

Chapter 49

Participative Creation of the Future – the Process of Strategic Management with the Participation of Key Employees

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1. Introduction

As a result of close economic ties and interrelations, market developments taking place in a given country can easily spread to other areas, where they can cause serious turbulence. In view of the above, the managers of companies aiming at long-term development are facing new, increasingly more difficult challenges connected with the protection of their companies against the destructive forces occurring in the environment. What becomes particularly important in this context is the ability to incorporate employees into the process of strategic management, in order to increase a company's flexibility and prepare it for a period of strong turbulence through a faster delivery of external information, its correct interpretation and a more consistent pursuit of objectives.

2. Economic turbulence as a force boosting the dynamics of organizational activities

With the crisis of 2008, the global economy entered a new era¹. The economic normality of today no longer consists in the occurrence of predictable economic cycles. These days, we should expect fluctuations and tremors, which significantly increase the levels of risk and uncertainty in economic life. The economies of particular countries are interrelated and interdependent. We are witnessing an exceptionally intense technological progress, groundbreaking technological innovations, hyper-competition and a growing bargaining power of consumers. What is increasingly more important in the fast- and continuously-changing conditions, is the kind of management of a company which would allow its long-term development and, as a consequence, economic success, understood as a company's capacity to develop over a long period of time. From this perspective, boosting the dynamics of a company's organizational activities, which constitute

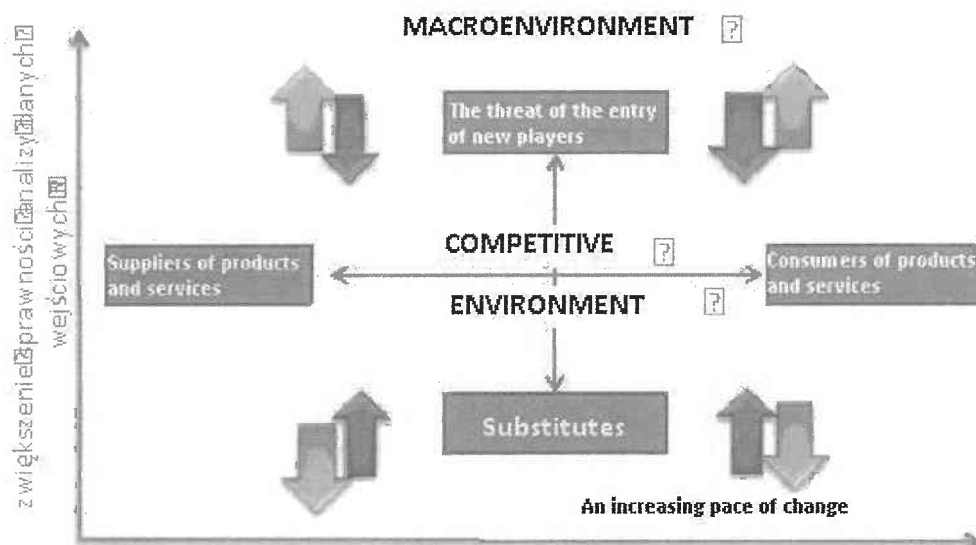
¹ P. Kotler, J.A. Caslione, *Chaos. Zarządzanie i marketing w erze turbulencji*. MT Biznes, 2009, pp. 17-56.

a response to the conclusions drawn from economic and market signals, is increasingly more important. A continual analysis of a company's environment is becoming one of the permanent elements of the process of strategic management.

When defining the environment of a business organization, one should regard it as a set of varied conditions, determining the functioning and development of such an organization in turbulent times. The said set comprises economic conditions, social and political conditions expressing social needs, priorities and the rules for their satisfaction, cultural conditions valid a given community, as well as a system for the management of the economy and the state. Reference books offer a great number of various classifications of environment types. The most common differentiation is the one between macro- and microenvironment, also referred to as competitive or market environment². Under this classification³, macroenvironment is understood as the entirety of the structural elements determining the basic choices made by a business organization (such as macroeconomic quantities, economic situation, institutions, regulations, customs, mentality, and technologies, *i.e.* demographic, economic, political, legal, technical, and cultural environment), while market environment is understood as a set of existing competitors of a business organization delivering the same goods and services, as well as consumers and suppliers.

Due to the dynamics of change in the environment, a company must know its competitive environment and the resulting behavior of consumers. The reactions between consumers and a given company should constitute a strategic material being an indispensable element of effective management.

Figure 1. The growing pace of change between an organization and its environment



Source: own work on the basis of: M.E. Porter, *Strategia konkurencji. Metody analizy sektorów i konkurentów*, PWE, Warszawa 1992, p. 23.

² See: P. Kotler, *Marketing*, Wydawnictwo Gebethner & Spółka, Warszawa 1994, p. 73.

³ See: A. Jasiński, *Przedsiębiorstwo innowacyjne na rynku*, Książka i wiedza, Warszawa 1992, p. 40.

All market-related choices and decisions should be made in a strict correlation with the information coming from the environment (see Fig. 1). As a result of rapid change, a company's operations and the decisions of the management have to be exceptionally fast, while a company's market policy – increasingly more flexible. This means that a company's environment should be monitored and examined, so that change could be noticed as early as possible and appropriate conclusions could be drawn. When a company's competitiveness and volume of sales are on the decrease, it often turns out that it is too late for promotional campaigns. A company wishing to operate in its environment in an integrated manner has to systematically analyze and monitor the market with respect to change, new trends and arising opportunities or risks. The conclusions drawn from such analyses should be verified, in order for a company to benefit from all the development opportunities they create, *i.e.* in order for it to make a better use of the arising opportunities than its competitors⁴. Managerial knowledge and skills which make allowance for such relations and their dynamics are an essential building block of an effective strategy⁵.

A synthesis of the foregoing deliberations yields a thesis that a competent identification and interpretation of the processes occurring in an organization and its environment are becoming a creative force for building effective strategies, while the rate at which the changes resulting from the conclusions drawn from environment analyses are introduced is of key importance for the management process. What is increasingly more important in the fast- and continuously-changing conditions, is the kind of management of a company which would allow its long-term development and, as a consequence, economic success, understood as a company's capacity to develop over a long period of time.

3. The process of creating effective strategies

Reflections on strategy-building should open with an attempt to define the process of strategic management. By the end of the 20th century, over 30 definitions of a strategy had been coined, while the shape and content of each definition was conditioned on the discipline and research preferences represented by its author. In spite of all, a strategy always describes the attitude of the management towards various aspects of the complex problem of protecting an organization against external and internal risks, and outlines the conditions necessary for its development and expansion⁶. "The essence of an effective strategy consists in the fact that it creates a company's uniqueness and allows its employees as well as the stakeholders in its environment to easily distinguish it from all its competitors. It can be said that the essence of an effective strategy consists in explicitly defining a company's identity, regardless of the sector, branch or market it operates in"⁷.

By synthesizing the numerous threads of the commonly known definitions, one may define a strategy as a fundamental structure for the ongoing and planned development of resources and interactions with the environment, explaining how an organization intends to stand out above its competitors and fulfill its objectives. The following elements of this definition are emphasized⁸:

⁴ See: B. Gliński, B. Kuc, P. Szczepankowski, *Zarządzanie strategiczne*, Key Tezt, Warszawa 1996, p. 212.

⁵ See: M. Bratnicki, *Kompetencje przedsiębiorstwa. Od określenia kompetencji do zbudowania strategii*, Wyd. Placet, Warszawa 2000, p. 25.

⁶ S. Galata, *Strategiczne zarządzanie organizacjami*, Centrum Doradztwa i Informacji Difin, Warszawa 2004, pp. 114-117.

⁷ K. Oblój, *Strategia sukcesu firmy*, PWE, Warszawa 1998, pp. 32-33.

⁸ See: H. Kreikebaum, *Strategiczne planowanie w przedsiębiorstwie*, PWN, Warszawa 1997, p. 27.

- strategies guide the development of a company and constitute a kind of mediation between its current state and its future;
- strategies in a company are dynamic and flexible enough to allow adjustments or even major changes as a response to the instability of the environment;
- the purpose of a strategy is to create and develop opportunities for long-term success by taking advantage of the competitive edge;
- strategies demonstrate how company resources may be used to fulfill the intentions of an entrepreneur and other stakeholders.

Determining the broadly understood long-term path of a company's development constitutes the first stage of defining its priorities, while at subsequent stages, it allows precise determination of the operational activities which make it possible to make decisions in a changeable environment, seize the arising opportunities and reduce the effects of possible risks.

If the managerial staff of a company wish to be certain that all the efforts made and work done in an organization are headed in the same direction, they should reduce the essence of their business to a denominator common for all company participants, *i.e.* to a mission. "A mission is the main purpose of the existence and development of an organization. It defines the main goals for the attainment of which the organization was established or which it pursues through its operations"⁹. It is sometimes referred to as "credo" or "declaration of business principles"¹⁰. Therefore, a clearly-defined mission is nearly a prerequisite for the employees' understanding of the purpose of their company's operations.

An organization's mission is made complete by outlining its vision. A vision is a "projection of dreams, allowing the development of guidelines for planning a gradual transfer from the current situation to the desired one"¹¹, "it is an image of the future which the participants of an organization wish to create"¹². The more precisely this ideal, desired future situation of an organization is defined, the less disagreements about its interpretation and the verification of the achieved results there will be. It is also important for the formulated vision to be both ambitious and feasible. Only a correct determination of the level of employees' capabilities may have a positive impact on the stimulation of the risk taken, which, as a consequence, translates into firing-up employee's motivation.¹³

The definition of strategic objectives constitutes a measurable implementation of a company's strategy, encompassing specific guidelines and principles in the context of the company's environment, market and financial conditions and internal processes. The literature on strategic management investigates the stage of definition of objectives very broadly, since it constitutes one of the most important elements of formulating an effective strategy¹⁴. The process of definition of objectives is compared to a unique political game between various social groups, including, in particular, an organization's management board, owners, employees and external interest

⁹ P. Dwojacki, *Składniki misji-wizja przyszłości*, "Przegląd Organizacji" 1995, No. 12, p. 21.

¹⁰ J. Lamin, *Strategiczne zarządzanie marketingowe*, PWN, Warszawa 2001, p. 368.

¹¹ I. Penc-Pietrzak, *Strategie biznesu i marketingu*, Profesjonalna Szkoła Biznesu, Kraków 1998, p. 23.

¹² K. Oblój, *Strategia organizacji. W poszukiwaniu trwałej przewagi konkurencyjnej*, PWE, Warszawa 2001, p. 235.

¹³ *Instrumenty zarządzania we współczesnym przedsiębiorstwie*, (ed.) K. Zimniewicz, Poznań University of Economics, Poznań 2003, p. 122.

¹⁴ A. Baruk, *Dynamiczne kształtowanie strategii marketingowej firm*, Wyd. A. Marszałek, Toruń 2001, pp. 132-136.

groups, all having different priorities. If the ambitions of one of the listed groups are clearly reflected in the defined objectives, the objectives of other entities may thus be limited¹⁵.

In the light of the foregoing, it is important to get the key employees of a company involved into the creation of its future and to define the level of their participation in this process.

4. Employee participation in the process of strategic management

“Present-day organizations need both a language in which to provide information on strategies and processes, and systems for the implementation of strategies and collection of feedback. Success comes when a strategy becomes a common, everyday business of all employees”¹⁶. For this to happen, employees must be exceptionally highly engaged in the process of strategy implementation, which is enhanced when they not only have an impact on the implementation stage, but also are included in a dialog at the level of strategic analyses and definition of strategic objectives. Participation in management is a concept which enhances this way of thinking.

“Participation” comes from the Latin word *partito*, which means “division”, while in Polish it is interpreted as “participating, taking part in something”. “Participation is a process of making joint decisions by two or more parties, where such decisions impact the future situation of decision-makers”.

Within the field of management sciences, participation is narrowly defined as a process of making joint decisions by two or more parties, where such decisions influence the future of decision-makers, and more broadly – as participation in the planning and implementation of a given policy¹⁷.

Employee participation originates from a neoclassical trend referred to as the human relations school. Depending on the strategy and culture of an organization, it takes on various forms:

1. **Informational.** The manager allows for the possibility of obtaining information from employees and enables them to present their ideas, however, he or she makes decisions independently.
2. **Consulting.** The manager uses the information intentionally obtained from employees, consults them on his/her decisions, but makes decisions independently.
3. **Decision-sharing.** The manager vests a portion of decision-making powers and liability in employees.
4. **Financial (*profitsharing*),** also referred to as *gainsharing*. Employees participate in their company’s profits or assets¹⁸. It is a variable remuneration system which builds employee engagement through rewarding team members for the improvement of work results¹⁹.

¹⁵ T. Gołębiowski, *Zarządzanie strategiczne. Planowanie i kontrola*, Difin, Warszawa 2001, p. 374.

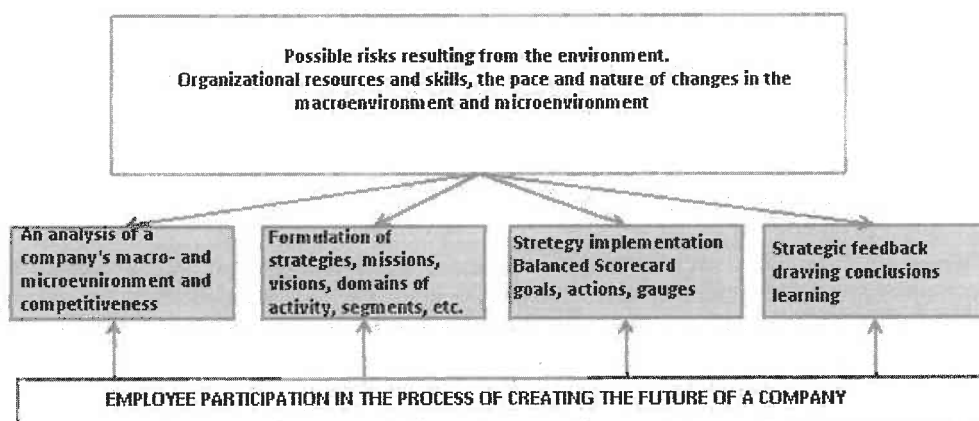
¹⁶ R. Kaplan, D. Norton, *Strategiczna Karta Wyników – Praktyka*, CIM, Warszawa 2002, p. 7.

¹⁷ J.R.P. French, J. Israel, D. Aas, *An Experiment in Participation in Norwegian Factory*, “Human Relations” 1960, No. 13, after: T. Mendel, *Partycypacja w zarządzaniu współczesnymi organizacjami*, Wydawnictwo Akademii Ekonomicznej, Poznań 2002.

¹⁸ *Leksykon zarządzania*, (eds.) A. Olczak, I. Kołodziejczyk-Olczak, Łódź 2005, p. 140.

¹⁹ E. Beck-Krala, *Partycypacja pracowników w zarządzaniu firmą. Nowy sposób wynagradzania i motywowania*, Kraków 2008, p. 141.

Figure 2. The impact of employees on the process of creating the future of a company



Source: own work.

As shown by the results of various studies, despite the current economic situation resulting in a high unemployment rate, there is an undeniable interrelation between an employee's motivation and the business results of a company²⁰. However, it should be emphasized that it is not financial motivation, but rather a special kind thereof, which may be referred to as "employee engagement". Employee engagement is defined as an emotional and intellectual state which translates into the willingness of an employee to make additional effort to contribute to the success of an organization²¹. A correct determination of the level of employees' capabilities has a positive impact on the stimulation of the risk taken, which, as a consequence, translates into boosting employees' motivation. An employee thus motivated feels the need to be a part of their organization, to identify themselves with it, and is willing to take actions aimed at strengthening its market position. For a fully engaged and motivated employee, the success of their company becomes their personal success²².

"The concept of strategy, expressed in the mission, domain and type of the prevailing strategic advantage, is often too general and abstract to regulate the behaviors of the participants of an organization. What attracts employees' attention are the well-defined goals and undertakings of the managerial staff. (...) The major problem of many companies consists in the fact that there is a huge gap between their verbal strategies and operational practice, which sometimes are contradictory"²³. This gap may be eliminated through the process of strategic management and working out the details of objectives, actions and gauges within the perspectives which are closely correlated with the main strategy of a company.

²⁰ See: L. Edvinsson, M. Malone, *Kapitał intelektualny*, PWN, Warszawa 2001.

²¹ See: A. Bruce, K. Langdon, *Strategia w biznesie*, Wiedza i Życie, Warszawa 2001, p. 58.

²² J. Chylewska, *Zaangażowanie pracowników, a wyniki firmy*, "Manager" 2002, November, No. 11, p. 49.

²³ K. Obłój, *Strategia Sukcesu Firmy*, PWE, Warszawa 1998, p. 70.

5. Conclusion

Employee participation may benefit an organization in a number of ways, while being a huge challenge and commitment for the future. The dynamics of environment change is so high that active participation of employees in the process of strategic analysis, defining strategic challenges and their consistent implementation is becoming a significant factor reducing the decision-making time, and thus it may contribute to increasing competitive advantage. The winning of employees for an open dialog aimed at co-creating the future of a company is an invitation which is obliging for both parties – managers are invited to vest more decision-making powers in employees, while employees are encouraged to accept a greater level of liability.

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