Strategy Formalization in the Practice of Polish Companies

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Abstract The article presents a part of the results of research conducted by the Strategic Management Department of the Wrocław University of Economics*. The study was conducted on a sample of 150 companies (3 separate samples [small, medium and big companies] each with N = 50 entities). The respondents group were both: joint stock companies not listed on the Warsaw Stock Exchange (WSE) and the WSE listed joint stock companies. The respondents were company managers, here defined as a CEO, Strategic Director, Managing Director or the company's Board, here understood as Company Chairman/President and Board Members. The research methods included direct questionnaire interview (PAPI – Paper and Pencil Interview). The tool used to gather information was a questionnaire which included: 84 questions in the main part, 4 questions in the recruitment part and 11 questions in the demographics part. The study was conducted from October 2011 to January 2012. In the article some aspects concerning the issue of strategy formalization is presented. This paper addresses correlation (if any) between the size of an enterprise and the level of company strategy formalization. Analyses and conclusions presented herein are aimed at testing the following research hypothesis: “It is assumed that the larger the enterprise, the more formalized is the enterprise strategy”.

Keywords Strategy, Formalization, Strategic Management, Mission, Vision

1. Introduction

Modern business environment is characterized by high fluctuation of changes and unpredictability. In the context of this highly dynamic environment, companies are faced with the problem of selecting methods that ensure effective realization of business objectives. The answer to this problem is seemingly straightforward: companies need to utilize strategies as basis for their operational activities. A properly formulated and skillfully implemented strategy oftentimes determines the success of an enterprise [1]. In modern approach, strategy is perceived either in the classical sense, as a formal plan of activities, designed to meet the long-term company objectives [2], or as a general leitmotif, a pattern that provides coherence and unified direction in all the company activities (as opposed to a formal plan of action) [3]. Both approaches are well-represented in the various definitions of strategy.

Table 1 presents a comparison of selected definitions of strategy found in professional literature. Some of them are more representative for the classical approach, others follow the latter interpretation of the concept. The analysis of definitions presented herein shows that we have proponents (authors 1-7 in the table 1) of interpreting strategy as a formal plan of action. Others (authors 8-11 in the table 1) are more inclined to perceive strategy in terms of an underlying logic or a pattern that creates coherence in company activities.

Regardless of the adopted approach to strategy, it must be emphasized that every enterprise, both small and large, should have its own strategy – a central, integrated, externally-oriented concept for attaining its objectives [14]. This concept may be expressed in a more or less formalized manner. However, it may be assumed that the level of strategy formalization increases with the size of the enterprise. Working on the assumption that the nature of formalization can be reduced to limitation of latitude in the organization’s undertakings through imposition of written standards defining the scope and manner of such activities [15], one can safely assume that this type of behaviour is more frequently observed in large companies. Furthermore, by relating the degree of formalization to the scope of strategy, it may be assumed that small and medium-sized companies are more likely to operate under ‘slogan’ strategies expressed solely in the minds of their owners. In contrast, large enterprises need highly formalized strategies, so that every stakeholder has a good idea of the enterprise’s direction, its main objectives as well as preferred methods of achieving these objectives. In present settings, company success is invariably linked with the formulation of a clear and concise strategy. It may be assumed that only highly
formalized strategy (a formal document) offers a point of reference for company stakeholders in their evaluation of development assumptions adopted by the company. This potential is lost in non-formalized strategies, since their assumptions may be ‘fuzzy’ and subject to frequent modifications.

This paper addresses the very concept of strategy formalization, in an attempt to present the approaches adopted by Polish enterprises in relation to this problem. This author works on the assumption that the larger the enterprise, the more likely it is to express its strategy through highly formalized documents.

The logical structure of this paper starts with a description of methods used in the selection of research sample and research techniques. Subsequent sections present the main research problem in relation to results of similar research, obtained and published by other authors in the field, followed by the analysis of this author’s own research results. Conclusions will be presented in the final section of this article.

### Table 1. Selected definitions of strategy

| Author | Definition of strategy |
|--------|------------------------|
| 1. A.D. Chandler (1962) | Strategy is a determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. |
| 2. K.R. Andrews (1971) | Strategy defined as the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is or is to be in and the kind of company it is or is to be. |
| 3. W.F. Glueck (1980) | Strategy is a unified, comprehensive, and integrative plan relating the strategic advantages of the enterprise to environmental challenges, designed to assure that the basic objectives of the enterprise are achieved. |
| 4. M. Romanowska (1995) | Strategy is defined as a program of actions defining main objectives of the enterprise and methods of accomplishing these objectives. |
| 5. J. Penc (1999) | Strategy is a predefined concept of systemic activities (a plan of actions), involving formulation of a set of long-term objectives of the company and its modifications made in response to changes in company environment, determination of resources and means necessary for realization of company objectives, as well as methods of operation (operational rules, directives, algorithms) that help attain optimum allocation and use of resources for the purpose of achieving flexibility in reaction to market challenges and providing the company with favourable conditions for survival and growth. |
| 6. R.W. Griffin (2005) | Strategy is a comprehensive plan for achieving the objectives of an organization. |
| 7. G. Johnson, K. Scholes, R. Whittington (2010) | Strategy is a plan of activities used to determine long-term direction and scope of an organization, for the purpose of achieving a competitive advantage in the changing environment through its configuration of resources and competences, designed to meet the expectation of the organization’s stakeholders. |
| 8. H. Mintzberg (1988) | Strategy is a pattern or, to be more exact – an overriding logic behind the realization of activities. |
| 9. J. Jeżak (1990) | Strategy should be viewed as a system of certain values that help the company identify and evaluate its opportunities and risks, and by means of which the company can determine and implement certain activities with the aim of retaining its long-term survival. |
| 10. A.A. Thompson A.J. Strickland (1993) | Strategy is a pattern of organizational activities and managerial behaviours employed for the purpose of meeting the objectives and the mission of an organization. |
| 11. M. Moszkowicz (2000) | Company strategy is a set of rules of conduct, resulting from the adopted business concept (mission) and designed to retain an advantageous level of stability in relation to its environment. |

Source: own work based on: [2, 4-13]
2. Research Problem

The main research problem of this paper is formulated as follows: Is there any correlation between the size of an enterprise and the level of its strategy formalization? To address this problem, the survey included the following detailed questions:

- Are there any differences in opinion between representatives of companies of different size with respect to the need for strategy formalization?
- Is it sufficient to formulate company strategy in the shape of an informal idea to attain company success, regardless of company size?
- Does the concept of having a formal strategy in the shape of an elaborated document apply particularly to enterprises of any particular size?
- What types of companies (in terms of their size) are more inclined to make formalized statements of their mission and fundamental values?

To answer the research problem formulated above, this paper postulates a research hypothesis, as follows: “It is assumed that the larger the enterprise, the more formalized is the enterprise strategy”. To answer detailed questions and for the purpose of verifying the validity of the research hypothesis, the following questionnaire items were taken into account:

1. The fundamental elements of company strategy, the mission and vision should be formulated in writing.
2. A strategy in the shape of an informal idea or concept can be regarded as satisfactory for company operation purposes.
3. In our company, strategy is formulated in the shape of a formal, elaborated document.
4. Our company uses a formal declaration of company mission and values.

The construction of statement No. 1 above was subordinated to the need to let the respondents express their preferences with regard to formalization of fundamental elements of company strategy. The researchers intended to test the correlation (if any) between the size of the responder’s enterprise and the perceived need to formalize fundamental elements of company strategy, mission, vision and objectives. This intention was based on the assumption that large enterprises take preference in strategies supplied in written form and that representatives of such large companies will confirm this preference as the best possible variant of action. In order to test the relationship between preferences and the state of affairs with regard to company strategy formalization, the researchers construed questionnaire statements No. 2, 3 and 4.

The statement No. 2: “A strategy in the shape of an informal idea or concept can be regarded as satisfactory for company operation purposes” was construed based on the assumption that this opinion will be expressed more frequently by representatives of small companies, with the trend decreasing with the increase of company size, i.e. the opinion will be less populated in medium-sized companies, and quite infrequent in large companies. The above assumption is based on the conviction that in small companies (and – to a lesser extent – in medium-sized companies), it is the head of the company who sets the direction of company activities, and that his/her ideas and creativity warrant the company development, whereas large companies find this approach highly unsatisfactory. Large enterprises face the need to formalize their strategies. This approach is necessary, if only from the viewpoint of other economic entities willing to cooperate with such large company (it is difficult for potential partners to enter into cooperation with a large enterprise that lacks formalized strategy) or potential investors (it is unrealistic to invest in a company without good knowledge of its strategic objectives).

Statement No. 3 is designed to test the formalization level of company strategy, based on the assumption that representatives of small (most of all) and medium-sized companies (to a lesser extent) will be unlikely to admit that their companies use formalized strategic documents, since informal strategies will prevail in those segments. At the same time, it was assumed that representatives of large enterprises will typically confirm statement No. 3. In large enterprises, strategies in the shape of formal documents are a necessity, since they play an important role in communication with other actors, such as financial institutions, potential business partners and investors, but also with own stakeholders and employees who utilize formal strategy as a source of information on key objectives and realization plans.

The last statement, applying to formal declaration of company mission and values, was construed based on the assumption that formalization of company mission helps the enterprise communicate key information to the following actors: the employees (where are we headed?); the competition (how do we intend to gain competitive advantage?); the consumers (what do we offer and on what conditions?). It was assumed that formal declaration of company mission and company values will be more frequent among large enterprises. In small enterprises, company mission is, more often than not, vague. Even if such small enterprise has a clear mission, it is typically in the mind of its owner. Even if articulated, it takes the form of a ‘slogan’, with the majority of stakeholders having no clear idea of company plans and aspirations for the future.

3. Methodology

The project “Evolution of strategic management in the course of company development” is an empirical research study based on a survey of 150 companies divided into three equally-proportioned groups of: small, medium and large. The size of companies under study was determined using their reported employment records. Thus, companies of up to 49 employees were categorized as small; those with 50 to
249 employees were deemed medium-sized, while companies with 250 or more employees were categorized as large.

The respondents were selected from among joint-stock companies not listed on the Warsaw Stock Exchange (GPW), companies listed on GPW and companies listed on the New Connect stock market of the GPW (public companies). By selecting the above sample structure, this author worked on the assumption that the above types of enterprises are characterized by high level of awareness of the role of strategic management in company operation and development.

In order to make the sample as representative as possible, initially random-strata sampling was used. The details of which sample selection were based upon GUS (Main Statistical Office) data contained in the “Structural Changes among entity groups listed in the REGON, 1st HY 2011” report ([Zmiany strukturalne grup podmiotów gospodarki narodowej wpisanych do rejestru REGON, I półrocze 2011 r.”] [16], which has breakdowns of companies by legal type plus by sections and categories of the Polish Business Category classification system (PKD). The size of the sample was set at 150, and split into three subcategories by company size, as previously mentioned. Although this method requires detailed information about the studied universe, it is more representative for a larger number of variables than a simple random sample, as the structure of the surveyed firms reflects their shares in the total. This eliminates human bias in recruitment – the interviewers are provided with specific firms which they are to contact for an interview. This introduces the element of randomness and eliminates arbitrary selection of surveyed units. The random-strata method involves dividing the universe into sub-groups defined by relevant features. In this case three groupings were made by company size, and then by location (Voivodship). This provided a breakdown of the universe into qualitatively and quantitatively discrete segments inside which we drew – from each strata – firms to be covered by the study. Hence the structure of the sample reflects that of the universe as a whole. This ensures reaching all salient types of respondents (which simple random selection does not guarantee) as every strata is represented – this being forced about by the construction of the sample. The subjects of the study (i.e. individual firms meeting the criteria for specific strata) were drawn from inside each segment – and in number proportionate to the segment’s share in the universe. The companies are then randomly drawn inside the subgroups, with each firm having identical probability of being selected.

Due to problems in sample completion some changes to the original sampling procedures were made (in some Voivodships the sample sizes had to be adjusted in light of the strata’s dataset being exhausted). Please see table 2 for the planned and achieved total (N=150) sample by location (the planned sample was achieved in terms breakdown of companies by employment size).

The main sample size was set at 150 companies, with a breakdown by aforementioned relevant criteria. The scale of statistical error at statistical significance level of \( \alpha = 0.05 \) is c. 7.9% (for the whole population estimated at N=9 519).

If it was impossible to achieve the planned sample sizes for a specific strata due to causes beyond the researchers’ control (respondent refusal, incorrect/outdated information in the database, company with operations suspended, etc.) the lacking interviews for that strata were completed in a different Voivodship.

The respondents were company managers, here defined as a CEO, Strategic Director, Managing Director or the company’s Board, here understood as Company Chairman/President and Board Members.

### Table 2. Planned and achieved sample by region

| VOIVODSHIP                | % PLANNED | % ACHIEVED |
|---------------------------|-----------|------------|
| DOLNOŚLĄSKIE              | 7%        | 9%         |
| KUJAWSKO-POMORSKIE        | 4%        | 4%         |
| LUBELSKIE                 | 2%        | 5%         |
| LUBUSKIE                  | 2%        | 1%         |
| ŁÓDKIE                    | 5%        | 7%         |
| MALOPOLSKIE               | 7%        | 3%         |
| MAZOWIECKIE               | 33%       | 24%        |
| OPOLSKIE                  | 1%        | 0%         |
| PODKARPACKIE              | 3%        | 3%         |
| PODLASKIE                 | 1%        | 4%         |
| POMORSKIE                 | 8%        | 7%         |
| ŚLĄSKIE                   | 12%       | 9%         |
| ŚWIĘTOKRZYSKIE             | 2%        | 5%         |
| WARMiŃSKO-MAZURSKIE       | 1%        | 3%         |
| WIELKOPOLSKIE             | 8%        | 15%        |
| ZACHODNIOPOMORSKIE        | 3%        | 1%         |

Source: own work based on study results

The research methods included direct questionnaire interview (PAPI – Paper and Pencil Interview). The tool used to gather information was a questionnaire which included: 84 questions in the main part, 4 questions in the recruitment part, 11 questions in the demographics part. Respondents provided their answers to survey questions using a six-degree scale, with:
- “0” – representing “I don’t know”
- “1” – representing “Definitely not”
- “2” – representing “Rather not”
- “3” – representing “Both yes and no”
- “4” – representing “Rather yes”
- “5” – representing “Definitely yes”.

The study was conducted from October 2011 to January 2012.

This article discusses results of analyses made on the basis of survey responses to four questions from the main body of the questionnaire, applying to the problematic of strategy formalization.
4. The Problem of Strategy Formalization in Other Authors’ Research

In strategic management, interpreted here as a process of defining and redefining company strategy, together with the correlated process of strategy implementation for the purpose of attaining long-term company objectives of development [17], the stages of strategy formulation and implementation are considered of key importance. Professional literature emphasizes the nature and role of both proper strategy formulation and appropriate implementation of selected strategy [cf. 18-23].

It goes without saying that a formal strategy is much easier to implement than a vague and informal one. Setting aside the divagations on the most appropriate level of formalization, it seems obvious that proper formulation and formalization of company mission, setting and writing down clear strategic objectives and measures of performance, determining the responsibilities of personnel involved in strategy realization and setting down precise implementation plans will help the enterprise attain the intended results.

Before we proceed with analytical examination of questionnaire results obtained in the course of the research project “Evolution of strategic management in the course of company development”, it may be useful to examine results of other research projects, carried out in Poland, insofar as they address the problem of strategy formalization. In the course of research conducted in 2009 (“Investment processes and strategies of companies in times of economic crises”), the authors found that, of 1206 enterprises under study, only 643 reported having a formalized strategy (constituting slightly over 53% of responses, overall). Utilization of a formalized company strategy document was reported by only 26% of micro-companies (one-man companies), 33% of companies with 2 to 9 employees, and 57% of companies with 10 to 50 employees. For the sake of comparison, as much as 74% of medium-sized enterprises reported having a formalized strategy [24]. The above findings suggest that small companies operate on the basis of word-of-mouth declarations and decisions and, as such, have no need for formalized strategies. At the same time, the findings seem to confirm the assumption that, the larger the company, the more likely it is to formulate its strategy in a written form. This observation is corroborated in the findings of another study, presented in 2010 in the report “Employee education and the company competitive advantage”. The study was based on a sample of 600 companies divided into the following groups: 300 micro-enterprises (50% of sample population); 250 small enterprises (41.7%) and 50 medium-sized enterprises (8.3%). Figure 1 presents the findings with respect to respondents’ declaration of their company having a strategy of development.

As shown in Fig.1, the majority of the smallest business entities (microenterprises and small companies) operate without any development strategy. This is a shocking observation, suggesting that most of the enterprises in this size range run their business hand-to-mouth. Without a clear and properly designed strategy, they may find it hard to gauge their progress towards the business goal (if at all defined). Even if a strategy is ultimately formulated, it is typically expressed in a non-formal manner. Only 6.5% of microenterprises and 10% of small companies formalize their strategies. In the case of medium-sized enterprises, it may be observed that over 73% of the companies under study declare the use of a development strategy, with slightly over 33% reporting the use of formal strategic documents.

The findings of another study, presented in 2010 in the report “The intelligent organizations – employees’ knowledge and competencies management” [29] confirm the results of studies presented above. It has been assumed for the needs of the mentioned study that one of four factors which describe the intelligent organization is a possession of a formalized development strategy (in written form) in which long-term development objectives and methods of achieving them have been defined. The results of the study show that 63% of large enterprises – three times more than small ones and twice as much as the medium-sized ones – have a formalized development strategy. The study was based on a sample of 800 companies divided into the following groups: 500 small enterprises (62.5% of sample population); 200 medium-sized enterprises (25%) and 100 large enterprises (12.5%).

Source: own work based on: [25, p. 189]

Figure 1. The use and form of company strategy of development, as reported by companies under study* * - statistical significance p<0.05
The above observations may suggest that small business entities are characterized by low awareness of the role and significance of strategic management. This may be the reason why most of them have no strategy whatsoever or, even if they do, they rarely express it in a formal document. This may be attributed to the general trend observed in the early stages of company development, with strategy formulated in the shape of an informal business idea, a rough design sketched in the head of the company owner. The research findings suggest that microenterprises have no need for formal strategy of business activities. Of 1264 microenterprises surveyed in the course of the “Market niche strategy as a specific element of microenterprise development potential” research project of 2010 commissioned by PARP (the Polish Agency for Enterprise Development), the majority (60.7%) could not even take a stand in deciding whether having a development strategy expressed in a formal document is beneficial for company survival and competitive advantage. In their management practices, micro-entrepreneurs rely on their own skills and experience (73.8%), supported by intuition (15.8%). Even if some form of future anticipation of business activities takes place, it is mostly spontaneous (67%), with nearly 15% of microenterprises declaring no planning at all [26, 27]. Small enterprises in their business operation rely on word-of-mouth arrangements. They rarely appreciate the need for formalization of their operating principles. However, it must be noted that even small companies need some sort of strategic statement, if only to attest to their capacity for survival in the eyes of potential business partners and credit providers [2].

Meanwhile, the operation of large business enterprises requires the use of precise planning and unambiguous operating principles. Companies in their growth stage start to appreciate the significance of strategic management. They start to realize that large companies cannot operate hand-to-mouth, with decisions based largely on intuition and insight. Clear business objectives must be determined, supported by a good strategy of attaining them. The strategy should be expressed formally. Companies in the stage of development start to realize that intuitive management is no longer a viable alternative; proper regulations must be formulated and formalized to support and facilitate company operation [28]. This process also applies to strategy, expressed in more and more formal manner. This phenomenon is manifested in the formal design of strategic objectives, the use of performance measures to monitor their realization, definition of operating domains, identification of strategic advantages or setting down formal operating principles of market competition. A growing company tends to formalize and elaborate its strategy. In effect, strategies of large enterprises are typically expressed in the form of elaborated and endorsed strategic documents.

5. Analysis of Research Findings

This part of the article presents the results of analytical study of responses obtained from representatives of companies participating in the survey under the “Evolution of strategic management in the course of company development” project. Responses to four questions, presented in Part 3 of this paper, were used as basis for determining the veracity of the research thesis, expressed as follows: “It is assumed that the larger the enterprise, the more formalized is the enterprise strategy”.

In the first stage, an analytical study of responses across the whole research sample was conducted. The first condition tested was the adherence to the opinion that basic elements of company strategy, its mission, vision and objectives, should be expressed in the form of a written document. Fig. 2 presents opinions in this respect, as obtained from the representatives of companies under study.

The findings presented in Fig. 2 clearly suggest that the majority of respondents agree with the statement that basic elements of company strategy, its mission, vision and objectives, should be expressed in the form of a written document. Fig. 2 presents opinions in this respect, as obtained from the representatives of companies under study.

The findings presented in Fig. 2 clearly suggest that the majority of respondents agree with the statement that basic elements of company strategy, its mission, vision and objectives, should be expressed in writing (84% - constituting a sum of responses: „rather yes” and „definitely yes”). Negative responses were obtained only in ten of the companies under study (a 6.7% of the research sample), with the representatives clearly expressing their view that there is no need for formal expression of basic elements of company strategy.

![Figure 2. Basic elements of company strategy, its mission, vision and objectives, should be expressed in writing](source: own work based on study results)
In order to verify respondent opinions against the business practice of their companies with respect to formalization of basic elements of company strategy, two ancillary questions were designed, as follows:

- A strategy in the shape of an informal idea in the mind of the company owner is, in my opinion, sufficient for company operation.
- Strategy of our company is expressed in the shape of an elaborated formal document.

Figure 3 presents the results of the above queries. Findings presented in Fig. 3 show that nearly 61% of enterprises under study do not agree with the opinion that company strategy in the shape of an informal idea in the head of the company owner is sufficient for company operation. Such a large percentage of negative responses suggests that an equally large group of respondents should agree with the statement that their respective companies express their strategy in the shape of an elaborated formal document. However, only 44% of the respondents chose to confirm this statement. The number of responses “both yes and no” – 19.3% and “rather not” – 18.7% suggest that 38% of the companies under study employ some sort of a formal declaration of strategy, but it is not expressed in an elaborate form. It may be assumed that the remaining 16.7% of the companies under study operate on the basis of an informal strategy. Further corroboration of the above conclusion can be found in the fact that 33 of the companies under study (22% of the research sample, overall) chose to conform with the idea that strategy in the shape of an informal idea is a sufficient measure that warrants company operation.

In the face of the finding that less than half of the enterprises under study employ elaborate and formal strategic documents, it seemed valuable to examine the percentage of companies that choose to formalize one of the most important elements of company survival and development, namely: the company mission (or key values). The responses to this question are presented in Fig. 4.

The findings show that formal declaration of company mission and values is employed by only 58.6% of companies under study. In-depth analysis suggests that, of 66 companies that use formal and elaborate strategic documents, 51 (77.3%) employ a formal statement of company mission and values. On the other hand, of 33 companies declaring informal strategy as sufficient for company operation, 19 (57.8%) also use a formal statement of company mission and values. Thus, it seems viable to conclude that even those companies which operate based on informal strategies (in the shape of ideas formed in the mind of the company owner) choose to formalize the key element of company development, namely: the declaration of company mission (values). Unfortunately, this statement holds true only in half of the cases under study.

The second stage of analytical study involved examination of the companies with reference to their size (employment records). This approach was designed to test the responses against the postulated research questions, thus forming the grounds for verification of the adopted research hypothesis. Table 3 presents the distribution of responses to the four questionnaire statements, ordered by enterprise size.
### Table 3. Responses to the four questionnaire statements on strategy formalization, by enterprise size (small, medium, large)

| Statement                                                                 | Response          | Total   | Enterprises     |
|---------------------------------------------------------------------------|-------------------|---------|-----------------|
|                                                                           |                   | N   | %   | N | % | N | % | N | % |
| 1. The fundamental elements of company strategy, the mission and the vision should be formulated in writing | I don't know      | 0  | 0.0% | 0  | 0.0% | 0  | 0.0% | 0  | 0.0% |
|                                                                           | Definitely not    | 4  | 2.7% | 2  | 4.0% | 2  | 4.0% | 0  | 0.0% |
|                                                                           | Rather not        | 6  | 4.0% | 2  | 4.0% | 2  | 4.0% | 2  | 4.0% |
|                                                                           | Both yes and no   | 14 | 9.3% | 4  | 8.0% | 6  | 12.0% | 4  | 8.0% |
|                                                                           | Rather yes        | 38 | 25.3% | 12 | 24.0% | 11 | 22.0% | 15 | 30.0% |
|                                                                           | Definitely yes    | 88 | 58.7% | 30 | 60.0% | 29 | 58.0% | 29 | 58.0% |
| 2. A strategy in the shape of an informal idea or concept can be regarded as satisfactory for company operation purposes | I don't know      | 2  | 1.3% | 1  | 2.0% | 1  | 2.0% | 0  | 0.0% |
|                                                                           | Definitely not    | 11 | 7.3% | 6  | 12.0% | 2  | 4.0% | 3  | 6.0% |
|                                                                           | Rather not        | 22 | 14.7% | 9  | 18.0% | 8  | 16.0% | 5  | 10.0% |
|                                                                           | Both yes and no   | 24 | 16.0% | 7  | 14.0% | 11 | 22.0% | 6  | 12.0% |
|                                                                           | Rather yes        | 51 | 34.0% | 16 | 32.0% | 14 | 28.0% | 21 | 42.0% |
|                                                                           | Definitely yes    | 40 | 26.7% | 11 | 22.0% | 14 | 28.0% | 15 | 30.0% |
| 3. In our company, strategy is formulated in the shape of a formal, elaborated document | I don't know      | 2  | 1.3% | 1  | 2.0% | 1  | 2.0% | 0  | 0.0% |
|                                                                           | Definitely not    | 25 | 16.7% | 9  | 18.0% | 11 | 22.0% | 5  | 10.0% |
|                                                                           | Rather not        | 28 | 18.7% | 11 | 22.0% | 11 | 22.0% | 6  | 12.0% |
|                                                                           | Both yes and no   | 29 | 19.3% | 13 | 26.0% | 5  | 10.0% | 11 | 22.0% |
|                                                                           | Rather yes        | 31 | 20.7% | 5  | 10.0% | 14 | 28.0% | 12 | 24.0% |
|                                                                           | Definitely yes    | 35 | 23.3% | 11 | 22.0% | 8  | 16.0% | 16 | 32.0% |
| 4. Our company uses a formal declaration of company mission and values.    | I don't know      | 5  | 3.3% | 1  | 2.0% | 3  | 6.0% | 1  | 2.0% |
|                                                                           | Definitely not    | 17 | 11.3% | 11 | 22.0% | 4  | 8.0% | 2  | 4.0% |
|                                                                           | Rather not        | 17 | 11.3% | 6  | 12.0% | 7  | 14.0% | 4  | 8.0% |
|                                                                           | Both yes and no   | 23 | 15.3% | 10 | 20.0% | 6  | 12.0% | 7  | 14.0% |
|                                                                           | Rather yes        | 26 | 17.3% | 7  | 14.0% | 11 | 22.0% | 8  | 16.0% |
|                                                                           | Definitely yes    | 62 | 41.3% | 15 | 30.0% | 19 | 38.0% | 28 | 56.0% |

Source: own work based on study results

With reference to statement No. 1, 88% of respondents from large companies, 80% - from medium-sized companies, and 84% - from small companies agreed that fundamental elements of company strategy, mission and vision should be formulated in writing. Thus, it may be concluded that differences in opinions on the need for strategy formalization between representatives of enterprises across the sample were fairly insignificant.

Decidedly more marked were the differences in opinion towards statement No. 2. Strategy in the shape of an informal idea in the head of the company owner was considered sufficient by 30% of respondents representing small companies, with 54% of this group’s population giving negative answer. For the sake of comparison, the structure of responses in medium-sized companies was as follows: 20% - strategy as an informal idea is sufficient for company survival, 56% - insufficient. For large companies: 16% - deemed sufficient, and 72% - insufficient. These findings
clearly show that the larger the business entity, the less support is there for informal strategies as the way to conduct business. This may suggest that the following conclusion holds true: the larger the company, the more aware of the need to formalize its strategy, since running the company based on intuitive and unwritten ideas is regarded insufficient, or even detrimental for survival in the long-term.

In respect to statement No. 3 (“In our company, strategy is formulated in the shape of a formal, elaborated document”), it was assumed that the majority of affirmative responses to the query will be obtained from representatives of large enterprises. This assumption held true, since 56% of large companies admitted to the use of formalized strategies, compared to 44% of medium-sized and only 32% of small companies. This structure of responses seems to confirm the initial findings. Namely, small enterprises typically operate on the basis of informal strategies. If they choose to formalize them, they do it in the shape of simple documents, presenting only the basic objectives. Large companies, on the other hand, require strategies expressed in elaborate form, including not only business objectives, but also performance gauges, mission statements, principles of dealing with business competition and business partners, precise definitions of operational domains and declarations of measures to be used for the purpose of gaining competitive advantage. To sum up, it may be concluded that large companies are more likely to express their strategies in the shape of elaborate, formal documents.

With regard to the last statement (No. 4), it was assumed that the number of positive responses (“definitely yes” and “rather yes”) will be greater than the number of positive responses to the statement No. 3. This assumption was based on the hypothesis that even those companies that operate without any formal strategy will perceive the need to write down the most important elements of long-term development, namely: company mission and values. Again, the assumption held true, since the use of formal declaration of company vision and values was confirmed by 72% of large companies, 60% of medium-sized companies and 58.6% of small companies. And again, it seems that large companies are markedly more likely to formalize their mission statements and values than medium-sized and small ones.

6. Conclusions

The role of strategy, as an instrument for channelling company activities, is particularly pronounced in modern business environment, characterized by large fluctuation of changes and unpredictability. It seems obvious that every company should have some sort of strategy, at least in the form of a few fundamental, harmonized and interconnected elements. It also goes without saying that it is decidedly easier to implement a strategy expressed in a formal, elaborate document. Lastly, intuition suggests that large companies, with elaborate structures and multitude of processes, require more elaborate and more formalized strategies to help them organize their activities. For these reasons, this author adopted a hypothesis that the larger the company, the more likely it is to express its strategy in a formalized and elaborate form.

Based on the analysis of own research findings and those published in professional literature, it seems that the practice of Polish companies corroborates the main research hypothesis stated above.

Findings obtained in the course of this author’s research study suggest that – in the sphere of declarative statements on the need to formalize fundamental elements of company strategy – the marked majority of companies under study (above 80% of the research sample) agree with the opinion. However, in the sphere of practical application, companies under study displayed a much wider divergence.

In line with the initial assumptions, having a strategy expressed as a vague idea in the head of the company owner was deemed sufficient by representatives of small companies. In contrast with the above, large companies were found the most likely to express their strategies in the shape of elaborated formal documents. In addition, the large companies were also found more likely to formalize their mission statements and fundamental values.

Based on the above findings, it may be concluded that the main research hypothesis holds true. Thus, it seems legitimate to conclude that the larger the company, the more likely it is to express its strategy in a formal document.

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