

INTERDEPENDENCE OF CORPORATE STRATEGY AND THE PROFILE OF TOP MANAGEMENT IN LARGE CROATIAN ENTERPRISES

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Contemporary companies find themselves in a volatile environment. Therefore, apart from internal strengths and weaknesses, top managers are required to address the elements of the external environment in defining the corporate strategy. Beside commonly required knowledge, skills and experience, continuous personal improvement aimed at achievement of strategic objectives of the company, adaptation to changes, mastering of innovation and humanisation of personal relations is required from the top managers, in order to make them able to adequately react to changes in business environment. Consequently, a specific type of top managers is required, in order for companies to develop according to the defined strategic framework. First, an initial overview of the interdependence of the corporate strategy and top managers' profiles (defined through their demographic characteristics and professional record) is being presented. Then, the interdependence of corporate strategy and top management profile in large Croatian companies will be statistically tested by using the primary data, collected by means of a questionnaire.

1. INTRODUCTION

Profile of a company is a starting point in determining its current position and preferable line of development. It should be taken into account that employees, primarily managers, shape a company's profile and that a manager's characteristics do not influence only his, or her successfulness, but also the organisational behaviour on a wider scale. Therefore, the research of relationship between managers' profile and its influence on selection of adequate strategy proves to be of considerable significance. In a research aimed at identifying the elements of success, Margerison highlights managers' quotes,

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referring to importance of individual characteristics and organisational practices, particularly managerial succession, delegating the complex tasks to young people etc. (Bahtijarević-Šiber, 1999: 458-59).

At the other hand, it can be stated that the corporate strategy is concerned with two basic questions – what businesses is the company involved with and what businesses would the company want to be involved in the future. Business can be defined as a supply of certain products in a clearly defined market (Collins, Devanna, 2002: 133). Corporate strategy considers a company as a whole, with the emphasis on following elements:

- defining the vision and mission of a company,
- setting the aims and strategic ambitions,
- defining business philosophy of a company,
- identifying areas in which the company would be active and
- general allocation of resources, depending on priorities.

When considering large companies, it is necessary to note that there are three possible levels of strategic management. Namely, depending on the range of products offered, it is possible to distinguish corporate, business and functional strategies. Consequently, it is possible to construct a hierarchy of long-term objectives and plans. Those related to the corporate level can be broken down according to the business units framework, while those at the business unit level are defined through the functional unit framework. Such a group of long-term plans provides an outline for creation of short-term plans and budgets, useful for controlling the organisation in the short-term (Stacey, 1993:29).

Keeping in mind the volatile nature of changes in a company's business environment, it is of particular importance for top management to make timely use of opportunities, or counter threats arising both from within the company, and from the external environment, when defining corporate strategy. Apart from this, in predicting future course of a company's development, top management is required to strategically apply new technological inventions and set the employees' capabilities in motion. In order to adequately define and consequently implement strategies, apart from the required knowledge, skills and experience, top managers need to possess personal excellence. Therefore, **in order for companies to develop within the defined strategic framework, a particular profile of the top manager is required.** This is the reason for the research into the problem of interdependence of top management profile and corporate strategy.

In order to determine the interdependence between corporate strategy and top management profile, the latter will be determined through testing the **demographic characteristics** (*gender, age, social background, marital status*) and **professional background** (*basic and continued education attended, total working experience, total working experience in managerial positions, participating in continuous education, length of working hours*). As a basis for analysis of the corporate strategy, the following typology has been used:

- *stable strategy* (typically found in companies achieving the satisfactory level of business activity and which aim at maintaining the existing state of affairs),
- *growth strategy* (typical for companies aiming to increase their scope of business activity) and
- *digressive strategy* (typical for companies aiming to reduce the scale and level of business activity).

Several sub-strategies exist within each of these corporate strategies (Pearche, Robinson, 1994). It should be emphasized that many companies engage in more than one business, each facing its own unique set of competitors and a different customer segment. Consequently, the business portfolio concept became a usual part of strategic planning. This approach is based on evaluation of each existing, or a potential business, based on its growth rate and other measures of attractiveness and company's market share. Thus, a different approach, facilitated by business portfolios, is necessary whenever a company is active in several diverse and unrelated businesses (Peter, Certo, 1993).

2. SIGNIFICANCE OF THE RESEARCH

Despite early recognition of problems, many companies fail in finding a route toward success. Often, the reason for this lies in undefined or inadequate strategy, set by top management. This can occur either due to the lack of recognition of the critical changes in the company environment, or due to the lack of responsibility of the top-management to successfully address the changes. Such a lack of readiness leads the company into the crisis, for which the only answer is often a change of top management, in order to acquire managerial talent able to recognise the problem and react with an appropriate strategy. Through its life cycle, each company passes through different stages, characterised by being more or less successful. Thus, crisis is bound to be one of those stages. By reacting to the initial signs of crisis, successful management is able to overcome this phase. A postponed and less determined reaction of the management to the symptoms (such as poor motivation, price instability, missed

opportunities in the market etc.) will increase uncertainty regarding the final results of struggle with the crisis.

Significance of top management in formulating and fulfilling corporate strategy objectives is understandable, as they are supposed to be the ones who top create the corporate strategy. Top management needs to be constantly involved in searching, formulating and implementing the company strategy. However, today, it is a frequent case that top managers lose control of the company, with the organisational incompetence to find strategic responses to conditions in the business environment being the primary reason.

Pearson notes that managers should have a strategic vision for each of the businesses, and as the key tasks for each top manager lists the following:

- ❑ forming of the working environment,
- ❑ implementation of the company strategy,
- ❑ resource allocation,
- ❑ lower-level management training,
- ❑ building of the company and
- ❑ supervision of the business conduct (Sikavica, Novak, 1999: 406).

Brekić states (Brekić, 1994: 88) that top management has a dual role in forming and developing of the strategy:

- ❑ *creation and development of research projects* and
- ❑ *practical activity*, i.e. application of research results in determining the course of action.

When strategic development is concerned, crisis of human knowledge and lack of practical wisdom among strategic decision makers, i.e. top-management, are the only possible crisis situations, as Brekić sees them. Therefore, the need for constant education of top managers, in order to enable them to formulate adequate strategies, as a response to volatile changes in the business environment, seems logical.

Since it is likely that unprofessional staff will cause corporate strategy to fail, its realisation depends on several factors, predominantly on motivation of those in charge for its implementation and experts. Top management has to coordinate the employees from different levels of responsibility within the firm, so that all the ideas can be heard. In such a way, the climate favourable for open communication of vision to a wider range of co-workers is created. Hence, top management task is to involve the whole organisation into the realisation of the chosen strategy, but by maintaining its own active role in the process. Higher

level of flexibility and the orientation toward new concepts is required from management, particularly from the top management, in order for tasks to be fulfilled successfully.

It could be said that flawed beliefs and presumptions inevitably cause mistakes in strategy formulation. Thus, the challenge to management is to recognise the changes in business environment in preconceptions, which is a prerequisite for developing and implementing winning strategies in the marketplace. Preconceptions are defined as the image of the world created through interaction of company's own members during time, which determines and forms opportunities and risks (Collins, Devanna, 2002: 331).

A key in formulating the strategy and projecting a route towards the desired future state is the strategic awareness of top managers. Success of a company does not depend only on the strategy itself, but also on its efficient implementation. Therefore, Koontz and Weihrich (1998: 183-185) provide top management with eight suggestions aimed at facilitating the implementation of the adequate strategy:

- *Introduce all key decision making managers with the strategy.* It is not enough that the strategies are comprehensible only to the CEO and the members of the board of directors, who were the ones who created it. Top management has to make sure that strategies are communicated in a written form to everyone included in their implementation;
- *Create and communicate of the conditions of planning.* After creating prerequisites vital for plans and decisions, managers should explain them to all members of the decision-making chain and provide directions for creation of plans and decision-making in line with such prerequisites. Prerequisites of planning should include presumptions regarding the environment, in which the plan will be realised. In such a way, decisions are not made on the basis of personal presumptions, which almost always leads to the lack of coordination among the plans;
- *Secure that the basic objectives and strategies are reflected by action plans.* Action plans present tactical and operative programmes and decisions created in different parts of the organisation. Thus, in order to achieve the desired result, it is necessary for these plans to include targeted objectives and strategies. There are a number of methods for securing that the action plans' contribute toward the main objectives. One of the ideas is to review the main decision within an appropriate, smaller board, which could include manager's superior, superior's superior and a services' specialist;
- *Constantly reevaluate the strategies.* It is advisable to revise major strategies once per year. Changes in external and internal environment of the

company can alter the competitive position of the company. Thus, a regular revision of the strategy is necessary;

- *Create contingency strategies and programmes.* There is a real need for creating strategies for unforeseen events. Management is required to be prepared for unpredicted situations, with the contingency plans allowing for a certain level of such preparation;
- *Harmonise organisational structure with the planning requirements.* Organising is a process of deliberate structuring of human, informational, financial and material resources, in function of achieving organisational goals and making decisions necessary for implementation of the plans. Within such a process, goals and key tasks need to be established and delegated to organisational units located toward the bottom of the organisational structure. The role of the analyst in these departments should be defined in a way reflecting their counselling role, whilst analysis and recommendations would enter decision-making system on the point of decision-making. Otherwise, the result would be isolated activity of departments without planning value. Organisational structure has to be consistent with the organisational strategy. While strategy defines what will be done in a certain period of time, organisational structure specifies who will, and how, implement different strategic aims;
- *Continuously emphasize planning and implementation of the strategy.* This is necessary in avoiding obstructions during implementation of a strategy and is being accomplished through seminars, or continuous interaction of superiors and their subordinates;
- *Create an adequate corporate climate.* The corporate climate represents emotional and psychological basis of an organisation. Its objective indicators are complaints, conflicts, innovation, etc. It indicates the quality of relations within a company, atmosphere created inside the working environment, attitudes and satisfaction of personnel and their successfulness.

Stacey notes that successful implementation of a strategy is related to a large number of key elements of an enterprise. Implementation of strategies, according to Stacey (Stacey, 1993:65), requires management to:

- *design a hierarchical information structure* appropriate for planned strategy,
- *introduce and operationalise managerial information and control systems*, allowing the managers to maintain the organisation on a planned route.
- *introduce and operationalise the employee reward system*, which secures the monetary incentives for strategy implementation,

- *change the culture or the belief systems*, in order to secure non-monetary motivation required for strategy implementation and
- *develop the adequate social and political behaviour* that does not prevent implementation of the strategy.

Top management profile represents a number of characteristics reflecting the top management strengths and weaknesses. As it was previously emphasized, top management profile does not only influence its personal successfulness, but also the wider organisational behaviour. Therefore, it is clear that top management influence, its beliefs, approach to work, interests, responsibility, presumptions regarding motivation, attitude, etc. are of major importance for the company success. Hence, success is not only dependent upon well defined and consequently applied strategy. It is possible only if a prerequisite is being met: company should be open to the new and unknown, which, in turn, requires a certain profile of the top management.

Bahtijarević-Šiber notes that various strategic situations face top management with varying requirements and provide an opportunity of directing towards knowledge, capabilities and individual characteristics required by management in order to achieve the aims of a company (Bahtijarević-Šiber, 1999).

3. RESEARCH METHODOLOGY

3.1. Sample

Out of 193 048 companies existing in Croatia, according to the government statistics, 177 are classified as having 500 or more employees, i.e. as large enterprises. Thus, this research has been directed toward their corporate strategy and the characteristics of their management. Questionnaires delivered through mail were used as the research instrument. Questionnaires and cover letters, explaining the aim of the research, were sent to the chief executive officers of the large Croatian companies. Total of 23 filled questionnaires have been received, which represents 13% of the entire population. On the basis of such a sample, which can be considered representative, judgements regarding the population were made.

3.2. Research instrument

Research of interdependence between corporate strategy and top management profile was performed by means of a survey. The questionnaire, as

the research instrument created for this purpose, was divided into three segments. First segment is related to the company characteristics, with researched characteristics being the industry, size, ownership structure and geographical location of the company. The second part of the questionnaire is related to the types of corporate strategy implemented by the company. If the corporate level strategy is present, the data on the type of corporate strategy and the predominant corporate strategy have been collected. The third part of the questionnaire was related to establishing the top management profile, i.e. collecting data about demographic characteristics and achievements of top managers. Through this segment, data regarding the status of the respondent, position in the company, gender, age, social background, marital status, level of education, total working experience, working experience in managerial positions, methods of further education and the average length of a working day have been collected. The questionnaire has been sent to the large Croatian companies by mail, accompanied by the cover letter, explaining the aim and significance of the survey. Data gathered through the questionnaire has been analysed by statistical methods. Widespread use of computers has significantly facilitated the operationalisation of data in terms of conducting the statistical analysis.

3.3. Research hypotheses

Initial hypothesis was that **the large Croatian companies have a strategy defined on the corporate level as a combination of several corporate strategies.** It has been expected that **all the top managers, despite the presence of a combined strategy, are able to define the predominant corporate strategy.** Presence of interdependence between the adopted corporate strategy and the defined profile of top management will be established by setting the following null-hypotheses:

- **There is no relation between top management age and predominant corporate strategy.**
- **There is no relation between social background of the top management and predominant corporate strategy.**
- **There is no relation between the marital status of the top management and predominant corporate strategy.**
- **The level of education of the top management and predominant corporate strategy are not related.**
- **There is no relation between total working experience and predominant corporate strategy.**
- **Top managers' working experience in managerial positions does not influence the choice of corporate strategy.**

- **There is no relation between the mode of further education of the top management and corporate strategy of the company.**
- **Average length of top manager's working hours per day does not influence the choice of the corporate strategy adopted.**

If these null-hypotheses are accepted, it should be concluded that the demographic and professional characteristics of the top managers and corporate strategy of the large Croatian companies are not related.

3.4. Data analysis

Results regarding the number of large Croatian companies, which do have strategy defined on the corporate level and the profile of the top management, were determined by means of the interval estimate of the proportion of population. Analysis has been conducted with 95 percent of confidence ($\alpha=0.05$).

Interdependence of the previously defined top management profile and the corporate strategy was tested by Fisher's exact test. This test was deemed the most appropriate method, since the data tables, formed by cross-tabulating data gathered on top management profile with data on predominant corporate strategy, with more than one degree of freedom, had cells with frequencies less than 1. There were also data tables with less than 20% of all cells having the expected frequency value of less than 5. Because of this, where required, frequencies related to the top management profiles were additionally grouped, in order to produce 2x2 tables, on the basis of which further testing was conducted. *If Fisher's exact test p-value is smaller than 0.05 ($p<0.05$), it was concluded that a significant relation between the variables has been present.* If the p-value is higher than 0.05 ($p>0.05$), the conclusion has been that no significant relation between characteristics researched exists (Kendall, Stuart, 1979:580). Again, analysis was conducted with 95% of confidence.

3.4.1. Corporate strategy of large Croatian companies

Out of 23 large Croatian companies, forming a sample of the total population of companies with more than 500 employees, 22 have a strategy defined on the level of the company as a whole. Following results were obtained through calculation of interval estimate of the population:

- *Corporate strategy of the large Croatian companies is a combination of growth and stable strategies.*

- Growth strategy, as a predominant strategy, is adopted in 55,75% to 92,07% of large Croatian companies, while 4,68% to 38,8% are companies in which stabile strategy is predominant.
- Investment in product development and production technology is the most frequently used growth strategy, adopted in more than 73,03% of all large Croatian companies.
- Two out of three important motives for the choice of adopted corporate strategy is maintaining the market position – for 40,68% to 81,06% top managers of large Croatian companies, and achievement of larger market share – for 22,97% to 63,98% of managers, with those motives being also some of the goals of corporate growth strategies. Out of very important motives further noticeable is rationalisation of costs – for 27,16% up to 68,48% of top managers.

3.4.2. Top management profile in large Croatian enterprises

Estimation of the profile of top managers in large Croatian companies has been conducted by interval estimate of mean values and proportions. The most interesting results emerge from the analysis of interdependence of top managers' profiles and corporate strategy. Based on the analysis of a sample of 23 companies and using 95% of confidence, the following has been established:

- Highest percentage of top managers (50,54% - 88,60%) are employees of the company while 11,40% to 49,46% of top managers have an ownership stake of the company.
- Average age of top managers in large Croatian companies is from 45,81 to 52,79 years.
- Research of social background has shown that, by and large, top managers descent from the working class families.
- More than 79,65% of the large Croatian companies' top managers are married.
- Regarding professional education of the top managers, although there are some with only high-school or professional (2-year) university degrees, the majority of the top managers has an undergraduate (4-year) university degree - from 55,75% to 92,07%.
- Average working experience of top managers is from 21,49 to 27,98 years.
- Average respondents' working experience in the managerial positions is from 11,19 to 17,42 years.
- All of the top managers extend their knowledge - majority of them (over 73,03%) through consulting the professional literature.
- Average length of the working day of a large Croatian company manager is estimated to last from 10,12 to 11,27 hours.

3.4.3. Interdependence of corporate strategy and top management profile

Depending on the variables of the top management profile and the predominant corporate strategy, according to which interdependence has been tested, top managers have been grouped. Groups have been formed according to one of the profile characteristics. After that, the summarized data has been grouped again, this time - according to the predominant corporate strategy. The following tables present the data summarized by the previously described method. Relationship between the age of top managers and the predominant corporate strategy is shown by Table 1.

Table 1. Corporate strategy and age of top managers

PREDOMINANT STRATEGY	AGE OF TOP MANAGERS						TOTAL
	25-30	41-45	46-50	51-55	56-60	61-65	
Growth strategy	2	3	4	5	1	2	17
Stable strategy	0	1	1	1	2	0	5
TOTAL	2	4	5	6	3	2	22

In order to apply the Fisher's test and calculate its p-value, data from the 3x1 table had to be transformed into the 2x2 table. This has been done by grouping the frequencies, based on age ranges of the respondents, into those from 25 to 50 and those from 51 to 65, as demonstrated by Table 2.

Table 2. Transformed data on corporate strategy and age of top managers

	Column 1	Column 2	Row totals
Frequencies – row 1	9	8	17
Percent of total	40,909 %	36,364 %	77,273 %
Frequencies – row 2	2	3	5
Percent of total	9,091 %	13,636 %	22,727 %
Column totals	11	11	22
Percent of total	50 %	50 %	
Chi-square (df = 1)	0,26	p = 0,6109	
V-square (df = 1)	0,25	p = 0,6192	
Yates corrected Chi-square	0,00	p = 1,00	
Phi-square	0,01176		
Fisher exact p, one-tailed		p = 0,50000	
Fisher exact p, two-tailed		p = 1,00	
McNemar Chi-square (A/D)	2,08	p = 0,1489	
Chi-square (B/C)	2,50	p = 0,1139	

The chosen managers have been grouped according to the social background, after which each group has been divided into two groups on the basis of predominant strategy. Table 3. presents the data summarized as previously described.

Table 3. Corporate strategy and social background

PREDOMINANT STRATEGY	SOCIAL BACKGROUND					TOTAL
	Rural	Working-Class	Admin.	Small-Entrepre.	Intellec.	
Growth strategy	3	7	4	1	2	17
Stable strategy	2	3	0	0	0	5
TOTAL	5	10	4	1	2	22

Frequencies of data on social background of top managers used for establishing interrelation of paired data on corporate strategies and social background have been arranged in two groups: managers from rural, working-class, and entrepreneurial families, while the other group was formed with managers coming from intellectual and administrative family backgrounds. Thus, in accordance with these groupings, Fisher's exact test has been calculated as shown by Table 4.

Table 4. Transformed data on corporate strategy and social background

	Column 1	Column 2	Row totals
Frequencies – row 1	11	6	17
Percent of total	50%	27,273 %	77,273 %
Frequencies – row 2	5	0	5
Percent of total	22,727 %	0,00 %	27,727 %
Column totals	16	6	22
Percent of total	72,727 %	27,273 %	
Chi-square (df = 1)	2,43	p = 0,1193	
V-square (df = 1)	2,32	p = 0,1280	
Yates corrected Chi-square	0,97	p = 0,3239	
Phi-square	0,11029		
Fisher exact p, one-tailed		p = 0,1659	
Fisher exact p, two-tailed		p = 0,2663	
McNemar Chi-square (A/D)	9,09	p = 0,0026	
Chi-square (B/C)	0,00	p = 1,00	

Groupings of respondents according to their marital status and their responses on predominant corporate strategy are displayed by Table 5.

Table 5. Corporate strategy and marital status

PREDOMINANT STRATEGY	MARITAL STATUS			TOTAL
	Single	Married	Widower	
Growth strategy	1	15	1	17
Stable strategy	0	5	0	5
TOTAL	1	20	1	22

In order to find underlying interrelations between predominant strategy of the company and the marital status of the top management, frequencies displaying number of managers who are either married, or widowers, have been added. On the basis of the new 2x2 table with transformed data, p-value of the Fisher's exact test has been calculated as displayed by Table 6.

Table 6. Transformed data on corporate strategy and marital status

	Column 1	Column 2	Row totals
Frequencies – row 1	2	15	17
Percent of total	9,091 %	68,182 %	77,273 %
Frequencies – row 2	0	5	5
Percent of total	0,00 %	22,727 %	22,727 %
Column totals	2	20	22
Percent of total	9,091 %	90,909 %	
Chi-square (df = 1)	0,65	p = 0,4212	
V-square (df = 1)	0,62	p = 0,4319	
Yates corrected Chi-square	0,01	p = 0,9359	
Phi-square	0,02941		
Fisher exact p, one-tailed		p = 0,5887	
Fisher exact p, two-tailed		p = 1,00	
McNemar Chi-square (A/D)	0,57	p = 0,4497	
Chi-square (B/C)	13,07	p = 0,0003	

In order to test the interdependence of the professional education level and the selected corporate strategy, data related to these two variables has been grouped as follows:

Table 7. Corporate strategy and professional education

PREDOMINANT STRATEGY	PROFESSIONAL EDUCATION			TOTAL
	High school	College	University	
Growth strategy	1	3	13	17
Stable strategy	0	2	3	5
TOTAL	1	5	16	22

Frequencies resulting from groupings based on professional education have been displayed by Table 7. Variable showing education has been transformed to distinguish university and below-university education, in order to produce a 2x2 table. The new table, shown by Table 8, is used as a basis for calculations of the Fisher's test p-value, in order to determine the relationship between predominant strategy and the professional education of the top managers.

Table 8. Transformed data on corporate strategy and professional education

	Column 1	Column 2	Row totals
Frequencies – row 1	4	13	17
Percent of total	18,182 %	59,091 %	77,273 %
Frequencies – row 2	2	3	5
Percent of total	9,091 %	13,636 %	22,727 %
Column totals	6	16	22
Percent of total	27,273 %	72,727 %	
Chi-square (df = 1)	0,53	p = 0,4673	
V-square (df = 1)	0,50	p = 0,4776	
Yates corrected Chi-square	0,02	p = 0,8762	
Phi-square	0,02402		
Fisher exact p, one-tailed		p = 0,4192	
Fisher exact p, two-tailed		p = 0,5851	
McNemar Chi-square (A/D)	0,00	p = 1,00	
Chi-square (B/C)	6,67	p = 0,0098	

Top managers of large Croatian companies included in the sample have been grouped according to the length of their work experience and according to predominant corporate strategy adopted by their companies. In order to allow for testing of relationship between total working experience and predominant corporate strategy, data have been arranged as shown by Table 9.

Table 9. Corporate strategy and total working experience

PREDOMINANT STRATEGY	TOTAL WORK EXPERIENCE						TOTAL
	0-5	6-10	16-20	21-25	26-30	31-35	
Growth strategy	1	1	3	3	4	5	17
Stable strategy	0	0	1	2	0	2	5
TOTAL	1	1	4	5	4	7	22

Frequencies representing total working experience of the top management in large Croatian companies have been grouped reflecting two ranges – from 0 to 20 years and from 21 to 35 years. As a result, a 2x2 table has been created and a p-value of the fisher’s test has been calculated as displayed by Table 10.

Table 10. Transformed data on corporate strategy and total working experience

	Column 1	Column 2	Row totals
Frequencies – row 1	5	12	17
Percent of total	22,727 %	54,545 %	77,273 %
Frequencies – row 2	1	4	5
Percent of total	4,545 %	18,182 %	22,727 %
Column totals	6	16	22
Percent of total	27,273 %	72,727 %	
Chi-square (df = 1)	0,17	p = 0,6779	
V-square (df = 1)	0,16	p = 0,6849	
Yates corrected Chi-square	0,02	p = 0,8762	
Phi-square	0,00784		
Fisher exact p, one-tailed		p = 0,5805	
Fisher exact p, two-tailed		p = 1,00	
McNemar Chi-square (A/D)	0,00	p = 1,00	
Chi-square (B/C)	7,69	p = 0,0055	

Interdependence of the top management work experience in managerial positions and the predominant corporate strategy is demonstrated by Table 11.

Interdependence of the predominant corporate strategy, i.e. growth and stable strategy and the length of top managers' managerial experience have been calculated by using Fisher’s exact test.

Table 11. Corporate strategy and working experience in managerial positions

PREDOMINANT STRATEGY	WORKING EXPERIENCE IN MANAGERIAL POSITIONS						TOTAL
	0-5	6-10	11-15	16-20	21-25	26-30	
Growth strategy	3	3	3	4	2	2	17
Stable strategy	1	0	1	2	1	0	5
TOTAL	4	3	4	6	3	2	22

However, this required transformation of data on total work experience in managerial positions into two groups – those with 0 to 15 years of experience and those with 16-30 years of experience. Data grouped in this manner has been displayed by Table 12.

Table 12. Transformed data on corporate strategy and working experience in managerial positions

	Column 1	Column 2	Row totals
Frequencies – row 1	2	8	17
Percent of total	40,909 %	36,364 %	77,273 %
Frequencies – row 2	2	3	5
Percent of total	9,091 %	13,636 %	22,727 %
Column totals	11	11	22
Percent of total	50 %	50 %	
Chi-square (df = 1)	0,26	p = 0,6109	
V-square (df = 1)	0,25	p = 0,6192	
Yates corrected Chi-square	0,00	p = 1,00	
Phi-square	0,01176		
Fisher exact p, one-tailed		p = 0,50	
Fisher exact p, two-tailed		p = 1,00	
McNemar Chi-square (A/D)	2,08	p = 0,1489	
Chi-square (B/C)	2,50	p = 0,1139	

In the next stage, the obtained data has been grouped according to the average length of top managers' working hours and the predominant corporate strategy in their companies.

Data grouped in this way for the purpose of investigating the relationship between the two is shown by Table 13.

Table 13. Corporate strategy and length of top managers' working hours

PREDOMINANT STRATEGY	LENGTH OF TOP MANAGERS' WORKING HOURS		TOTAL
	1-8	9-13	
Growth strategy	1	16	17
Stable strategy	0	5	5
TOTAL	1	21	22

Calculation of the Fisher's exact test p-value, based on frequencies in the table is demonstrated by Table 14.

Table 14. Transformed data on corporate strategy and length of top managers' working hours

	Column 1	Column 2	Row totals
Frequencies – row 1	1	16	17
Percent of total	4,545 %	72,727 %	77,273 %
Frequencies – row 2	0	5	5
Percent of total	0,00 %	22,727 %	22,727 %
Column totals	1	21	22
Percent of total	4,545 %	95,455 %	
Chi-square (df = 1)	0,31	p = 0,5788	
V-square (df = 1)	0,29	p = 0,5876	
Yates corrected Chi-square	0,44	p = 0,5053	
Phi-square	0,01401		
Fisher exact p, one-tailed		p = 0,7727	
Fisher exact p, two-tailed		p = 1,00	
McNemar Chi-square (A/D)	1,50	p = 0,2207	
Chi-square (B/C)	14,06	p = 0,0002	

4. RESEARCH RESULTS

According to the data, collected by the questionnaire as a research instrument, the corporate level strategy is defined among 87,22% of the large Croatian companies (having more than 500 employees). It has been confirmed that the corporate strategy of large Croatian companies is a combination of more than a single strategy, of which a dominant can be identified, usually being either the growth, or the stable strategy. Through calculations of interval proportion, it can be concluded that the growth strategy is predominantly used in 55,75-92,07% of large Croatian companies, while in 4,68-38,8% of the

companies the stable strategy is predominant. Thus, predominant corporate strategy was used as a basis for research into the interdependence of corporate strategy and top management profile.

After the primary data, related to the top management profile, has been grouped according to the researched characteristics (age, gender, social background, marital status, level of education, total working experience, working experience in managerial positions and the working hours length), it has been grouped once again by using responses on the predominant corporate strategy. **After that, by using the Fisher's exact test, at the 95% confidence level, it has been shown that these characteristics are not related. That is, linkage of top management profile and predominant corporate strategy has not been confirmed.**

Despite the fact that the sample, based on the number of the companies in the population and its size, can be considered to be representative, it is necessary to emphasize the potential limitations of this study. First of all, it should be noted that the sample has been prone to bias. This statement is justified by the fact that the research has relied on the mail survey for data collection. In cases when mail survey is used, it is difficult to make sure that the person responding to the questionnaire is the same one that initially planned for questioning. Furthermore, as this type of survey is a specific type of written surveys, sampling and non-sampling errors need to be considered. Sampling error is a measure typical for each research using samples, and it is calculated as absolute (standard error) and relative (variation coefficient). Non-sampling errors may occur during research design, development of questions, questionnaire design, data gathering, entering of data and statistical analysis of collected data.

5. CONCLUSION

Lack of relationship between corporate strategy and top management profile in large Croatian companies, proved by this research, could be the result of efforts to remain in the market by using the growth strategy. At present time, a climate is formed, suggesting that a well-defined growth strategy is the prerequisite of survival in the marketplace. Thus, growth strategy can be considered as response of top managers to volatile changes in the business environment. Development of the global market justifies expectations that the growth strategy will be the dominant corporate strategy of large Croatian companies, regardless of their major field of activity, territorial distribution or ownership structure. All of this leads to a conclusion that growth strategies

employing an international approach need to be adopted in order to maintain competitiveness. Successful implementation of strategy is the top management responsibility. Beside certain skills and knowledge, it requires energy, disposition towards risk taking, capability of setting priorities and capability to organise and manage human resources.

In order to satisfy these requirements, each manager will have to pass the ability and professional competence filter. Although top management defines corporate strategy, i.e. it is constantly searches, formulates and implements the company strategy, a prerequisite for the successful strategy formulation for the global market is the openness to novelties. This leads to the conclusion that corporate strategy, being an answer to conditions in the business environment, is exogenous. However, this should not lead to the incorrect conclusion that the top management profile is not significantly influencing shaping and implementation of the company strategy. Large number of researches has confirmed influence of top management characteristics both to their personal success, and to the success of the company as a whole, through a well defined corporate strategy. **The keys to success of each company can be found in recognising the decisive influence of changes in its environment, appropriate reaction to them and management responsibility in that process.**

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**MEĐUOVISNOST KORPORACIJSKE STRATEGIJE I PROFILA TOP
MANAGEMENTA U VELIKIM HRVATSKIM PODUZEĆIMA**

Sažetak

Današnja poduzeća djeluju u uvjetima turbulentnih promjena okoline, pa se od top managera traži da prilikom definiranja strategije uz unutrašnje prednosti i nedostatke uzmu u obzir i elemente iz vanjskog okruženja. Da bi top manageri mogli pravovremeno reagirati na takve promjene u okruženju, osim potrebnih znanja, vještina i iskustava, od njih se zahtijevaju stalno osobno usavršavanje usmjereno ostvarivanju strategijskih ciljeva poduzeća, prilagođavanje promjenama, ovladavanje inovacijama i humanizacija međuljudskih odnosa. Dakle, da bi se poduzeća mogla razvijati u okvirima definirane strategije, potreban je određeni profil top managera. U ovom radu nakon naglaska na značenju međuovisnosti korporacijske strategije i profila top managementa statističkom obradom podataka dobivenih iz anketnog upitnika utvrđeno je da ne postoji međuovisnost korporacijske strategije i profila top managera (njihovih demografskih karakteristika i karakteristika karijere) u velikim hrvatskim poduzećima.

