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Interrelation between strategy maps and other implementation tools and actions

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Abstract

Much attention in the literature of the subject is devoted to the analysis of barriers to the strategy implementation and the tools used for this purpose. Many authors emphasise the usability of the strategy map and indicate its functions in the strategy formulation and implementation processes. However, there are no publications on the interrelations between the strategy map and other aspects, such as the management system, employee involvement or changes in the organisational structure. The purpose of this paper is to examine correlations between these elements. The studies were carried out on a group of 200 Polish companies listed in prestigious rankings. In order to test the hypotheses proposed, the Kendall tau-b correlation analysis was used. It showed the existence of positive relationships between the use of the strategy map and activities associated with employee participation, as well as between the strategy map and other implementation tools (such as BSC, implementation programs or a system for monitoring the company's environment). Such dependences were also obtained for the relationships between the strategy map and the introduction of changes in the organisational structure and in the management system (including informal communication, a motivation system or regularity in measuring the progress in implementation).

Keywords: strategy execution, implementation tools, strategy maps

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1. Introduction

One of the most common tools for implementing the strategy is the Balanced Scorecard which consists of a comprehensive set of measures, perspectives and objectives aimed at implementing the chosen development concept. However, the complexity of the interdependencies results in communication difficulties and may complicate the underlying logic of the created strategy (Lipe, Salterio, 2000; Ittner, Larcker, 2003; Dill, Steingbart, 2005). Therefore, in order to overcome the cognitive difficulties associated with BSC, it is recommended to use the strategy map as a tool with a lower degree of complexity (Vera-Muñoz et al., 2007). It is not necessary to combine these two tools simultaneously; the strategy map can be used as an independent model assisting the implementation of the strategy. As indicated by the research results, complementing the strategy communication with just this visual element helps to achieve better effects and demonstrates the usability for individuals other than those who formulate the strategy (Banker et al., 2011). The strategy map is therefore a universal method used both at the stage of strategy formulation and at the stage of strategy implementation. However, the literature of the subject does not include studies showing the

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intercorrelations between the use of the strategy map and other elements of the implementation process. This study therefore aims at filling this gap by analysing the relationships between the strategy map and the activities in the area of employee involvement, the use of other implementation tools, and changes in the organisational structure or in the management system.

2. Literature Review And Hypotheses

The strategy map was developed as an original element of BSC designing, but it is also an important factor supporting the strategy implementation. That's because it is the first stage that precedes the determination of the strategy implementation measures and indicators. It involves depiction of relationships between strategy components. They include primarily the financial, customer, internal process and learning and growth perspectives (Bower, 2004). The first step is to describe the strategy, then to determine the measures of its implementation and manage their optimisation in an adequate manner (Kaplan, Norton, 2004). The strategy map is therefore used as a control tool to prevent creation of an incomplete development concept (Kaplan, Norton, 2004). As indicated by Free and Qu (2011), the creation of a graphical presentation accelerates the adaptation and implementation of BSC, mainly due to the flexibility, operationalisation of the strategic management process, and indication of certain decision-making powers. Capelo and Ferreira (2009) also emphasise that simultaneous introduction of the concept of the strategy map supports the correct use of BSC. It is worth emphasising that the research results confirm the usability of the strategy map, regardless of the simultaneous use of BSC (Eccles, 1991, Copeland et al. 1996, Young, O'Byrne, 2001). However their combined use was also confirmed (Urrutia, Eriksen, 2005; Veth, 2006; Mair 2002). As demonstrated by Wilkes (2005), the companies that used these two tools achieved significantly better results than others. In turn, Lucianetti (2010) indicated better usability of BSC in companies that use the strategy map. This is associated probably with the difficulties in terms of defining the causality when designing BSC (Nprrekliit, 2000; Davis, Albright, 2004; Malina et al., 2007).

The strategy map is also a component of the meta-SWOT strategic planning tool. It is based on resources and capabilities and factors of business environment, which combine into the final effect of the analysis just in the form of a slightly modified strategy map (Agarwal, Grassl, Pahl, 2012).

As it appears from the research, the strategy map has a positive effect on improving the competitive position and performs the role of a specific benchmark for the process of planning the strategy implementation by managers, offering also the usability in the form of aligning the manager's perceptions (González et al., 2012). Additionally, it improves a very important managerial skill, i.e., the ability to filter the available information and reject the information that is not significant from the strategic point of view. Thus, it reduces the information load (Cheng, Humphreys, 2012). As it is known, an incorrect assessment of strategic signals may lead to weakening the company's competitive position or reducing its value for stakeholders (Day, Schoemaker, 2005). Therefore, the strategy map may also include external factors used for diagnosing and supporting the competitive position. The proposed concepts of strategy map creation enable visual communication of complex interactions between variables associated with the competition strategy while taking the expected results into account. This tool can perform a supportive function for the formulation of the strategy itself, and not only for its implementation. (Day, DeSarbo, Oliva, 1987).

Attention is also drawn to an additional use of the strategy map as a tool for self-control and better understanding of the role of the management board in achieving the objectives through a more adequate segregation of duties and the transfer of decision-making powers to various levels of the organisational structure (Sankaran, Iyer, 2011).

As mentioned by Barad and Dror (2008), the process of creating the strategy map should begin from the root causes (infrastructure) and only then include business goals. They also indicate that the usability of the strategy map is limited by time, so the map should be periodically updated and modified.

It is worth noting that there is no uniform structure of the strategy map. What's more, various diagrams showing different relational priorities can be created for the same set of objectives and measures (Platts, Tan, 2004). Carmona et al. (2011) identifies two basic types of diagrams classified as "Silo" (stressing the functional relationships) and "Pyramid" (composed of indivisible layers, otherwise known as matrix integration diagram). As indicated by the research, a map in the form of a pyramid seems to be more effective in the implementation of projects focused on short-term financial results. Thus it depends not only on the specific character of a given organisation or the industry in which it operates, but also on the type of the development concept being implemented. Armitage and Scholey (2003) also draw attention to this aspect. They indicate the usability of the strategy map in organisations of different sizes and from various industries, as well as the possibility of adapting this concept in different corporate contexts.

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