differ. However, some necessary strategic activities could be found<sup>45</sup>. A critical evaluation of the existence of these activities in one's own organization would be a good starting point in developing strategic goal realization. Managers could analyze their activity repertoires and ask whether they are utilizing a broad enough activity selection in strategy implementation. Based on this, they could determine what kinds of strategy realizing activities should exist in their organization.

The second implication concerns the 'should' issue – the desired activities. Managers could indicate and evaluate the improvement desires in their organizations, the suggestions for developing the strategic goal realization. This information should be gathered from all organizational levels and all locations from both the center and the periphery of the organization. Then, the relevant questions would include the following:

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<sup>45</sup> See table 5-7.

1. Are there notable desired activities in our organization, indicating that people have at least contemplated the strategic goal?
2. In which activity categories do the desired activities fall?
3. What is the balance between novel and enhancing activities?
4. Is there an overly extensive set of enhancing activities in the strategic goal's core areas, possibly indicating that development is stuck?
5. Is there a broad enough repertoire of novel activities expressing innovative vigor in the realization of the strategic goal?

The third implication relates to the origin of the strategic goal. Strategic goals that are supported or rooted in the center, periphery, and the environment of the organization are more easily adopted. Understanding the supporting and resisting elements in these areas is useful when considering improvements in strategic goal adoption.

Finally, when contemplating the realization of a strategic goal, it is necessary to consider the coherence of the strategic whole. What are the strategic goals of the overall strategy? How are the various goals interrelated? Are there critical contradictions between the goals that inhibit their realization? And finally, is the strategic whole familiar to all organizational members?

## **7.2 SUGGESTIONS FOR FUTURE RESEARCH**

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Perhaps the most obvious area for future research is the operationalization of the propositions and then testing them with some quantitative data. For example, one could study whether an extensive set of novel activities is really associated with the successful adoption of a strategic goal. There are also other interesting possibilities.

One potential further research area relates to ensuring the theoretical saturation of the study. Grounded theorists warn about the premature closure that follows from stopping adding cases too early (Glaser & Strauss 1967, Strauss & Corbin 1990, Eisenhardt 1989). The credibility of the proposed model for successful adoption of a strategic goal could be tested by adding more cases and seeing how they fit in. Since there

are similar interview data from eight other cases, the task would be rather straightforward, requiring only time for the additional analysis.

This study was based on cross-sectional interview data. However, an organizational activity is an ongoing phenomenon and strategic goals also come and go. Hence, our understanding of strategic activities and the adoption of strategic goals could be deepened by setting up a longitudinal research design. An investigation of how the activities and the strategic goals are related in time could shed some additional light on the classic conception of strategy as a pattern in a stream of actions (Mintzberg 1978). This kind of a study would also be a response to the request for more studies that delve into both the external and the internal strategizing efforts in longitudinal and dynamic settings (Barnett & Burgelman 1996, Chakravarthy & Doz 1992, Johnson et al. 2003, Pettigrew 1992, Porter 1991, Rumelt et al. 1991, Schendel 1992b, Whittington 1996).

One central finding of this study was the observation that desired activities are divided into enhancing and novel ones and that they indicated different things in the adoption of a strategic goal. The balance between enhancing and novel activities could be studied more by including the external context. Contingency theory suggests that differing types of environments with varying levels of complexity and uncertainty give rise to different types of organizations (Gouldner 1954, Woodward 1965, Burns & Stalker 1961, Lawrence & Lorsch 1967, Thompson 1967). Concerning the enhancing and novel activities, one could suggest that in static environments the enhancing activities play a dominant role, while in dynamic environments novel activities are more important. This hypothesis could be studied by analyzing the frequencies of enhancing versus novel activities in samples of organizations in static versus dynamic environments.

This study's design followed a planning view on strategy (Mintzberg 1973b) or a teleological conception of organizational change (Van de Ven & Poole 1995, Weick & Quinn 1999) in the sense that the analysis proceeded from the pre-existing strategic goal to the exploration of the related organizational activities. Even though the prevalence of the emergent side of strategy has been emphasized for long (e.g. Mintzberg 1978, Burgelman 1983a, Mintzberg & Waters 1985), it seems that empirical studies are still rather scarce. While still focusing on organizational activities as a unit of



analysis, one could build a reverse research design to study the emergent side of strategy. That would involve *not* choosing any strategic goal or theme in advance, but looking at existing organizational activities through some strategicness criteria. By mapping all strategic activities one could *craft* (Mintzberg 1987b) the “real” or “realizing” strategy based on these activities.

Like many classic strategy texts this study also highlighted the significance of *coherence* in strategy. Contradictions between other strategic goals were found to hinder the adoption of the focal strategic goal. The issue of coherence raises an interesting question: is the coherence of strategy, in terms of a lack of contradictions between strategic goals, beneficial on the organization level? It has been argued that strategic dissonance between official strategy and strategic action is an opportunity to learn about the changing reality of the competitive world (Burgelman & Grove 1996). The question of whether some amount of dissonance between various strategic goals is beneficial might also be worth exploring.

Any evaluation of the *quality* of the activities was not carried out here. For example, how well was the information acquired or processes and procedures developed? An activity was considered either to exist or not exist in an organization. However, there can naturally be significant differences in the way these activities are carried out. This kind of evaluation was beyond the study’s scope, but could prove useful in explaining success in strategy implementation. Neither were the relative *strengths* of different activities evaluated here. Again, an activity either existed or did not exist. However, the relevance of different activities in the realization of different strategic goals must vary. Some sort of ranking or identification of the most central activities could also be relevant.



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## **9 APPENDICES**

### **9.1 APPENDIX 1: THE INTERVIEW OUTLINES**

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Three types of interview outlines were used. One for the top managers, one for the middle managers, and one for the employees.

## 9.1.1 TOP MANAGEMENT INTERVIEW OUTLINE

### THE INTERVIEWEE

What is your position in the organization<sup>46</sup>?

How long have you worked in the organization?

How long have you worked in this position?

### THE FUTURE

1. How do you perceive the future of the organization?

### STRATEGY PROCESS

2. What do you understand by the term ‘strategy’? (What things do you associate with it?)

3. What do you understand by the term ‘strategy implementation’? (What things do you associate with it?)

4. How much time is spent in strategy implementation? (person-workdays/year)

5. How do/did you participate in the strategy process? (reference to the strategy process diagram<sup>47</sup>)

6. How do you communicate strategies?

7. Are there any problems in strategy implementation? (Questionnaire 3<sup>48</sup>)

### STRATEGIC THEME

8. What is the strategic theme in your view?

9. Why is the strategic theme important for the organization?

10. How have you advanced realization of the strategic theme? (Questionnaire 1)

11. Who has participated in the use of these methods? (In what way?)

12. In which other situations and with whom have you discussed the strategic theme?

13. How has the understanding of the strategic theme been supported?

14. How do you know whether the personnel has adopted the strategic theme?

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<sup>46</sup> The underlined words were not used as such, but were replaced by respective words in each case organization: ‘organization’ with the organization’s name, ‘strategy process’ with the term used in that organization, ‘strategic theme’ with the chosen strategic theme, and ‘unit’ with the name of the interviewee’s work unit or group.

<sup>47</sup> We had a copy of the organization’s strategy process diagram at hand in each interview.

<sup>48</sup> Concerning all questionnaires, the interviewees were asked to fill the questionnaire in and encouraged to ‘think aloud’ or to comment on the issues in the questionnaires as they filled them in.



15. How do you take into account the fact that that everyone interprets the strategic theme in his own way?
16. How is the strategic theme present in the organization's objectives?
17. How is the strategic theme present in the organization's work activities at the moment?
18. How should the strategic theme be present in the organization's work activities?
19. What is the most central content in the strategic theme that you have communicated to the organization's personnel?
20. How is the strategic theme present in your personal goals?
21. How is the strategic theme present in your own work? Give an example.
22. Do you feel that you have had a sufficient opportunity to influence the goals related to the strategic theme? (If not: how would you have wanted to influence?)

Questions? Comments?

Thank you!

## 9.1.2 MIDDLE MANAGEMENT INTERVIEW OUTLINE

### THE INTERVIEWEE

What is your position in the organization?

Please, describe your work briefly.

How long have you worked in the organization?

How long have you worked in this position?

Have there been changes in your work lately? What kinds of changes?

### THE FUTURE

1. How do you perceive the future of the organization?

### THE STRATEGY PROCESS

2. What do you understand by the term ‘strategy’? (What things do you associate with it?)

3. What do you understand by the term ‘strategy implementation’? (What things do you associate with it?)

4. How do/did you participate in the strategy process? (reference to the strategy process diagram)

5. How do you communicate strategies?

6. Are there any problems in strategy implementation? (Questionnaire 3)

### THE STRATEGIC THEME

7. What is the strategic theme in your view?

8. Why is the strategic theme important for the organization?

9. Are there unclear issues associated with the strategic theme? What are they?

10. When and where have you become aware of the strategic theme?

11. In which other situations and with whom have you discussed the strategic theme?

12. How is the strategic theme present in your unit’s objectives?

13. How is the strategic theme present in your unit’s work activities at the moment?

14. How should the strategic theme be present in your unit’s work activities?

15. How have you advanced the realization of the strategic theme? (Questionnaire 1)

16. Who has participated in the use of these methods? (In what way?)

17. What is the most central content in the strategic theme that you have communicated to your unit’s personnel?

18. How is the strategic theme present in your personal goals?

19. How is the strategic theme present in your own work? Give an example.

20. What motivates you to promote the strategic theme?

21. Do you feel that you have had a sufficient opportunity to influence the goals related to the strategic theme? (If not: how would you have wanted to influence them?)

Questions? Comments?

Thank you!

## 9.1.3 PERSONNEL INTERVIEW OUTLINE

### THE INTERVIEWEE

What is your position in the organization?

Please, describe your work briefly.

What is your typical work day like?

How long have you worked in the organization?

How long have you worked in this position?

Have there been changes in your work lately? What kinds of changes?

### THE STRATEGY PROCESS

1. How familiar are you with the organization's strategy process?

2. How do/did you participate in the strategy process? (reference to the strategy process diagram)

### THE STRATEGIC THEME

3. What is the strategic theme in your view?

4. Why is the strategic theme important for the organization?

5. Are there unclear issues associated with the strategic theme? What are they?

6. When and where have you become aware of the strategic theme? (Questionnaire 2)

7. In which other situations and with whom have you discussed the strategic theme?

8. What means have you seen used in realization of the strategic theme?

9. How is the strategic theme present in your unit's objectives?

10. How is the strategic theme present in your personal goals?

11. How is the strategic theme present in your own work? Give an example.

12. What motivates you to promote the strategic theme?

13. Do you feel that you have had a sufficient opportunity to influence the goals related to the strategic theme? (If not: how would you have wanted to influence?)

### THE FUTURE

14. How do you perceive the future of the organization?

Questions? Comments?

Thank you!

## **9.2 APPENDIX 2: THE QUESTIONNAIRES**

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All the questionnaires were filled in during the interviews by the interviewees themselves. The interviewees were asked to fill the questionnaire in and encouraged to ‘think aloud’ or to comment on the issues in the questionnaires as they filled them in.

## 9.2.1 QUESTIONNAIRE 1: METHODS OF STRATEGY IMPLEMENTATION<sup>49</sup>

| <i>Which methods have you used to advance realization of the strategic theme?</i> | I have used | Worked well | Worked rather well | Worked rather poorly | Worked poorly |
|---|-------------|-------------|--------------------|----------------------|---------------|
| <b>Communication</b>  |             |             |                    |                      |               |
| Meetings  |             |             |                    |                      |               |
| Briefings   |             |             |                    |                      |               |
| Letters and newsletters   |             |             |                    |                      |               |
| Notice boards   |             |             |                    |                      |               |
| Internal bulletin   |             |             |                    |                      |               |
| Intranet  |             |             |                    |                      |               |
| Email lists   |             |             |                    |                      |               |
| <b>Unofficial discussions</b>   |             |             |                    |                      |               |
| With superiors  |             |             |                    |                      |               |
| With subordinates   |             |             |                    |                      |               |
| With co-workers   |             |             |                    |                      |               |
| <b>Cultural phenomena</b>   |             |             |                    |                      |               |
| Stories   |             |             |                    |                      |               |
| Symbols   |             |             |                    |                      |               |
| Slogans   |             |             |                    |                      |               |
| <b>Personnel development</b>  |             |             |                    |                      |               |
| Training  |             |             |                    |                      |               |
| Goal-setting discussions  |             |             |                    |                      |               |
| Induction training  |             |             |                    |                      |               |
| Personnel choices   |             |             |                    |                      |               |
| Rewarding system  |             |             |                    |                      |               |
| <b>Planning</b>   |             |             |                    |                      |               |
| Budget monitoring and control (reporting)   |             |             |                    |                      |               |
| Business plans  |             |             |                    |                      |               |
| Operational and financial goals   |             |             |                    |                      |               |
| <b>Operations/processes</b>   |             |             |                    |                      |               |
| Project management systems  |             |             |                    |                      |               |
| Quality systems   |             |             |                    |                      |               |
| Changes in organizational structure   |             |             |                    |                      |               |
| Networks and partnerships   |             |             |                    |                      |               |

<sup>49</sup> Questionnaires 1 and 2 were tailored slightly according to the existing implementation methods in each organization.

## 9.2.2 QUESTIONNAIRE 2: HOW HAVE YOU BECOME AWARE OF THE STRATEGIC THEME?

|                               | Tick: |
|-------------------------------|-------|
| <b>Communication</b>          |       |
| Meetings                      |       |
| Briefings                     |       |
| Letters and newsletters       |       |
| Notice boards                 |       |
| Internal bulletin             |       |
| Intranet                      |       |
| Email lists                   |       |
| <b>Unofficial discussions</b> |       |
| With superiors                |       |
| With co-workers               |       |
| Rumors                        |       |
| <b>Personnel development</b>  |       |
| Training                      |       |
| Goal-setting discussions      |       |

## 9.2.3 QUESTIONNAIRE 3: STRATEGY IMPLEMENTATION PROBLEMS

The strategy implementation problems presented in the list below are typical of many organizations. Please assess the significance of these problems in your organization.

|  | I don't know | Not a problem | A small problem | A rather big problem | A big problem |
|--|--------------|---------------|-----------------|----------------------|---------------|
| <b>Feasibility of strategy</b>   |              |               |                 |                      |               |
| Strategy is not applicable in every part of the organization                       | 0            | 1             | 2               | 3                    | 4             |
| Different parts of the strategy contradict each other                              | 0            | 1             | 2               | 3                    | 4             |
| The organization's external situation hinders strategy implementation              | 0            | 1             | 2               | 3                    | 4             |
| <b>Awareness of strategy</b>   |              |               |                 |                      |               |
| Strategy is being deliberately kept secret   | 0            | 1             | 2               | 3                    | 4             |
| It is assumed that strategy is already known                                       | 0            | 1             | 2               | 3                    | 4             |
| Strategy communication has been insufficient                                       | 0            | 1             | 2               | 3                    | 4             |
| Communicating strategy to various organizational levels is regarded as unnecessary | 0            | 1             | 2               | 3                    | 4             |
| The flow of information breaks on some organizational level                        | 0            | 1             | 2               | 3                    | 4             |
| Strategy is not correctly understood   | 0            | 1             | 2               | 3                    | 4             |
| <b>Organizational systems</b>  |              |               |                 |                      |               |
| There are not enough resources for strategy implementation                         | 0            | 1             | 2               | 3                    | 4             |
| Working methods conflict with strategy   | 0            | 1             | 2               | 3                    | 4             |
| Organizational structure conflicts with strategy                                   | 0            | 1             | 2               | 3                    | 4             |
| Reward system and strategy are not sufficiently linked                             | 0            | 1             | 2               | 3                    | 4             |
| Different personal roles have not been adequately defined                          | 0            | 1             | 2               | 3                    | 4             |
| Strategy has not been concretized into clear goals                                 | 0            | 1             | 2               | 3                    | 4             |
| <b>Commitment to strategy</b>  |              |               |                 |                      |               |
| The top management is not sufficiently committed to implementation                 | 0            | 1             | 2               | 3                    | 4             |
| The middle management is not sufficiently committed to implementation              | 0            | 1             | 2               | 3                    | 4             |
| The personnel is not sufficiently committed to implementation                      | 0            | 1             | 2               | 3                    | 4             |
| The strategy is not believed in  | 0            | 1             | 2               | 3                    | 4             |
| Strategy implementation conflicts with organizational culture                      | 0            | 1             | 2               | 3                    | 4             |
| Strategy implementation conflicts with some personal goals                         | 0            | 1             | 2               | 3                    | 4             |
| Other events/issues distract attention from strategy implementation                | 0            | 1             | 2               | 3                    | 4             |
| <b>Monitoring and development of implementation</b>                                |              |               |                 |                      |               |
| Implementation is not evaluated  | 0            | 1             | 2               | 3                    | 4             |
| After any change the old direction of activities is soon regained                  | 0            | 1             | 2               | 3                    | 4             |
| Perceived problems in implementation are not tackled                               | 0            | 1             | 2               | 3                    | 4             |



## 9.3 APPENDIX 3: CASES' ACTIVITY FREQUENCIES

### 9.3.1 ACTIVITY FREQUENCIES AT FINANCIER

STRATEGIC GOAL: Self-sustainability

| ACTIVITY TYPE                           | EXISTING ACTIVITIES | DESIRED ACTIVITIES |
|---|---------------------|--------------------|
| <b>FORMULATING</b>                      |                     |                    |
| Calculating                             | 7                   | 3                  |
| Devising plans                          | 8                   | -                  |
| Formulating instructions and guidelines | -                   | -                  |
| Setting targets                         | 5                   | -                  |
| <b>COMMUNICATING</b>                    |                     |                    |
| Bottom-up communication                 | 3                   | -                  |
| Sensemaking                             | 15                  | 3                  |
| Top-down communication                  | 21                  | -                  |
| <b>CONTROLLING</b>                      |                     |                    |
| Changing resource allocation            | -                   | -                  |
| Exerting influence                      | 9                   | -                  |
| Monitoring performance                  | 18                  | -                  |
| Rewarding                               | 2                   | -                  |
| <b>ORGANIZING</b>                       |                     |                    |
| Cross-functional collaboration          | -                   | -                  |
| Developing competence                   | 6                   | -                  |
| Developing premises and facilities      | -                   | -                  |
| Developing processes and procedures     | 13                  | 2                  |
| Modifying organization structure        | 8                   | 8                  |
| Teamworking                             | 1                   | -                  |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |                     |                    |
| Acquiring information                   | 2                   | 1                  |
| Acquiring or selling businesses         | -                   | -                  |
| Choosing customers                      | 6                   | 2                  |
| Developing services and products        | 10                  | 2                  |
| Modifying external communication        | -                   | -                  |
| Networking                              | 4                   | 1                  |
| Outsourcing                             | -                   | -                  |
| Reacting to external activity           | -                   | -                  |

## 9.3.2 ACTIVITY FREQUENCIES AT HEALTHCARE

STRATEGIC GOAL: Intervening in the ill-being of children and young people

| ACTIVITY TYPE                           | EXISTING ACTIVITIES | DESIRED ACTIVITIES |
|---|---------------------|--------------------|
| <b>FORMULATING</b>                      |                     |                    |
| Calculating                             | -                   | -                  |
| Devising plans                          | 12                  | 1                  |
| Formulating instructions and guidelines | 7                   | -                  |
| Setting targets                         | 13                  | -                  |
| <b>COMMUNICATING</b>                    |                     |                    |
| Bottom-up communication                 | 8                   | 1                  |
| Sensemaking                             | 14                  | 1                  |
| Top-down communication                  | 19                  | 1                  |
| <b>CONTROLLING</b>                      |                     |                    |
| Changing resource allocation            | 15                  | 6                  |
| Exerting influence                      | 7                   | -                  |
| Monitoring performance                  | 9                   | -                  |
| Rewarding                               | -                   | 1                  |
| <b>ORGANIZING</b>                       |                     |                    |
| Cross-functional collaboration          | -                   | -                  |
| Developing competence                   | 11                  | 1                  |
| Developing premises and facilities      | -                   | -                  |
| Developing processes and procedures     | 8                   | 2                  |
| Modifying organization structure        | -                   | 2                  |
| Teamworking                             | -                   | -                  |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |                     |                    |
| Acquiring information                   | 10                  | 1                  |
| Acquiring or selling businesses         | -                   | -                  |
| Choosing customers                      | 6                   | 1                  |
| Developing services and products        | 13                  | 3                  |
| Modifying external communication        | 3                   | 3                  |
| Networking                              | 23                  | 4                  |
| Outsourcing                             | -                   | -                  |
| Reacting to external activity           | 4                   | -                  |

### 9.3.3 ACTIVITY FREQUENCIES AT RETAILER

STRATEGIC GOAL: Business concept implementation

| ACTIVITY TYPE                           | EXISTING ACTIVITIES | DESIRED ACTIVITIES |
|---|---------------------|--------------------|
| <b>FORMULATING</b>                      |                     |                    |
| Calculating                             | -                   | -                  |
| Devising plans                          | 8                   | -                  |
| Formulating instructions and guidelines | 17                  | -                  |
| Setting targets                         | 13                  | 1                  |
| <b>COMMUNICATING</b>                    |                     |                    |
| Bottom-up communication                 | 6                   | 1                  |
| Sensemaking                             | 8                   | -                  |
| Top-down communication                  | 26                  | 6                  |
| <b>CONTROLLING</b>                      |                     |                    |
| Changing resource allocation            | 3                   | 2                  |
| Exerting influence                      | 9                   | -                  |
| Monitoring performance                  | 13                  | 2                  |
| Rewarding                               | 4                   | 1                  |
| <b>ORGANIZING</b>                       |                     |                    |
| Cross-functional collaboration          | 6                   | -                  |
| Developing competence                   | 26                  | 2                  |
| Developing premises and facilities      | 14                  | -                  |
| Developing processes and procedures     | -                   | -                  |
| Modifying organization structure        | 5                   | 2                  |
| Teamworking                             | -                   | -                  |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |                     |                    |
| Acquiring information                   | 7                   | -                  |
| Acquiring or selling businesses         | -                   | -                  |
| Choosing customers                      | -                   | -                  |
| Developing services and products        | 17                  | 4                  |
| Modifying external communication        | 11                  | 3                  |
| Networking                              | 3                   | -                  |
| Outsourcing                             | 1                   | -                  |
| Reacting to external activity           | -                   | -                  |

### 9.3.4 ACTIVITY FREQUENCIES AT TELECOM

STRATEGIC GOAL: Customer service process improvement

| ACTIVITY TYPE                           | EXISTING ACTIVITIES | DESIRED ACTIVITIES |
|---|---------------------|--------------------|
| <b>FORMULATING</b>                      |                     |                    |
| Calculating                             | -                   | -                  |
| Devising plans                          | -                   | -                  |
| Formulating instructions and guidelines | 2                   | -                  |
| Setting targets                         | 8                   | -                  |
| <b>COMMUNICATING</b>                    |                     |                    |
| Bottom-up communication                 | 3                   | 2                  |
| Sensemaking                             | 14                  | -                  |
| Top-down communication                  | 19                  | 1                  |
| <b>CONTROLLING</b>                      |                     |                    |
| Changing resource allocation            | 1                   | 1                  |
| Exerting influence                      | 7                   | 3                  |
| Monitoring performance                  | 4                   | 2                  |
| Rewarding                               | 4                   | 2                  |
| <b>ORGANIZING</b>                       |                     |                    |
| Cross-functional collaboration          | 11                  | 14                 |
| Developing competence                   | 9                   | 4                  |
| Developing premises and facilities      | 1                   | -                  |
| Developing processes and procedures     | 16                  | 3                  |
| Modifying organization structure        | 8                   | 8                  |
| Teamworking                             | 2                   | -                  |
| <b>INTERACTING WITH THE ENVIRONMENT</b> |                     |                    |
| Acquiring information                   | 3                   | -                  |
| Acquiring or selling businesses         | 2                   | -                  |
| Choosing customers                      | -                   | -                  |
| Developing services and products        | 1                   | 1                  |
| Modifying external communication        | 1                   | -                  |
| Networking                              | 3                   | -                  |
| Outsourcing                             | 1                   | -                  |
| Reacting to external activity           | 3                   | -                  |