Identification of Strategy Implementation Influencing Factors and Their Effects on the Performance

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Abstract
This paper investigates the factors that influence strategy execution in service organisations within both public and private sectors. The successful execution of the strategy is the key survival asset of the organisation. Many organisations could not maintain their competitive advantages, in spite of the existing process of drafting a strong strategy, due to lack of achievement in the strategy implementation stage. Leaders and top management of organisations must pay more attention to strategy implementation due to the higher failure rates that occur at this stage. For that, successful strategy implementation requires a better understanding of the relevant influencing factors that dictate that implementation's outcomes. The existing literature does not provide a rigorous and structured conceptualisation of these factors, or their influence on strategy implementation. Accordingly, we precisely explored the mechanisms and interdependent abilities of such factors and their impact to address the gap. In addition, this paper presents many factors, which usually are neglected and cause failure or effect on the efficiency severity industry. This article also shows how some factors are more important in certain industry and less important in other industry in the Middle East.

Keywords: Strategy Implementation, Strategy Execution, Strategy implementation failure/success, and Key factors.

1. Introduction
I was already said that: “Even the greatest strategies are not much useful if they cannot be carried out” [1]. And it can be reached out to say that it would be better to implement effectively a second-class strategy than to ruin a first-grade strategy by an ineffective execution. Research showed that not more than 50% of planning strategies get executed [2][3]. The focus of this paper is to consider a literature review related to the strategy implementation and execution in search for a conclusive current knowledge position.

The terms “execution” and “implementation” are used interchangeably in this paper. There are many factors which must be considered when formulation and implementing a strategy. In recent years, Management Science has produced much research on the design/formulation of strategy. Literature reviews show that the implementations of strategy have been overlooked, and most of the research had been carried out in the formulation of strategy [4]. In reality, each failure of execution is a failure of the planning. Nevertheless, understand the concept of strategy implementation and execution before we can begin this process is mandatory [5].
A starting point for such a research in strategy execution failure would logically be to frame what goes into a strategy formulation process. **Error! Reference source not found.** explains the overall scope of inputs to the strategy drafting process in the organisation. By considering such a wider scope of inputs to the strategy production phase, it is expected that the output would be a ‘good’ strategy. Further, it is known that a good strategy can have a significant impact on the organisation and its future progress. The strategy, in its two phases: formation and execution would shape the overall success or failure of an organization, and they change almost the whole dynamics of the organisation. Therefore, it is vital to design and implement the strategy from the top down and bottom up within the entire organisation. A core success pillar is to have a complete analysis done during the design stage first to secure the correct implementation of the strategy later.

**Strategy: Implementation vs. Execution**

As noted earlier, strategy implementation is an essential area of discussion in the overall field of strategy. However, many definitions of strategy implementation exist such that it is challenging to provide an overarching definition of the concept [6]. Additionally, because researchers use both “implementation” and “execution”, some argue that the two terms should not be treated as being interchangeable and the same whilst others protest that they have the same meaning [7]. The latter perspective is supported by the definitions outlined in the Oxford English Dictionary[8], in which “implement” is defined as the completion of a task, performance of a task or carrying out of a task, whilst “execute” is defined as the act of following through with, or carrying out, an action. Essentially, then, “implementation” and “execution” can be said to mean the same thing.
Whilst there are few studies that differentiate between the two terms, many papers use the terms interchangeably. Hrebiniak [9] is one of the many researchers who take the latter approach, noting that whilst the formulation of strategy can be a challenge, it is even more challenging to execute or implement it in practice.

**Definition of Strategy Implementation**

As noted, there is no clear definition of strategy implementation at present, despite the presence of numerous publications on the topic in the relevant literature. According to MacLennan [8], however, most well-reputed researchers differentiate between strategy formulation and implementation. This being said, MacLennan did not present a solid definition of the term. In other research, Li, Guohui and Eppler [6] propose a three-part definition of strategy implementation: 1) an emphasis on process and the systematic nature of implementation; 2) an emphasis on the performance of certain actions, either in sequence or at the same time, and how these actions translate to organisational behaviour; and 3) a hybrid approach of both process and behaviour. Essentially, researchers define strategy implementation as a multifaceted, changeable, repetitive process in which managers and employees carry out a number of decisions and tasks, which are influenced by various organisational and environmental factors and are designed to realise strategic goals [6]. In the current paper, the term strategy implementation is simply used to refer to the actions an organisation takes to meet its strategic goals [6].

In addition, the relationship between strategic planning and execution illustrated in the LDWiFi Strategic Matrix (Figure 2), LDWiFi illustrates the successful chances occurred when there is a strong team in the planning and execution as well. However, if the disruption of this equation occurs, the outcome is not fruitful.

![LDWiFi Strategic Matrix](image)

**A systematic literature reviews on strategy implementation**

The importance of strategy implementation and the daunting challenges it faces in today’s organisations have been shown, but the literature suggests that there are more contributions on strategy formulation than on strategy implementation. Hrebiniak [9] argued it difficult to plan for the strategy but the most difficult is the implementation of the strategy and making it work. Similarly, Cater and Pucko [10], concluded that although 80% of the organizations have the right strategies, rarely 14% have succeeded to implement them.

An implementation engine program is up and running, focusing and coordinating teams’ efforts on achieving the targets. For that the strategy implementation, as an abstract concept, develops the tactics of translating the plan and policies to actions, which concluded a lot of process, such as allocation, of resources process developing information and decision process, work breakdown structure (WBS) process, authority matrix process, approaches to communicate process between leadership and staffing…etc. The aim of this study is to explore current understanding and future orientations in regards to strategy implementation.
Consequently, it is sensible to build on the recommendations from present literature that calls for better understanding of the concept, and of the success or failure factors that it encompasses, and then to extend this line of investigation.

Systematic literature reviews results

Figure 3 shows the systematic review, which was conducted via the current research to analyse literature on strategy formulation and strategy execution of the current research on factors that influence strategy execution is based on an examination of contemporary studies in the field, in order to distinguish key factors influencing the strategy formulation through to implementation. A systematic search process was carried out using the following keywords: (Strateg*, implement* and failure*), (Strateg*, execution* and failure*), (Strateg*, implement* and success*) and (Strateg*, execution* and success*). The search covered relevant scholarly databases that included: Business Source Complete (EBSCO), Scopus, and ABI Inform Complete (ProQuest).

![Figure 3: Methodology of the Current Systematic Literature Review](image)

- An initial scholarly databases search of selected keywords combinations revealed a total of 2,611 titles.
- Irrelevant subject areas such as medicine, social sciences and arts and humanities were excluded. The main relevant subject area is 980 in business management.
- After removing duplicate records, the search resulted in 450.
- Resulting literature was screened first through titles and abstracts to remove irrelevant documents and the search resulted in 161.
- A further comprehensive screening was conducted through the documents, which yielded 47 documents.

Many articles in the literature review are not precisely related but they contain the keywords therefore they appear into the search group. From 161 documents to 47 have been screened, as they were not related to strategy implementation. In this process, they were not completely ignored they have been read and been cited where necessary. However, the 47, which have been cited and have been involved entirely in this literature were very closely related.

Geographical distribution of relevant research

Figure 4 shows the majority of research in the strategy implementation field was conducted in the US (30%), followed by the UK (28%) and other European countries (10%). The combined groups of papers from USA, UK and Europe represented around 70% of the analysed pool of papers. The remaining statistics of approximately 30% indicate similar percentages among different regions such as Australia, India, Brazil and Latin America. In particular, the research conducted in the Middle East about strategy implementation field was 6%.
In strategy implementation research, USA and the UK have dominated comparatively to the rest of the world. Advanced research facilities could be one of the major reasons for this dominance. In addition, the majority of industries in terms of services or products, like automotive and aerospace, are situated in these countries. Furthermore, these countries also provide strategy solution around the globe, which in turn provides on hand experience.

**Factors affecting strategy implementation**

Failure of the strategies is a major problem and challenge for many organisations. The detailed literature review shows most of the strategies fails at implementation stage, furthermore literature review and interviews with expert demonstrates that many factors are usually been ignored during the strategy implementation which are the major reason for strategy to be ineffective or failure. The body of knowledge in this area is rich, but mostly with quantitative research especially in west countries. However, analysis shows the factors that affect strategy implementation as following: “Poor or vague strategy, Clear Objectives, Communication, Engagement, Sufficient resources, Benefits realisation management, Accountability, Talent Management, Involvement, Buy-in, Prioritisation, Selection, Alignment, Project management, Risk management, Monitoring, Performance, Leadership, Sponsorship, Commitment, Effective competitor responses to strategy, Authority, Governance, Motivation and Rewarding”. Although most authors decide that, all factors of strategy implementation have different impact and carry a different force individually.

As shown in Figure 5, the weight ratio for each factor from the total factors converged between 2% to 6% and this shows the impact of all factors for successful implementation strategies. In addition, the factor that received highest ratio representing 35% of the total factors was Leadership, Commitment, Sponsorship, Governance, Authority, Talent Management, Sufficient resources and Alignment. There is a clear association between these factors and it is affected by decisions made. Paul Rogers and Marcia Blenko [11], concluded: “A good decision executed quickly beats a brilliant decision implemented slowly”. The weighting ratio has been calculation by analysing the occurrence the frequency of the factors in the successful strategy and not mentioned in the failed/unsuccessful strategies.

The factors that received second highest ratio representing 31% of the total factors. Those were: Clear Objectives, Communication, Engagement, Involvement, Buy-in, Accountability and Motivation. There is a clear association between these factors and it is affected by communications. As a minimum, several academics have already highlighted the importance of communication for strategy implementatio process knowledge [12][13].The communications content clearly should explain what new responsibilities, tasks, and duties need to be achieved for each staff. Fundamentally, it also contains the reasons behind new strategic decisions and actions that need to be taken. The following group were the factors that received weighting of 20% from the total factors. These are as follow: Benefits realisation management, Project management, Risk management, Monitoring, Performance and Rewarding. The links between all these factors are clear and these factors are affected by the measurement and accuracy at tactical level. The concept of ‘tactics’ is not a quantity and is not given a numerical quantity.
value. A measurement is said to be more accurate when it offers a smaller measurement error in each tactics step. Therefore, anything, which is taken as ‘tactics’ must be measurable, and optimisable. That is why the clarity of tactics in any team is very important to enable the smooth running of the task. After the team, has been given their task, responsibilities and performance goals, they are left to find ways to accomplish the task, moving it from start to finish and delivering the necessary results. Things can go haywire along the way and confusion can set in, but this can be helped with a clear tactics process with defined action and the key performance indicators for each step using the right tool.

The factors that received middle ratio representing 15% of the total factors, we found to be: Poor or vague strategy, Selection, Prioritisation and Effective competitor responses to strategy. It is noted that there is a clear correlation between all these factors and it is affected by options and modality of choice, taking into consideration that ‘modality’– in this sense - is the way or mode in which something exists or is completed.

Nevertheless, many decisions require the evaluation of alternative options from point of view such as quality, cost and delivery requirements etc. Such choices can be formulated as multi-criteria decision-making problems [14]. It is imperative to decide on how to compare different options, which contribute to meet the objectives. This requires the selection of criteria to reflect performance in meeting the objectives. Each criterion must be measurable, in the sense that it must be possible to assess, at least in a qualitative sense. How well a particular option is expected to perform in relation to the norm? The difficulties involved within journey transformation entails rationalised decision making often with high risk and very limited information [15]. Hence, sometimes there are no ‘right’ decisions, only different or alternate decisions.

As a result, there are tools for management to take decisions regarding alternative options that can ensure adequate implementation of strategies, and to keep teams engaged and performing by communication in each stage of the strategy (i.e. formulation and implementation). This can be ensured via clarity of process and the right measurement of implementation states outcomes.

In this orientation; it is clear that the basic themes that play an influential role in the successful implementation of the strategy are: Management Options available to the organization now and in the future, Teams of people that internally and externally relate to the organization and their knowledge with the rest of the team, Tactics of short term nature that encompass the organizations daily operational nature and finally; the Necessary tools better facilitate the corporate strategy implementation. These are the four input items that are vital to the efficiency and effectiveness of any strategy formulation or implementation processes. These inputs can be termed for simplicity as MEOO.

Figure 6: The main categories and related open categories from Systematic Literature Review
The MEOO items are fully mutually interactive throughout the cycle of any strategy from its start as an idea and ending by achieving the final key performance indicator (KPI) – (for a successful formulation – implementation endeavour). The interactions amongst these four MEOO inputs result in the overall ‘strategic footprint’ of the organization.

![Figure 7: Interaction between the MEOO themes](image)

Figure 7 further illustrates these internal/external mechanisms that expose how a given organization is doing in terms of its strategic performance efficiency and effectiveness.

In simple considerations:

- Management observe and carefully study all the past, current, and future options, and then draft out a strategy in terms of overall guiding ‘decisions’ (i.e. setting KPI’s).
- In healthy organizations; the workforce ‘Teams’ should be in a position to translate the issued guiding strategy into ‘knowledge’ that is vital for them to further perform as expected.
- Management is further expected to breakdown the main strategic guidelines into sets of applicable ‘processes’.
- Workforce teams, having a clear knowledge of the ultimate high profile targets of the organization, and being empowered by the necessary sets of processes, should be able to apply day to day performance ‘tools’ to achieve the previously set KPI’s.

Again, for a healthy organization; the achieved KPI’s (by applying tools) represent the real value of that organization’s ‘effectiveness’ in disseminating higher profile strategic thinking into useful knowledge. These achieved KPI’s also indicate how far that organization is ‘efficient’ in transferring the same higher profile strategic thinking into applicable set of processes and procedures that people (teams) can follow.

**Conclusions**

Generally, the strategy defines the plans of any organisation to stay competitive. The strategy planning has been researched for decades in academia as well as within industry. However, it is evident that most of the strategies fail during the implementation stage, shows in detailed literature review. This article discussed characteristics of strategy implementation and the attributes that can lead to its failure. The paper also discussed the link between strategy planning and implementation. Furthermore, the important factors of strategy implementation are a pinnacle feature in the Management studies, as it could be turn the failure to success of the strategy, providing all the involving factors has been identified and managed from the very beginning stage.

The identification, management and planning of important factors will make the strategy successful but not perfect. It has been seen the literature review that the positive results have been achieved with the level of 60% of the strategy implementation success and very few have attained more than 80%. However, no study shows 100%
or perfect strategy implementation success. However, it also important to know there are many ways to measure success of the strategy implementation success:

Firstly, the translation of strategy into practice requires the involvement and coordination with the staff and process throughout the organisation by activities. Usually, the strategy development, operation planning, forecasting, technology budgeting and talent management are the only factors, which are manage but this article argues that strategy should not be limited to these factors.

Secondly, the proactive approach in organisation saves and secures the future of the organisation. However, it would not be possible without a clear and detailed strategic plan this is in line with the work of Sull[16], Higgins [17] and Hrebiniak [9]. The involvement of management and staff during the strategy planning stage will provide the commitment from the staff during the plan execution. Furthermore, the planning will provide clear direction to the decision maker and it will provide a progress status of the project/initiative with the time scale.

Thirdly, the strategy should be realistic, pedantic and fastidious and sets high goal for which organisation could strive. Furthermore, the aims, goals and targets should be measurable and easy to comprehend. Again, this matches up very well with the research done by Kaplan and Norton [18, 19]. The plan should also provide the incentive to the participants in order for their loyalty and commitment.

The importance of strategy planning and implementing should not have derailed the senior management from the focus of project/initiative deliverables and objectives. Senior management must serve the internal customers, external customer, and project/initiative deliverables therefore, they delegate far down as possible to individual take responsibility for specific delivery action and task. Play to peoples’ strengths and ideally have some responsibility for the eventual implemented action and not all this similarly keep them involvement in each stage of develop the plan.

Organisation should embrace the maturity of polices, capabilities, principles, competencies, culture and business partnerships, influence almost every part of the strategy and culture from time to time. Nevertheless, there are many factors influence in strategy implementation, but it varies from country to country. For instance, one of the major factors in Middle Eastern countries is religion, weather and culture values. On the other hand, this paper also highlights that less attention has been paid to the Middle East, Asia and Africa and discuss the important factors, which are specific to Middle Eastern countries. The factors like religion, weather and culture influence almost every part of the strategy.

Therefore, the data from the major industries will provide precise information to measure each factor and their effects on the outcomes and the strategy implementation. However, each industry and country data might not be the same as each industry and country have different important factors.

Presently in the literature review, there are not data available for strategy implementation, which could be further analysed. Literature review are mainly focused on the strategy planning rather than the execution or implementation and the factors, which makes the strategy implementation, better is hardly available. Furthermore, this article provides detail review, a factor which makes strategy successful and effective. This article also provides the difference importance of factors in industries.

The Future work could be in many different ways, but the most important direction will be to collect the data of organisations where the strategy has been implemented. Different counties and industries data will be better which will provide inside knowhow, which could be used to optimise the factors, which dominate, and effects more, this will help to provide the very precise weights to the factor of each industry.

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