STRATEGY IMPLEMENTATION – EXTERNAL ENVIRONMENT ALIGNMENT

Valentina Ivančić,* Ivan Mencer,** Lara Jelenc,*** Želimir Dulčić****

ABSTRACT

For any business, as to grow and prosper, managers must be able to anticipate, recognize and deal with change in the internal and external environment. This paper examines the relationship between the external environment and strategy implementation process, taking into account two perspectives of analysis. The first one defines the impact of environmental characteristics on the implementation process. Respondents were asked to evaluate the level of environment uncertainty in everyday business through the level of change complexity and turbulence. The second one defines the enterprise response and proactiveness in external data collecting, processing and identification of opportunities. The paper is based on empirical research, conducted in large Croatian enterprises. The sample includes 78 enterprises and includes respondents from different hierarchical levels and business functions. Enterprises do not associate the lack of implementation success to the context uncertainty. Respondents, regardless of their position within the organization, emphasize they have a lack of competencies managing rapidly evolving situations. Enterprises, with a higher level of proactiveness in researching context characteristics, demonstrate a greater level of preparation in opportunities exploitation. In addition, private enterprises, mainly focused on international market, perceive a higher level of context uncertainty.

Keywords: *strategy implementation process, perceived context uncertainty, enterprise proactiveness, Croatian large enterprises.*

1. INTRODUCTION

Strategy implementation has recently started to be a hot research topic again. Since managers spend significant resources on consulting and training hoping to create brilliant strategies very often those brilliant strategies do not translate into brilliant performance (Verweire, 2014).

It is no longer a secret that most companies struggle with strategy execution. For example McKinsey research reveals that 70 percent of change efforts fall short of the

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desired results (Huy, 2011). Studies made by Noble (1999), Kaplan and Norton (2005), and Speculand (2009) suggest that more than 90 percent of well-formulated strategies fail to be fully implemented causing a waste of resources and decreasing performance.

This paper seeks to establish why such a high percentage of strategies does not result in high performance and how the external environment affects and hinders the implementation process (Dandira, 2011). Exploring the reasons of implementation inefficiency and ineffectiveness means identify the gap between what is planned to be done and what is done during the implementation stage. This allows us to understand better what can be done to improve the implementation process so that it fits better with environment changes.

Environmental influences include positive and negative factors that managers have to take into account during the decision-making process. Understanding the external context can be facilitated by considering issues arising from legal, technological, competitive, market, cultural, social, and economic environments. Understanding the internal context can be facilitated by considering issues related to values, culture, structure, knowledge, and leadership within the enterprise (EN ISO 9001:2015).

In a competitive marketplace, enterprises cannot influence context conditions, but can develop specific competences that enable managers to identify and exploit market opportunities better and/ or faster than competitors. For this reason, managers need to collect, process, and address environmental information constantly. Environmental changes increase environmental uncertainty, which in turn increases the level of riskiness during the decisional process. To reduce this risk, enterprises invest significant resources to explore the environment before setting strategic plans, as well as during the implementation process in line to modify what is incongruent with the constantly changing market conditions.

In order to discuss the relationship between the external context and the implementation process it is necessary to consider:

1. the characteristics of external environment defined through different levels of environment uncertainty and

2. the enterprise ability and promptness to understand and interpret environment influences defined through the frequency of scanning, the applied scanning techniques, and the accuracy in interpreting collected information.

In different studies, the authors strive to identify and group problems that affect the implementation and are connected to external influences. Some of them are proposed below:

• Alexander (1985), Al Ghamdi (1998), Taslak (2004), Wheelen and Hunger (2010), Kalali et al. (2011) point out the impossibility of an adequate identification and evaluation of external environment influences;

• Al Ghamdi (1998) and Taslak (2004) underline that, very often, competitors' activities distract attention from the implementation process, redirect resources and change the priority list in solving problems;

• O'Regan and Ghobadian (2007) mention the instability of macro environment which increases risks of specific situation such as expanding business on new markets, the development of new products or the investments on financial market.

The impact of external context on strategy implementation is, in this paper,

analysed combining two approaches. The first one assesses the environmental uncertainty measuring the level of context turbulence and complexity. Context characteristics represent a more or less stable framework in which strategic plans are implemented. However, some enterprises are more active and agile searching opportunities in the external environment (Miles and Snow, 1978) and that is why we propose an additional approach. Evaluating enterprise proactiveness in searching context opportunities helps to understand why enterprises operating in the same industrial sector, under the same context conditions, have different levels of success. The evaluation of external context and the company proactiveness in searching context opportunities give a wider picture on the relationship between external context and strategy implementation process. Combining these two approaches bridges the gap between what enterprises might do and what they currently do to achieve better performance in a given context.

2. THE IMPORTANCE OF EXTERNAL ENVIRONMENT INFLUENCES DURING THE IMPLEMENTATION PROCESS

Strategy implementation is a very complex process because it depends on many factors that directly or indirectly influence its course. In order to improve the implementation efficiency and effectiveness it is necessary to find a balance managing these influences from inside and outside the enterprise.

Almost every enterprise has a strategy, but not every strategy is a good strategy which means strategic plans, *per se*, are not enough to achieve the desired results. Although it is clear that combining a good strategy formulation with a good

implementation gives better performance (Bonoma 1984; Andrews 1987; Cespedes 1991), some authors such as Cumming and Wilson (2003), Kaplan and Norton (2005), Hrebiniak (2006) point out that it is better to have poorly defined strategy, which is well-implemented, than a very good strategy that is only partially implemented. The implementation stage seems to be the most important phase of the strategic management process because the success of an enterprise, first depends on what enterprise is able to do in practice (Martin, 2010). Hrebiniak (2006) thinks that an inadequate strategy can hinder the implementation process, but on the other hand, a good implementation can overcome the lack of a poor strategy.

Studying the relationship between the external context and strategy implementation process we propose three variables that must be examined: (1) the level of perceived context uncertainty, (2) the enterprise approach in searching and managing external influences, (3) performances during the implementation process. Studying the relationship between the mentioned variables will allow us to explain how enterprises can improve the damping effect of environmental influences on strategy implementation and how to raise the level of proactiveness searching opportunities in the external context. Based on the three variables we develop a research model with three hypotheses as follows:

1. The relation between context uncertainty and the enterprise approach in searching and managing external influences

Strategic context refers to the set of circumstances under which both the strategy content and organizational processes are determined (Van der Maas, 2008). The strategy concept has developed as an important aspect of management due to the dynamics and complexity of the world as well as an

increasingly turbulent business environment (Kibicho, 2015). Exploring environmental characteristics, enterprises define the extent to which external context modify the transformation of strategic plans into concrete actions. Executing a strategy, no matter how brilliant it is, requires a planned approach and a constant environment monitoring (Davenport, 2007). Identify and monitoring environment context characteristics means determining the level of context uncertainty. Generally, over the course of a short period of time, enterprises have little control over external influences (Obaga, 2016). Environment is a complex mechanism that changes and evolves constantly. Modern business environment has become very competitive, making it necessary to practice different context monitoring techniques (Njagi and Combo, 2014) in order to keep environmental influences under control.

Environmental uncertainty is viewed as a function of the level of increase in environmental dynamism and complexity (Johnson and Scholes 1999). More dynamic and complex environmental conditions are, greater is the intensity of uncertainty in the environment. A dynamic environment is typified by change in environmental variables constituting the uncertainty dimensions (such as technology, customer needs and tastes, demand and supply conditions, and competition). Environmental complexity, on the other hand, is summed up by the amount and diversity of variables influencing the uncertainty dimensions in the environment. Although context uncertainty affects the implementation process and potentially reduces its success (Okumus, 2003; Van der Maas, 2008), studying the perceived context uncertainty is not enough to explain why different enterprises in the same industry implement their strategies more successfully than others (Pettigrew and Whipp, 1991). Jabnoun (n.d.) finds that strategic orientation is

closely linked to environmental uncertainty. The level of uncertainty may be objective and measurable or subjective and perceived. However, the important issue is how enterprises behave in specific environmental conditions. Environment uncertainty increases information processing within enterprises because managers must identify opportunities, detect and interpret problems areas, and implement strategic or structural adaptations (Tushman, 1986). Daft and Weick (1984) hypothesize that differences in perceptions of environmental analysability are due to characteristics of the environment combined with management's previous interpretation experience. Choo's (2001) empirical research suggests that managers who experience higher levels of perceived environmental uncertainty tend to do a larger amount of environmental scanning. Garg et al. (2014) argue that high-performing CEOs vary their relative scanning emphases on different domains according to the level of dynamism they perceive in their external environments. Following these statements, we have developed two hypotheses:

H1. The level of perceived context uncertainty reduces the performances during the implementation process.

H2. The level of perceived context uncertainty affects the enterprise approach searching and managing external influences during strategy implementation.

2. The relation between enterprise approach searching and managing external influences and the performances during the implementation process.

Environmental factors are infinite, hence, the organization should be agile and vigil to accept and adjust itself to the environmental changes. The practice of scanning by itself is insufficient to assure great performances,

for what scanning might be aligned with strategy, and scanning information must be effectively utilized during the strategic management process (Morrison 2000).

The strategic management literature proposes numerous approaches to define and analyse the strategic management process (Johnson et al., 2014). For example, Whittington (2001) proposed four approaches: (1) classical approach, (2) evolutive approach, (3) processual approach, and (4) systemic approach. Classical and systemic approaches represent opposing options. The classical approach implies that strategic management process is a formal procedure divided into several phases. The central organ of the enterprise is the management board. The systemic approach, on the other hand, stems from the idea "play the local rules" (Whittington, 2001). According to the systemic approach, strategies are developed in complex networks and are culturally defined. The objectives and practices of strategy strongly depend on the particular social systems in which strategy takes place (De Wit and Meyer 2010). While the evolutionary and processual approaches consider the process of strategy as emergent, the classical and systemic approaches perceive strategy as deliberate and context adaptable. Different strategy schools suit different situations and environments. The classical approach of strategy development, with its inward focus and reliance on historical data, do not encourage decision makers to anticipate environmental changes and assess their impact on the enterprise. Strategy implementation takes place on different hierarchical levels according to the pre-set parameters without questioning suitability and adequacy. The classical approach appears to be the most appropriate for stable and mature industries and the Michael Porter's 'Five Forces' model (Porter, 2008) may be appropriate to analyse the industry attractiveness for making profit.

Contrary to the Classicists, who begin by formulating strategy and then implementing it, Processualists discover strategy through action. In the processual approach, strategy emerges from everyday operations and from the market processes. Strategies are crafted in a continuous middle-up-down incremental process between the enterprise and its environment. The evolutionary approach is based on the belief that the economic environment is continuously changing and the role of the strategy is to respond quickly and efficiently to the environment (Analoui and Karami, 2002).

On the other hand, Miles and Snow (1978) propose a different typology of enterprise's strategic behaviour towards the environment. They propose four strategy typologies: prospector, defender, analyser and reactor. Hambrick (1983), Miller (1986), Snow and Hrebiniak (1980), Andrews (2008) point out that each strategy type performs differently under different environmental conditions. According to Miles and Snow (1978), prospectors and reactors represent diametrically opposed approaches. While prospectors actively and constantly seek their opportunities in the environment, reactors do not have a clear strategy and their operations are not based on self-initiative, but act as a result of competition changes. In simple and stable environments, where customer needs, products and services offered to satisfy them are well-established, and where technological and other environmental factors are changing slowly, defending a firm's position (through the defender strategy) can be a viable and successful strategy. The Miles and Snow typology proposes that defenders focus on solving engineering problems, place a high priority on improvements in efficiency and are led by a dominant coalition composed of people with expertise in finance and production. Defenders thrive in stable environments. They isolate and protect relatively

stable markets and grow through market penetration (Slater and Narver, 1993). In highly dynamic and complex environments, defending a position becomes difficult. Success depends more and more on proactive skills responding to and keeping a dynamic alignment with the changing environment, through, for instance, organizational innovation, which is found to be positively correlated with environmental uncertainty (Russell and Russell, 1992). Russell and Russell (1992) explain that high levels of uncertainty generate more innovations

get that match (Rumelt 1996). Strategies are formulated to adapt to, respond to, or shape the environment (Johnson and Scholes, 1999; Mintzberg, 1994).

H3. The performances during the implementation process are positively correlated with the enterprise approach to the external context.

According to the statements and hypotheses developed above, we propose the following research model:

Figure 1. The research model and the relationships between variables
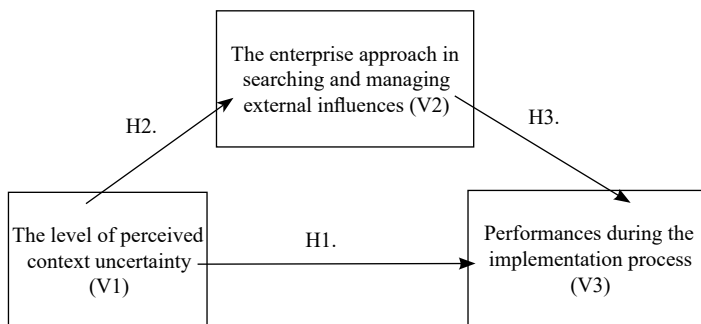
Source: Authors

through opportunity seeking and adaptation to change. Chen and Hambrick (1995) define proactiveness as an important dimension of entrepreneurial orientation.

The third hypothesis assumes that enterprises with a higher level of proactiveness in searching the external context achieve higher levels of implementation success. As Miles and Snow indicated, firms that match their situation to the environment can improve their performance, while those that do not court failure. The relationship between the firm and its environment, in the strategy-making context, has two major dimensions. First, the firm's basic mission or scope should match its environment. Second, it should aim at having a competitive edge with other firms that are also trying to

3. RESEARCH INSTRUMENT AND SAMPLE DESIGN

3.1. Research instrument

For the empirical research a questionnaire was developed. The questionnaire was divided into three parts according to the variables specified in the research model. The questionnaire was written in Croatian.

The first part explores the level of perceived context uncertainty, which is evaluated by researching the level of turbulence and complexity in the general and task environment for the last five years. The measuring scale is taken from authors Tan and Litschert (1994). Questions are presented on a five-point Likert scale, where 1

Table 1. The psychometric characteristics of empirical research

Variables	Number of items	Cronbach's alpha coefficient
V1. The level of perceived context uncertainty	16	0.87
V2. The enterprise approach to the external context	15	0.9
V3. Performances during the implementation process	Resources: 5 Employee: 5 Communication: 6 Operative planning and control systems: 8	Resources: 0.89 Employee: 0.90 Communication: 0.87 Operative planning and control systems: 0.87 *Cronbach's alpha coefficient for the whole construct: 0.95.*

Source: Empirical results

indicates the described situation never occurs and 5 indicates the situation always occurs in the enterprise. Enterprises with a higher score on this scale are those which perceive a higher level of context uncertainty during the implementation process.

The second part evaluates the enterprise approach to the external context using four typologies proposed by Miles et al. taken from a recent Andrews' work (2008). Questions are, also presented as a five-point Likert scale. It is assumed that enterprises with a higher score on this scale are more proactive in environment searching and opportunities exploitation.

The third part consists of the examination of strategy implementation success. The measuring scale developed for this variable represents a part of a wider questionnaire developed in the Ivančić's (2015) doctoral dissertation. There are four key factors describing the implementation process: (1) resources, (2) people, (3) communication activities, (4) operational planning and control systems. Questions are developed on a five-point Likert scale, as for the first and the second variable. A higher score on the scale shows the enterprise performs better during the implementation stage in relation to what

was planned. Table 1 summarizes variables, number of items and the Cronbach's alpha coefficient for each variable.

3.2. Sampling design

One of the main contributions of this study stems from the sample determination. Previous studies examined much more the top management attitudes, while lower hierarchical levels opinions were poorly examined (Grönroos 1995). Sundheim (2013) points out the importance of a continuous cooperation between strategists and executors. He explains that a successful strategy formulation and implementation involves experts from all hierarchical levels. Comparing different perspectives enables us to reach more concrete and realistic conclusions, which is the main prerequisite of proposing appropriate strategic and practical guidelines. For this reason, in each enterprise, we investigate the opinion of the top, middle and low-level management, as well as the operative level.

The study included large Croatian enterprises. The database was developed using the list of enterprises registered at the Croatian Chamber of Economy in April 2014. The population includes 396 active

large enterprises. Data about income and assets were downloaded from the Croatian Financial Agency website (FINA). With 208 questionnaires from 78 large enterprises, the response rate was 19.75%.

The research was conducted in the first part of 2015. The first contact with enterprises was established personally or through a telephone conversation. After the first conversation, the questionnaire was sent to e-mail or by post, depending on the instruction of the contact person. The following two tables summarize the most important demographic characteristics of the sample.

The sample representativeness was checked with the Kaiser-Meyer-Olkin (KMO) and Barlett test. The KMO test was above the acceptable level of 0.7 and the Barlett test was statistically significant. *The analysis of frequency distribution, as well as an* exploratory factor analysis *to eliminate items with a low correlation in the*

tion process. In the questionnaire, we started with 6 selected variables that measure the implementation performances, including the alignment of resources, people, communication, monitoring systems, operative planning, and time. After the exploratory analysis we proceed with the following four variables: resources, communication, people, operational plans and monitoring systems.

Furthermore, it was necessary to check whether enterprises in the sample, according to their basic characteristics, differ in relation to those that did not respond to the questionnaire, the non-response bias. For this purpose, three basic features were selected and checked: (1) the number of employees, (2) the average ROA coefficient for the period 2008-2013, and (3) the distribution of enterprises according to the industry they belong to. For the first and second purpose, the Pearson's coefficient of correlation was checked.

Table 2. Pearson's coefficient of correlation

	N	Mean	St.Dev.	Pearson's coeff.
N. of employees (enterprises that respond to the questionnaire)	78	708	1306.702	$t_{(78. 389)}$=5343. p>0.05
N. of employees (enterprises that didn't respond to the questionnaire)	274	957	2352.96	
Average of ROA 2008-2013 (enterprises that respond to the questionnaire)	74	2.465	8.627	$t_{(74. 314)}$=23103 p>0.05
Average of ROA 2008-2013 (enterprises that didn't respond to the questionnaire)	274	1.0361	9.157	

Source: Empirical research

considered set of variables were conducted. The questionnaire at the end of the paper includes the original questionnaire before the exploratory analysis. A significant change was made on the third construct that measures performances during the implementa-

The results show that the number of employees and the ROA score do not significantly differ between enterprises who responded to the survey questionnaire and those that did not. For the third analysed feature, it is important to emphasize the number

Table 3. The structure of the sample according to the industry

Industry	N. and % of active enterprises	N. and % of collected questionnaires
A- Agriculture, forestry and fishing	14 (3.54%)	1 (1.28%)
B- Mining and quarrying	3 (0.78%)	3 (3.85%)
C- Manufacturing	144 (36.36%)	32 (41.03%)
E- Water supply; sewerage, waste management and remediation activities	13 (3.28%)	3 (3.85%)
F- Construction	30 (7.58%)	4 (5.13%)
G- Wholesale and retail trade; repair of motor vehicles and motorcycles	81 (20.45%)	10 (12.82%)
H- Transportation and storage	30 (7.58%)	9 (11.54%)
I- Accommodation and food service activities	18 (4.55%)	13 (16.67%)
J- Information and communication	12 (3.03%)	1 (1.28%)
M- Professional, scientific and technical activities	5 (1.26%)	1 (1.28%)
R- Art, entertainment and recreation	8 (2.02%)	1 (1.28%)
Total	**396**	**78 (100%)**

Source: Empirical research

Table 4. Demographic characteristics of the sample

Hierarchical level	N. and %	Respondents' average age	Ownership	N. and %	Market of placement	N. and %	Respondents' experience in researched enterprise	N. and %
Top management	59 (28.4%)	45	Private	166 (80%)	Domestic market	99 (47.5%)	0- 4 y.	38 (18.3%)
Middle management	70 (33.7%)	44	Public	42 (20%)	Foreign market	109 (52.5%)	5-9 y.	48 (23.1%)
Low level management	49 (23.6%)	41	**Total**	**208 (100%)**	**Total**	**208 (100%)**	10-14 y.	44 (21.2%)
Operative level	30 (14.4%)	36					15- 19 y.	28 (13.5%)
Tot.	208 (100%)	41.5					20 y and more.	47 (22.6%)
							No answer	3 (1.4%)
							Total.	**208 (100%)**

Source: Empirical research

of enterprises per industry in relation to the total number of enterprises (in the population) and in relation to the total number of enterprises in the observed industry. More than 20% of enterprises (responses) per industry in relation to the total number of enterprises in the observed industry belonged to the following sectors: (1) B- Mining and quarrying, (2) C- Manufacturing, (3) E- Water supply; sewerage, waste management and remediation activities, (4) H- Transportation and storage, (5) I- Accommodation and food service activities and (6) M- Professional, scientific and technical activities.

The following table (table 3) illustrates the structure of the sample according to the Croatian industry classification (NKD from 2007).

Table 4 offers a clear view on the main demographic characteristics of the sample.

Moreover, questionnaires from all hierarchical levels in each enterprise were not received. The structure of received questionnaires according to hierarchical levels is presented in the following table (table 5).

Table 5. The structure of included hierarchical levels

Involved hierarchical levels	N. of enterprise
All four hierarchical levels	5
Three hierarchical levels	59
Two hierarchical levels	10
One hierarchical levels	4
Total	**78**

Source: Empirical research

3.3. Data analysis and findings

Research data were analysed using SPSS. The correlation between specified variables was tested with the t-test, the ANOVA test, and the regression analysis. The correlation between demographic variables and the

level of context uncertainty on the one hand, and the correlation between demographic variables and the enterprise approach to the external context on the other hand, is presented in Table 6.

The following table (table 7) offers a similar look at the demographic variables in comparison to enterprise approach to the external context.

Respondents' years of work in the enterprise as an indicator of respondents' level of knowledge of information on the enterprise and accumulated experience, as well as the respondents' hierarchical position within the enterprise are not significant predictors of the level of perceived context uncertainty, or of the understanding the level of enterprise proactiveness in information searching and external opportunity seizing.

The first hypothesis (H1) assumes that enterprises operating in a context with a higher level of uncertainty have more obstacles implementing strategy which directly reduces the success of the implementation process.

Figure 2. The relationship between the level of perceived context uncertainty and the success of the implementation process
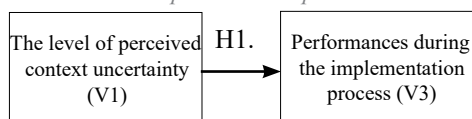
Source: Authors

The correlation between V_1 and V_3 has been tested using the one-way ANOVA test. The results show that the level of perceived context uncertainty is not statistically significantly correlated to the strategy implementation success ($F_{(37.154)}$=1.305; p= 0.135), which means the first hypothesis has not been proven. However, it should be emphasized that the Accommodation and food service industry from Table 8 perceives the

Table 6. The link between the demographic characteristics and the level of perceived context uncertainty

Demographic variables	The level of perceived context uncertainty (V_1)	Post hoc test
Ownership: a) private b) public	**Turbulence** $F_{(1.199)}$=6.513; $p<0.01$; R^2 adj.= 0.027 **Complexity** $F_{(1.200)}$=4.835; $p<0.05$; R^2 adj.= 0.019	Not necessary
Market of placement: a) mainly on domestic market b) mainly on foreign market	**Turbulence** $F_{(1.196)}$=5.319; $p<0.05$; R^2 adj.= 0.021 **Complexity** $F_{(1.197)}$=4.295; $p<0.05$; R^2 adj.= 0.016	Not necessary
Type of industry: According to the classification NKD 2007 valid in the Republic of Croatia	**Turbulence** $F_{(10.191)}$=3.482; $p<0.001$; R^2 adj.= 0.110 **Complexity** Statistically not significant.	**Turbulence** (0.7560)$_{GB}$ (0.8171)$_{IB}$ (0.3608)$_{IC}$ (0.5164)$_{GH}$ (0.5775)$_{IH}$ _{·See table 3}
Strategy implementation phase: a) introduction b) growth c) maturity	**Turbulence** $F_{(2.198)}$=4.008; $p<0.05$; R^2 adj.= 0.029 **Complexity** No significant.	**Turbulence** (0.4451)$_{IG}$ (0.723)$_{IM}$ (0.2356)$_{GM}$ I= introduction G= growth M= maturity

Source: Empirical research.

Table 7. The link between the demographic characteristics and the enterprise approach to the external context

Demographic variables	The enterprise approach to the external context (V_2)	Post hoc test
Ownership: a) private b) public	$F_{(1.194)}$=10.672; $p<0.001$; R^2 adj.= 0.047	Not necessary
Market of placement: a) mainly on domestic market b) mainly on foreign market	$F_{(1.191)}$=7.441; $p<0.005$; R^2 adj.= 0.032	Not necessary
Type of industry: According to the classification NKD 2007 valid in the Republic of Croatia	$F_{(10.186)}$=2.218; $p<0.05$. R^2 adj.= 0.058	(0.8921)$_{AA}$ (0.6250)$_{AG}$ (0.6250)$_{AH}$ (0.8778)$_{AJ}$ (0.5548)$_{CB}$ (0.5405)$_{CJ}$ (0.6180)$_{IB}$ (0.6037)$_{IJ}$ _{·See table 3}
Strategy implementation phase: a) introduction b) growth c) maturity	$F_{(2.192)}$=37.406; $p<0.01$	(0.6801)$_{GI}$ (-0.6248)$_{IM}$ I= introduction G= growth M= maturity

Source: Empirical research

*Table 8. The level of context turbulence and complexity in each industry.*

Industry	Level of turbulence			Level of complexity		
	Mean	N	Std. Deviation	Mean	N	Std. Deviation
A- Agriculture, forestry and fishing	3,4375	2	,44194	3,25	3	,33070
B- Mining and quarrying	2,6094	8	,36862	2,968	8	,52928
C- Manufacoring	3,0656	80	,54648	3,0406	77	,68027
E- Water supply, sewerage, waste management and remediation activities	3,0694	9	,76575	3,1354	8	,70394
F- Construction	3,0000	11	,50312	3,1991	12	,56523
G- Wholesale and retail trade, repair of motor vehicles and motorcycles	3,3654	26	,49614	2,6875	27	,62139
H- Transporting and storage	2,8490	24	,41208	3,2257	24	,71189
I- Accomodation and food service activities	3,4265	34	,49631	3,25	36	,62451
J- Information and communication	3,1667	3	,47324	2,9167	3	,25000
M- Professional, scientificand technical activities	2,9167	3	,47324	2,5	3	,47324
R- Art, entertainment and recreation	3,1250	2	,53033	3,05	3	,17678

Source: Empirical research

highest level of context uncertainty, both in term of turbulence and complexity.

The second hypothesis (H2) emphasized that, when faced with a higher level of context uncertainty, managers become more preoccupied with the strategy implementation process and business performances, for what they become more proactive in environment scanning and opportunity building.

*Figure 3. The relationship between the level of context uncertainty and enterprise approach to the external   Context*

| The level of perceived context uncertainty (V1) | H2. | The enterprise approach to the external context (V2) |
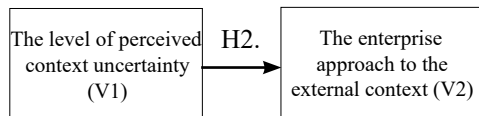
Source: Authors

The correlation between V_1 and V_2 has been tested using the one-way ANOVA test. The results show that the perceived context uncertainty is statistically significantly correlated to the enterprise approach in exploring the external context ($F_{(37,151)}$ =1,42; p=0,05).

The third hypothesis (H3) assumes that enterprises with a higher level of proactiveness in searching the external context assure higher levels of success during the implementation process.

Figure 4. The relationship between the enterprise approach to the external context and the success of the   implementation process

| The enterprise approach to the external context (V2) | H3. | Performances during the implementation process (V3) |
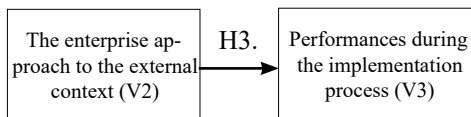
Source: Authors

The results in this research confirm the Miles and Snow's strategic typologies. The coefficient of correlation between V_2 and V_3 is $F_{(37,154)}$=6.622; p=0.013, and the regression coefficient, is adj R^2.=0.521. A more proactive approach to the external context ensures better performances during strategy implementation. This type of enterprises are defined by Miles and Snow as prospectors. Prospectors are able to achieve better results in strategy implementation, although the level of context uncertainty in which these enterprises operate is generally more pronounced. This is especially the case for those enterprises that belong to propulsive industries and their products and/or services are offered mainly on foreign markets. According to our findings, prospectors are more present in Accommodation and food activity (I), as well as in Wholesale and retail trade (G).

Enterprises do not associate the lack of implementation success with the context uncertainty. The respondents, regardless of their position within the organization, emphasize they have a lack of competencies to manage rapidly evolving situations and that is why they face a lot of unexpected problems during the implementation process. Enterprises with a higher level of proactiveness in searching context characteristics demonstrate a greater level of preparation in opportunities exploitation. Our findings confirm that the Republic of Croatia, like the Republic of Slovenia, has some specific context characteristics due the process of transition. The respondents usually lament the slowness and inefficiency of the political and legal context which suffocates the bureaucratic processes. This attitudes in particularly comes from public enterprises, that are mostly focused on domestic market placement. Furthermore, enterprises, especially at the beginning of the implementation process, lament that it is very difficult to set up a proper scanning system and to direct collected information through the implementation process. Enterprises that are primarily oriented to foreign markets, perceive a higher level of context uncertainty, but at the same time, are stimulated to be more focused on the strategy – context alignment process. Sawyerr (1993) and May et al. (2000) indicate that the frequency of scanning depends on the environmental characteristics. The results of our research, based on a sample of 78 large Croatian enterprises, are also confirmed by other researches conducted during the last three decades. For example, West (1988) examined the relationship of organizational strategy and environmental scanning to performance in the US food service industry. The results indicate that business success is not linked to the strategy itself, but is linked to the proactiveness and frequency of scanning the external context. Subramanian et al. (1993) prove

that enterprise that use advanced systems to monitor external events show higher growth and profitability than enterprises that do not have such systems. The research made by Chaimankong and Prasertsakul (2012) and by Obaga (2016) confirms the connection between the enterprise approach to external context and the success during the implementation stage. The environment scanning allows the enterprise to monitor the implementation process from inside and outside the enterprise (Cancellier et al., 2007).

Moreover, privately-owned enterprises, that are mostly focused on international products/ services placement, match the prospectors' characteristics. In this research, as in that made by Cancellier et al. (2014) prospectors scan data from the competition as well as technological aspects more frequently than the other three typologies. They create change and do not react only to competitors' activities. The strategy is focused on continuous development, emphasizing environmental circumstances, trends and events. Defenders, analysers and reactors, on the other hand, are enterprises that are limited to an area in their organization and do not seek opportunities beyond their product or market domain. Defenders are conservative and focus on innovation activities on existing products (Pleshko, 2006), while analysers and reactors focus on the penetration in the existing markets. Consequently, whenever they face a threat or an opportunity, they are going to choose renewal in a certain industry and/or market (Zubaedah et al. 2013). On the other hand, the level of change dynamism on the market can affect the implementation process, but only at the beginning of a new strategy implementation, if the management board has not developed specific competences between key employees.

4. CONCLUSION

Influences from the environment are one of the most mentioned obstacles to managing the strategy implementation process. The most common approach defining the environmental impact on the implementation process foresees that determining the level of context uncertainty allows to explain why some enterprises are more successful than others. That is why we suggest and explain why adopting the first approach is not enough and why managers have to reassess their involvement in information seeking and opportunities exploitation. Our research points out that there is a significant difference in the perception of environment uncertainty between private and public enterprises. The level of perceived uncertainty differs depending on the market where enterprises place their products or services. Those that sell on international markets perceive a higher level of uncertainty, but at the same time are more proactive and agile in harmonizing the needs of their business with the opportunities in the environment. Enterprises that belong to industrial sectors (G) and (I) perceive higher level of environment turbulence. It is important to note that the enterprise approach to external context inevitably affects the way strategic plans are developed and implemented. Managers that are more involved in environment exploring, regardless of their hierarchical position, will recognize opportunities and necessary competences earlier than the competitors will. Top managers should endeavour specific training programs in order to develop employee ability in reacting and managing complex and non-routine situations. This obligates top managers to communicate more clearly and promptly provide strategic guidelines to lower hierarchical levels.

For further researches in this field we suggest exploring the speed and the adequacy of information processing, searching deeper the enterprise proactiveness to external context and the strategy implementation alignment. Moreover, it could be useful to conduct interviews in order to identify aspects and practical manifestations of different external influences n strategy implementation process. This will allow setting up more specific guidelines to improve the implementation – environment alignment models.

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USKLAĐENOST IZMEĐU STRATEŠKE IMPLEMENTACIJE I VANJSKOG OKRUŽENJA

Sažetak

Kako bi bilo koje poduzeće raslo i postalo uspješno, menadžeri moraju biti sposobni predvidjeti, prepoznati i upravljati promjenama u internom i eksternom okruženju. U ovom radu se analizira odnos između eksternog okruženja i procesa implementacije strategije, pri čemu se u obzir uzimaju dvije analitičke perspektive. Prva utvrđuje djelovanje karakteristika okruženja na proces implementacije. Od ispitanika se tražilo da utvrde razinu neizvjesnosti u svakodnevnim poslovnim aktivnostima, korištenjem pojmova kompleksnosti promjena i turbulencije. Druga perspektiva definira odgovor poduzeća i njegovu proaktivnost u prikupljanju i obradi podataka o vanjskom okruženju te utvrđivanju poslovnih prilika. Rad se temelji na empirijskom istraživanju velikih hrvatskih poduzeća. Istraživački uzorak obuhvaća 78 poduzeća i uključuje ispitanike na različitim hijerarhijskim razinama i poslovnim funkcijama. Poduzeća ne povezuju nedostatak uspješnosti u provedbi strategije s kontekstom nesigurnosti, dok sudionici u istraživanju, bez obzira na svoju hijerarhijsku poziciju, ukazuju na nedostatak kompetencija za upravljanje brzim promjenama. Poduzeća s visokom razinom proaktivnosti u istraživanju karakteristika konteksta pokazuju i veću razinu korištenja poslovnih prilika. Nadalje, privatna poduzeća, uglavnom usmjerena na međunarodno tržište, percipiraju višu razinu nesigurnosti konteksta.

Ključne riječi: *proces implementacije strategije, percipirana nesigurnost konteksta, proaktivnost poduzeća, velika hrvatska poduzeća*