

Strategic coherence and process maturity in the context of company ambidextrousness

Przejdź do produktu na ksiegarnia.beck.pl

Introduction

Companies operate in an environment in which they have to balance between tensions created by the need to satisfy customer requirements, competitors' actions, and costs they generate. At the same time, their goals should focus not only on survival of an organization, but also on ensuring its development, which is particularly difficult in an increasingly instable environment characterized by uncertainty, complexity, and numerous disorders [Penc, 2001, p. 9]. This challenge turns out to be even greater when taking into account the specificity of a company as an actor of management and subject of knowledge.

A company is a self-determining, relatively separate social system, characterized by a static and dynamic hybrid nature. The following are considered the main attributes of a company [Witczak, 2008, pp. 174–175]:

- 1) creation and functioning on behalf and on account of and under responsibility of an entrepreneur who has a unity of intention, activity and power; the concept of an entrepreneur is not homogeneous, as it can be any physical or legal entity and they should be distinguished from an investor and a manager;
- 2) establishing in order to achieve an economic surplus, the obtaining of which is the main goal and determines the company value; in the conditions of commodity and money management, the company's goal is also to achieve a return on invested capital and, due to the requirement of self-support of a company, a positive balance of cash flows; these goals condition survival and override other activities that make up the set of company's goals;
- 3) functioning as a self-powered system that organizes its relations with the environment through the implementation of transactions and contracts aimed at generating economic surplus;
- 4) linking through basic processes with any material activity, with an emphasis on management in relation to these processes, through the acquisition, accumulation, allocation, and use of limited resources to achieve various goals in such a way that the benefits (efficiency, profitability, cost effectiveness) would meet expectations formulated by an entrepreneur;
- 5) concluding a portfolio of basic activities, falling in the scope of social and legal acceptance, the core of which are vertical technological chains of elements of the portfolio of activities, providing specific utility; which jointly make up a domain of the company.

These assumptions establish boundary conditions for the issues touched upon in this study, which boil down to establishing and explaining determinants of organizational behavior in the field of results obtained by a company. Mental patterns adopted by decision-makers are among one of the groups of factors determining the effectiveness of organization's activities. These are sets of assumptions developed either by intentional actions of the management or, on the contrary, resulting from intuition-based decisions. Apart from the genesis of their origin and the way they are shaped, they certainly condition the assessment of reality and, consequently, the effectiveness of decisions taken. That is why it is so important to present various theories of strategic management that define the context and outline the space in which the research will be conducted.

The first theory, called traditional, is a planning approach (represented by H.I. Ansoff, R.L. Ackoff), according to which the activities and results achieved by the organization are assumed to be the result of a conscious and rational process of analyzing the environment, the company's strengths and weaknesses, and the formulation of strategic plans adequate to these determinants. The most important assumption is the optimization of the future state of the organization through currently made choices [Obłój, 2014, p. 24]. Research shows that important reasons affecting the use of the planning approach include stability of the environment and extensive network relationships, which translates into lengthening the planning horizon, refining and formalizing the strategy, and increasing willingness to implement the adopted plans [Lichtarski, Piórkowska, Ćwik, Oleszkiewicz, 2018, p. 99; Krupski (ed.), 2014, p. 30]. The formalization, transparency and rationality of the planning process constitute an advantage of this approach. At the same time, the same designates determine weakness of this approach, since preparation of accurate action scenarios, taking into account changes occurring in the environment and requirements of individual groups of stakeholders, becomes increasingly difficult and time consuming.

One of the other theories – evolutionary (with E. Wrapp, J.B. Quinn, H. Mintzberg being representatives of this trend) – is based on the assumption that the development of an organization is conditioned by striving to achieve goals of various groups of stakeholders; however it is not based on carefully prepared scenarios and plans, but is the result of successive cyclically repeated actions. In this sense, the strategy is treated as a sort of consensus based on the interaction between the struggle for power vs. the pursuit of customer needs and the popularization of organizational routines [Obłój, 2014, p. 25]. This approach is used by a significant proportion of (especially smaller) economic entities. At the same time, it should be noted that it has some limitations in the formulation of generalizations and patterns of behavior that could be reproduced and implemented by other entities [Romanowska, 2009, p. 12].

The positioning school is the next theory of strategic planning (its main representative being M.E. Porter), which returns to the formalized planning process that occurs in the planning approach. In this case, however, the center of gravity

of the analysis is shifted from precise determination of strategic plans and scenarios in deterministic terms to the analysis of the company's competition strategy. A microenvironment of an organization is taken into account, being the result of mutual interactions between customers, suppliers, existing and potential competitors, and producers of substitutes. This approach is widely applied in business practice and is the canon of theoretical achievements of the strategic management.

The last of the main theories is the resource-based view (with J. Barney, C.K. Prahalad, G. Hamel, J. Kay as its representatives), in which sources of competitive advantage are seen in the configuration and use of accumulated resources. At the same time, a deterministic approach to exercising power in shaping strategy and making decisions about the development of the organization is assumed. The role of intangible resources, such as knowledge, human capital and relational resources, is also emphasized. In addition, an assumption is made that organizational resources should be characterized by scarcity and difficulty in imitation and have a strategic value, i.e. enable opposing to threats and taking advantage of emergent opportunities [Barney, 1991, pp. 105–106].

The achievements of strategic management should also include other schools, such as the theory of simple rules or the theory of real options [Obłój, 2014, p. 25]. Researchers believe, however, that two schools – planning and positioning – made the largest contribution to the management practice [Romanowska, 2009, p. 13]. Based on this claim and author's efforts to extend knowledge in the field of strategic management, the conducted research was predominantly based on the assumptions of the resource-based and evolutionary approach. Regardless of the paradigms adopted, however, considerations regarding individual strategic management theories are the basis for further inquiries into the essence of organizational behavior.

Based on the assumption that the environment of an organization is becoming ever more volatile, unpredictable and unfriendly, achievements of the evolutionary trend were used, which capture organizational changes in relation to a broader context of the company's functioning [Ghemawat et al., 1999]. This theory draws attention to processes occurring at and between different levels of evolution. Basic forces that transform the organization's behavior include differentiation, selection and retention [Strużyna, Stańczyk-Hugiet, Piórkowska, 2015, p. 195], whereas the evolutionary approach itself points to various research approaches. In the cause-and-effect approach, the ecology of the population is surveyed through the prism of relations and multifactorial impacts on the properties of a given population, and at the organizational level the adaptive and inertial behavior of an individual is analyzed. In constructivist terms, however, attributive perception of population groups is indicated (e.g. the triple helix model, cluster models) and at the organizational level – the occurrence of phenotype and genotype along with organizational routines [*ibidem*, p. 199].

According to behavioral ecologists, adaptive processes evolve in response to the pressure of selection processes, and the goal of entities is to differentiate

replication processes. Selection is therefore supported by the processes of interaction (exerting influence) and replication (transmission or transferring) [*ibidem*, p. 204]. Natural selection includes principles that favor the accumulation and transfer of favored variables. In the company, it is individuals who transfer favored variables owing to cooperation [Guilhon, Labbé, Rappin, 2003, p. 12]. At the organizational level, selection processes occur between organizations and groups and replicators constituting organizational routines [Strużyna, Stańczyk-Hugiet, Piórkowska, 2015, p. 205]. At the same time, the selection processes are not limited to individuals or organizations only, since they occur at four interdependent levels [Strużyna, Stańczyk-Hugiet, Piórkowska, 2015, p. 419]:

- external selection, including organizational and group dimensions, where meta-routines and routines are replicators;
- internal selection, including group and individual dimensions where habits and antecedents (mental models, cognitive skills) are replicators and a genetic dimension with genes as its replicator.

Continuing these considerations, J.P. Murmann's view can be shared that the microevolution of an organization includes co-evolution of intraorganizational routines, competences and dynamic capabilities occurring in the context of a competitive environment [Murmann et al., 2003, pp. 22–40]. It becomes important to adapt the organizational form (intraorganizational common features) to the environment, where these forms and the nature of the adaptation depend, *inter alia*, on the ability to mobilize resources and undertake adaptation actions [Strużyna, Stańczyk-Hugiet, Piórkowska, 2015, pp. 204–205].

This mission encourages reflection on the issue of organizational coherence, which is both a factor conditioning adaptation processes and the result of these activities. M. Romanowska [2018], when touching upon the issues of organizational coherence, refers them to the need for mutual adaptation of subsystems, functions and parts of the organization's structure. N. Venkatraman and J.E. Prescott [1990] additionally distinguish coherence between the strategy and various elements inside the organization, external coherence, *i.e.* between the environment and the strategy of the company, and coherence between the strategy formulation process and the process of its implementation. In this paper – by analogy – strategic coherence is subject to consideration in two approaches: vertical fit (describing cascading of strategic goals into elements of a business model) and horizontal fit (covering configuration of business model elements in the context of an implemented strategy).

From a managerial point of view, one can assume that planning, implementing and controlling of activities consisting of specialized tasks grouped into functions, in a stable environment allowed, owing to the coordination system, achieving goals determined by business owners and achieving their expected outcomes. However, with the growing pace and significance of changes, which are manifested in the shortening of product life cycles, growing customer expectations, competitive pressure and dynamic development of technology, it has be-

come necessary to take a different approach. One of the orientations that ensure creation and capture of values in a dynamically changing environment is a process approach to management.

In this approach, an organization is perceived as a chain of subsequent activities that increase the value in the production process and the resulting benefit for the customer in the form of a product or service should exceed the cost of its production [Porter, 2006, pp. 65–66]. D. Norton and R. Kaplan [2001, p. 43] pointed to a slightly broader context, including the need to simultaneously meet two conditions:

- 1) achieving satisfaction resulting from value creation by customers;
- 2) meeting shareholders' expectations regarding obtaining financial results of the organization.

On the other hand, according to M. Hammer, the efficiency of a process-oriented organization depends on two factors [2007, p. 114]:

- 1) achieving goals of individual processes;
- 2) organization's capability to effectively achieve goals.

Considering these indications of efficient operation, it should be emphasized that the first of them – the achievement of goals of individual processes – can be presented using the concept of process maturity, whereas the second one can be ensured according to the fit and (horizontal) consistency concept. Process maturity is the ability of an organization, including its processes, to systematically improve results delivered as part of its operations [Kalinowski, 2011, p. 173; Rosemann, De Bruin, 2005]. Process maturity means the extent to which processes are: formally defined, managed, flexible, measured and effective [Grajewski, 2007, p. 119].

An analysis of the research presented in the literature generally confirms the existence of a relationship between process maturity and results obtained by a company. It occurs especially when the company's results were assessed from a managerial perspective and not on the basis of financial reports and ratio analysis [Kalinowski, 2019, p. 220]. This relationship was partially confirmed in numerous studies, i.e. it occurred between selected constructs (areas) of process maturity models and results obtained by the company [Dijkman, Lammers, De Jong 2016; Gębczyńska, Jagodziński, 2016; Tang, Pee, Iijima, 2013].

In addition, an important management paradox should be taken into account, resulting from simultaneous pursuit of short-term efficiency (exploitation), allowing creation of value for shareholders and customers, and creating conditions for long-term development (exploration), ensuring competitive advantage and survival of the organization. It is assumed that achieving a balance between exploration and exploitation determines the well-being of the organizational system [March, 1991, pp. 71–87]. It should be noted, however, that these activities require the use of different structures and skills of the organization.

Therefore, the **research issue** has been formulated as providing an answer to the question of how to shape strategic coherence and process maturity of an organization to ensure adaptation to the environment by achieving organization-

al ambidexterity. Consequently, the **main objective** of the research undertaken is to develop and exemplify a model of strategic coherence and process maturity, and to determine the relationship between the degree of implementation of these variables and results in terms of ambidexterity – exploration and exploitation of the company.

On the basis of such specified objective, the scope and method of research were selected. The **scope of research** in terms of the subject consists in three elements:

- 1) conditions of implementation and state of strategic coherence, with particular emphasis on vertical fit (including strategy cascading to the level of business model elements and provision of feedback) and horizontal fit (including coherence of business model elements as well as value creation and capture);
- 2) conditions and state of process maturity, covering three areas: strategic and operational dimension as well as effects of process maturity;
- 3) results of company's activities, including the area of creating value for the customer – exploration, and capturing value by the business – exploitation.

A subjective scope of empirical research covers 400 medium- and large-sized businesses operating in the territory of the Republic of Poland, whereas the time range of quantitative research is 2015–2017 and of qualitative research – 2015–2019. In relation to the analyzed literature, the time range in majority concerns the second half of the 20th century and the beginning of the 21st century.

The following methods were selected in respect of the specified scope of research: quantitative research using surveys and meta-analysis, which was supplemented by a qualitative approach based on interviews and case studies. What is particularly important due to the desire to solve the research issue by statistical verification is the use of quantitative methods (including Spearman's rank correlation coefficient, factor analysis, linear regression model) based on data obtained from surveys.

Five **research hypotheses** were developed on the basis of the formulated research objective and the adopted scope of research.

H₁. An increase in the level of strategic coherence is positively related to the level of implementation of the ambidexterity strategy (exploration and exploitation activities).

H₂. An increase in the level of process maturity is positively related to the level of implementation of the ambidexterity strategy (exploration and exploitation activities).

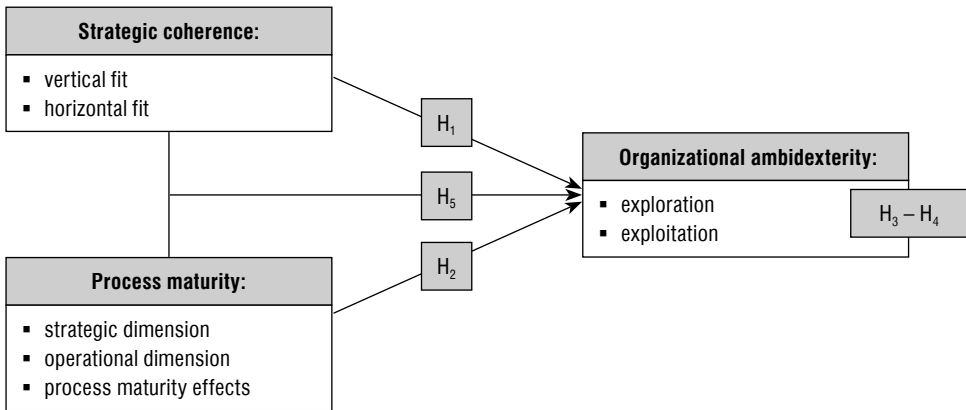
H₃. There is a relationship between constituent elements of exploration activities.

H₄. There is a relationship between constituent elements of exploitation activities.

H₅. A simultaneous increase in the level of strategic coherence and process maturity affects the level of implementation of the ambidexterity strategy (exploration and exploitation activities).

A graphical representation of the relationships of variables covered by the research is a **research model** comprising three main constructs (see Figure W.1): strategic coherence, process maturity and ambidextrous organization (exploration and exploitation activities), which are subjected to empirical exemplification in a further part of this paper.

Figure W.1. Research model



Source: own work.

The book consists of four chapters preceded by the *Introduction* and summarized by the *Conclusion*. The first two chapters are theoretical, the third one concerns methodological issues, and the last one presents results of the research procedure.

The first chapter refers to issues of strategy and business model, which are the starting point for further considerations regarding the concept of ambidextrous organization. Next, issues of organizational coherence and strategic coherence are described. The last subchapter proposes an original model of strategic coherence, combining elements of the concept of strategy and business model. This model comprises two types of fit, vertical and horizontal, on the basis of which five levels of strategic coherence and organization's development directions in shaping strategic coherence are presented.

The second chapter deals with issues of process approach to management, with particular emphasis on the essence of process management, process-oriented organization models, and process maturity. The last subchapter presents the author's concept of measuring process maturity. It includes three dimensions: strategic, operational and effects of process-oriented organization, which together allow an organization to be assigned to one of five levels of maturity. The presented concept allows assessment of maturity of individual processes or their groups as well as the entire organization.

The third chapter of the work focuses on methodological aspects, i.e. the first subchapter presents the purpose, scope and methods of empirical research. The next subchapter presents the research model and operationalization of the analyzed constructs. The third subchapter describes characteristics and choice of the research sample. Finally, disadvantages and limitations of empirical research are discussed.

The last chapter of the book is devoted to presentation of the results of the research procedure. A first part thereof contains results of the quantitative research on strategic coherence, process maturity and ambidextrous organization. The second subchapter comprises three case studies presenting determinants of the management process in the area of strategic coherence, process maturity and ambidextrous organization.

The *Conclusion* presents a short summary of the results obtained, whereas *Attachments* at the end of the book contain a questionnaire used in the quantitative survey and distribution of entities selected for the survey.

[Przejdź do księgarni →](#)



ksiegarnia.beck.pl