

DEVELOPING EXECUTIONAL EXCELLENCE BY EMPLOYEE ALIGNMENT WITH BUSINESS STRATEGIES

Case: Polarica

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Tämän opinnäytetyön tarkoituksena on selvittää, mitä prosesseja ja toimenpiteitä tarvitaan, jotta tutkimuksen kohteena olevan yrityksen liikestrategiat voitaisiin jalkauttaa koko henkilöstölle. Lisäksi opinnäytetyö tarkastelee, kuinka tehokas kommunikointi voisi helpottaa liikestrategioiden toteuttamista ja jalkauttamista. Tapausyritys, Polarica, on keskikokoinen riistalihaa ja marjoja jalostava yritys, jolla on toimintaa Ruotsissa, Suomessa ja Puolassa.

Tämä opinnäytetyö toteutettiin yksittäisenä tapaustutkimuksena. Empiirinen tieto kerättiin ja analysoitiin määrällisesti ja laadullisesti. Tutkimustekniikat koostuivat henkilöstölle suunnatuista kyselylomakkeista sekä puolistrukturoiduista haastatteluista, jotka käytiin yrityksen keskijohdon kanssa. Teoreettinen viitekehys rakentui aiheeseen liittyvään kirjallisuuteen, artikkeleihin ja aikaisemmin suoritettuihin tutkimuksiin koskien liikestrategioiden ja niihin liittyvien muutosten hallintaa. Johtajuus ja kommunikointi olivat myös tärkeä osaelementti viitekehystä.

Kirjallisuus ja nykypäiväiset tutkimukset osoittavat, että dynaaminen ja alinomaa muuttuva toimintaympäristö pakottaa yritykset sopeutumaan muutoksiin ja uudistamaan strategioitaan jatkuvasti. Sisäiset vahvuudet ja resurssit ohjaavat yrityksiä, kun ne etsivät parasta mahdollista strategiaa. Kuitenkaan ei riitä, että tällainen strategia löydetään. Sen lisäksi tarvitaan onnistunutta strategian toimeenpanoa ja jalkauttamista henkilöstölle.

Tutkimukseen perustuvissa kehitysehdotuksissa on otettu huomioon sisäiset haasteet strategian toimeenpanossa ja sen jalkauttamisessa tapausyrityksessä. Ehdotukset pohjautuvat primääristen ja sekundääristen tietojen analysointiin. Lisäksi tietanalyysin tuloksena tapausyritykselle on esitelty strukturoitu suunnitelma strategian kommunikointiin. Tätä yritys voisi käyttää työkaluna strategian jalkauttamisessa henkilöstölle.

Luvut 5 ja 6 eivät näy Kirjasto-versiossa, koska ne sisältävät luottamuksellista tietoa tapausyrityksen nykyisestä liikestrategiasta sekä empiirisiä tietoja ja kehityssuunnitelmia. Kyselyihin perustuvat kokonaistulokset ja haastattelutranskriptiot liiteosiossa ovat myös luottamuksellista tietoa.

Avainsanat liikestrategia, strategian jalkauttaminen, strategian integrointi, strategia kommunikointi, henkilöstön sitoutuminen

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The objective of this Thesis research is to clarify what processes and actions are required in order to align business strategies with employees in the case company. In addition, this Thesis research examines how effective strategy communication could facilitate the execution and alignment of the business strategies. The case company, Polarica, is a middle-sized game meat and berry company with operations in Sweden, Finland, and Poland.

This Thesis was implemented as a single case study. The empirical data was collected and analysed both quantitatively and qualitatively. The research techniques applied employee questionnaires and semi-structured interviews with middle managers in the case company. The theoretical framework was built on relevant literature, articles, and previous research in the fields of strategy management, change management as well as leadership and communication.

Literature and contemporary research maintain that the dynamic and constantly changing business environments force companies to adapt and renew their strategies on a continuous basis. Internal strengths and resources guide companies as they seek for the most successful strategic direction. However, it is not sufficient to have a successful strategy at place, companies need to succeed in executing the strategy and align it with the workforce.

The development suggestions in this Thesis take into consideration the internal challenges of strategy execution and alignment. The suggestions are based on the data analysis of the primary and secondary data. Furthermore, as a result of the data analysis, a structured Strategy Communication Plan is presented for the case company to utilize as a strategy alignment tool.

Chapters 5 and 6 are not published in the Library version as they contain confidential information of the case company's current business strategy, empirical data, and development plans. Furthermore, the overall questionnaire results and the interview transcripts in the appendix section are classified as confidential information.

Key words business strategy, strategy alignment, strategy integration, strategy communication, employee commitment

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FOREWORD

I would like to take this opportunity to thank the case company, especially Juha Ruohola, who has supported and believed in my vision of the Thesis research. Moreover, this Thesis research would not have been implemented without the contribution of the whole Polarica workforce. I owe my gratitude to my supervisor Esa Jauhola for his support and guidance on implementing this Thesis research. A special thank you for Pirjo Alatalo, for her tired-less and invaluable support with aspects of the English language.

I want to offer my deepest gratitude to my mother and my dearest friend, who have supported me throughout this process. You have been the beacon in the dark, always pushing me forward and helping me to trust my intuition. You have challenged me and guided me to the right path. I am grateful to all you family and friends that have stood by me and believed in me. You know who you are.

They say that a journey of a thousand miles begins with a single step. When I began this journey, I was unknowing of the challenges that were in front of me. However, despite the late study nights, unsurmountable course tasks, and missed weekend parties, I do not regret embarking on this journey. I have gained new friends, new knowledge, and new experiences that will guide me further on my journey. Therefore, I want to thank my fellow classmates of IBM14, as well as our teachers at Lapland University of Applied Sciences, for inspiring and challenging me throughout the past two years.

SYMBOLS AND ABBREVIATIONS

BSC	Balanced Scorecard
CEO	Chief Executive Officer
ERP	Enterprise Resources Planning
HR	Human Resources
KPI	Key Performance Indicator
MBWA	Management by Walking Around
SCP	Strategy Communication Plan

1 INTRODUCTION

High performance and competitive advantage are not easily attained or retained by companies at present times. Globalization, rapid changes in technologies and broadened awareness of consumers are just a few examples of external market forces that shape companies' performance and competitiveness. Considering the developed competitiveness of the business environment, the prerequisites for success should be established from within. In other words, companies need to build up a solid foundation, consisting of a well-thought-out and a well-formulated strategy. The strategy has to be linked to a company's vision and it needs to be flexible and adaptive, always exposed to changes in the external and internal environment. Furthermore, the strategy should be executed and aligned internally in the companies.

The background and motivation of this Thesis research are discussed in detail in this chapter followed by an introduction of the case company, its history, and present position. In addition, the research objectives and questions are discussed as well as the limitations of the research. The structure of the Thesis is explained in the final part of this chapter.

1.1 Background and Motivation

All companies seek to excel in their operations and pursue unique competitive advantages. In order to succeed in these endeavours, they need to attain high performance and healthy operations. Performance could be characterized in financial and operational terms, for example by measures such as turnover, EBITDA, and net operating costs. However, performance is only one way to look at a company's condition. To succeed in the competitive market places, it is also important to evaluate the health of companies. Health, in this context, could be described as the company's ability to execute, align, and reinvent itself quickly for sustained competitive advantage. (Keller & Price 2011, 5.)

Changes in the business environment caused by intensified competition, sophisticated technologies, and globalization influence the way companies operate and manage their capabilities. The case company has also been forced to adapt to changes in the external environment, as it operates in an industry that

is constantly exposed to new threats, and where the raw material is limited. By managing companies dynamically and being able to adapt to changing circumstances in the environment are crucial competitive advantages for companies in the twenty-first century (Keller & Price 2011, xvi).

Changes in the external environment often lead to changes in a company's internal environment. These changes could be small-scale to their nature such as transactional and incremental changes that influence the daily operations in a company. Other types of changes are more large-scale, for example mergers and acquisitions that transform companies' prerequisites and aims at organic growth, economies of scale and new market entries. (Holbeche 2015, 212.) The case company has endured both incremental and large-scale changes during the last five years, as it has gone through an owner change and a substantial company-acquisition.

Whatever the type of transformation, changes always have an effect on the operations in companies as well as on the people in charge of these operations. According to a recent study by Towers and Watson regarding change and communication, only 25 % of all change management initiatives are successful in a long-term period (Lipman 2013, 2). This study gives an indication on how challenging it is for companies to initiate and execute change.

Companies need to determine what they want to achieve and how they intend to attain their goals. This is crucial in order to survive and succeed in the dynamic business environment. It is not sufficient anymore to solely depend on unique products and services. Companies must also identify how to utilize company-specific resources in ways that are not easily adapted by competitors. As the case company suffers from shortage of raw material, it has to reinvent itself, identify in which ways it can create more value to its customers, as well as improve its profitability. This is where strategy comes in play.

A strategy lies at the core of a company's activities and establishes the direction for operations and action initiatives. A strategy can be defined as a set of measures companies implement in order to stand out from their competitors and to create sustained value for their shareholders (Kaplan & Norton 2004, 29, 35). Strategies entail where and how companies compete and how strategic goals

and the vision are achieved (Verweire 2014, 17). A vision, on the other hand, is the wanted state of being, the culmination of the strategies' success. A vision statement should visualize how companies want to be perceived by the external environment on a long-term basis. Moreover, companies need to determine their mission, that is, their purpose. A mission statement sums up, usually with a few sentences, why a company exists. (Kaplan & Norton 2008, 37-38, 40.)

Planning and formulating successful strategies are important steps in the pursuit of sustained performance. Well-thought-out strategies give companies significant competitive advantages that can enhance business performance and allow growth. The case company started a new strategy process in the autumn of 2014, when a new CEO was appointed. The purpose was to develop a new strategy for the coming three years that would lead the company to improved revenues and widened market-shares. However, a great strategy does not guarantee great success. The case company ought to ascertain that the whole organization and its parts are aligned with the strategy.

Execution of strategy is most often more crucial than the strategy itself. The case company has planned and formulated the new business strategy during the spring of 2015, and presented it to the employees. The next phase is to align the strategy with the whole organization, and in that way, facilitate execution. According to a study presented in Harvard Business Review, executional excellence is the largest challenge corporate leaders in Europe, Asia, and the United States are facing. The study also reveals that two-thirds up to three-quarters of companies are struggling with their strategy execution. (Homkes, Sull & Sull 2015.) These are hard facts that demonstrate the importance of strategy execution and how crucial it is for companies to invest time and resources in operations that support alignment and implementation.

Execution is in fact a discipline, consisting of specific behaviours and techniques that companies need to master (Bossidy & Charan 2011, 7). Execution comprises coordination and integration of activities and the efforts of business units, departments, and individual employees. To implement strategies and to initiate strategic action, every member of an organization needs to be aligned with the strategy. As the case company comprises several units in different countries, it is

even more crucial that total alignment is achieved. Alignment in this context consists of mobilizing change initiatives, getting all units, departments and employees on board with the strategy, motivating employees and integrating strategy into management operations (Kaplan & Norton 2006, 3).

Alignment is also about communicating the meaning of strategy to each employee. In that way, everyone understands the impact of his or her work on strategic outcomes. It could be argued that communication is one of the most important tools in conveying the strategic purpose. As the case company's new business strategy directs the whole organization, it is imperative that communication is developed in a constructive and concise manner in order to be clear to all units and employees. When companies go through huge transformations, for example mergers and acquisitions, or smaller changes such as implementation of new business strategies, communication is essential for cultural integration and management of resistance. Communication decreases uncertainty and creates a unified culture of transparency. (Hrebiniak 2005, 3.)

Planning and formulation of strategies, execution, alignment, and communication are essential cornerstones in a company's success and sustained competitive advantage. All these components require strong and solid management, but above all, they demand committing, engaging, and inspiring leadership. To get employees committed to strategy execution and to inspire individuals to embrace change and achieve high-performance, leaders need to be able to build a culture of engagement. A leader can develop a culture of engagement for example by creating a clear vision and sense of purpose, managing culture change and demonstrating value-based leadership. (Holbeche & Matthews 2012, 177-178.) Leaders need to be role models of change, execution, and performance. They need to live by the existing culture and values in the company.

The general research area of the Thesis is to study employees' current knowledge and comprehension of the case company's business strategies, mission, vision, and values. Furthermore, causes for obstacles, and possible barriers to commitment are explored. The middle management's role as integrators and communicators of the organization's business strategies is analysed. The main development area of the Thesis research is to determine the

preferred measures in aligning the case company's business strategies with the employees. In addition, a Strategy Communication Plan is created as a means to enhance employees' knowledge and understanding of the company's strategies, mission, vision, and values.

The personal motivation for implementing this Master's Thesis derives from the researcher's own background in the case company. The researcher has worked in the company for 12 years, and has had the opportunity to observe various implemented changes, and the consequences and challenges that have emerged from these. In the current role, as a team-leader for the Sales Support Team in Polarica, the responsibilities consist of leading people and activities and ensuring that information runs smoothly within the team and between other parts of the organization. The responsibility of the team-leader is also to encourage cooperation between functions, departments, and units in order to guarantee effective execution of different operations in the team. The researcher has a special interest in communication development and with this research, aspires to contribute to the strategy communication in the case company.

1.2 Company Polarica

The case company, Polarica, is a middle-sized food industry company with headquarters in Haparanda, Sweden. An entrepreneur from Pello, Sweden named Allan Lehto founded Polarica in 1972. In the beginning, the company's main mission was to procure, store and distribute wild forest berries to the food industry in the Nordic countries. Throughout the years, Polarica has broadened its operations to include distribution of cultivated berries as well as production and sales of wild and farmed game meat and non-game food products. Polarica's customers are the food industry, the restaurant and catering market, the consumer market and the nutraceutical industry. Today, Polarica is one of the biggest suppliers of berries, game meat, and non-game meat products in Northern Europe and has production plants and sales offices in Sweden, Finland, and Poland.

Prior to the owner change and merger in 2011, Polarica operated with a flat organization structure, and was quite flexible and customer-orientated. The

management level was narrow and cooperation as well as cross-functionality was strongly emphasized. Many of the daily decisions were made at an operational level and a lot of employees were involved in strategical and tactical planning. The ambience and work-environment were energetic and vibrant, and performance, customer relationship management, and efficiency were highly emphasized. Before the merger, Polarica had a turnover of approximately 85 million euros and employed approximately 200 people in Sweden, Finland, and Poland (Innala 2015).

In 2010, the original owners decided to move forward and sold the majority of the shares to the private equity companies Intera Fund Oy and Hartwall Capital Oy. The remaining shares were divided amongst smaller investment companies and some members of the management team. Considerable changes were about to happen in the company that would have an effect on all operations. The new owners planned to invest capital in the company in order to achieve organic growth. One year later, in 2011, Polarica acquired its biggest competitor on the Finnish market, that is, Lapin Liha Oy.

Lapin Liha Oy was a family-owned food-industry company, founded in 1989 by Jukka Kristo. The company procured, produced, processed, and distributed reindeer meat and forest berries. The company was the largest producer and distributor of salami-products and the fourth largest producer of ham-products in Finland. The main market was Finland but the company also exported various meat products to Asian countries, including Japan, Singapore, and Hong Kong. Before the merger, in 2011, Lapin Liha employed 90 people and had a turnover of 37 million euros. (Kristo 2015.)

Lapin Liha was similar to Polarica as to its history, structure, and size. However, the management styles in the two companies differed remarkably. Lapin Liha was led by its founder and owner, who was also responsible for all decisions concerning the company's operations. The management team consisted of four people, including the Chief Executive Officer (hereinafter CEO). The managers were each responsible for their respective functions in the organization. Decision-making and information sharing were carried out by a top-down structure. However, the company was quite effective, cost-efficient, and profitable. Much

due to its profitability, there was a great emphasis on investments in plants, production lines, and equipment. (Kristo 2015.)

The acquisition of Lapin Liha was the most logical step in the process of company growth and development. Both Polarica and Lapin Liha were solid actors in their respective markets and had significant resources to combine. Because Polarica did not have experience of non-game production and sales, Lapin Liha could contribute by moving the company into a totally new sector and new markets. Likewise, Lapin Liha could benefit from the various distribution channels and established customer contacts that Polarica controlled in Sweden. There were great synergy-effects to be harnessed. By integrating and combining plants, production lines, machinery, experience, and knowhow the new Polarica had the opportunity to achieve organic growth and eventually increased profits. (Innala 2015; Kristo 2015.)

The journey after the acquisition of Lapin Liha has been challenging for the whole organization. The two companies were similar in many areas but had different organizational cultures, functions, and ways of working. Numerous challenges have emerged during the merger process, both with restructuring of functions as with cooperation and commitment amongst the employees. During the past five years, the company has been led by three different CEOs, have had two different management teams, and have endured the loss of many key individuals. The current CEO was appointed in autumn 2014, and at the same time diverse managerial posts were created. The first prioritized task of the new CEO was to plan, formulate, and implement the company's new business strategy for a three-year period. Currently, the planning of the new business strategy has been finalized and the overall content has been presented to the employees.

Image 1 shows the locations of Polarica's plants and offices in Sweden, Finland, and Poland. Polarica has year-round operations in all these countries except in Russia, where the company has seasonal berry purchasing operations.



Image 1. Polarica group's places of business (Polarica 2016)

The corporate headquarters are situated in Haparanda, Sweden. Most of the cleaning and sorting of wild forest berries takes place in Haparanda, as well as the storage of all wild forest berry raw materials. The headquarters of Polarica Oy, former Lapin Liha, are situated in Rovaniemi, Finland. All meat production takes place in Rovaniemi, as well as a part of the reindeer slaughtering. The plant in Sotkamo, Finland, operates as a storage facility. The plant in Swidwin, Poland, is a berry production plant. All berry products for the food service and retail sector are packed in Swidwin, as well as some of the products to the industrial sector. The sourcing of wild forest berries takes place in Lycksele, Sweden. The company's sales offices are situated in Stockholm and Helsinki. In 2015 Polarica (hereinafter case company) employed 237 people in Sweden, Finland and Poland. The turnover in 2015 was 784 million Swedish Crowns (Polarica 2015a).

The past five years have been challenging and there are still ongoing integration projects that need to be finalized and implemented. The structure of the organization has been re-organized and re-built several times and new functions have been created. Some people are still searching for their right fit and

responsibility area in the organization. Despite the fact that the case company's turnover has decreased during the past five years, there have also been positive effects of the merger. Due to integrations in production facilities and equipment, the case company has managed to decrease its production costs in several areas. There is a will at the upper management level to steer the company to the right path, and a lot of attention is directed towards strategy planning and execution.

1.3 Research Objectives and Questions

This research analyses and examines the prerequisites of strategy alignment in the case company. The main objective of this research is to clarify the necessary course of action that is required to develop alignment of the case company's business strategies with the employees. In order to achieve the main objective, the employees' current knowledge and comprehension of the strategies, as well as their motivation and commitment to strategy execution, need to be analysed.

The role of middle managers as strategy integrators is crucial when cascading the meaning of strategy within the organization. Therefore, the preconditions for strategy integration by middle managers in the case company need to be defined. In addition, is it important to analyse by which procedures strategy alignment can be facilitated and how to enhance organizational consensus to execution at all employee levels. The objective of this research is also to improve the communication of business strategies in the case company by developing a Strategy Communication Plan. Based on the objectives of this Thesis research, the following research questions are addressed.

1. How do the employees perceive the company's business strategies, mission, vision, and values and how do they rate the company's strategy communication? What is the percentage of employees who feel committed to work towards the company's strategic goals and vision?

To answer the two research questions above, the employees' knowledge and comprehension of the case company's business strategies, vision, mission, and values need to be canvassed. This information is gained by analysing empirical data derived from an employee questionnaire. This analysis will also enable the

planning of the Strategy Communication Plan, as it depicts the efficiency of the current strategy communication in the case company.

2. How can the current strategy alignment be developed in order to enhance organizational consensus? How can the middle management contribute to the development of effective strategy integration between senior management, business units, and individual employees?

The set of the two research questions presented above analyses the current strategy alignment and commitment to strategy execution in the case company. To answer these questions, development suggestions will be planned based on employee feedback and middle management interviews. The development suggestions will be presented based on the existing situation and the charting of possible barriers to strategy alignment. Furthermore, these research questions will determine the desired contribution from middle managers as to strategy integration in the organization.

3. What are the possible strategy communication gaps in the case company? How can communication be structured in order to reinforce the internal flow of information regarding the company's business strategies, mission, vision, and values?

To address the third set of research questions, a Strategy Communication Plan for the case company will be created. The communication plan will be devised in accordance with the communication needs of the management, business units, and individual employees as to the company's business strategies. Possible gaps in the current strategy communication will be considered when developing the communication plan. The plan will function as a tool for the case company in facilitating the flow of information and enhancing the alignment of business strategies with the employees.

1.4 Limitations of the Research

This research and development work is implemented for the whole Polarica group, including all the units in Sweden, Finland, and Poland. However, the quantitative research of this Thesis is conducted based on collected data from

the company's Swedish and Finnish affiliates. This is due to the time constraint issue. The quantitative data collection consisted of employee questionnaires handed out to the employees in Sweden and Finland. As the majority of the employees in Poland do not understand Swedish, Finnish, or English, it would have been required to translate the questionnaire to Polish. The researcher made a judgement on basis of available time and resources and decided not to include employees from the Polish unit in the quantitative data collection. Another aspect that endorsed this decision was that the immediate challenges that have sprung from the merger of the Swedish and Finnish companies, have mostly affected employees in Finland and Sweden. However, the qualitative research data, which consisted of middle management interviews, comprises the case company's all units.

Another limitation that derives from the time constraint issue is that the effects of the development work for the case company will not be disclosed in this Thesis research. The scope was narrowed down to exclude the implementation, thus the outcomes of the development suggestions and the Strategy Communication Plan will not be observed within the limits of this Thesis research.

The researcher is currently employed in the case company and has had the opportunity to observe, influence, and assimilate various strategies being implemented and changes emanating from these. It could be argued that this is a positive fact and that it increases the richness of data. However, being a researcher and a member of the research environment at the same time is not an easy task to conduct. Despite the fact that the researcher strived for objectivity at all times when conducting the research work, the risk of biased view needs to be taken into consideration in this Thesis.

1.5 Structure of the Thesis

This Thesis continues with chapter 2, where the chosen methodology is presented. The researcher elaborates on the data collection techniques and describes the methods of analysis applied. The subsequent chapters comprise the theoretical framework of this research. Firstly, in chapter 3, theories of strategy management are discussed. Here the focus is on the planning of

successful strategies as well as the execution of these in organizations. Secondly, in chapter 4, the emphasis is on the alignment and integration of strategies with employees by various procedures and routines.

Chapter 5 begins with a presentation of the case company's current business strategy. The chapter continues with the results and analysis of the quantitative research, that is, the results of the employee questionnaire. Furthermore, the results of the middle management interviews are discussed and analysed. In the last part chapter 5, the analyses of the qualitative and quantitative research are triangulated and reflected on. Development suggestions for strategy alignment are presented in chapter 6. The suggestions are based on the primary and secondary data displayed in preceding chapters. A Strategy Communication Plan is compiled for the case company to be utilized as a tool for aligning business strategies with employees. The Thesis research is wrapped up in chapter 7, where the conclusions are presented.

2 METHODOLOGY

The methodology of the Thesis research is presented in this chapter. The research method is explained in the first sub-chapter and the research techniques as well as the data analysis methods are elaborated on in the second and third sub-chapters. Moreover, the motivation for the chosen research methods and techniques are discussed.

2.1 Single Case Study

This Thesis research is carried out as a single case study. This research method was chosen since there is a specific phenomenon of interest in the case company that calls for analysis and development. The case company has planned and formulated its business strategy for a three-year period and needs to align the strategy with the employees to enable effective execution. The prerequisites for alignment must be analysed and the initiatives for structured strategy communication need to be determined. Case study methods enable researchers to observe circumstances taken place in a real world context, for example organizational processes and strategy execution (Yin 2014, 4).

When applying a single case study method, the objective is to make a detailed exploration of the issues, themes, and patterns that occur within the case in order to extract findings for analysis (Stokes 2011, 16). In this Thesis research, several aspects in the case company have been observed and explored for analysis. As both quantitative and qualitative research techniques have been applied in this Thesis, a wide field of evidence have been utilized for analysis. As Gillham (2010, 1-2) states, one single source of evidence is not likely to be sufficient when applying case study research but instead a range of different kinds of evidence that is abstracted from the case setting.

As this Thesis is a combination of research and development work, empirical data collection is necessary to gain the relevant primary data for the case at hand. One of the strengths of case study data collection is the possibility to utilize different sources of evidence (Yin 2011, 119). The quantitative research consists of employee questionnaires sent to the case company's Swedish and Finnish units. Interviews with middle managers in the case company are conducted in order to

acquire qualitative data for the research. Theory is used as secondary data in this Thesis research. Sekaran (2003, 30) describes theory formulation as the pursuit to integrate all the data in a logical way. In that way, different aspects of the problem can be conceptualized and tested. The theoretical framework assists in planning and implementing the data collection part of this Thesis research. It forms the direction, next to the Thesis's objectives, to the preferable structure of data collection. Furthermore, the theoretical framework guides the analysing of the empirical findings of the research. The utilization of theory in case study research is of crucial assistance in defining the right data to be collected as well as in generalizing the evidence from the case study (Yin 2014, 44-45).

Multiple sources of primary and secondary data, for example interviews, questionnaires, documents, emails and literature have been utilized. In order to combine and integrate the evidence, data triangulation has been used in this Thesis research. Data triangulation enables the collection of evidence from multiple sources aimed at corroborating the same finding. When data is triangulated comprehensively, the case study's findings are supported by more than one source of evidence. (Yin 2014, 120-121.)

2.2 Data Collection

As stated previously, both quantitative and qualitative research techniques have been applied in this Thesis research. The collected primary data consists of questionnaires sent to employees in the case company's business units in Sweden and Finland, and interviews with middle managers in Sweden, Finland, and Poland. The possibility to observe and listen has been presented as a data collection technique, as the researcher is currently working in the case company. Participant observation can be used if the researcher is placed in the case setting in an active sense thus enabling to notice issues of importance to the study (Gillham 2010, 21). However, it needs to be noted that observation has not been applied in a structured manner; therefore, it cannot be regarded as an official research technique in this Thesis research. Other data sources that have been utilized are emails and interviews with the CEO, the procurement manager and the former CEO of the case company.

In order to establish validity and reliability of the evidence, Yin (2014, 118) presents four principles to follow when collecting data. These principles are the use of multiple sources of evidence, creation of a case study database, maintaining a chain of evidence and handling of data extracted from electronic sources. All these principles have been taken into consideration when collecting data for this Thesis research. Several sources of evidence have been utilized in data collection and the data has been triangulated in order to strengthen the construct validity of the case study. The researcher has created a database consisting of all the raw data subject to analyses and interpretation. The database is separate from this final Thesis report and some fragments from it are attached in the Appendix section. Correspondingly, to enhance reliability of the research, a chain of evidence is maintained in this Thesis. In other words, the reader of the Thesis research should be able to follow the logic and reasoning of the research as to research questions, relevant sources, actual evidence, and conclusions. Lastly, extra care has been taken when using electronic sources. All data derived electronically has been crosschecked for incompleteness and bias. Furthermore, social media sites have not been utilized as data sources.

The theoretical part of the Thesis research was constructed before the empirical data was collected. This is due to the fact that the theory guided the empirical data collection and aided in defining the scope and understanding of the topic. Yin (2014, 39) states that by building a theoretical framework that works as a blueprint for the study will guide the data collection and analysis. The literature utilized in the theoretical framework mainly consists of strategy execution and alignment, communication management, human resource management, and leadership and change management. The theories enhanced the understanding of how the case company could develop alignment and communication of strategies with the employees.

Structured employee questionnaires are used as one of the main empirical data collection tools in this research. Questionnaires can be an efficient data collection tool when the researcher knows exactly what is needed and how to measure the variables of interest (Sekaran 2003, 236). The questionnaires were sent to all the employees in the case company's Swedish and Finnish business units. This research technique was used in order to determine the employees' perception of

the company's current strategy alignment and communication. Another objective of the questionnaire was to determine the employees' level of motivation and commitment towards strategy execution in the case company.

Semi-structured interviews were used as the other main empirical data collection technique in this research. These kind of interviews comprise a list of pre-determined questions as well as possible open-ended questions that allow the interviewee to elaborate on issues (Stokes 2011, 62). The interviews were implemented with middle managers in the case company's business units in Sweden, Finland, and Poland. The interviews were held face-to-face and by telephone. The usage of face-to-face interviews is preferable when the interviewees are regarded as key-individuals to the research's context and when the study material is sensitive and trust needs to be built between the interviewer and the interviewee (Gillham 2010, 62). As one of the objectives of the interviews was to gain valuable knowledge of the middle managers perception of their roles as strategy integrators, trust needed to be established.

There were seven interviewees in the sample group and they were selected based on their position in the case company. One of the objectives of this Thesis research is to clarify the role of middle managers in the case company, as to strategy integration. Therefore, the selection of the sample group was quite crucial. The main focus of the interviews was to establish the prerequisites for effective strategy integration implemented by the middle managers. The interviews were recorded with the permission of the interviewees.

Semi-structured interviews were organized with the current and former CEO and the procurement manager of the case company to gain background information of the strategy work and other company specific data. The data derived from these interviews was compared with the evidence from the other research sources in order to establish correlation of the research topic.

2.3 Data Analysis

Roberts (2007, 71) characterizes interpretation as a certain phase in the research process occurring after the gathering of data. Furthermore, the author argues that interpretation does also occur through the whole research process. It takes place

during the collection of data, in the organization of the data and finally in the analysing and reporting phase. A researcher makes his or her own interpretations from connections made between several sources crucial to the research project. The interpretation and analysis of this Thesis research was implemented in a similar way. The researcher had started to make interpretations of the case already from the start when choosing the area of interest. As the case study evolved further and various data was collected, new insights were developed leading to further analysis. In addition, as the researcher works simultaneously in the case environment, she has had the possibility to constantly observe and absorb new information leading to further analysis. Combined with the collected primary and secondary data, the researcher has been able to conduct the final data analysis from a broad spectrum.

The data collected from the employee questionnaires was quantitatively analysed by SogoSurvey, an online-based software tool for managing various kinds of surveys. The software enabled the user to import all questionnaire data in the program and export different kinds of reports based on the collected data. There was a possibility to conduct frequency reports, run comparison data with the aid of cross tabs, and pivot tables. These tools assisted the researcher in analysing the questionnaire through different variables of interest. The quantitative data analysis clarified how the employees perceive and comprehend the company's business strategy and whether they are content with the current communication of company performance and strategy related information. The analysis also permitted the researcher to make an estimation of whether the employees are committed to strategy execution and if there exist barriers to strategy alignment in the company.

The data collected from the interviews was analysed qualitatively in order to clarify how the middle managers percept their role as strategy integrators in the case company. Furthermore, the analysis of the interviews allowed the researcher to determine which procedures are vital in order to develop strategy alignment and integration in the case company. All of the interviews were transcribed in written form to enable the researcher to study the data content more deeply. Two of the interview transcripts are attached in the Appendix section of this Thesis. Thematic analysis was applied to summarize the interview

transcripts and sort out the most relevant data to be examined. Interview data can be edited and categorized in order to identify substantive information and delete repetitive statements (Gillham 2005, 130).

3 MANAGEMENT OF STRATEGIES IN ORGANIZATIONS

This chapter focuses on the core concepts of strategy and on the crucial planning and formulation phase. The importance of establishing an agile and competitive strategy is discussed as well as the relevance of strategy communication. The last sections in this chapter examine strategy execution and its meaning for companies in their pursuit of successful performance.

3.1 The Importance of Strategy

“Strategy is the great work of the organization. In situations of life or death, it is the Tao of survival or extinction. Its study cannot be neglected.”

- Sun Tzu, the art of war (cited in Grant 2008, 3.)

The concept of strategy is defined in multiple ways and by numerous authors, scientists, researchers, and business people. Aside from individuals working in enterprises and organizations, also sportsmen- and women, the on-line gaming world and famous entertainers around the world use concepts of strategy. The word “strategy” comes originally from Greece, meaning “general ship”, but most people may relate it more to the Chinese general Sun Tzu and the classic The Art of war. This epic masterpiece on strategy was written already around 500 BC. (Grant 2008, 14.)

A strategy can be defined as a holistic pattern or plan that integrates an organization’s goals, long-term and short-term objectives, and activities (Mintzberg & Quinn 1996, 3). It also describes in which ways companies create and supply value to their shareholders and other internal and external stakeholders (Kaplan & Norton, 2004 4). Strategies are always linked to organizations’ goals and vision. That implies that a strategy should specify a concrete set of decisions and procedures that guide companies towards the vision and the goals. (Verweire 2014, 17.) As Hrebiniak (2005, 23) states; everything begins with strategy. Execution cannot commence before there is something to execute. Strategy decrees the actors of the game, presents the right direction, and identifies the needed skills and capabilities.

If everything starts with strategy, it ought to be of utter importance to formulate and plan the most optimal strategy than can spur high performance and enhanced competitiveness. Porter (1996, 5) distinguishes between strategic positioning and operational effectiveness and argues that both are vital to companies' performance and competitiveness. However, as the author states; it is crucial to understand the difference between these two paradigms. Operational effectiveness is about performing similar activities in better ways than competitors perform, whereas strategic positioning refers to performing different activities or similar activities in different ways compared to competitors.

The strategy-planning phase is undoubtedly crucial for the performance and success of the case company. Many aspects need to be taken into consideration when planning and formulating the strategy. For example, changes in the external environment force the company to create adaptable and agile strategies. In addition, company-specific strengths and weaknesses should be taken into consideration. If the case company's strategy is not aligned with internal capabilities and resources, it might not have solid pre-requisites for success.

Bradley, Dawson and Montard (2013, 1) state that the preconditions for good strategies are based on a few core building blocks. According to the authors, companies need to ensure that there exists agreement on the vital decisions connected to strategy, and on the principles of making them. Furthermore, it should be assured that companies are well prepared for putting the strategies in action once they are formulated and aligned. It could be said, that a strategy's building blocks define the strategy itself, and provide the preconditions for a clear interpretation of the strategy (Bossidy & Charan 2011, 182).

Rumelt (2012, 9) stresses the importance of agility, meaning that a good strategy should be adaptive to shifts in the competitive situation. Insightfulness can create new strengths, therefore maximising the power of strategy. In addition, strategies need to be coherent and coordinating. This means that rather than pursuing several objectives, companies ought to focus on a coherent design of strategy that can create strength. What is more, solid strategies ensure that there is fit between all decisions in the company. The decisions need to be entwined

logically in order to comprehensively direct the choices and activities on all levels in the organization. (Van Den Steen 2014, 1.)

3.2 Planning and Integration of Corporate and Business Strategies

All companies and organizations have their unique structure and different levels of functions that direct operations and activities. Small companies often have flat and simple organizational structures, consisting of only one unit and a few departments. Middle-sized and large organizations often comprise various components that are entwined with the purpose to create synergies amongst the whole enterprise. In order for companies to be fully integrated, executives on the corporate level need to determine the most optimal ways to create and add value through the different parts of the company (Kaplan & Norton 2001, 167). Defining and modelling a corporate strategy is the first step in this process.

Corporate strategy comprises the operations of an organization and focuses on areas such as portfolio management, diversification, and resource allocations amongst business units and other parts of an organization (Hrebiniak 2005, 37). The purpose of corporate strategy is to determine the scope of the external environment a company operates in, that is, the industries and markets a company competes in (Grant 2015, 19). Furthermore, the intent of corporate strategy is to comprise all the decisions concerning a company's policies (Mintzberg & Quinn 1996, 47).

Business strategies are concrete action plans implemented on business unit levels. Business strategies demonstrate how companies compete and position themselves in the market and how they differentiate themselves compared to the competition. (Verweire 2014, 17.) Business strategies are directly affected by the resource allocations of corporate strategies. Therefore, it is important that businesses perform according to expectations, in order to avoid that their resource allocations decrease. (Hrebiniak 2005, 46.) Verweire (2014, 17) argues that it is crucial to formulate a winning strategy on the business level because it is there where the competition takes place. Additionally, it is on the business level where profits for an organization are earned. Figure 1 depicts the relationship

between a company's corporate strategy, corporate structure, and business strategy.

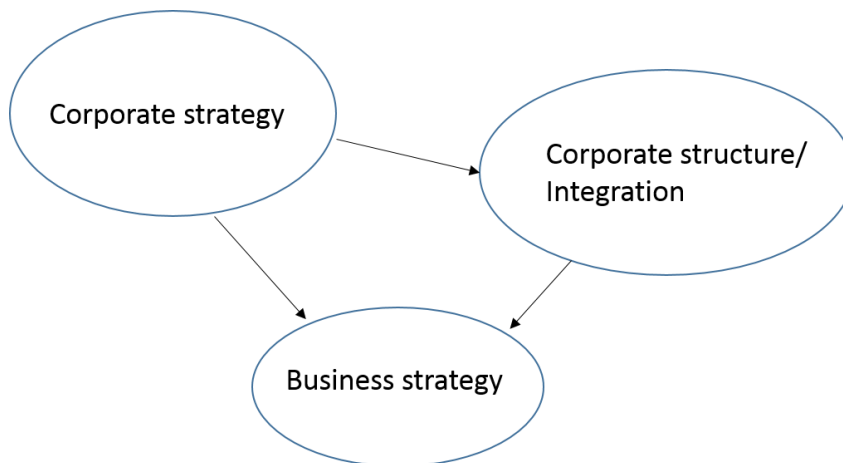


Figure 1. Corporate strategy, business strategy and corporate structure (Hrebiniak 2005, 44)

Corporate strategy decrees the direction for a company and allocates resources amongst various business units. Corporate structure, on the other hand, contains the different business units created by the demands of the corporate strategy. An example of this is the case of mergers and acquisitions. If a company has a corporate growth strategy, it will eventually lead to either a merger or an acquisition. To get the new organization working optimally, structural change is necessary in order to achieve integration. Therefore, corporate structure has an effect on the execution of corporate strategy. (Hrebiniak 2005, 38-39.)

Following the creation of the most optimal corporate structure, business strategies must be established on the business unit levels. On these levels, the strategies focus on how to compete in different markets and with which products or services. Consequently, business strategies are essential by their own because they aid in achieving competitive advantage and profitability for a company as a whole. (Hrebiniak 2005, 44-45.)

3.3 Information Sharing and Communication of Strategies

Communication is a constant part of everyday life and occurs between human beings and non-human entities such as companies and other sort of organizations. Communication is often taken for granted, because it is an axiom that exists both on a conscious and an unconscious level. However, it is important to accentuate the meaning of communication, especially when dealing with concepts such as strategy execution and alignment. Communication is the prerequisite of translating strategies into action and motivating employees to mobilize.

Communication refers to common talk between individuals that can occur by face-to-face speech or by sending messages through letters, emails, or other mediums. However, communication is much more than just sending and receiving messages. It is about getting through a message and making sure the counterpart understands it. Communication is also influenced by human behaviour and is steered by all aspects that influence human behaviour. (Rai & Rai 2009, 1.)

In the case company, communication is a necessity on every level in order for the daily operations to take place. Individuals need information in order to perform their duties and tasks. For operations to run smoothly, the employees need to communicate with each other effortlessly and transparently. It is essential to recognize the need for fluent communication both on vertical and horizontal levels in the company. As the case company consists of dispersed units in different countries, it is essential that communication between employees is enabled and encouraged.

Good communication can lead to a feeling of empowerment amongst employees. When employees feel empowered, they can sense that they are contributing to the development of an organization. Furthermore, by making communication a two-way process, employees have the possibility to discuss the information being conveyed, and in that way, feel more involved. Furthermore, communication plays a vital role in engaging employees and building consensus. It is about creating relationships that are built upon trust and commitment. Communication

can be an effective way of establishing buy-in when new ways of operating are being introduced. (Holbeche 2009, 413-414.)

Supervisors and managers on different levels in companies are important communication channels. That is why it is essential to involve frontline leaders in active strategy communication. (Boehm, Matha & Silverman 2008, 15.) If communication is of poor quality and not open, it can undermine organizational learning and in that way hinder alignment and performance. When companies implement new strategies and introduce a mutual vision, it is important that there exists honest two-way communication between senior management and key individuals on operational levels. Otherwise, senior management is unable to influence assumptions, roles, behaviours, and operations throughout the organization. (Beer 2009, 110.)

In 2003, Lawrence G. Hrebiniak, a Wharton University professor, conducted an executive manager survey with the intent to gain understanding of the challenges managers face when making decisions and execute their companies' strategies. Based on the 243 replies from the survey, a list of execution challenges to the strategy execution process was compiled. According to the survey, one of the largest execution barriers was poor or inadequate information sharing between individuals and units regarding strategy execution. (Hrebiniak 2005, 14-15.) It is apparent that companies in general struggle with strategy communication and internal information sharing. Therefore, it is important to consider the importance of transparency and open communication in the case company.

Employees need information and understanding of their companies' operations and performance. They are entitled to know in which ways they can have influence on the success of their companies. By communication of mission, vision, values, and strategy companies can influence employees' motivation towards their own work. When employees know and understand the strategic plan and objectives of their company, they feel more motivated in developing the company's performance with their own work. (Kaplan & Norton 2008, 141.)

3.4 Executing Strategies

Currently, when the global business environment experiences fast shifts and turnarounds, it is essential for companies to be alert and adaptive in their operations. Successful execution is more important than ever. (Bossidy & Charan 2009, ix-x.) Strategy execution is the result of several decisions taken by employees in companies on a daily basis. Executives and managers can influence these decisions by clarifying decision rights, changing and adapting structures, aligning motivators for employees, and designing information flows. (Martin, Neilson & Powers 2008, 1.)

As the future is unknowable, most of the key organizational results spring through unexpected events. That is why execution needs to be adaptive and responsive. (Holbeche 2009, 129.) When making strategic plans, managers and employees on every level need to be prepared for unexpected obstacles and fleeting opportunities. Strategy execution is about seizing the opportunities that support the strategy and at the same time coordinate operations in every part of an organization. Execution is at its best when managers generate innovative solutions to unforeseen barriers and take advantage of unexpected opportunities. (Homkes et al. 2015, 5.)

Successful performance requires solid execution. Execution consists of several processes of connected activities that enable companies to make their strategies work. Execution needs to be planned carefully in order for strategic goals to be attained. However, execution brings about great challenges. Many factors such as politics, resistance to change, and inertia can hamper execution efforts. (Hrebiniak 2005, 3.) When executing strategy, the focus should lay on the *how* and not on the *what*. It should be determined which operations and processes in a company are the most important for successful strategy execution. Then, resources should be pointed at making those processes as efficient as possible. (Joyce et al. 2003, 8-9.)

Stack (2014, 12-13) presents four crucial factors for successful strategy execution. These four key factors are leverage, environment, alignment, and drive. Leverage in this context means having the right people and processes in

place to achieve the company's strategic priorities. Environment refers to organizational atmosphere, practices, and culture that enable employees effortlessly support the strategic priorities. Alignment is the integration of the teams' and units' daily activities, directed towards achieving the company's strategic goals. Lastly, drive equals agility. In other words, leaders and employees on every level in a company need to react and act quickly after the first three stages in the list are in place.

Strategy execution is a process comprising several sets of activities and decisions. All the different parts of the process are connected and interdependent. It is helpful to present the different variables of strategy execution in a model, in order to see the interconnections more clearly. In figure 2, the whole strategy execution process is presented in a model. This figure is an elaborated version of figure 1, on page 29. A strategy execution model can help to determine what should be done, when, why and in what order. It can also identify how the execution decisions should be made. (Hrebiniak 2005, 34-35.)

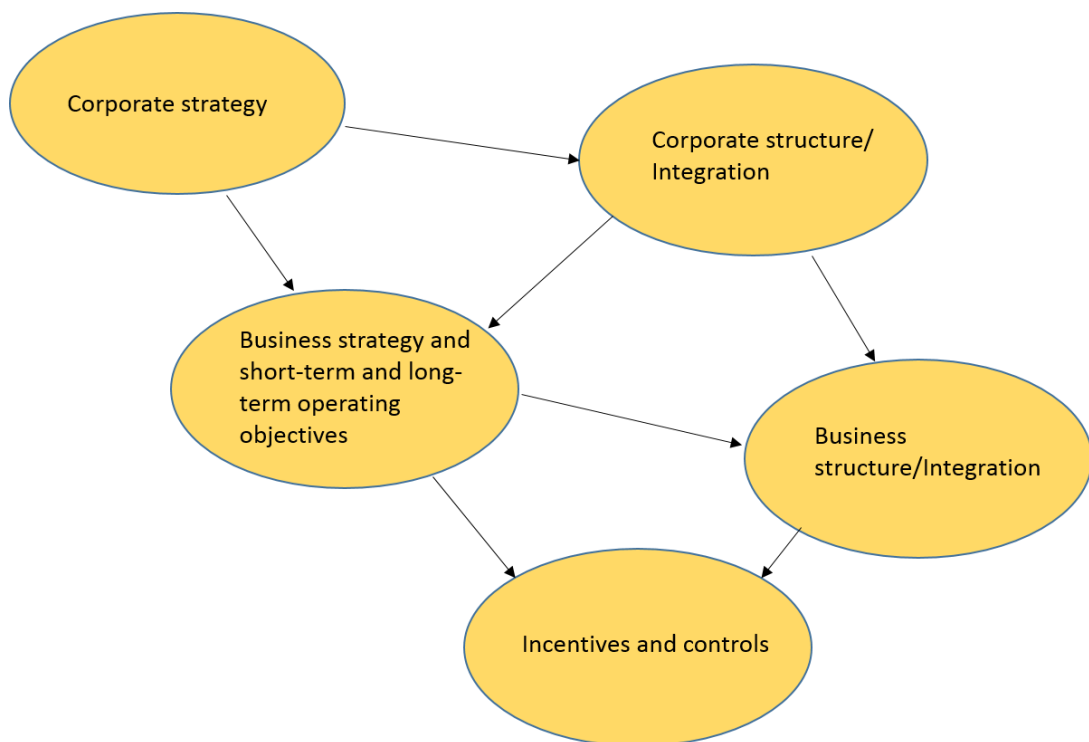


Figure 2. Executing strategy: key-decisions and actions (Hrebiniak 2005, 35)

Figure 2 displays the logical flow of decisions and activities connected to execution. For example, incentives and controls are presented last in the model because they cannot be set before operating objectives have been determined. In addition, corporate strategy must be formulated before business strategies can be established. The arrows in the figure show the direction of the decisions; however, they do not indicate only unilateral or top-down flow of execution. On the contrary, strategy execution demands alignment, communication, and participation in an organization, both vertically, horizontally, from top-down and bottom-up. Overall, a strategy execution model should be dynamic and adaptable with emphasis on both action and reaction. (Hrebiniak 2005, 36.)

As discussed in this chapter, formulating and planning agile and competitive strategies is of high importance in today's fluctuating business environments. Furthermore, it is indicated that execution is even more crucial than the strategy itself. If the case company is not able to implement, align and communicate the meaning of the strategy internally it is cumbersome, if not impossible, to put forward the strategic plans and achieve the short-term and long-term goals and objectives. In the next chapter, the execution process is discussed further with emphasis on the alignment of business strategies with employees, structures and operations.

4 ALIGNMENT OF STRATEGIES WITHIN ORGANIZATIONS

This chapter discusses the importance of aligning strategies with structure and operations as well as employees in organizations. The role of leadership in regards to managing change and organizational culture is examined. This chapter discusses also performance evaluation and incentives for employees. A description of a balanced scorecard and strategy maps are presented in the last part of this chapter.

“Coming together is a beginning; keeping together is progress; working together is success.”

- Henry Ford (cited in Stroh 2014, 33).

Alignment matters. Alignment is crucial. Alignment is the prerequisite for successful strategy execution. This message unifies most of the contemporary research and literature on strategy execution. Without alignment execution cannot occur. The role of alignment has become even more important as corporations evolve in more tangled ways and consist of structures that are more complex. This creates more diverse functions and operations. Significant organizational changes, for example mergers and acquisitions, lead to dispersed units and departments that all require firm and concise leadership and management. This in turn requires alignment of values, vision, and strategy on all levels of the organization.

Alignment of strategies implies that managers cascade the strategy through the whole organization and integrate employees by communication processes and through linking individual work objectives and incentives to strategic objectives (Kaplan & Norton 2008, 8). Furthermore, alignment is about developing a set of activities around a core competitive proposition, such as a low-price theme or a high-quality theme. By clarifying the common proposition of the company's strategy, employees are able to work together towards mutual objectives. (Verweire 2014, 9, 40.) Real alignment occurs when a company's strategy, goals, and purpose fortify one another, and in that way, gives the members of an organization a direction to move forward to (Nautin 2014, 137).

Total alignment can only occur when there is an environment of absolute trust and open communication, where employees can freely influence and challenge their agendas in behalf of the common good (Leibner, Mader & Weiss 2009, 62). Performance alignment arises when companies' structure, systems, people, and culture match the goals and strategy, whereas psychological alignment refers to the emotional attachment of employees on all levels to the purpose, mission, and values of a company (Beer 2009, 19).

As Kaplan and Norton (2008, 3) state, there are several management processes that are important for successful strategy execution. Organizational alignment is one of the most important processes that need to be implemented. It comprises the alignment of all units and departments, external partners, board and the employees with the strategy. The subsequent chapters will demonstrate the importance of strategic alignment as to structure and employee performance, communication and leadership. Also, different alignment tools, such as the balanced scorecard and strategy maps will be discussed.

4.1 Linking Strategy with Organizational Structure and Operations

Planning and formulation of the right strategy is the first task in the process of creating competitive advantage and enhanced performance. However, it is important to determine what effects the strategy has on organizational structure or how organizational structure influences the strategy. In the case company, organizational structure was reviewed after the planning and formulation of the strategy in spring 2015. New functions were created, new employees were hired, and a revised management system was implemented. These changes in the organizational structure was a consequence of the case company's new business strategy and are supposed to support and facilitate the execution of the strategy in the whole organization. (Ruohola 2016.)

Hrebiniak (2005, 108) argues that there are at least five structural issues that influence strategy execution. Firstly, companies ought to measure the impact that structure has on strategy execution. Secondly, the balance of centralization and decentralization should be determined. Thirdly, the relationship between strategy and structure should be stated, that is, what aspects of strategy set the choice of

structure. It is also crucial to achieve coordination and information sharing across units in an organization. Lastly, responsibility and accountability should be clarified in order for every employee to know what he or she needs to do and why. All these factors are crucial for execution to work.

There needs to be an alignment between strategy and organizational structure, as it is of no importance to have the most optimal strategy if there is no support from an appropriate structure. (Strategic direction 2009, 22.) Currently, the case company could be characterized as a functional organization, consisting of different functional departments that co-exist and cooperate in order to create synergies for the whole organization. However, the diverse departments operate according to a matrix-structure, as they are combined of cross-functional operations. (Ruohola 2016.)

Before the merger in 2011, the case company operated with a flat organizational structure, with only a few management levels. Consequently, when making changes in organizational design it is important to keep the focus on integration and synergy utilization. Strategy must be linked and integrated with all the parts of a company, in order for organizational performance to become more than the sum of its parts. (Kaplan & Norton 2001, 11.) In recent times, many companies have emphasized flatter organizational designs and continued to develop smaller, more flexible units with less management levels (Holbeche 2009, 47).

Flat organizational structures bring many benefits for companies. They facilitate vertical communication and result in enhanced decentralization, which enables employees to take more responsibility. By having flat structures, companies can react faster to market changes. Furthermore, transparency and accountability are facilitated. However, having a flat organization does not guarantee successful execution. Factors such as inertia, inadequate expertise, and lateral communication problems can occur with flat organizational designs. (Hrebiniak 2005, 120-121.)

The relationship between strategy and structure needs to be determined in order for companies to benefit fully from their strategy execution. This issue is related with the direction of the strategy, for example, if a company is pursuing a low-cost strategy or a diversification strategy. Companies are not likely to be successful

with their executions if the value proposition is linked with differentiation but the people proposition is linked with low-cost. (Kim & Mauborgne 2009, 5.) Functions and structure must go hand in hand with the value proposition of strategy. For example, if companies pursue a low-cost strategy, it would be logical that the organizational structure favours centralized forms. This kind of forms foster efficiency from economies of scale and scope and reduce unnecessary costs. (Hrebiniak 2005, 127.)

When companies implement organizational changes and develop new strategies that require integration and alignment, it is crucial to ensure that employees on every level know their purpose in the organization. It is a question of responsibility and accountability. In the end, it is not the best laid plans that ensure success; it is the execution of the plans. Employees need to feel empowered in order to perform their responsibilities, and that on the other hand requires clear and decisive leadership (Stroh 2014, 115).

The case company has evolved from an entrepreneurial family-owned company to a more structured organization. As there have been many organizational changes in the company in a relatively short period, it is important that the management confirm that all the changes have been understood and internalized by the employees. Otherwise, it could be challenging to drive for execution and alignment.

4.2 Linking Strategy to Employee Performance

The most important factor of strategy execution is people. The employees of a company execute the strategy and perform all related tasks that ultimately lead to the achievement of a company's strategic goals. Therefore, it could be argued that the most crucial aspect of execution is to link the strategy to employee performance. As the case company is a multinational corporation, consisting of operations in three different countries, it is essential that the employees on every level and in every unit see and understand their role in strategy execution. Alignment must occur in an integrated manner. The case company needs a committed and motivated workforce in order to successfully align and execute the case company's strategy.

According to Verweire (2014, 53), successful companies are those that have connected their workforce to the strategy and managed to get the employees committed to executing the strategy. Therefore, strategy execution does not only refer to well-aligned actions, it is also about the commitment of the employees, and how they bring strategies to life. Moreover, every employee ought to know how to make a true contribution to the realization of the strategy (Khadem 2008, 29).

4.2.1 Integrating HR and Business Strategies

For successful alignment, all functions in an organization must support the overall strategy and objectives. Therefore, all of a company's activities should be coordinated to achieve the set goals. This includes the Human Resources (hereinafter HR) activities and planning, which should identify gaps and excess resources as well as the recognition of competences. (Holbeche 2009, 133.) Integrating HR and business strategies comprises taking into account present and future key-trends, setting goals with stakeholders and working towards these goals. HR can play an important role in detecting knowledge in the company, designing structures and roles, and planning processes and practices that facilitate strategy execution. (Holbeche 2009, 61.)

Historically, the role of HR has been as one of an administrator of hiring, compensation, promotion and other employee practices. HR people have not actively contributed to the more strategical issues in companies. Even though HR should be seen as a crucial part of upper management, its influence has not reached the tactical spheres of overall strategical planning and execution. Nevertheless, HR could assist in various important aspects. For example, when companies suffer from a harmful political environment and commitment difficulties HR could step in and be a key driver of change and engagement in a company. (Leibner et al. 2009, 167.)

HR has also a key role in improving the quality of leadership and enabling development of distributed leadership in companies. In addition, HR ascertains that an ethical approach permeates business practices, leadership behaviour, and decision-making. (Holbeche 2009, 61.) As a part of its structural change, the

case company employed a HR director in spring 2015. The HR director's purpose in the case company is to support other functions in the organization. The HR Director is a part of the management team and attends the team meetings on a regular basis. (Ruohola 2016.) In this way, the HR Director can aid and influence the execution of strategies in the case company.

4.2.2 Performance Evaluation

Another important aspect of strategy execution and alignment is performance evaluation. Companies need to measure their performance and evaluate the development of every individual employee. Otherwise, there is no possibility to know whether strategy execution is progressing as planned. Performance measurement is implemented continuously to ascertain that a company is moving in the in the right direction and to identify best practices (Verweire 2014, 105). By evaluating and monitoring performance companies can learn about possible barriers, problems, and challenges that stand in the way of strategy execution (Kaplan & Norton 2008, 9).

Performance evaluation is important, although it is often interpreted negatively. This should be avoided as it might hinder strategy execution. In order for alignment to thrive, an atmosphere of trust and commitment should prevail. Therefore, companies should focus on initiatives that minimize the risks of negative perceptions linked to performance evaluation. Hrebiniak (2005, 209) presents four action initiatives that can reduce the negatives associated with performance evaluation. Firstly, instead of focusing solely on forced ranking systems leaders could negotiate on objectives in performance appraisal. Secondly, the objectives should not be stated at all-or-nothing or black-and-white metrics. There are benefits to be gained from grey-areas also. Thirdly, brutal honesty should not be demanded from employees when analysing performance and explaining aberrations. Main emphasis ought to be laid at learning and development. Lastly, rewards should be pointed at performers. Employees need to know what is valued and expected, in that way, those who contribute to successful execution outcomes will be recognized.

By measuring the outcomes of activities connected to strategy execution, companies can evaluate what knowledge, training, support systems and processes are needed for employees to implement their daily tasks and work towards the company's strategic objectives. Ulrich and Smallwood (cited in Holbeche 2009, 95) argue that companies should measure organizational capabilities, for example, innovation ability or the ability to respond to changing customer needs. These intangible capabilities are what really drive growth, which per se is the uttermost objective of most strategies.

4.2.3 Employee Commitment and Motivation by Incentives

"Working here is truly an unbelievable experience. They treat you with respect, pay you well, and empower you. They use your ideas to solve problems. They encourage you to be yourself. I love working here."

- Employee at Southwest Airlines (cited in Beer 2009, 19).

Every company strives for a motivated and engaged workforce. It could be argued that motivated employees work a little bit harder and take that important extra step to reach a company's goals. Employee motivation should not be overlooked when planning strategy execution. As previously stated, it is the people of an organization that make strategies alive and execution a reality. Today's business environment has evolved to a more knowledge and service-based economical arena, which means that focus is directed more on the people as sources of production and innovation. Companies need agile employees that are multi-skilled, flexible, and capable of fast decision-making and continuous learning. Most importantly, they need engaged employees, people that are aligned with a company's objectives and willing to take that extra step and act as promoters of their organizations. (Holbeche & Matthews 2012, 6.)

Leibner et al. (2009, 1) define commitment as the instinctive willingness for employees to follow and contribute. The authors (2009, 21) distinguish between pseudo commitment, wherein employees have knowledge of and are interested in the company's performance. On the other hand, strategic commitment occurs when employees are passionate about achieving a company's strategic goals. Engagement is the degree to which employees actively self-manage in their work

(Thomas 2009, 11). Furthermore, when employees are engaged, they are more inclined to be innovative, willing to share their ideas, more aligned with mutual objectives, more productive and accountable, and more likely to act as ambassadors of their company's brands. (Holbeche 2015, 64.)

Employees should perceive their work as purposeful, they must feel responsible for the outcomes of their work and they should know what the results of their work are (Beer 2009, 234). Motivation and commitment can also be achieved by incentives or rewards. Incentives motivate behaviours in the direction of actions consistent with preferred execution outcomes. Incentives can be of extrinsic value, for example salary, bonuses, and promotions. They can also be of intrinsic value, for example work-enjoyment, feeling of fulfilment and identification with a job or its outcomes. (Hrebiniak 2005, 185.)

Most companies have several extrinsic incentives for employees. Salary ought to be an axiom, delivered to employees as a compensation for performed work. Bonuses do not exist in every workplace, or in every function, but is a way of motivating an employee towards achieving a company's goals. However, unfortunately in many work places employees do not have the possibility to influence the payable rewards with their individual work, or do not have knowledge of how their work is connected to the reward system. According to Thomas (2009, 12) extrinsic incentives is a way for companies to achieve compliance from employees. The author suggests that extrinsic incentives are administrated by employers to ascertain that work is carried out properly and according to rules.

Extrinsic incentives are important tools in motivating and mobilizing employees, but these alone might not stimulate employee engagement and commitment. Employees need to be coached in building their work skills and boosting their career development opportunities. It is important to align organizational values with employees' individual values. Moreover, corporate culture needs to be characterized by a good working environment, cooperation, fair treatment, and learning and growth. (Holbeche 2009, 196). Intrinsic incentives beget self-management, which in turns leads to more initiative and commitment. Employees

receive intrinsic incentives from the work they do, for example pride of their workmanship and satisfaction for helping customers. (Thomas 2009, 13.)

Whatever form incentives have in companies, it is crucial to align reward systems and incentive-programs to the outcomes of strategy execution and to the individual work objectives of employees. When individual employee objectives are linked with strategic objectives there exists a clear line of sight, which enables employees to comprehend the purpose of their every-day work. (Kaplan & Norton 2008, 149.) Furthermore, incentives should be connected to the contribution of individuals, not to seniority or relationships (Khadem 2008, 34). Strategic objectives need to be reinforced and rewarded in order for execution to be effective. Therefore, incentives must support the short-term objectives that are linked to the long-term strategic goals. (Hrebiniak 2005, 189.)

4.3 Communication as a Tool for Alignment

A company can have a brilliant strategy, the structure to support the strategy and the means to cascade the strategic initiatives throughout the organization. All these factors are important prerequisites for effective strategy execution, but these alone do not guarantee success. One of the most important key-ingredients is missing, namely communication. There are several ways to communicate; by words and written language, by gestures and body language, and by tacit communication methods such as telepathy and mind reading. As this Thesis research is not exploring the parapsychological sphere, focus will only be placed at direct and indirect communication.

When it comes to strategic alignment, communication should be as direct as possible. Communication is needed in every step of the strategy execution process, in different ways depending on the phase of execution. There are several studies on strategy communication, which all point out the importance of communication in regards to execution. However, it seems that communication of strategies is often delayed until changes relating to execution have already taken form (Raps 2005, 142). Conversely, successful alignment starts with clear and bidirectional communication (Stack 2014, 153).

Good communication does not imply clear understanding. According to a study presented in Harvard Business Review, only 55 % of the middle managers amongst the survey sample could name their company's top five strategic priorities, in other words, they could not list their company's strategic objectives. The authors of the Harvard Business Review article suggest that these results indicate partly that executives measure communication by the amount of sent emails or held town hall sessions. Another contributing factor could be that executives change their messages regarding execution too frequently and do not communicate these clearly enough. (Homkes et al. 2015, 8.)

Almost all strategic initiatives demand change in organizations, which is why it is crucial to create a climate for change by communication. If employees receive information about changes and see how those influence the bigger picture, they become more empowered. Strong visibility and consistent messages from the leaders reduce uncertainty and permits employees to cope better with change. In comparison, unclear knowledge of strategy execution and defective internal communication foster disengagement. (Holbeche & Matthews 2012, 236.) Communication can also aid in moulding corporate culture. Cultural messages could contain a focus on a company's customers, a consistent passion for improvement, a commitment to performance and accountability or creativity and innovation (Kaplan & Norton 2008, 141).

Communication of strategies and execution should always begin from the top executive level. From there, the message cascades down the organization through every middle-management level down to the individual employee doing the operational work. It is the responsibility of every manager to learn and internalize the meaning of the strategy and mediate it further to his or her immediate team or employee. This way, every instance becomes an active part of execution. Employees most often respond positively if they perceive that their supervisors discuss and communicate openly of a company's performance, strategy and possible changes (Holbeche & Matthews 2012, 237).

If employees are given a sense of authorship, they will be much more committed to the outcomes. This does not indicate that every member of an organization must be a part of strategy formulation, but it means that every individual or group

ought to have a chance to compose what the strategy means for him or her. (Dewar, Keller, McGurk, Mendonca & Stephenson 2009, 5.) Furthermore, strategy communication is a two-way interaction, meaning that lower level employees should be given the possibility to express their thoughts and doubts. In addition, senior management ought to actively ask for feedback from middle management and create an atmosphere that inspires interactive dialogue. (Beer 2009, 108.)

To further illustrate how companies could cascade the meaning of strategy and facilitate effective execution by communication, an interactive cascade process is displayed in Figure 3. Keller and Price (2011, 124-127) present the process in relevance to change communication. The authors discuss in their text change barriers and effective elimination of these. Even though the cascading process refers to change initiatives, it is applicable to strategy communication, as the principle of cascading is the same.

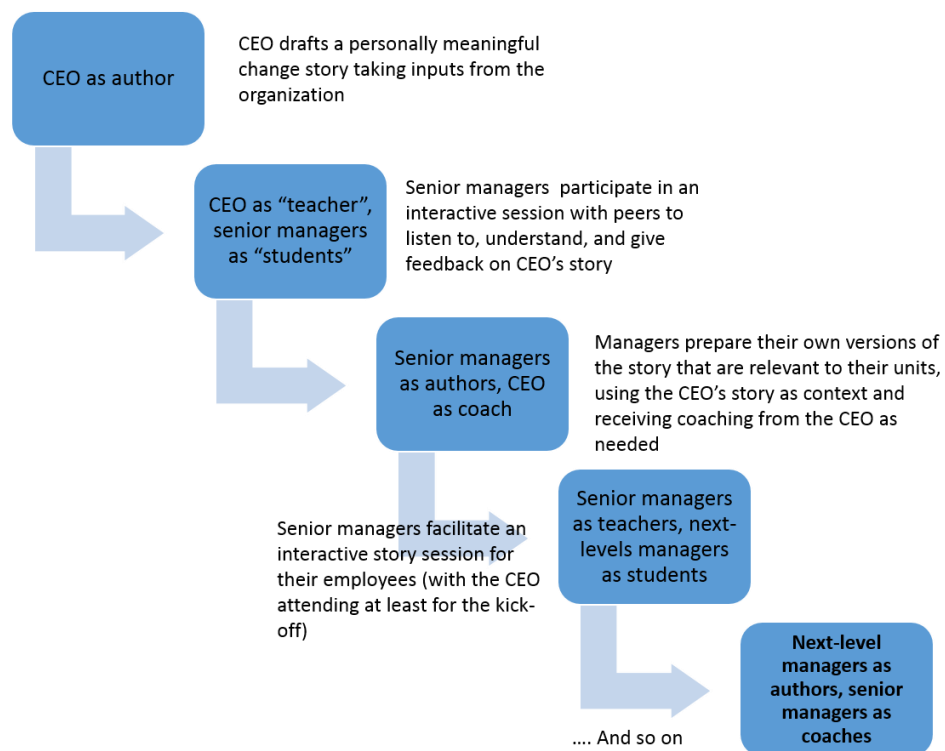


Figure 3. The Interactive Cascade Process (Keller & Price 2011, 125).

As visible in Figure 3, the change story, or strategy formulation should start from the top executive level, where the CEO and other top executives formulate and create a company's strategy, with the aid of inputs from the organization. The CEO then conveys the information to direct reports who have the possibility to discuss the strategy and what it means for them. After the senior managers have full understanding of the strategy, they write their own version of strategy in a way that makes sense to their employees and teams. The cascading process continues in this manner, until the message of the strategy has been communicated to the whole organization, in manners that make the strategy and its meaning comprehensible to everyone. (Keller & Price 2011, 125.)

Strategy communication processes should be led by the top executive groups, who ensure that information is communicated at the right time, that the messages are translated correctly to respective audience and that the communication is cascaded through a variety of channels (Kaplan & Norton 2008, 143). Strategy communication is not something that is implemented once; it should be living at all times, adaptable to changes and flexible in its processes. When companies conduct strategy communication plans, they should review the plans as often as possible and be prepared to make changes to them.

Strategy reviews are a good way of estimating whether alterations to the communication plan should be made. A strategy review is an analysis of companies' strategies, execution, and present performance. With the help of strategy reviews companies are able to focus on real results and development needs. When strategy and execution are reviewed, changes to the strategy communication plan can be made accordingly. (Hrebiniak 2005, 210.)

4.4 The Role of Leadership

The case company has gone through great transformational changes during the past four years. It has undergone a huge merger with a similar company in another country, and has adapted to completely new ways of operating due to new owner structure. During the course of these changes, three different CEOs have led the company, which all have had their own way of managing and leading the company and its employees. Two different strategical approaches have been

presented during these four years. Currently, the CEO and the management team have formulated and presented a new strategy, with the intent to steer the company on a profitable path.

In today's complex and fluctuating business environment, more and more is required from strategic leadership. It is not sufficient to only predict and plan. Leaders are also required to absorb information from their internal and external environment, and respond to it accordingly. In doing so, they are able to detect what is necessary for their companies in order to thrive and what is needed to win the hearts of employees. (Holbeche 2015, 71.) True leaders have a vision and they have the ability to inspire their followers to help in achieving this vision. Good leaders have the means to tap into peoples' motivation, drive, and enthusiasm and they give employees a sense of meaning and purpose in their work (Tracy 2014, 9-10).

In a research conducted by Holbeche in 2009, more than 2000 employees were asked what characteristics they wished to see in a leader. The top three traits that were mentioned were about leaders that can create and communicate a vision, inspire, engage and motivate employees, and leaders that are not afraid to face challenges and take risks. (Holbecke & Matthews 2011, 179.) Innovative and entrepreneurial are also adjectives associated with leadership. This means that good leaders are active and efficient in their endeavours. They do not sit around and wait for things to happen; instead, they roll up their sleeves and take on challenges. If they fail, they try again, and yet again. (Tracy 2014, 15.)

When it comes to strategy execution, it is important that managers and leaders mirror the behaviour they want to see in the organization. If execution is to be successful, a company and its employees need to work in ways that encourage and facilitate execution, in other words, an execution culture must be created. In order to build an execution culture, leaders need to strengthen an organization with the desired behaviours, and more importantly, they need to practice them relentlessly. By interacting and communicating with people on all levels in an organization, leaders reinforce and model the desired execution culture. (Bossidy & Charan 2011, 106.)

Leadership is defined by a company's strategic direction, as well. Different strategies require different leadership capabilities. By not assessing required leadership capacity before launching strategic initiatives could lead to harmful consequences. One of these consequences could be that companies do not have the right leaders in place for a particular strategy. This could lead to that existing leaders are burdened with additional responsibilities that they are not coped to deal with. (Hsieh & Yik 2005, 68.) Rumelt (2011, 66) argues further that leadership should not be confused with strategy. Leaders' responsibility is to inspire motivation and self-sacrifice, whereas strategy is the art of figuring out what outcomes are both worth achieving and possible of being accomplished.

Leadership is about directing a company to successful execution. Leaders motivate employees to take ownership of the strategy execution process (Hrebiniak 2005, 25). After all, it is the employees who execute strategies with their daily tasks and decisions. In addition, it is not only a CEO's task to energize and mobilize employees. This has to be implemented on every level in the organization. Leadership starts at the top, although it must be cascaded with a structured approach through the various levels in the organization. (Eigenhuis & Van Dijk 2007, 82-83.)

4.4.1 Managing Change

Leadership is always important, but it is even more crucial during times of great transformational changes. Employees need a captain that steers a company to the preferred direction, gives prerequisites for effective and efficient execution, inspires, and encourages the crew to give their best in achieving a company's strategical goals. Change is constant and continuous, that is a fact that stands firm. Some individuals or companies are better equipped to tackle change, while others struggle when the winds of change start to blow harder.

According to the McKinsey Global Survey on organizational transformations (2014), only 26 percent of the sample group consisting of 1946 executives stated that transformations they are most familiar with had been very or completely successful (Jacquemont, Maor & Reich 2015, 1.) Transformations and change execution are challenging processes that require enormous efforts from leaders

and managers. One of the most important factors in change implementation is to develop an organization's capacity for change in the long term. That would be the ultimate source of competitive advantage (Bauman 1998, cited in Beer 2009, 33).

During mergers and acquisitions, extra attention should be laid at preparing for the emotional responses of employees concerned by the transformation. After all, the way a merger or acquisition process is handled, will have a significant impact on how employees will interact, cooperate and learn from one another. (Holbeche 2009, 438.) Moreover, it is important that the top executives provide support in operational transformations and ease cooperation between units, departments and individual employees (Bennett, Makins & Nagao 2012, 156). When the case company acquired its Finnish competitor in 2011, minimal amount of information was given to the employees regarding the merger. It seems that not much thought was given to the impact of the merger.

When companies execute strategies or plan change initiatives, a few basic issues should be kept in mind to diminish possible barriers to change. Firstly, the size and content of change should be determined, and the time available for the change. It should be stated in which ways changes should be implemented and who is going to be responsible for different aspects of the change process. Substantial focus should be laid on methods for overcoming resistance to change. Lastly, the development of the change process ought to be monitored and measured at all phases. (Hrebiniak 2005, 228-229.)

Blanchard (2010, 45-46) discusses three critical leadership skills managers should obtain in order to initiate successful change. According to the author, leaders ought to make actively diagnoses of a company's change capacity, that is, assess the concerns of people being asked to change. In addition, the leaders should be flexible in their leadership strategies. Finally, instead of asking people to adapt point-blank to change implementation, leaders should see employees as partners on the journey, and let them freely express their concerns and thoughts regarding the changes.

In every change process or initiative, the ultimate goal is buy-in from the employees. Buy-in can be accomplished when there is a clear and compelling vision of the future or the desired state of being. Employees faced by the changes

need to know the reasons behind, and purpose of the change. It is important to demonstrate what the outcomes of the changes will be, that is, what will be different for the employees or their teams when the changes are implemented. (Pennington 2013, 55.) Furthermore, dialogue and conversation regarding the process should be transparent, and focus ought to be held relentlessly on values. Employees need to be engaged in the change process, they need to be pulled in, instead of pushed. Also in this case, communication is essential. (Holbeche 2015, 218-219.)

4.4.2 Managing Organizational Culture

When the case company acquired its Finnish competitor in 2011, there were no doubts that the merger would be challenging. Two different companies were to combine their operations, processes, and ways of working. Different systems and production techniques were to be integrated and several functions would be terminated. In the midst of all this integration were the employees, who were expected to merge in the same manner by sharing values and behaviours with one another. It is not easy to merge intangible assets such as organizational culture. Some would even say it is impossible. Therefore, it is important that the case company and its leaders perpend what they can do to influence culture change.

Organizational culture of a group can be defined as a pattern of shared assumptions and values that are formed by external adaptation and internal integration. Culture formation is a striving for patterning and integration. However, when observing an organization from the inside, much is reflected from the national culture and from the co-existence of subcultures in an organization. (Schein 2010, 18, 55.) Hrebiniak (2015, 261) defines organizational culture as a composition of an organization's norms and values and the vision shared by the members of an organization.

Every organizational group forms their own culture, which evolves through time and forms its own distinct identity. The culture reflects the collective experience and wisdom that emerges from lessons people learn as they grow and develop together over time. (Denison, Hooijberg, Lane & Lief 2012, 1.) It takes years for

organizational cultures to form and develop. They are an accretion of shared traditions, customs, and stories of heroism and betrayal, passed on from generation to generation while springing a sense of unity, identity, and continuity. Organizations often neglect the effect that culture has on the success on for example mergers and acquisitions. Looking at the issue socially, mergers and acquisitions contribute to the collision of worlds, meaning that different traditions, habits, and attachments come together and are forced to co-exist or adapt to new ways. (McLean 2013, 135-136.)

When companies develop and shape to new forms, it is important to invest time and resources in shaping the organizational culture. The culture should reflect the new company's values and behaviour. Especially when new strategies are developed, managers ought to ascertain that existing business practices and behaviours develop alongside with the strategy. This is often implemented top-down, starting with the CEO. Top executives can influence the nature of organizational culture by incentives, recruitment, communication, organizational structure, and systems and procedures. (Schein 2004, cited in Holbeche & Matthews 2012, 185.)

Moreover, when two organizational cultures merge, leaders should analyse the most optimal way of managing the clash of cultures. In most of the cases, one of the two cultures will dominate and eventually convert or exclude the other culture. Leaders can either leave the different cultures alone to continue to evolve in their own way or blend them by choosing components from both cultures for the new organization. (Schein 2009, cited in Schein 2010, 294.) Cultural changes and adaptations require strong and steady leadership. Clarity of focus, continuous communication, and role modelling are attributes that a CEO and other top executives should master when creating new organizational cultures (Holbeche & Matthews 2012, 186).

4.5 The Balanced Scorecard as a Strategy Performance Tool

Strategy execution and alignment are continuous processes that evolve and adapt in relevance to a company's internal and external environment. Changes in the external business environment or internal transformations call for

adaptation in strategy, which leads to adaptation in execution and alignment. In order to diminish threats to execution, companies ought to develop strategy performance tools. This kind of support instruments aid companies in managing and controlling strategy execution. Examples of strategy performance tools are the balanced scorecard (hereinafter BSC) and strategy maps.

Robert S. Kaplan and David P. Norton introduced the concept of BSC in 1992. One of the motivations behind the concept was to present a measurement system that integrated both intangible and tangible company-assets (Niven 2014, 1-2). The BSC combines financial measures of past performance with measures that calculate on future performance. The measures and objectives in the scorecard originate from a company's vision and strategy. The measures and objectives mirror organizations' performance from four different angles: financial, customer, internal processes, as well as learning and growth. These four elements constitute the framework for the BSC. What is unique about the BSC is that it emphasizes both financial and nonfinancial measures as a part of the information system for employees on all levels in an organization. This way, employees develop an understanding of what kind of financial consequences their decisions and actions have. (Kaplan & Norton 1996, 8.) The BSC framework and its elements are displayed in figure 4.

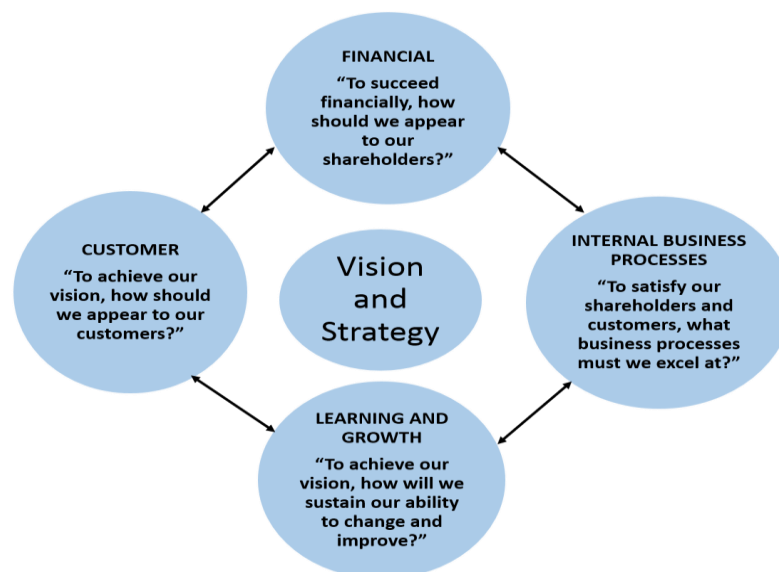


Figure 4. Balanced Scorecard (Kaplan & Norton 1996, 9).

The financial perspective is at the top of the framework, as it stands for companies' long-term financial goals. Measures connected to the financial perspective indicate whether a company's strategy, execution, and alignment are contributing to bottom-line development. Financial targets refer mostly to measured profitability, for example turnover, EBITDA, or economic-value added. Customer perspective stands for the identification of the customer and market segments in which the company will compete. The main objective-measures consist of customer satisfaction, customer profitability, and customer acquisition and retention. This perspective enables managers to configure customer and market-based strategies that ultimately leads to superior financial returns. (Kaplan & Norton 1996, 25-26.)

In the third category, internal business processes, companies evaluate the critical internal processes in which the organizations need to excel. The internal process perspective's measures concentrate on the processes that will have the biggest impact on customer satisfaction and attaining a company's financial targets. In this evaluation, a company might discover that it should develop a new process in order to meet targets linked to customer satisfaction and financial results. Learning and growth perspective is the last category in the framework. It focuses on a infrastructure a company must build to create long-term growth and development. The learning and growth perspective derives from three main sources: people, systems, and organizational procedures. By analysing the existing learning and growth prerequisites with the help of the BSC, companies can determine whether they need to invest in training of employees, enhancement of information technology or systems, and alignment of organizational procedures and routines. (Kaplan & Norton 1996, 27-29.)

The BSC can be used in strategy execution by translating the cornerstones of strategy into objectives, measures, targets, and strategic initiatives. The framework offers the necessary means to test and document strategic assumptions. The chosen objectives and measures ought to be combined through a chain of cause and effect relationships, stemmed from the performance drivers in the learning and growth category all the way to improved financial performance in the financial perspective. (Niven 2014, 14.) In order to attain high performance, companies need to set objectives and measures that are in relation

to intangible assets such as customer commitment, and employee commitment and capabilities. (Beer 2009, 209.)

The BSC framework is often accompanied with strategy maps. Strategy maps are a part of the BSC framework, or in other words, a continuum of it. A strategy map could be described as a visualization of a company's strategy and as a tool, which presents how the objectives in the four perspectives of the BSC are integrated and combined to translate the strategy. Furthermore, a strategy map displays how the various measures on a detailed BSC provide the mechanisms for a single strategy. (Kaplan & Norton 2004, 54.) The case company has not utilized a BSC framework or strategy map in strategy planning and execution (Ruohola 2016).

5 POLARICA BUSINESS STRATEGIES (CONFIDENTIAL)

The case company's current business strategy is described in the first part of this chapter. The cornerstones of the company's strategy are discussed as well as the various initiatives planned for the three-year period. In the subsequent sub-chapters, the empirical data is presented. The analyses of the quantitative and qualitative research are presented in the last part of the chapter.

In accordance with the case company's instructions, the information in this chapter is classified as confidential. Therefore, this chapter will not be visible in the Library databases of Lapland University of Applied Sciences.

6 DEVELOPMENT PLANS FOR STRATEGY ALIGNMENT (CONFIDENTIAL)

The first part of this chapter consists of suggestions for initiatives that could enhance the integration and alignment of strategies in the case company. The suggested alignment actions mirror the data analyses and established development needs. A holistic SCP that could improve the knowledge and comprehension of the company's business strategy is presented in the last part of this chapter.

In accordance with the case company's instructions, the information in this chapter is classified as confidential. Therefore, this chapter will not be visible in the Library databases of Lapland University of Applied Sciences.

7 CONCLUSIONS

The conclusions on how the case company can facilitate the alignment of business strategies with the employees are presented in this chapter. Moreover, suggestions for further research are discussed. Due to the fact that the empirical data and development plans are classified as confidential information, these will not be presented in detail in this chapter.

Success in the competitive business settings demands agile and innovative operations. Companies need to plan and formulate business strategies that are responsive to changes in the external and internal environments. The strategies ought to be built upon both internal capabilities and competences as well as on external possibilities. However, having the most optimal strategy does not guarantee success. Businesses need to ascertain that the strategy is integrated in processes, functions, and activities. More importantly, the strategic purpose must be aligned with employees that are responsible for the execution of the strategies.

As previously discussed, research on strategy execution shows that executional excellence has been the number one challenge facing business leaders in Europe, Asia and the United States in the twenty-first century (Homkes et al. 2015, 1-2). Even though companies and their leaders may be aware of the importance of execution, there still appears to exist challenges with implementation and integration of strategies in companies. Factors such as ambiguous communication, poor information transfer, unclear accountabilities, and resistance to change create barriers to strategy execution. Therefore, in order to enable effective strategy execution, the prerequisites for alignment need to be created.

Alignment starts with an evaluation of a company's operations, processes, and functions. Strategy execution requires that the various operations in companies support the strategic direction and that separate business unit objectives are linked with the companies' overall strategic goals. Integrated operations fortify execution. Roles and responsibilities must be clear for every unit, department, and individual employee. If accountability is ambiguous, employees will struggle

with execution and efforts go to waste. Moreover, ambiguity can lead to needless power struggles and change resistance.

Employee commitment and motivation are important cornerstones of successful execution. Companies can influence commitment and motivation by having an effective incentive-system in use. Extrinsic incentives must be feasible so that employees perceive their work inputs can contribute to the amount of payables. In addition, the incentives need to be linked with strategic objectives and they must reinforce execution. Intrinsic incentives, such as work gratification and recognition of performance, are equally important motivators that should be taken into consideration when creating strategic commitment.

When introducing a new strategic direction and change initiatives, it is essential that a company's executives function as role models for employees. They need to lead by example and create a corporate culture that is driven by company values and mission. Organizational culture must support the strategy in order for execution to be successful. A unified culture and value-based leadership are even more important when a company consists of dispersed units in different countries. Furthermore, if a company has gone through a substantial merger, such as the case company, it is imperative to shape holistic values that employees can relate to.

Strategy alignment requires integration of processes and functions as well as employees. Therefore, it is crucial to acknowledge the role of middle managers as strategy integrators. Middle management functions in between the senior management and the operational employees, making them an important link in the execution process. Their responsibility as strategy integrators is to make sense of the strategy to employees. By translating the strategic purpose, every employee understands how he or she can contribute to a company's success with their individual work input. Middle managers must have the prerequisites to carry out this important role. If needed, proper training and guidance should be provided.

Suffice it to say, one of the most important aspects of strategy alignment is communication. In order for every employee to know and understand what the strategy means for his or her individual work, communication needs to be

structured in a way that it enables an efficient information flow. It is necessary that strategy communication is interactive, that is, it ought to allow for discussion and dialogue on every level in an organization. To ensure a cascading process, communication of strategies should start from the top executive levels in companies. From there, strategy communication is cascaded to the subsequent levels, adapting to the communication needs for each respective function. When strategy communication is continuous and concise, every unit, department, and individual employee not only know what the strategy is, but understand the purpose of it.

This research proposes that the prerequisites for strategy execution need to be established in the case company. For execution to be successful, the strategy ought to be aligned throughout the whole organization. All units, departments, and individual employees need to understand what effects the case company's current business strategy has on operations, processes, and individual work inputs. As the case company consists of separate business units in three different countries, it is even more crucial to create holistic alignment procedures. The case company's middle management is an essential link in strategy alignment and integration. The middle managers ought to be supported and guided in translating the meaning of strategy to the operational employees. Moreover, this Thesis research accentuates the importance of communication, as a strategy alignment tool. It is important that the message of strategy is concise and clear.

The case company has presented the current business strategy to the organization in spring 2015. The strategy is planned for a three-year period, and the latest strategy review was implemented at the beginning of 2016. The separate business units do not have specific business unit strategies but follow one corporate strategy, the aim of which is to develop the company through integrated operations. The objective is to achieve commercial excellence and cost-efficiency. Therefore, synergies and combined efforts in the whole organization are emphasized.

Based on the analysis of the empirical data and theoretical background, it can be concluded that the current business strategy needs to be fully aligned in the case company. There are substantiated development needs in regards to strategy

communication, and it appears that the employees find it difficult to perceive how their own work objectives are linked to the overall strategy. It is essential to recognize the importance of a feasible strategy in order to gain buy-in from the employees for the strategic direction. The empirical evidence indicates that information and knowledge transfer between units and departments needs to be facilitated. It is important to ascertain that employees have an understanding of how their work influences that of other units and departments. Strategy alignment between the senior management, the middle management, and the operational employees could be developed by providing support and guidance on strategy translation. There is no comprehensive Strategy Communication Plan in use in the case company.

It is suggested that the case company should emphasize middle management involvement in strategy formulation and planning. When the employees perceive that they are a part of shaping the company's strategy buy-in and strategic commitment could be enhanced. Furthermore, if the middle managers are involved in the strategy planning and execution, they have better preconditions to cascade and translate the meaning of strategy to the operational employees. By interactive dialogue and involvement, operational employees could further understand their own roles in achieving the company's strategic goals.

This Thesis research proposes further that the case company should acknowledge the importance of a holistic corporate culture that supports the company's values and strategy. As the case company strives for a unified organization and integrated operations, it is important to mirror this aspiration by behaviours that guide employees. It is essential to emphasize transparency and cooperation. Employees should be encouraged to share information and best practices. Mutual activities such as meetings and workshops bring people together and enhance collaboration. Additionally, insights of other units' and departments' operations could be established.

Furthermore, establishment of a structured Strategy Communication Plan that guide the strategy communication in the case company is equally necessary. The strategic message ought to commence from the top executive level, from where it is cascaded further to respective management level and eventually to the

operational employees. Communication needs to be adapted to the audience and participants as the strategy has different meanings for all functions and levels in a company. Therefore, it is the responsibility of every management level to translate the strategy to each audience accordingly. The Strategy Communication Plan provides the tools to make the strategic message concise and clear. In addition, it shows the logical flow of communication. It is important to enable interactive communication. That is, communication participants ought to have the possibility to discuss the strategy and the meaning it has for their team or individual work.

As strategy execution is an ongoing process, the effects of it need to be investigated continuously. The outcomes of the suggested alignment procedures and the Strategy Communication Plan are not disclosed in this Thesis research. Hence, further research could comprise investigation of how the implementation of the Strategy Communication Plan has succeeded in the case company. Additional qualitative research, for example interviews with the middle management, could provide information on the progress of strategy alignment. In addition, future research could consider the case company's strategy itself. As the case company operates in a complex business environment, with scarce raw material and increasing competition, it would be beneficial to investigate how the company could differentiate itself on the markets. This would require external market research as well as an examination of the case company's internal strengths, capabilities, and resources.

To conclude, the results of this Thesis research provide several suggestions of development possibilities in the case company. The researcher has gained substantial knowledge and understanding of strategy execution, strategy alignment, and strategy communication through this Thesis research. Moreover, this research has increased the researcher's awareness of what companies can do in order to create strategic commitment amongst employees as well as how executional challenges can be minimized. The case company and the researcher have obtained valuable evidence of that strategy execution requires alignment of operations, procedures, and functions. Most importantly, the business strategy has to be aligned with the employees in order to be successful. The research evidence shows that executional excellence demands the involvement and

empowerment of all employees in the company. Lastly, in order to gain excellence in business operations, it is important to remember that success is fleeting. Sustained competitive advantage requires agility and adaptability, concurred by the statement by the famous naturalist and geologist Charles Darwin (cited in Pennington 2013, 147):

“It is not the strongest of species that survives, nor the most intelligent, but the one most responsive to change.”

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APPENDICES

- Appendix 1. Polarica employee questionnaire
- Appendix 2. Total questionnaire results (CONFIDENTIAL)
- Appendix 3. Interview form
- Appendix 4. Interview transcript 1 (CONFIDENTIAL)
- Appendix 5. Interview transcript 2 (CONFIDENTIAL)

APPENDIX 1

Appendix 1

1 (6)

Date: 24.8.2015

Dear Polarica employee,

My name is Katri Suuronen and I am an employee at the Polarica Haparanda office. I am currently conducting my Master's studies in International Business Management at Lapland University of Applied Sciences and as a part of my studies I am doing an examination work for Polarica. This examination work was referred to in the Polarica newsletter in June 2015.

The work I am conducting focuses on the implementation of Polarica's new business strategies and the alignment of these with the whole organization and the employees on every level. The objective of the examination work is to find ways to develop information sharing and communication of the company's business strategies. This way, commitment to strategy execution could be enhanced.

The research part of my Thesis work draws from the information collected through the questionnaire enclosed, handed out to every employee in Polarica Ab and Polarica Oy. The questionnaire contains three sections, each consisting of statements and questions relating to the overall communication of Polarica's business operations and performance, communication of business strategies, and employee commitment towards strategy execution.

This questionnaire is anonymous and the answers will be dealt with confidentially. Your contribution is highly valued and will help me and the company to determine how to proceed in regard to alignment of business strategies. **Please note that the due-date for answering the questionnaire is 8th of SEPTEMBER, 2015.** Please turn in the questionnaire filled in by you in the designated return-boxes assigned by your supervisor. Please do not hesitate to contact me or our HR-Director Tiina Raappana for any questions regarding the questionnaire or the research.

I thank you in advance for your contribution to this research.

Kind regards

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Tiina Raappana
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BACKGROUND INFORMATION OF THE RESPONDENT

1. How long have you worked for the company?

- 0-1 years
 2-3 years
 4-10 years
 11-20 years
 more than 20 years

2. Are you working in?

- Finland Sweden

3. Which function in the organization are you working in?

- Management
 Sales and marketing
 Sourcing and quality
 Finance and HR
 Production and supply chain

INTERNAL BUSINESS COMMUNICATION AND LEADERSHIP

The first part of the questionnaire contains statements of the overall information about the company's business operations and performance given by the management. It also contains statements of the current management and their role as leaders.

Please read the statements thoroughly and mark the alternative that best reflects your own experience.

	Strongly Disagree	Somewhat Disagree	Neither Disagree or Agree	Somewhat Agree	Strongly Agree
1. To me it is important to get continuous information of the company's current business activities and performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I receive information of the company's business activities and performance sufficiently.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appendix 1
3 (6)

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|----------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 3. The management informs of changes in the company's business activities and operations sufficiently. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. My supervisor informs me about the company's business activities and performance regularly. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. The information communicated of the company's business activities and performance is easily understandable. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If not, what could make the communication more understandable?

- | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 6. I receive information of the company's other units' operations and performance sufficiently. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. I have confidence in the company's current management. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. I see the company's management as role-models for positive transformation. | | | | | |
| 9. I have confidence in the future successful performance of the company and trust that the company is moving in the right direction. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

COMPANY'S STRATEGIES, MISSION AND VISION

The second part of the questionnaire contains statements of the company's current business strategies, mission and vision and how these are communicated internally. It also contains statements of how and to which extent the information has been explained to the employees and work-teams and how the employees perceive their role as strategy executors.

Please read the statements thoroughly and mark the alternative that best reflects your own experience.

	Strongly Disagree	Somewhat Disagree	Neither Disagree or Agree	Somewhat Agree	Strongly Agree
1. To me it is important to get continuous information of the company's business strategies, mission and vision.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I have clear understanding of the company's current business strategies, mission and vision.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The current business strategies have been adequately explained by my supervisor within my team or organizational unit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appendix 1

4 (6)

4. The information communicated of the company's strategies, mission and vision is easily understandable.

If not, what could make the communication more understandable?

5. I have full confidence in the success of the company's current business strategies and trust that company's strategic goals are reachable.

6. My own role and function in the company is clearly defined.

7. I can clearly see how my own individual work input is linked to achieving the company's strategic goals.

8. I have clear understanding of the objectives of my own work-performance.

9. My team's work-performance is systematically and continuously measured.

10. My individual work-performance is systematically and continuously measured.

11. I have access to adequate tools, equipment and other resources that enable me to work towards the company's strategic goals.

12. My supervisor gives me adequate guidance and support in order to achieve the company's strategic goals.

13. How have you received information of the company's business strategies, vision, mission and values?

- CEO information sessions
- Development and performance appraisal meetings with own supervisor
- Company newsletters and bulletins
- Colleagues
- Other:

14. How would you prefer to receive information about the company's business strategies, vision, mission and values?

COMPANY CULTURE AND COMMITMENT TO STRATEGY EXECUTION

The third part of the questionnaire contains statements of the employees' own work motivation and commitment to strategy execution, as well as their perception of the company's core values and its culture.

Please read the statements thoroughly and mark the alternative that best reflects your own experience.

	Strongly Disagree	Somewhat Disagree	Neither Disagree or Agree	Somewhat Agree	Strongly Agree
1. I feel motivated by working towards the company's strategic goals and vision.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. It gives me a lot of satisfaction when I reach my own work objectives and goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I am willing to make an extra effort to solve a work related problem, although it may not be my responsibility, in order to reach the company's goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I feel proud and privileged to work in this company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I would gladly recommend this company as a work-place to my friends and acquaintances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. My supervisor gives me concrete feedback regarding my work performance on a continuous basis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I feel that ideas I put forward regarding my own work and the company's operations are taken into consideration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The company encourages team-work between individuals and organizational units in order to reach its strategic goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. It is easy to co-operate within my team and between organizational units in order to achieve the company's strategic goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. I feel that the company has a transparent work-environment with open communication between management, colleagues and organizational units.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Changes in my work environment are adequately communicated by the management and my supervisor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. I perceive changes in my work environment and work tasks as positive developments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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|--------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 13. I know what the core values of the company are. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. It is easy to perform my work and conduct myself at work in accordance with the company's core values. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. I enjoy working in a multicultural company. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. It is easy to co-operate with individuals of other organizational cultures or from other countries at my work. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

17. Do you feel motivated in your current work and in doing the tasks assigned to you?

- Yes No

If yes, what factors contribute to your motivation?

If no, what factors decrease your motivation?

18. What would be your suggestion for enhancing employees' motivation concerning their work in your company?

As a conclusion, please feel free to put forward your thoughts and ideas regarding the company's operations, functions and business performance.

How can we be better, together?

Thank you for your contribution!

APPENDIX 2

TOTAL QUESTIONNAIRE RESULTS

In accordance with the case company's instructions, the information in this chapter is classified as confidential. Therefore, this chapter will not be visible in the Library databases of Lapland University of Applied Sciences.

1. Company's business strategies

- 1.1. In your own words, how would you describe the company's current business strategies, and the main strategic priorities for the next three years?
- 1.2. Do you have faith in the success of the current business strategies?
- 1.3. Do you clearly see your own role in achieving the company's goals and working in accordance with the business strategies?
- 1.4. Successful execution of business strategies requires that the whole organization understands and is committed to strategy implementation. Do you believe that the organization is thoroughly aligned with working towards a mutual vision?
- 1.5. The current senior management has finalized the planning and formulation of the company's business strategies this spring, and introduced them to the personnel. How have your daily activities and tasks changed after the presentation of the new business strategies? Could you please give some examples of which changes have influenced your work?

2. Communication of business strategies

- 2.1. By who, and in what way has the company's current business strategies been communicated with you? Individually, or in groups? One session, or many? Work-shops or/and theme days?
- 2.2. In your opinion, have you received sufficient information and has the communication of the company's current business strategies been adequate?
- 2.3. Have the business strategies been translated into action initiatives and practical goals and objectives for you by your supervisor? Have you carried out the same translation process for your subordinates?
- 2.4. Do you have suggestions for how to develop and enhance the communication of business strategies in the company, whether it is vertical or horizontal, top-down or bottom-up?

3. Involvement in strategy work

- 3.1. Have your knowledge and experience been utilized in the strategy planning and formulation process?
- 3.2. Do you feel like you are involved in the strategy execution process, and in influencing both up and down? If yes, please give an example. If no, please give an example.

- 3.3. Do you know which decisions and strategy-connected actions you are responsible for in the organization? Do you know exactly what you are accountable for?
- 3.4. Do you wish to be more involved in the strategy work; both in the planning and formulation phase and in the implementation phase? If yes, do you have any examples of how?
4. Subordinates' roles
- 4.1. Have you communicated in detail the company's current business strategies with your subordinates?
- 4.2. In what way have you communicated the company's current business strategies with your subordinates?
- 4.3. Have you received any guidance, tools or frameworks from your supervisor to be used in communication of the company's business strategies with your subordinates?
- 4.4. In your perception, have your subordinates internalized the concept and meaning of the company's business strategies?
- 4.5. In your perception, do your subordinates clearly see their own role in achieving the company's vision and working according to the business strategies?
5. Strategy implementation and alignment
- 5.1. Middle management's role is often described as that of a strategy integrator and translator, that is to say, making sense of strategy to employees – can you relate to this statement? Do you think you have the prerequisites to carry out this role?
- 5.2. Do you feel that you receive adequate commitment and guidance from your supervisor in your role as a strategy integrator? If yes, in what way/s?
- 5.3. Is there a strategy implementation roadmap or framework in use, provided by the senior management or your supervisor, to be utilized in strategy translation? If yes, has this model been introduced in detail to you?
- 5.4. Overall strategic goals are often planned and formulated on a long-term basis. In order to achieve these long-term goals, the long-term strategic plan needs to be translated to short-term operating objectives. Is there a linkage between the short-term objectives of your team with the long-term strategic goals? Have these linkages been translated and communicated in detail for you as a leader of your team? If yes, in what way?
- 5.5. How do you motivate your subordinates to commit themselves to the company's strategies and to the short-term goals of your team?

- 5.6. Are there cooperation and knowledge sharing between departments, teams and units regarding strategy implementation in your organization?
- 5.7. Do you perceive that you are able to rely on the commitment of colleagues in other functions and units, when it comes to implementing strategy?
- 5.8. Are there sufficient support tools available for you to facilitate and enable strategy implementation work?

6. Monitoring and reward systems

- 6.1. Do the senior management and your supervisor monitor and measure the achievement of long-term and short-term strategic goals? If yes, in what way/s?
- 6.2. Do you monitor and measure the development of strategy implementation and that strategic goals are being achieved within your own team? If yes, in what way/s?
- 6.3. Is there a system for corrective actions in use, if performance is not going as planned or strategic objectives are not achieved? If yes, what kind of system?
- 6.4. Is there an incentive or reward-system in use for you and your subordinates if short-team objectives and long-term strategic goals are achieved?

If you had an opportunity to influence the planning, communication, alignment and execution of the company's business strategies, what would you want to do or suggest to be done?

APPENDIX 4

INTERVIEW TRANSCRIPT 1

In accordance with the case company's instructions, the information in this chapter is classified as confidential. Therefore, this chapter will not be visible in the Library databases of Lapland University of Applied Sciences.

APPENDIX 5

INTERVIEW TRANSCRIPT 2

In accordance with the case company's instructions, the information in this chapter is classified as confidential. Therefore, this chapter will not be visible in the Library databases of Lapland University of Applied Sciences.