METHODS FOR COMMUNICATING STRATEGY IN COMPANIES

Letycja Sołoducho-Pelc*

Abstract

Background. The manner of strategy formulation, such as direct employee participation in the strategy formulation process, is of great importance for the success of the strategy, but equally important is the ability to implement strategic plans, as determined by (among other things) strategy communication and its effectiveness. Informing employees on matters of strategy is of key significance for strategy success, since it enables them to understand their role in this process and the significance of the tasks delegated to them.

Research aims. The purpose of this paper is to determine the methods most commonly used for communicating strategy and to learn about the degree of knowledge of the strategy among employees.

Method. The studies were conducted on a sample of 150 Polish companies. The legal form of these companies was a joint-stock company. The selection of the research sample was based on the stratified random sampling method and was prepared on the basis of data from the Central Statistical Office. In order to ensure the highest possible level of representativeness, the stratified random sampling method was originally used to select the sample. The study used the research technique called Paper and Pencil Interview, while the interviews with the managing staff were conducted by a research agency.

Key findings. To ensure a good understanding or even approval of strategy among employees, communication of company strategy should fulfill a few requirements. The adopted concept of strategy should be suitable for the organization. It seems important that information on company strategy reach the largest possible number of employees. Strategy should be communicated to employees in a continuous manner, and in a form that warrants proper understanding. Strategy must be understood and accepted by all employees. Employees should be aware of their individual contribution in the realization of company strategy, as part of their job description.

Keywords: Communicating, Strategy, Implementation, Methods for communicating the strategy

INTRODUCTION AND BACKGROUND

The role of strategy communication in the decision-making process is not sufficiently addressed in professional literature. In particular, the impact of strategy communication upon dissemination of strategy knowledge is under-represented in research studies. The purpose of this paper is to determine the methods most commonly used for communicating the strategy and to learn about the degree of knowledge of the strategy among employees. The main emphasis is put on the methods of communication and the passing of information used by companies and the knowledge of strategy among employees.

* Dr Letycja Sołoducho-Pelc, Wrocław University of Economics.
The significance of strategy in modern company development is widely emphasized in professional literature. Of the available definitions of company strategy, this author chose to focus on those that emphasize the significance of strategic goals and motivating employees. Drucker, one of the most widely recognized experts on management, defines strategy as a plan for positioning the organization in the future, with the main focus on what we want to achieve, as opposed to the methods of achieving the objective (Steyn, 2003). Hamel and Prahalad postulate that “Strategy (...) concentrates on setting ambitious and compelling goals which pose a challenge for employees, with the intent of attaining the seemingly impossible” (Hamel & Prahalad, 1999, s. 20). In the process of strategic management, strategy is a key concept, with the tasks of design, implementation and monitoring of the strategy perceived as determinants of success in attaining strategic goals in a changing environment. Defining strategy as a sequence of priority decisions (Raupp & Hoffmann, 2012) shifts the emphasis towards selection of a strategy communication system and its impact on factual knowledge of company strategy among employees.

The Role of Employees in the Process of Strategy Implementation

Due to frequent problems with strategy implementation, modern literature accentuates the need for analysis of factors that impede or facilitate strategy implementation. The potential of strategy implementation may be analyzed from the viewpoint of external (environment) and internal determinants.

One of the most interesting and important factors to have an impact the implementation of strategy is the degree of knowledge and understanding of company strategy among employees, as internal determinants directly influencing strategy implementation. Apart from routine tasks performed as part of their job description, employees are directly involved in implementation of strategic decisions, with their actions having a direct impact on strategy success or failure.

Regardless of the actual organization of tasks involved in strategy implementation, the most important determinant of company success is proper management of human resources, i.e. (Al-Ghamdi, Roy, & Ahmed 2007):

1. Organization and effective management of resources, in particular - human resources, as reflected in selection, development and evaluation of employees;

2. Leading, managing and motivating employees, as well as building the culture of participation for the purpose of attaining strategic objectives.

The significance of an employees’ contribution to the process of strategy implementation is based on the following observations:
1. Employees are participants in the process of strategic management;
2. Employees are “contractors” of the strategy, since they are directly involved in its implementation;
3. Employees are responsible for the strategy results, within the scope of their professional duties.

Top management, due to their function, range of responsibilities and prerogatives is delegated with the task of organizing, developing and implementing the strategy. Depending on the style of management and specificity of the company’s operation, management cadres adopt one of the following approaches to the organization of work involved in design and implementation of strategies:
1. Communicating information on strategy to employees, followed by delegation of the duties involved in the process;
2. Involving employees as participants in strategy formulation and implementation;
3. Withholding information on strategy, resorting to strict enforcement of individual elements of strategy as part of the employees’ professional duties.

Managers and company executive representatives are responsible for communicating the strategy to company stakeholders, in particular – to employees as executors of the strategy (Stein, 2003). The strategic potential of human resources in a company is related to employee organization and their freedom of choice in selecting the methods of strategy implementation (Raupp & Hoffjann, 2012).

**Communicating the Strategy**

Strategy communication is one of the key functions of management, therefore strategy communication should be organized and managed in a strategic manner (Raupp & Hoffjann, 2012). Communication applies to the activities of personnel involved in the realization of strategic goals. As such, it is a precondition for undertaking specific actions on the part of employees, within the scope of strategic management.

In the context of strategic management, strategy communication involves passing strategic decisions made by managers on to other actors of the strategic process, most notably – to employees. Strategy communication is aimed at presenting the priorities of development and plans of actions geared towards achieving strategic goals, as well as interpreting company vision, values and goals to company stakeholders. Moreover, it serves as the basis for building proper relations and a community of interests between all actors involved in the process of strategic management. The communication of strategy can be viewed as an integral part of the strategic management process, with its main objectives of preparing
the organization members to face the changes, anticipating problems and making informed decisions (Steyn, 2003).

The significance of strategy communication in the successful implementation of strategic objectives is well-documented in research studies:

1. It may be assumed that successful implementation of the strategy is largely related to the forms and the effectiveness of strategy communication (Al-Ghamdi, Roj, & Ahmed, 2007; Roj, 2001).

2. The form of informing employees on strategy has a tremendous impact on the effectiveness and productivity of company activities (Al-Ghamdi et al., 2007; Steckel, 2000).

3. Improper communication across the vertical structure of a company’s organization is reported to be one of the main barriers to effective implementation of company strategy (Al-Ghamdi et al., 2007; Beer & Eisenstat, 2000).

4. Clear communication of company strategy is a basis for effective realization of strategic goals and changes, due to a close correlation between strategy communication and its implementation (Al-Ghamdi et al., 2007; Daft, Sormunen, & Parks, 1989).

The basis for effective strategy communication is the informed choice of communicated content. Thus, information being communicated is deemed of utmost importance (the “what” of strategy), while the forms of such communication are regarded as marginal (the “how” of strategy) (Steyn, 2003).

Communication is of key importance in strategy implementation due to its immediate influence on the effectiveness and success of the implementation process, but it must be noted that effective communication does not necessarily warrant effective implementation of the strategy (Peng & Littelnjohn, 2001).

Information Needs of Employees and Methods of Strategy Communication

Communication of company strategy is a panacea for breaking the vicious circle of separation between management and employees, as manifested in the “us vs. them” approach (Michlitsch, 2000). In this context, it offers not only better understanding and stronger involvement in strategy implementation, but also an increase of company value through loyalty. The more so that company strategy is often perceived as a factor of utmost importance for initiating loyalty and effectiveness of employees. A well-understood strategy helps employees better understand their role in the implementation process and, more generally, their role in the organization as a whole (Michlitsch, 2000).

Employees must know their duties and corresponding responsibilities before they embark on the task of strategy implementation. In this way, all
the positive and negative aspects of planned activities build the sense of challenge, spur into action, motivate and initiate the learning process. However, the critical factor here is the provision of proper information. The significance of informing has grown in modern companies, where employee rewards are closely related to their performance in realization of tasks delegated to them (Michlitsch, 2000).

Information needs of employees are an important element of the strategy communication process. In this respect, employees are driven by the principle of “the more we know, the better”. Thus, a large amount of information should help in overcoming their uncertainty (Al-Ghamdi et al., 2007; Dickerson, 2002; Klein, 1996).

Strategy communication may take on the form of oral, written or electronic communication (Klein, 1996). In the context of strategy informing, employees prefer direct oral communication in groups over individual or written communication (Kitchen & Daly 2002).

Communication effectiveness can be evaluated based on actual understanding of information by employees (Klein, 1996). Effective communication is one that is passed through proper channels, from the sender to the recipient, in the manner warranting proper understanding on the part of the recipient (Al-Ghamdi et al., 2007).

One important factor in the analysis of methods of strategy communication and the translation of information being passed on into a specific knowledge of strategy is the proper expression of strategy. A convoluted message will not result in knowledge nor affect strategy implementation in any way (Holloway, 2009).

**METHOD**

The results of the studies presented in this paper are a part of the project entitled “Strategic management practices in publicly listed enterprises and joint-stock companies”, which was financed from funds of the National Science Centre as the research project No. N N115 402240.

The studies were conducted on a sample of 150 Polish companies. The legal form of these companies was a joint-stock company. These were companies listed on the Warsaw Stock Exchange, companies listed on the New Connect Market (50.7%), as well as non-listed companies (49.3%). The first pre-qualifying criterion under the study was that a company had to be established in the period 1989–2009, while the second condition was that the company had to be founded on the basis of Polish capital. When analysing the criterion of the numbers of employees in a company, it should be pointed out that the survey involved 50 large entities (over 250 employees), 50 medium-sized companies (50 to 250 employees) and 50 small businesses (less than 50 employees). The selection of the research
sample was based on the stratified random sampling method and was prepared on the basis of data from the Central Statistical Office. In order to ensure the highest possible level of representativeness, the stratified random sampling method was originally used to select the sample.

The study used the research technique called Paper and Pencil Interview, while interviews with managing staff were conducted by a research agency. Respondents referred to the statements contained in the individual questions by selecting answers on a Likert scale ("definitely not", "probably not", "yes and no", "probably yes", "definitely yes", "I don't know").

The sample of joint-stock companies not listed on the Warsaw Stock Exchange can be considered as selected fully at random - a large sampling frame allowed for the maintaining of the rules of the stratified random selection. The sample of the companies listed on the Warsaw Stock Exchange and on the New Connect Market was originally to be selected using the stratified random sampling method as well. However, a significant percentage of refusals (despite the assumption that multiple attempts of contact will be made) caused that it was not possible to fully meet the selection conditions. However, such a situation occurred not in all strata (provinces, fact of being listed on the Warsaw Stock Exchange or New Connect Market), but only in some of them. In these “critical” strata, attempts were made to contact all the entities within the sampling frame. However, it was impossible to fully achieve the quotas assumed. Nevertheless, it should be emphasized that the differences in the sample and sampling distribution can be deemed as isolated, considering the size of this sample. This did not cause a significant increase in the maximum statistical error.

The survey included topics related to the strategic management practice in companies. The questionnaire used in the interview contained 4 qualification questions, 11 demographic questions, and 84 questions in the main part of the survey. The questions in the main part concerned four areas: (a) strategic management process, (b) participants in the strategic management, (c) forms of the strategy, and (d) contents of the strategy. Considering the subject matter of the study, persons occupying top management positions in companies were selected to be the respondents. The group of respondents included managing staff of the companies, i.e. Executive Directors, Strategic Directors, Managing Directors, or Management Board understood as the President and Members of the Management Board. It should be further emphasized that the answers of the respondents occupying top management positions in the companies were not called into question. For the needs of the surveys an assumption was made that the answers reflect the knowledge of the respondents and result from the internal and external studies conducted by them, as well as from their own observations.
RESULTS

The results presented in the paper refer to the realization of the strategic management process in the scope of strategy communication methods and the degree of knowledge of the strategy among employees. The respondent companies were asked to give their opinion in the following areas:

1. System of strategy communication used.
2. Knowledge of strategy among employees.

Due to the nature of the research, of all 150 companies participating in the research project, 87 companies were selected based on their declared weight attached to strategy communication and/or knowledge of strategy among employees. In particular, the selection was based on confirmation of the following questionnaire items: (a) "we attach a lot of weight to proper communication of strategy to our employees" (item 56 of the questionnaire); and (b) "we attach a lot of weight to proper understanding of company strategy among all our employees" (item 73 of the questionnaire).

The persons representing the companies, who could not confirm that they had attached importance to communicating the strategy to employees and to the knowledge of the strategy among employees, were allowed to choose the answer "I don't know" in the questionnaire. This answer was selected by 63 entities.

The findings presented below were separated into two groups. The first group applies to the methods of strategy communication (part A), the second reflects the degree of knowledge of the strategy among employees (part B).

Methods of Strategy Communication (Part A)

In the first question, the respondents were asked whether strategy was communicated to employees in an organized manner, such as during regular assemblies, meetings or training sessions – item 57 of the questionnaire (Figure 1).

A definite majority of companies in the study (89%) declared passing information on company strategy in an organized manner, during regular assemblies, meetings or training sessions. This form of informing was not employed in only 4% of the respondent companies. The lack of “I don’t know” responses suggests that all companies declaring an attachment to informing their employees on strategy and popularizing strategy information have some sort of knowledge in this area. Only 7% of the respondents provided vague answers ("yes and no"), which may be interpreted as a declaration of organized informing, but not on a regular basis.
The next question addressed strategy communication in informal meetings with company management – item 58 of the questionnaire (Figure 2).

The answers to the question on strategy information being passed mainly during informal contacts with management are in clear opposition to the previous query. This form of informing was declared by 62% of respondent companies (26% – “definitely”, and 36% – “most likely”). Less than a fourth of respondent companies (23%) declared that informal con-
tacts with management were not a significant source of information on strategy. Thus, it may be assumed that those companies present strategy information mainly through formal contacts. As in the previous query, all respondent companies declared some knowledge of their strategy communication system, as reflected in the lack of “I don’t know” responses. The ‘yes and no’ answer was selected by 15% of respondents – in this case, it may be assumed that informal communication of strategy takes place, but is not regarded as the main source of information.

The next question addressed the use of formal methods of communication (such as brochures, newsletters, posters, announcements) in the process of strategy informing – item 59 of the questionnaire (Figure 3).

![Figure 3](image.png)

**Figure 3. In Communicating Strategy to Employees, We Often Use Formal Methods of Communication (such as Brochures, Newsletters, Posters, Announcements)**

Source: Research project “Strategic management practices in stock exchange listed companies and joint-stock companies”, NCN No. N N115 402240.

Use of formal methods of strategy communication was declared by 61% of the respondent companies (“definitely” – 25%, “most likely” – 36%). One fourth of the respondent companies (25%) do not use any formal methods of strategy communication (“definitely not” – 9%, “probably not” – 16%). All respondents declared some knowledge on the use of formal methods of strategy communication (as manifested by the lack of “I don’t know” responses). Lastly, 14% of the respondent companies were unable to provide an explicit answer to the question (14% of “yes and no” responses), which may suggest that some formal methods of communication are used, but not too often.

The next question addressed company future as a significant subject of communication between management and employees – item 60 of the questionnaire (Figure 4).
Figure 4. Company Future as an Important Subject of Communication Between Management and Employees

Source: Research project “Strategic management practices in stock exchange listed companies and joint-stock companies”, NCN No. N N15 402240.

Most of the respondents (87%) declared that the company future is an important topic of conversations between management and employees. 3% of companies in the study admitted that this subject is not discussed during such meetings. Only 2% of the respondents declared no knowledge in this area. The ‘yes and no’ answer was selected by 8% of the respondent companies, which may suggest that the company’s future is being discussed there, but the topic is not a significant element of communication between management and employees.

Knowledge of Strategy Among Employees (Part B)

The first question in this part of the study concerned employee knowledge of company strategic goals – item 74 of the questionnaire (Figure 5).

Most of the companies in the study (74%) declared that their employees had some knowledge of company strategic objectives, and 9% of the respondents admitted that their employees had no information in this matter. 3% of the respondent companies could not take a stand on this matter. 14% of the ‘yes and no’ responses suggests that the level of awareness of strategic objectives among their employees was hard to assess.
Figure 5. All Employees are Aware of Company Strategic Objectives

Source: Research project “Strategic management practices in stock exchange listed companies and joint-stock companies”, NCN No. N N115 402240.

The next question was designed to assess whether company employees had good knowledge of their tasks involved in the process of attaining company strategic objectives – item 75 of the questionnaire (Figure 6).

Figure 6. All Our Employees Know Their Duties in Respect to Company Strategic Objectives

Source: Research project “Strategic management practices in stock exchange listed companies and joint-stock companies”, NCN No. N N115 402240.

Of the companies in the study, a marked majority declared that their employees were all fully aware of the range of duties required of them to make sure that company strategic objectives were met (83% of the respondent companies). Only 5% of the companies in the study declared that their employees were largely unaware of their duties in this respect. Of all
the respondent companies, only 2% could not take an informed position in this matter. 10% could not give a precise evaluation of their employee knowledge on the subject in the study, which may suggest that awareness of duties and responsibilities is present, but not universally shared among all employees.

The next question addressed dissemination of updated information on company progress in reaching strategic objectives – item 77 of the questionnaire (Figure 7).

![Pie chart](image)

**Figure 7.** Our Employees Receive Regular Updates On Company Progress In Reaching Strategic Objectives

Source: Research project “Strategic management practices in stock exchange listed companies and joint-stock companies”, NCN No. N N115 402240.

Updated information on company progress in reaching strategic objectives is passed regularly to employees in 75% of the companies in the study. 10% of companies declared that such information was not passed on. Only 1% of the respondent companies had no knowledge in this respect. A further 14% could not give a precise answer to the question, which may suggest that information on company strategic progress is circulated to some extent, but fails to reach all employees.

**DISCUSSION AND CONCLUSIONS**

Informing employees of company strategy is an integral part of the company strategic management process. Employees must understand company strategy before they take on the tasks required of them in this process, since they are the main executors of company strategy. However, knowledge of strategy communication as part of strategic management is largely limited. This applies both to theory and practice of strategic management, as confirmed in research findings.
Summing up the results of the research study on the methods used for communicating the strategy and the degree of knowledge of the strategy among employees, it must be noted that the majority of companies within the study declared their awareness of strategy communication importance as well as the importance of a good knowledge of company strategy among their employees. This finding shows that, for most companies in the study, the strategic management process is implemented correctly, in accordance with the model approach, with knowledge of company strategy among employees regarded as a key component of the company strategic management process.

Table 1 presents an overview of responses obtained from companies in the study.

**Table 1. An Overview of Responses to Questions Addressing the Strategy Communication and the Degree of Knowledge of the Strategy**

<table>
<thead>
<tr>
<th>Question Responses</th>
<th>i57</th>
<th>i58</th>
<th>i59</th>
<th>i60</th>
<th>i74</th>
<th>i75</th>
<th>i77</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t know</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>No (definitely not and probably not)</td>
<td>4%</td>
<td>23%</td>
<td>25%</td>
<td>3%</td>
<td>9%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Yes and no</td>
<td>7%</td>
<td>15%</td>
<td>14%</td>
<td>8%</td>
<td>14%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Yes (definitely and most likely)</td>
<td>89%</td>
<td>62%</td>
<td>61%</td>
<td>87%</td>
<td>74%</td>
<td>83%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Source: Research project “Strategic management practices in stock exchange listed companies and joint-stock companies”, NCN No. N N115 402240.

Analysis of the above findings offers some insight into the qualitative structure of communication forms used by companies to inform their employees on matters concerning company strategy, as well as the structure of knowledge of company strategy among employees.

With reference to the methods of strategy communication used by companies in the study (part A), the qualitative structure may be revealed based on the frequency of responses:

1. The largest number of responses (89%) showed that companies in the study present strategic information in an organized manner (such as during regular assemblies, meetings or training sessions);
2. Almost on a par with the above, companies under study declared that the company future is an important subject in communication between management and employees (87%);
3. Informal contact between management and employees are markedly less important as a source of company strategy information (62%);
4. Formal means of communication (brochures, newsletters, posters, announcements) are the least used types of communication in matters concerning company strategy (61%). The degree of knowledge of strategy among employees (part B) may be characterized as follows:

1. The largest number of affirmative responses was found in respect to employees’ awareness of the duties required of them in reaching company strategic objectives (83%);

2. Regular updates of company progress in reaching strategic objectives were declared by a slightly smaller percentage of companies in the study (75%);

3. Roughly on a par with the above, companies declared that all their employees had good knowledge of company strategic objectives (74%).

For the purpose of informing employees on matters of company strategy, companies in the study used mainly two complementary forms of communication, namely: regular assemblies, meetings and training sessions, and direct contact between management and employees. Both the above forms of communication are based on direct contact and verbal communication. It may be assumed that verbal forms of communication are considered more suitable in informing employees on strategic matters, probably due to the fact that verbal communication is thought to have more impact and elicit a better response and involvement on the part of information recipients (employees). The choice of verbal communication as the main form of informing employees shows the relative importance of strategy and its knowledge among employees in companies under study. It also confirms the perceived importance of the individual impact of employees in the process of meeting company strategic objectives.

With respect to the evaluation of strategy knowledge and understanding among employees, the study shows a slight inconsistency in the universal approach of companies: employees are aware of their duties required to help the company meet its strategic objectives, but – at the same time – not all employees are fully informed about the strategic objectives of the company.

The manner of strategy formulation, such as direct employee participation in the strategy formulation process, is of great importance for the success of the strategy, but equally important is the ability to implement strategic plans, as determined by (among other things) strategy communication and its effectiveness. Informing employees on matters of strategy is of key significance for strategy success, since it enables them to understand their role in this process and the significance of the tasks delegated to them.
To ensure good understanding or even approval of strategy among employees, communication of company strategy should fulfil the following requirements:

1. The adopted concept of strategy should be suitable for the organization.
2. It seems important that information on company strategy reach the largest possible number of employees.
3. Strategy should be communicated to employees in a continuous manner, and in a form that warrants proper understanding.
4. Strategy must be understood and accepted by all employees.
5. Employees should be aware of their individual contribution in the realization of company strategy, as part of their job description.

It seems that there is no viable alternative to a well-designed system of informing employees on company strategy. Due to the significance of human resources in implementing company strategy and the success of strategy, the selection of proper methods of informing employees is a crucial element of strategic management. Problems in strategy implementation stem mainly from reluctance and fear of changes; this is why forms of strategy informing and gaining the approval of employees involved in the implementation of strategic decisions are of the utmost significance. The only alternative is letting them be unaware of the strategy and uninvolved in its realization – which is far from viable in the context of company development, since it may result in the company shifting towards the unknown and unplanned.

REFERENCES


METODY KOMUNIKOWANIA STRATEGII

W PRZEDSIĘBIORSTWACH

Abstrakt

Tło badań. Sposób formułowania strategii np. poprzez zaangażowanie pracowników w prace nad strategią ma istotne znaczenie, jednak równie ważna wydaje się zdolność do implementacji strategii, determinowana m.in. przez komunikację strategii oraz efektywność tego przekazu. Przekazanie pracownikom informacji na temat strategii wydaje się mieć kluczowe znaczenie dla sukcesu realizacji strategii, gdyż umożliwia zrozumienie znaczenia wykonywania swoich obowiązków.

Cele badań. W artykule zaprezentowano wyniki badań prowadzonych w ramach projektu „Praktyki zarządzania strategicznego w przedsiębiorstwach giełdowych i spółkach akcyjnych”, który został sfinansowany ze środków NCN. Celem referatu jest określenie najczęściej stosowanych metod komunikowania strategii oraz poznanie stopnia znajomości strategii wśród pracowników.


Słowa kluczowe: strategia, komunikacja strategii, udrażanie, metody komunikowania strategii, pracownicy