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Benefits of employee involvement in strategic planning

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ABSTRACT:

There is a change in the field of strategic planning due to rapidly changing business environment. Traditional strategic planning is challenging in a volatile business environment where formal control mechanism and hierarchical structures does not work effectively. Flexibility and adaptation are essential responses to changes in the competitive environment. Suggesting that organizations are moving away from traditional hierarchical structures, where strategies are developed solely by the managers and bring into focus actors outside traditional definition of corporate strategy at different levels of an organization.

This Master's thesis examines employee participation in the strategic planning process and decision-making. The thesis aims to answer the question of the potential benefits of employee involvement in strategic planning for both companies and employees. This thesis also examines the factors affecting employee participation. The benefits of participatory strategic planning are highlighted by applying the microfoundations approach, as it identifies the connection between individual activities and the macro-level and is therefore essential approach in explaining the effects of strategic planning and their connections.

Previous studies have identified a positive link between strategic planning and organizational success, but they prioritize the collective concepts of organizations over individuals and focus mainly on the managerial perspective and top-down decision-making. This thesis also examines the perspective of employees and aims to increase the understanding of effective strategic planning processes.

The thesis uses an exploratory sequential approach and is guided by qualitative semi-structured interviews and quantitative descriptive survey analysis. The methodology is based on a case study approach which allows for a deeper examination of the perspectives of managers and employees at different levels of the organization. The interview and survey data have been analyzed with thematic analysis to create a comprehensive understanding of the participants' perspectives.

The results of the thesis identify factors that affect employees' opportunities to participate in strategy work. The most significant factors identified are strategic understanding, strategy communication, and organizational culture. In addition, the study identifies many different benefits for both the company and the employees from the employee involvement in the strategy work. The symbiotic relationship of benefits is found to play a key role. The results of this study highlight the importance of employee participation and provide a new perspective on strategic planning by proposing a wider use of participatory strategic planning processes.

KEYWORDS: strategic planning, involvement, strategy work, benefits, decision making

VAASAN YLIOPISTO**School of Management**

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TIIVISTELMÄ:

Strateginen suunnittelu on murroksessa toimintaympäristön nopeiden muutosten vuoksi. Perinteinen strateginen suunnittelu on haastavaa epävakaa ympäristössä, jossa muodolliset ohjaukset ja hierarkkiset rakenteet eivät toimi hyvin. Joustavuus ja sopeutuminen ovat olennaisia vastauksia kilpailuympäristön muutoksiin. Tämä viittaa siihen, että organisaatiot ovat siirtymässä pois perinteisistä hierarkkisista rakenteista, jossa strategioita kehitetään pelkästään ylimmän johdon panokseen perustuen, ja tuo keskiöön toimijoita perinteisen yritysstrategian määrittelyn ulkopuolelta organisaation eri tasoilta.

Tässä pro gradu-tutkielmassa tutkitaan työntekijöiden osallistumista strategiseen suunnitteluprosessiin ja päätöksentekoon. Tutkielmassa pyritään vastaamaan kysymykseen työntekijöiden osallistumisen mahdollisista hyödyistä strategiseen suunnitteluun sekä yrityksille että työntekijöille. Tutkielmassa tarkastellaan myös työntekijöiden osallistumiseen vaikuttavia tekijöitä. Osallistavien strategioiden hyötyjä korostetaan soveltamalla microfoundations-lähestymistapaa, sillä se tunnistaa yksittäisten toimintojen yhteyden makrotasolle ja on siten olennainen lähestymistapa strategisen suunnittelun vaikutusten ja niiden yhteyksien selittämisessä.

Aiemmat tutkimukset ovat tunnistaneet positiivisen yhteyden strategisen suunnittelun ja organisaation menestyksen välillä, mutta niissä priorisoidaan organisaatioiden kollektiivisia käsitteitä yksilöiden sijaan, ja ne keskittyvät pääasiassa johtajien näkökulmaan ja ylhäältä alaspäin tapahtuvaan päätöksentekoon. Tässä tutkielmassa tarkastellaan myös työntekijöiden näkökulmaa ja pyritään lisäämään ymmärrystä tehokkaista strategisen suunnittelun prosesseista.

Tutkielmassa käytetään tutkivaa peräkkäistä lähestymistapaa ja ohjaavana menetelmänä kvalitatiivisiin puolistrukturoituihin haastatteluihin ja kvantitatiiviseen kuvailevaan kyselyyn perustuvaa analyysia. Metodologiana on tapaustutkimus, joka mahdollistaa johtajien ja työntekijöiden näkökulmien syvemmän tarkastelun organisaation eri tasoilla. Haastattelu- ja kyselyaineisto on analysoitu temaattisella analyysilla osallistujien näkökulmien syvemmän ymmärtämisen luomiseksi.

Tutkielman tuloksissa tunnistetaan tekijöitä, jotka vaikuttavat työntekijöiden mahdollisuuksiin osallistua strategiatyöhön. Merkittävimmät tunnistetut tekijät ovat strateginen ymmärrys, strategiaviestintä ja organisaatiokulttuuri. Lisäksi tutkielmassa tunnistetaan monia erilaisia etuja sekä yritykselle että työntekijöille henkilöstön osallistumisesta strategiatyöhön. Hyötyjen symbioottisella suhteella havaitaan olevan keskeinen rooli. Tämän tutkimuksen tulokset korostavat työntekijöiden osallistumisen tärkeyttä ja tarjoavat uuden näkökulman strategiseen suunnitteluun ehdottamalla osallistavien strategioiden laajempaa hyödyntämistä.

KEYWORDS: strateginen suunnittelu, osallisuus, strategiatyö, etuudet, päätöksenteko

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1 Introduction

Literature emphasizes the change in strategic planning practices due to rapidly changing environment and suggests that organizations are moving away from traditional hierarchical structures (Gupta, 2011; Bolisani & Brătianu, 2017; Andersen, 2004). Traditionally strategic planning processes are centralized to the top of an organization, with emphasis on deliberative planning which allows direction and control (Kaplan & Beinhocker, 2003; Mintzberg, 2014). However, deliberative planning may lack innovation and creativity, and produce static solutions (Mintzberg, 2014). For companies to maintain competitive, the role of employee participation as a driver of success is becoming increasingly critical (Desai, 2010).

Studies suggest that macro research in the field of strategy is incomplete, as the existing literature mainly emphasizes hierarchy and top management and their role in strategic planning processes (Abell et al., 2008; Mantere, & Vaara, 2008; Bizzi & Evans, 2022). Additionally, recent organizational research prioritizes collective concepts and structure of the organizations over focusing on individuals (Felin and Foss, 2005). This study contributes to the existing literature as it provides new insights by adding an employee perspective to the equation together with practical applications by encouraging organizations to apply strategies that engage employees and foster a collaborative culture.

This study examines the employee involvement in strategy work and its potential benefits to the company and employees through a case study of a medium size HR-company operating in Finland. The benefits of participatory strategies are emphasized by applying the emerging microfoundations movement in this study as it identifies individual actions and interactions influence to the overall strategic planning process of an organization (Felin & Foss, 2005; Felin et al., 2015).

1.1 Research problem and justification

The research problem in this thesis arises from a rapid change in the business environment which requires companies to adapt their strategies and increase flexibility (Balogun & Johnson, 2004; Grant, 2003). This study gives companies a new perspective on strategic planning processes by suggesting a wider utilization of participatory strategy work by emphasizing its potential benefit for the company and employees. The primary objective of this thesis is to examine employee involvement in strategy work through the lens of microfoundations in management, where processes and decision making are further reduced to the individual level in order to understand its potential benefit for macro-level outcomes (Felin et al 2015).

This study aims to extend knowledge of strategy formulation literature and microfoundations in management by examining the impact of employee's involvement in strategic planning. The research question of this thesis is as follows: What potential benefit does employee involvement in strategic planning and decision making bring to employees and the company? This study is relevant because there is currently insufficient evidence regarding employee's influence on strategic planning and decision making as individual actors, as the existing literature focuses primarily on macro-level strategic planning (Abell et al., 2008; Mantere, & Vaara, 2008). Existing literature recognizes the value of employee involvement but lacks a comprehensive analysis of how employee involvement can be effectively developed in different settings. Studies suggest that especially public organizations are in ideal position to address the gap between management and employees in the contexts of employee involvement in strategy work (Plant, 2006).

1.2 Purpose of the study

The purpose of this study is to examine employee involvement in the strategic planning process and decision making by incorporating employee and management perspectives,

and to investigate the potential benefit of employee involvement for the company and the employees. In addition, this study aims to recognize factors that may influence the involvement of employees in strategy work. By examining these factors, this study seeks to identify practices that can enhance employee involvement in strategy work and provide insights on how organizations can foster engagement and ultimately improve employee motivation and performance. The results of this study aim to highlight the critical importance of employee involvement in the strategic planning process and to provide companies with a new perspective on strategic planning processes by suggesting a wider utilization of participatory strategies.

1.3 Structure of the study

This study consists of five sections. The first chapter introduces the purpose of the study, the research problem, the research question, and significance of the study. The second chapter presents the theoretical framework and reviews the existing literature focusing on strategic planning and the microfoundations in management. The second chapter begins with a definition of the concepts of strategy and strategic planning and the value of strategic planning in order to increase consensus on the topic. In addition, the second chapter discusses strategic planning in different contexts: industry, organizational size, and organizational culture. It then introduces the definition of microfoundations and the Coleman's Bathtub Model and concludes with a summary of the theory. The third chapter discusses the research strategy used in this thesis. The chapter presents the research design, data collection and data analysis processes. The fourth chapter presents and summarizes the empirical findings of this study and the final fifth section provides conclusions, as well as theoretical and managerial implications of the study and future research suggestions.

2 Literature review

This section provides the theoretical foundation for the thesis by examining theories, perspectives, and research findings in the field of strategic planning. In addition, it discusses the value of strategic planning and aims to increase understanding of the impact of strategic planning on organization in different contexts. Finally, it introduces the theory of microfoundations in management and presents Coleman's Bathtub Model.

2.1 Definition of strategy

The term strategy can be defined in many different ways, as formally published definitions can vary due to overlapping disciplines, depending on the perspective from which it is viewed (Mintzberg, 1987; Nag & Chen, 2007). The common element of the definitions is that it refers to a plan consisting of a deliberate set of choices made consistently over time that determine future decisions and direction (Hambrick & Fredrickson, 2005; Mintzberg, 1978). Today, strategy is intended to achieve long-term goals and objectives of a company, by choosing appropriate actions, and utilizing necessary resources for allocating these goals (Ghemawat, 2002; Mintzberg, 1993; Porter, 1996; Bolisani & Brătianu, 2017).

Traditional strategy literature is based on management principles (Mantere & Vaara, 2008) and generally assumes that strategy formulation processes are centralized at the top of an organization in which chief executives and general managers are the owners of strategic planning and decision making on behalf of the organization (Wolf & Floyd, 2013; Mintzberg & Waters, 1985; Lesca & Lesca, 2014). However, traditional assumptions about strategy, such as the idea that strategy is the sole responsibility of top management, are increasingly being challenged by a growing body of research as the role of individual employees in executing strategy is being emphasized, especially in macro contexts (Felin & Foss, 2005; Felin et al. 2015; Bizzi & Evans, 2022).

2.2 Definition of strategic planning

According to Mintzberg (1993), the concept of planning is related with formalization and formalized decision making where decisions are based on the future as a consequence of an action. According to Kaufman (1992, p. 68) “planning can be either proactive or reactive.” In proactive planning, potential change is considered before obstacles arise, while in reactive planning, decisions are made as a result of the pressure of a constantly changing competitive dynamic environment (Balogun & Johnson, 2004; Kaufman, 1992). Strategies that are formulated according to prior guidelines and are fully realized are identified as deliberate strategies, whereas unintentionally realized strategies are identified as emergent strategies (Mintzberg 1978; Mintzberg, 1993).

Planning correlates with strategy making through the interrelationships of the decisions made in an organization. Moreover, dynamic integration process of decisions is a planning approach to strategy formation (Mintzberg, 1993). The typical outcomes of planning are *integration*, *coordination*, and *communication* (Wolf & Floyd, 2013, p.1767) and the results should be both measurable and valuable (Kaufman, 1992). In the context of strategy, plans communicate strategic intentions, such as consensus on desired results and how to achieve them, and provide direction and assist prepare for the future (Kaplan & Beinhocker, 2003; Mintzberg, 2014; Allison & Kaye, 1997). Figure 1 presents aspects of strategic planning (Taylor & Miroiu, 2002) where planning and its documentation are the first steps in formulating strategies, followed by strategy implementation, evaluation, and control (Al-Dhaafri & Alosani, 2020).

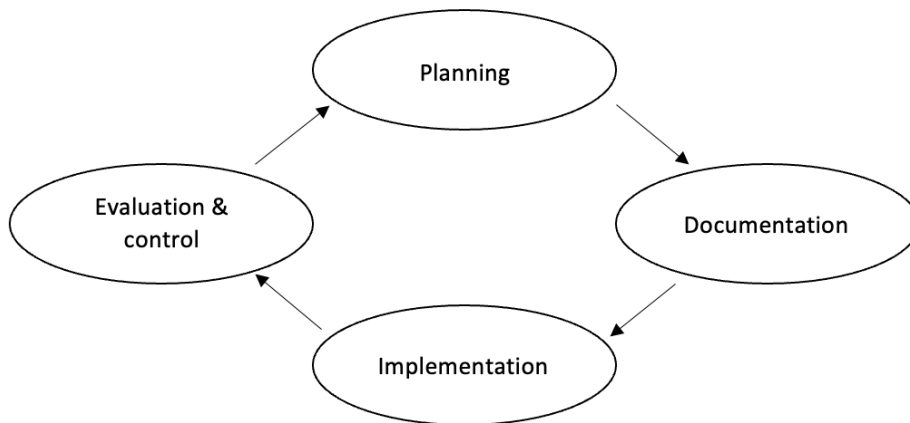


Figure 1. Aspects of strategic planning (Adapted from Taylor & Miroiu, 2022)

2.2.1 Value of strategic planning

Research has been consistent with the idea that strategic planning benefits organizations on various aspects, for instance, a study by Desai (2000) suggests that strategic planning not only has long-term value, but that an existing strategic plan also has immediate added value to the organization. A formal strategic plan demonstrates the coherence of the company's strategy and meets stakeholder demands in the context of greater management accountability (Desai, 2000).

Several studies show that strategic planning can improve organizational performance, leading to efficiency and profitability (Al-Dhaafri & Alosani, 2020; Tapinos et al., 2005; Kraus et al., 2006). Strategic planning can be associated with improved performance, especially in complex industries (Andersen, 2000). Planning enables coordination and long-term operational activities by providing a clear direction and assists decision making, and a monitoring system for implementation of the plan (Andersen, 2000; Elbanna, 2010; Bolisani & Brătianu, 2017).

However, several scholars argue that the value of a strategic plan is not in the document itself but in the process of planning (Bolisani & Brătianu, 2017). Studies by Kaplan & Beinhooker (2003) and Kaufmann (1992) emphasize that successful strategic planning is complemented by organizational learning and experience acquisition, which increases strategic thinking so that individuals can make strategic decisions at multiple levels of the organization. Furthermore, Hughes & Hodgkinson (2020) suggests that the strategic planning process fosters collaboration between stakeholders by providing shared experience among individuals in organizations.

2.2.2 Levels of planning

Planning can be classified into three levels: strategic, operational, and tactical (Sundnes, 2014). Table 1 provides a description of the different levels of organizational planning with the focal points and decision makers associated with each level.

Strategic planning traditionally has a top-down centralized focus, implying that top management formulate and maintain the strategy (Rabetino et al., 2020; Andersen, 2004). Strategic planning is typically proactive in nature and is based on previous experience. It seeks to improve the organization's performance by setting the direction and guiding in decisions making to achieve long-term goals in a time horizon of minimum of 3-years (Sundnes, 2014; Minzberg 1993; George et al., 2019; Martin, 2019).

Operational planning refers to the functional areas of strategic plans developed by middle managers. Operational planning has proactive and reactive elements; thus, it can be made pre-event, but it is adjusted according to circumstances (Sundnes, 2014). Operational planning is a process of creating steps and guidelines to support and achieve the goals described in strategic plan, performed on midterm time horizon 1-3 years (Shrader et al., 1989; Weiser et al., 2020; Martin, 2019).

Tactical planning implements strategies and refers to the activities in lower-level units in each division to activate the strategy. Tactical planning is done by lower-level managers, and it focuses on day-to-day operations and actions to achieve the short-term strategic goals in a short time horizon of six to twelve months (Sundnes, 2014; Martin, 2019).

Table 1. Levels of planning in an organization (Adapted from Martin, 2019)

Level of planning	Decision maker	Focal point and time
Strategic planning	Top management	Vision and direction of the organization. Long term, minimum of 3 years.
Operational planning	Middle management	Operationalization of strategic plan: specific steps and guidelines to achieve se goals. Midterm 1-3 years.
Tactical planning	Lower-level management, employees	Implementation of strategy and day-to-day activities to achieve strategic goals. Short-term, less than a year.

2.2.3 Strategic planning process

Strategic planning can be described as a long term ongoing formalized process in which strategizing is done intentionally to produce results in the form of an integrated system of deliberate decisions (Ocasio & Joseph 2008; Bolisani & Brătianu, 2017; Minzberg 1993). The deliberate planning process uses predictive models and is based on the collection of information, rational analysis, and the formulation of strategy. In contrast emergent planning assumes that little information is available in advance and the strategist learns from practical experience and through trial and error to formulate the strategy (Bolisani & Brătianu, 2017; Kaufman 1992).

Strategic plan is one of the outputs of a strategic planning process and serves as a tool to understand strategy (George et al., 2019). In addition, a written plan informs external parties such as stakeholders and government agencies about organizations intentions (Mintzberg, 2014; Allison & Kaye, 1997). Strategic planning includes a description of the mission and vision, definition of goals, analysis of the environment, and strategic options (Ocasio & Joseph 2008; Andersen, 2004; Bolisani & Brătianu, 2017). The goal of planning is to turn strategic intentions into actions by implementing the plan to get required results (Al-Dhaafri & Alosani, 2020). The process of strategic planning and adjusting business strategies is continuous throughout the lifecycle of an organization, which emphasizes a continuous commitment to learning and adapting (Lehmann, 2012; Kaufman, 1992).

A large body of research has focused on the use of strategic planning as a tool for performance improvement (Grant, 2003; Andersen, 2004; George et al. 2019; Glaister et al. 2008). Strategic planning can improve performance by assisting managers make decisions by using analytical tools to shape outcomes and consequences of their business direction (Whittington, 1996; George et al., 2019; Kaufman, 1992). Thus, strategic planning can be viewed as a resource and potential source of competitive advantage (George et al., 2019). The development of new operational capabilities can be achieved by improving strategic planning capabilities, which in turn leads to the development of dynamic capabilities (Elbanna, 2010; Eisenhardt & Martin, 2000).

2.2.4 Participation in the planning process

The literature is consistent that strategic planning is traditionally employed by top managers both the private and public sector (Jennings & Disney, 2006; Harold, 1981; George et al., 2019; Andersen, 2004). Top management and board of directors are the first participants in the strategic planning process (Martin, 2019; Elbanna 2010) as management team build consensus in meetings and further involve other stakeholders (Kaplan & Beinhocker, 2003).

Thus, the planning process is typically “top-down” in nature, to enable the control and integration of the plan into the unit activities (Jennings & Disney, 2006; Weiser et al., 2020).

The role of middle managers in the strategic planning process is to implement the plan, control performance and provide information on both directions (Floyd & Wooldridge, 1992 p.153). Existing research suggest that the involvement of middle managers is a key success factor because they are responsible for implementing strategic initiatives at the operational level (Georgiev & Ohtaki, 2019; Tawse et al., 2023). Individuals below middle management do not actively participate in the strategic planning process or decision making (Elbanna, 2010). However, employees below middle management are critical for the success of strategic planning outcomes as they implement the company’s strategy through day-to-day activities to achieve the set goals (Mantere, 2007).

However, empirical evidence shows that a bottom-up approach to strategy can be as valuable as deliberate top-down strategic planning processes (see e.g., Burgelman, 1983; Harold, 1981). Study by Grant 2003 suggests that bottom-up approach on strategic planning can have a positive impact on performance (Grant, 2003). Moreover, Plant (2006) suggests that using bottom-up approach on strategic planning process ensures that all relevant information can be included into decision-making process, which motivates employees and supports set objectives.

2.3 Strategic planning in different contexts

This section discusses strategic planning in different contexts to illustrate how strategic planning can vary depending on an organization’s size, industry it operates, and the influence of organizational culture on strategic planning.

2.3.1 Strategic planning in different size organizations

Studies suggest that the size of the organization influences strategic planning processes in certain aspects (Griggs, 2002; Stonehouse & Pemberton, 2002). Stonehouse & Pemberton research (2002) highlights the correlation between organizational size and structured planning and suggests that larger organizations are likely to have a higher strategic orientation compared to small and medium size enterprises (SME). Furthermore, Elbanna's (2020) analysis of strategic planning practices in the Arab region indicates that strategic planning practices are significantly more formal and structured in large organizations than in SMEs.

Compared to SMEs, large organizations are seen as more complex in terms of their structure, operations, and decision-making practices. Therefore, formalized strategic planning systems are seen as more crucial in large organizations because the planning enables coordination and control compared to smaller organizations (Tapinos et al., 2005; Kraus et al., 2006). However, study findings by Peel and Bridge (1998) suggest that detailed strategic planning is found to positively correlate with favorable outcomes also in small and medium sized organizations.

Studies indicate that high degree of formalization in strategic planning in small firms correlate with higher degree of performance (Kraus et al., 2006). Grigg's (2002) study examined small non-profit organizations, and the empirical findings suggest that the intensity of strategic planning has positive effect on performance in several aspects such as the goal realization and functional integration. Furthermore, study by Gibson & Cassar (2005) supports the idea that planning has positive benefits in small firms but suggest that the use of formal planning does not necessarily lead to superior performance, as formal planning is less likely to be adopted in smaller organizations.

2.3.2 Strategic planning in different industries

In addition to the size of the organization, there are differences in the utilization of strategic planning among industries (Kyläheiko et al., 2016; Glaister et al., 2008). Strategic planning is common in all industry sectors (service, manufacturing) with the average planning horizon of three years (Kyläheiko et al., 2016). However, the industry has a profound impact on organizations' strategy and decision making practices as the strategies of organizations vary in different industry sectors (Stonehouse & Pemberton 2002 ; Glaister et al., 2008).

Industry influences organizations' strategic planning in various ways, such as long-term goals, market responsiveness and positioning (Wei et al., 2013; Porter 1996). For example, retail industry can use strategic planning to expand its operations and increase profits by reaching a wider audience (Clarke et al., 1994). Whereas in healthcare, strategic planning helps to consider different stakeholders and long-term planning ensures the appropriate use of scarce resources (Martin, 2019). Furthermore, in high technology manufacturing industries, strategic planning is used to stay ahead of competitors and secure a position because growth is technologically driven and dependent on technological innovation (Wei et al., 2013).

Research shows that manufacturing companies emphasize operational thinking and utilize strategic analysis tools in their efforts to achieve profit and sales targets. While service organizations clearly articulate their vision and mission statements and incorporate business-level goals into their strategic plans (Stonehouse & Pemberton, 2002). However, study findings by Glaister & Falshaw, (1999) show that companies in both manufacturing and service sectors often do not have a designated person or team to execute comprehensive planning or monitor the results of strategic plans. Moreover, the companies tend to pay more attention to internal capabilities rather than external factors, meaning that in both manufacturing and service sectors companies place more emphasis on formulating strategies than implementing and evaluating them (Glaister & Falshaw, 1999).

2.3.3 Organizational culture impact on strategic planning

Organizational culture varies significantly between companies, as the culture is shaped by the complex interaction of different factors (Wei et al., 2013). Organizational culture refers to collectively accepted meanings for values, norms, beliefs and formalities and individual expectations, so that individuals or group have a consensus on how to act within the organization and with the external stakeholders (Panda, 2021; Alsaqqa, 2020; Arz, 2017). Culture gives meaning to daily tasks and transforms companies' operations into performance, which influences decision-making methods and ultimately determines the direction of the company (Pettigrew, 1979; Wei et al., 2013).

In the context of strategic planning, organizational culture plays an important role because it acts as a social control system that influences on implementation methods, communication formats, to support strategies through core values, and the ability to respond to a changing environment (Chow and Liu 2009; Ravasiet al., 2020). Organizational culture can either promote innovation and change or limit it (Chow and Liu 2009). Organizational culture should enable employees to behave in a way that is consistent with strategic intentions to avoid resistance (Barney 1986; Gupta, 2011).

In organizations with a hierarchical organizational culture, employee involvement and knowledge sharing may be weak, because in such organizational cultures, strategic planning is traditionally the responsibility of the management (Elbanna, 2010). Whereas a collaborative organizational culture involves employees more in decision-making processes, which promotes learning and thus strategic planning (Chow & Liu, 2009; Nugroho, 2018). Study findings by Chow and Liu (2009) indicates that employee job satisfaction and organizational commitment are likely to be highest in an organization with supportive collaborative culture and the lowest levels of job satisfaction are likely to be found in an organization with a bureaucratic hierarchical culture.

2.4 Microfoundations

Traditional strategy literature focuses mainly on macro level of strategic planning and its outcomes, rather than trying to understand individuals in the organization and their influence on planning (Abell et al., 2008; Felin et al., 2015). Micro foundations approach can provide heuristics for macro management as it examines the interconnection between micro and macro levels (Cardoso et al., 2023; Foss 2009; Foss & Lindenberg, 2013) and identifies individual actions and interactions as being relevant to explaining macro-level outcomes (Felin & Foss, 2005; Felin et al., 2015; Abell et al., 2008).

Microfoundations is a multilevel theory and involves at least two levels; macro (firm) and micro (individual) to examine collective phenomenon with a lower-level of analysis than the phenomenon itself (Barney and Felin, 2013; Felin et al., 2012). In addition, microfoundations take into account the transformation that occurs at the meso-level, when moving from the individual level to the collective level by identifying the effects of individual actors on organizations and how interaction leads to emergent firm-level outcomes (Felin & Foss, 2005; Felin et al., 2015; Abell et al., 2008).

Multilevel theories explain how one level influences another by expanding the levels of analysis, while a single-level theory as in micro research deals with variables at a single level of analysis (Devinney, 2013). Higher level outcomes cannot be explained using only single level theories as they focus on individual actions and interactions. Therefore, unlike micro research, microfoundations do not solely focus on the individuals but also recognize that macro environments are shaped by the actions and interactions of individuals within an organization (Barney & Felin, 2013).

2.4.1 Coleman's Bathtub Model

Coleman's Bathtub Model will serve as heuristic framework for this study. Microfoundations is visually presented in the Coleman's Bathtub Model in Figure 2 as it illustrates causal interactions linked between the macro and micro levels, suggesting that

there are multilevel explanations for organizational macro-micro-macro interactions and making multilevel explanations more comprehensive in the context of strategic planning (Franczak et al., 2023).

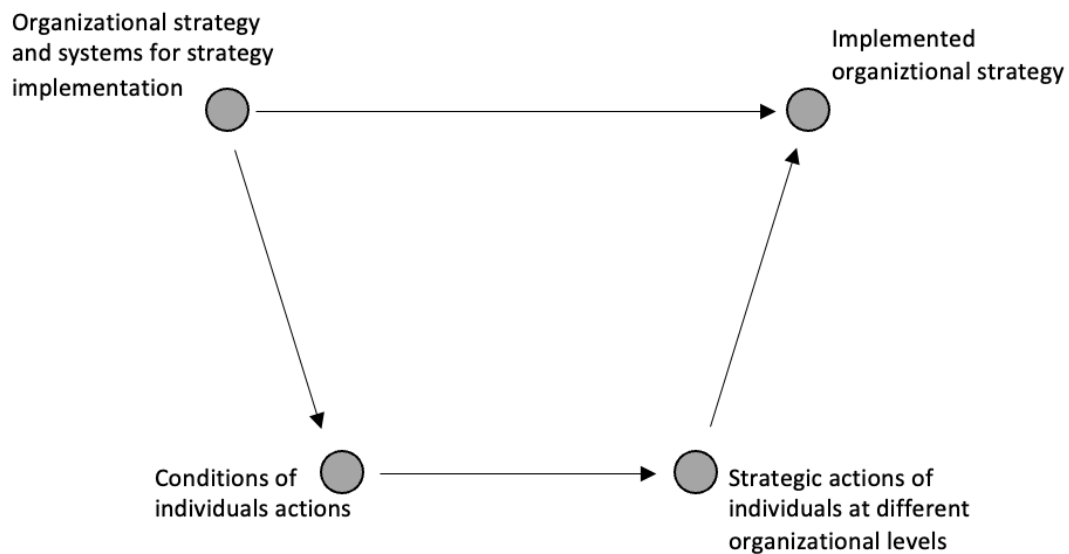


Figure 2. Coleman's Bathtub Model on strategic planning (Coleman, 1990)

Coleman's Bathtub Model in Figure 2 illustrates macro micro macro factors of strategic planning. For example, macro factors affecting micro factors, such as the impact of the working environment of employees on the behavior and interaction of individual employees, further influencing on the outcomes of strategic planning. The direction of the arrows simplifies what is explained and the explanation (Felin et al., 2015; Molina-Azorin, 2014; Franczak et al., 2023).

2.5 Summary of literature review

In order to study the potential benefits of employee involvement in strategic planning, it needs to be acknowledged that certain factors in organization and employees are expected to influence to the ability of employees' involvement in strategic planning

processes and decision making. Conceptual framework of the factors expected to influence employee involvement in strategy work are presented in Figure 3.

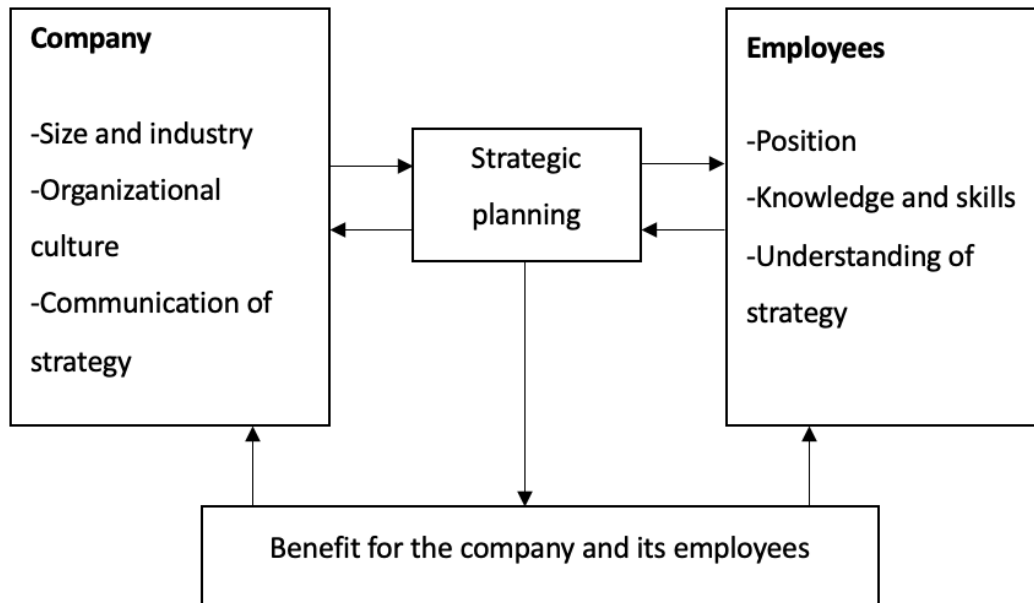


Figure 3. Conceptual framework of factors influencing on employee involvement

From the company perspective the identified factors that can either promote or hinder employee participation in strategic planning are *structure of the organization, industry it operates* and *organizational culture*, which influence methods how the organization *communicates* the strategy. The structure of an organization such as its size, organizational culture, and the industry it operates determine the conditions in which both individual and collective action occurs and impact on how strategic planning activities are performed (Felin et al., 2012; Griggs, 2002; Stonehouse & Pemberton, 2002; Andersen 2000). These factors are expected to either promote or hinder behavior and decision-making in the organization that affect employee participation in strategic planning and decision making (Felin et al., 2012).

Employees can be seen as an individual component when investigating non-management employee involvement in strategic planning process, as they are required to perform the processes within a company and implement strategies influenced by their

distinct human capital (Felin et al., 2012). Employees' *position, knowledge and skills* and *extent of strategic understanding* can be assumed to determine if they are able to be involved in strategic planning process and decision making. Classical strategy literature describes strategic planning with a top-down centralized management approach (Harold, 1981; George et al., 2019; Andersen, 2004) where employees in management level positions formulate and implement the strategy and the day-to-day actions of non-management employees determine the success of the strategy (Elbanna, 2010).

Previous research findings suggest that employees can be valuable innovators and hold more knowledge than assumed about the external and internal environment as well as stakeholders (Bizzi & Evans, 2022; Park, 2015). For example, employees can more accurately predict future performance based on their work which helps organizations to adjust strategic plans (Huang et al., 2019; Andersen, 2000). Moreover, if employees participate in decision making processes, it has been studied to increase their trust, commitment, and loyalty to the organization, which increases their overall job satisfaction (Irawanto, 2015; Mowday et al. 1981). Thus, employee involvement in strategic planning and decision making can be assumed to benefit all parties. Table 2 presents the assumed benefits of employee involvement in strategic planning both the company and employees.

Table 2. Assumed potential benefits of employee involvement

Benefit for company	Benefit for employee
<ul style="list-style-type: none"> • commitment • performance • decision making • strategic thinking • Implementation • employee insights • productivity 	<ul style="list-style-type: none"> • job satisfaction • strategic thinking • understanding of strategy • motivation

Several studies indicate that the strategic planning process is an important part of business management and vital for companies to survive and grow in a changing environment (Harold, 1981; Mintzberg, 1978; Mintzberg, 1973; Ghemawat, 2002). Although the connection of strategic planning to organizational success is recognized and studied, the concrete effects of employee involvement in strategic planning have not been widely explored. Much of the existing literature focuses primarily on management perspectives and top-down decision making and neglects the valuable perspective of employees.

The purpose of this thesis is to address the gap in the strategy literature by examining employee involvement in strategy work and its potential benefits. This study incorporates the perspectives of employees to the equation and aims to enrich the understanding of effective strategic planning processes and decision-making practices.

3 Research methodology

This chapter describes the research process with the methods and techniques used to address the research question. Furthermore, it specifies why the selected approach is suitable for the study and presents the procedure for data collection and analysis.

3.1 Research design

In this study the research question is examined through a case study design with exploratory sequential approach. Collection and combination of both qualitative and quantitative data enables the formation of a comprehensive understanding of the topic in order to answer the research question and to increase understanding of the studied phenomenon (Hurmerinta-Peltomäki & Nummela, 2006). The qualitative method focuses on human behavior and is highly descriptive which enables the description of the processes and how societal members experience their reality (Gephart, 2004; Creswell & Poth, 2017). Whereas a quantitative method uses analysis of numerical data that can be used for statistical analysis to represent observations (Gephart, 2004; Bairaqi & Munot, 2019).

The philosophical position of this research is pragmatism with methodological Interpretative framework. Pragmatism emphasizes the outcomes of the research and focuses on their usefulness to address real world problems by acknowledging that individuals may experience things differently (Kelly & Cordeiro, 2020; Creswell & Poth, 2017). Furthermore, pragmatism allows for flexibility as it has an adaptive approach to research and encourages the selection of multiple techniques and sources for data collection and analysis to address the research question (Creswell & Poth, 2017). In addition, pragmatism is chosen as it motivates the use of qualitative and quantitative data, which can be assumed to be incompatible based on their philosophical positions (Shan, 2021).

An abductive approach is applied to the empirical research process of this study to analyze the collected data. Abductive approach can be applied when a new phenomenon is observed that has not yet been explained or existing theory is further developed as it moves back and forth between theory and data (Walton, 2014; Stewart, 2024; Conaty, 2021; Dubois & Gadde, 2002). Unlike the deductive approach which seeks to develop propositions from an existing theory and test it against the real world, or the inductive approach, which relies on an established theory created from data, the abductive approach begins with a set of initial assumptions derived from theory and seeks to inform additional observations by looking for patterns and relationships in the data (Dubois & Gadde, 2002).

3.1.1 Case study

Case studies have an empirical approach, where a single event or unit defined by the researcher is described in accordance with the goal of the study and supports increasing the understanding of the research question (Gephart, 2004; Priya, 2020). This study uses an explanatory case study because it allows the illustration of complex relationships in real life contexts and encourages learning through empirical examples rather than purely theoretical models. The explanatory study aims to clarify situation where information is scarce (Quintão et al., 2020). In addition, it enables the collection of data from several sources to obtain in-depth understanding of the case (Creswell & Poth, 2017). An explanatory case study aims to develop theory and examines why certain events occur in particular context, for which the researcher seeks to develop a set of explanations (Yin, 2009).

The research question of this study is: What potential benefit does employee involvement in strategic planning bring to employees and the company? Therefore, the individual perspectives of employees and managers are the unit of analysis of this study. The case study allows to examine these perspectives by utilizing qualitative semi-structured management interviews and quantitative descriptive employee survey. By focusing on these individual experiences and views, the study aims to examine the

perceived benefits of employee involvement for employees and the company. Additionally, the analysis can be used to examine how the perspectives differ in different positions within the company, to gain an understanding of the individual level effects of employee involvement on the strategic planning.

3.1.2 The case company

The domain of this study is a medium size HR-company operating in Finland. The case company was selected because there is a need to examine strategic planning in a real world setting in which it occurs to answer the research objective. In addition, the selection of the case was influenced by the availability of data sources including interviews and surveys conducted with managers and employees. The research question of the study concerns employees on multiple levels of an organization so the selection of the case company enables a deeper understanding of different perspectives on employee involvement.

Much of the current research lacks empirical data related to employee involvement in strategic planning processes. Therefore, the selection of this case is relevant because the inclusion of employees' views provides a more holistic assessment of employee involvement in strategic planning process and decision making. In addition, the case helps to illustrate the benefits in concrete setting and provides empirical evidence of the value of participatory planning.

3.1.3 Exploratory sequential approach

This study follows an exploratory sequential mixed methods approach illustrated in Figure 5. Exploratory sequential mixed method approach is characterized by the collection and analysis of qualitative data followed by the collection and analysis of quantitative data (Creswell, 2014). An exploratory case study is used especially when the phenomenon or issues are not well understood or there is lack of existing theories or data. An explanatory approach allows to explore and answer the “what” on research

question by collecting first the qualitative data to form understanding of the phenomena followed by interpretation of quantitative data (Elman et al., 2020).

The purpose of the qualitative element is to help to identify specific themes and to find patterns and triangulate them with the descriptive survey results to find congruent themes (Wu, 2012). In the case study data is collected through semi-structured interviews. Unlike structured interviews, a semi structured interview approach is more flexible which allows discovery and elaboration of information that might be highly influential and may not emerge if using structured interviews (Gill et al., 2008). The data collected from semi-structured interviews is analyzed with abductive approach to form themes and identify patterns. The results are then compared with the data collected using a quantitative descriptive survey, which describes characteristics of the phenomenon, thus forming an overall interpretation of findings.

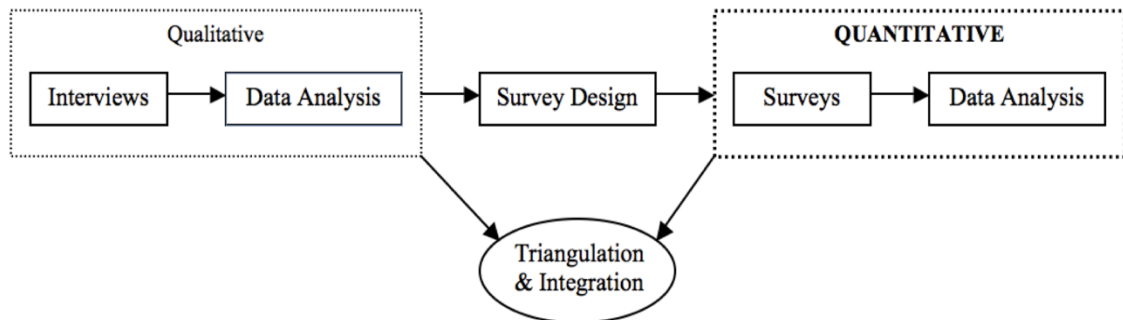


Figure 4. Exploratory sequential approach (Adapted from Wu, 2012)

3.2 Data collection

This section discusses the sources of the data and describes in detail the data collection process. It introduces different data collection methods to increase understanding of the process and to increase validity of the research results.

3.2.1 Data collection process of semi-structured interviews

The interview data was collected in June 2024 when the interview guidelines for the semi structured interviews were formed. Semi structured Interviews were conducted in the case company with 5 participants. An overview of the interview dates and participants is presented in Table 3. The participants were selected from the case company for interviews based on their management position and role in strategic activities. All interviews were scheduled during working hours during weekdays. The Interviews were conducted and recorded using Microsoft Teams and lasted between 14-31 minutes. The recordings allowed the researcher to review the interviews for transcription and to ensure the correct interpretation of the data.

Language of the interviews was Finnish as it is the native language of the participants and also the corporate language of the case company. The interview questions focused on the case company's current strategy and its communication and implementation, as well as the management's view of involving employees from all levels of the organization in the strategic planning process and its potential benefits. Interview guidelines with managers of the case company are found in Appendix 1.

Table 3. Data collection through semi-structured interviews

Participant	Position	Duration
Participant 1	Middle management	14min 55s
Participant 2	Top management	28min 57s
Participant 3	Top management	16min 10s
Participant 4	Middle management	31min 21s
Participant 5	Middle management	26min 24s

3.2.2 Data collection process of descriptive survey

The descriptive survey for non-management employees of the case company was conducted in September 2024 when the analysis of the data gathered from semi-structured interviews was completed. The survey was sent through email to the non-management employees of the case company on 11th of September and was open until 20th of September. The survey was sent and received by 235 employees. Survey received total 43 number of answers with a response rate of 18 percent. Survey was opened 74 number of times. Table 4 presents the number of sent surveys, received answers and number of opened surveys.

The language of the survey was Finnish as it is the corporate language of the case company. The survey was initially prepared in English to ensure conceptual clarity, and it was further translated into Finnish by researcher so it could be sent to the recipients in the case company. The survey was translated into Finnish by using ChatGPT to reduce the time required to translate the survey and for faster implementation. The translation was checked by a native speaker to ensure that the survey accurately corresponded to the original English version.

The survey questions were based on themes identified in qualitative semi-structured interviews to compare the similarities and contradictions of assumptions related to the case company's strategy work between participants from the different organizational levels. The descriptive survey allowed the researcher to include the views of non-management employees, as the information was not available from the organization's public materials or similar. A survey for the non-management employees of the case company is found in Appendix 2.

Table 4. Data collection through descriptive survey

Sent surveys	Opened surveys	Rate of opened surveys	Received responses	Response rate %
235	74	31%	43	18

3.3 Data analysis

This section describes the data analysis process and how data obtained from semi-structured interviews and descriptive survey were transformed into information to meet the research objective.

3.3.1 Data analysis of semi-structured interviews

Before the interview data obtained from the managers' semi-structured interviews could be analyzed, the researcher first transcribed the interviews into Finnish in Microsoft Word by watching the interview recordings several times. The text was then translated into English by the researcher. After the data was prepared and anonymized it was transferred to Microsoft Excel. In Microsoft Excel, the data was organized in the most relevant way possible.

After transcribing and organizing the data, the researcher identified recurring themes within the material and coded the data. Thematic analysis was used as a theoretical framework to analyze the qualitative data from the semi-structured interviews. Thematic analysis method supports the identification and analysis of patterns and themes within qualitative data (Clarke & Braun, 2016). The abductive approach was applied to obtain the most plausible explanations for the themes and patterns that emerged from the participants responses.

Coding was done by systematically going through the responses and identifying recurring concepts and phrases that were most significant and relevant to research questions.

Abductive reasoning guided the development of the codes into explanations. Data was frequently re-examined, and themes were refined accordingly based on new information and insights. This allowed the creation of interpretations rooted in the data while maintaining flexibility. The themes created are presented in Table 5. The themes created from the data analysis were: “Understanding of the strategy”, “communication of strategy”, “organizational culture”, “employee involvement” and “benefits of employee involvement”.

3.3.2 Data analysis of descriptive survey

The descriptive survey data was collected with Webropol survey tool. The Webropol survey tool ensured a secure data collection method and distribution of the survey to reach the target audience. The survey was anonymous and designed to gather respondents’ opinions through 9 statements. The statements were divided into 5 themes based on the themes generated from the semi-structured interview analysis. The themes used in descriptive survey were: “current strategy”, “communication”, “motivation”, and “benefits”. Respondents were asked to evaluate their agreement to the statement by using scale from 1 to 5, where 1 indicate total disagreement and 5 indicate total agreement. Two open ended questions related to the theme “benefits” were included in the survey to enrich the data and to gain more insights and holistic understanding of respondents’ views and opinions.

The survey was closed on 20th of September 2024 at 10pm. Webropol platform was used to access and export data through Microsoft Excel and Word for further analysis. Webropol provided a visual data representation for interpreting the results and enabled the exploration of relationships between different variables and responses. The responses to the open-ended questions were extracted from Webropol using Microsoft Word and translated from Finnish to English by researcher and after transferred to the Microsoft Excel for further analysis.

The open-ended question related to question 8 of the survey received 13 written responses and the open question related to question 9 received 8 written responses. The open-ended responses were analyzed with thematic analysis and by applying abductive reasoning to identify key themes and patterns. The researcher read the responses several times to ensure a comprehensive understanding of respondents' perspectives. After that codes were created based on the recurring phrases emerging from the data such as "commitment", "strategic understanding" and "career development" which were further grouped under the themes used in the survey: "current strategy", "communication", "motivation" and "benefits" to ensure consistency across the analysis.

3.3.3 Research reliability and validity

Internal and external validation are particularly important in explanatory case studies, as they aim to demonstrate causal relationship between case and the outcome. To ensure internal validity, the causal argument must be credible to support research results. The external validity of a study can be ensured by presenting the reason for choosing the case, presenting the context of the case study, and identifying patterns that allow generalizability of the results obtained. Reliability refers to the process of repeating research (Quintão et al., 2020).

To ensure the validity of this study, interviews and survey were chosen as the data collection method. 5 managers, both top and middle management, participated in the interviews to gain insights into their personal experiences and perceptions of employee involvement in strategy work and of current strategy practices. Qualitative insights were collected through a quantitative survey sent to a sample of 235 employees. To ensure the validity of the finding's triangulation was used by comparing qualitative data obtained from interviews with the quantitative survey data. The use of multiple data sources increases the validity of the findings, but also provides a holistic understanding of the topic and thus enriches the analysis and implications of this study.

4 Findings

This section presents findings from the qualitative semi-structured interviews and descriptive survey data. The first part of this section describes the findings from the interviews and discusses management's perspective on the topic. The second part presents the results of the descriptive survey and considers the employees' perspectives. The third part compares the findings of the interview and the survey.

4.1.1 The manager view on involving employees in strategy work

The themes and their descriptions, which were created based on the data analysis of semi-structured interviews are presented in Table 5. The findings are presented and discussed by the themes. To increase validity, quotes were selected from the participants that emphasize the conclusions made based on the analysis of the interview data.

Table 5. Thematic analysis themes and their descriptions

Theme	Description
Understanding of the strategy	Properly understood strategy improves decision making ability and ensures that daily actions are aligned.
Communication of strategy	Strategy that is communicated frequently through various channels increases the understanding of strategy and enhances engagement and implementation
Organizational culture	Culture that encourages participation and communication improves decision making and increases employee participation in strategic planning
Employee involvement	Employee involvement in strategic planning leads to better organizational performance through ideas and enhanced implementation
Benefits of employee involvement	Employee involvement in strategic planning and decision making provides potential benefits to employees and the company

4.1.1.1 Understanding of the strategy

The interview results show that in the case company the top management and board members are responsible for the strategy and decide the strategic direction, but the strategy is formulated in cooperation with many different stakeholders. The case company's strategy was said to be flexible and updated frequently so that the company can better respond to changes in the environment.

“Top management level members are responsible for strategy and owns the strategy process, strategy is created cooperation of many different stakeholders.” (Participant 3)

All the interviewees confirmed that they work closely with the company's strategy, implying that they have a common understanding of it. Managers answered similarly and brought up the same themes when they were asked what the company's strategy is. In addition, all five interviewees agreed that employees should know the strategy, so that everyone in the company has a common direction.

“Strategy only happens if employees execute strategy in day-to-day activities.” (Participant 2)

“We can have great plans and strategies made in high ambitious level, but if individuals involved in the organization do not want to execute strategy, it will not be successful.” (Participant 3)

4.1.1.2 Communication of strategy

According to the interviews, the top management of the case company regularly discusses the strategy with board members and middle management and further communicates the strategy to lower-levels of the company. Middle management said

that they engage in strategy discussion with the top management and employees frequently even on a daily basis.

“Everything I do in my own work is based on the strategy. I discuss the strategy in almost every meeting with my own team members and my managers, it is part of the daily discussions.” (Participant 5)

It was said that the company’s strategy is frequently communicated through various channels at all levels of the organization. However, two interviewees felt that the core of the strategy could be communicated more clearly and one of the interviewees mentioned that employees’ understanding of the strategy and its correct interpretation should be better ensured due to the changing environment, as it can lead to sudden adjustments in the strategy.

“The core focus could be expressed more clearly, in a way that this is what we want and in this time frame.” (Participant 1)

“If the situation and the environment change, then the content of the activities we do also partially changes and some things are emphasized more than others, probably strategy should be communicated more, and make sure that things are understood.” (Participant 3)

Moreover, it arises from two of the interviews that the company’s strategy is not always emphasized when strategy-related topics are communicated to the lower levels of the organization. Additionally, it was highlighted that it is possible that employees are not aware that they have been participating in strategy related activities.

“Currently we aim to communicate strategy variety of ways, even in a way that employees do not know we are communicating strategy.” (Participant 2)

“If we think how the implementation of our strategy could be improved, perhaps so, that the wording would be that this is not only the planning of everyday actions, but also the planning of the execution of strategy.” (Participant 4)

4.1.1.3 Organizational culture

When asked about the influence of organizational culture on strategic planning, all managers agreed that organizational culture plays a central role in strategy and stated that culture and strategy must be aligned to implement the strategy. The case company was also said to have a collaborative culture.

“Strategy and culture should go hand in hand. Culture strengthens the implementation of strategy, so they have to be aligned.” (Participant 1)

“It is not possible to make strategy if it is not written inside our culture.” (Participant 4)

However, the connection between organizational culture and strategy was emphasized more than its influence on strategic planning process. One of the interviewees stated that the organizational culture affects the strategy more than the planning process, but in the context of the strategic planning process, the culture affects how the work is done and who is involved in the process.

“Organization culture does not really affect the strategic planning process, but how the strategy is made.” (Participant 5)

The interviews also reveal that managers do not consistently assign tasks to employees or do not always connect the given tasks to the company’s strategy, because the company emphasizes autonomy and the individual’s own activity and self-direction.

“If we want to be self-directed and autonomous and give people a lot of opportunities to influence how work is done, it must be clear to everyone where we are going.” (Participant 5)

Moreover, from the management’s perspective there is a low barrier to employees’ present different ideas and there are established channels for it, but the prerequisite is the employees’ own motivation and activity.

“I hope that there is no barrier to approach, I understand those situations can be challenging and people can be nervous, but if there is courage, I would say that we take different ideas and start to develop them, I don’t see that we have built barriers.” (Participant 2)

4.1.1.4 Employee involvement

According to the interviews top and middle management are directly involved in the strategic planning process, but strategic planning is said to take place at many levels of the case company. All five interviewees have a positive attitude towards including non-management employees in the strategic planning process and decision-making. The state of will is that employees share ideas and give feedback and make decisions at their work based on the strategy.

“Our state of will is that decision-making would be part of different organization roles in our company.” (Participant 3)

Moreover, four of the interviewees stated that the employees are already involved in planning by influencing the unit-level goals derived from the strategy and by setting personal goals according to the strategy to enhance its implementation.

“At lower levels everyone can participate in the implementation of the strategy, and everyone has the opportunity to influence what kind of goals they set for their

own work and how they support strategy, I see that this way it is possible to participate on many levels.” (Participant 5)

However, three of the interviewees specify that employees cannot participate directly in the formulation of the strategy as the final decisions are made by the board members and top management. Moreover, one manager mentioned that despite collaborative organizational culture, employees may not always have the opportunity to be involved in everything.

“We have a collaborative culture, but do we always have the opportunity to be involved in everything, because our daily activities are hectic and we are not a startup, so can everyone plan together even if we would want to.” (Participant 1)

4.1.1.5 Benefits of employee involvement

All the interviewees agreed that the employee involvement in strategic planning and decision making could bring potential benefits to both the employees and the company. The benefits identified from all of the management interviews are presented with illustrative quotations, some quotations include several potential benefits considered.

Understanding of company’s strategy was mentioned as one potential benefit of employee involvement because it would bring meaning to work and when employees feel that their opinions are valued it can have positive effect on job satisfaction.

“Generally, understanding the strategy brings meaning to the work, because then you understand your own part of the whole, by participating you know that your plans and work matter, so it also creates depth and meaning.” (Participant 4)

Several managers mentioned the employee’s views as an advantage, which could support the accuracy of decision making. Also then it would be possible to include a wide range of views and experiences from the entire organization in the planning.

“The benefit is that different views, thoughts, perspectives, and experiences are included in the planning process, so there is higher probability that it will go right, and enough aspects will be taken into consideration.” (Participant 3)

Commitment and implementation were mentioned as a benefit of employee involvement, as it was considered that employees understand the strategy and what things are possible, thus increasing commitment to the strategy and its implementation.

“It would enable for everyday work to be included in the planning and it could provide a good basis for what things are possible, which increases commitment to implementing the strategy.” (Participant 1)

“We would be able to utilize the company’s full potential, which is an advantage and also when people are involved it is easier for them to commit and understand strategy when it is not served from the top-down.” (Participant 5)

One manager mentioned the benefit of feedback, because if the employees are involved in the planning, it is possible for the managers to hear whether the current strategy is understood, but also the opposite suggestions or employees’ additional comments and thoughts about the strategy can be taken into account.

“Advantage is definitely that we can hear if the strategy has been resonated as is it understood, if not it, is very good to hear and also if there is opposite suggestions, comments, or thoughts.” (Participant 4)

Moreover, managers thought that it might not be expedient for all employees to participate simultaneously or participation might not even be of interest to all employees. Possible disadvantages were also taken into account:

“I don’t see that we do not want to involve employees, it depends more on the practical execution and the interest of employees and how much time people have to think about the bigger picture of the future. The disadvantage is that this kind of work and thinking process takes time and resources and it is then slower, definitely a good balance for this is the best solution, but I see the benefits are greater.” (Participant 3)

4.1.2 The employee view on involving them on strategic planning

This section presents the findings from the descriptive survey. Employees of the case company were included in the case study through descriptive survey to incorporate their perspective towards the topic. The survey was designed around thematic themes derived from the interview analysis. Therefore, the findings are presented in accordance with the themes to ensure clarity.

4.1.2.1 Current strategy

The survey result shows that the majority of employees feel that they understand the company’s strategy. 60% of respondents strongly agreed that they understand the company’s strategy and 26% agreed that they understand the company strategy, 14% neither agreed nor disagreed. None of the respondents disagreed with the statement but the result suggests that there is some variation in the strategy interpretation among employees.

When participants were asked whether they make daily decisions at work based on the strategy, 28% of respondents strongly agreed and 49% of respondents agreed with the statement. 14% were unsure, and a minority of 9% partially disagreed. This suggests that majority (77%) of employees perceive to be confident in making daily decision in their roles, while some employees may not fully understand the company’s strategy or have gaps in its interpretation and how it relates to their daily work.

4.1.2.2 Communication

The results regarding strategic communication show that the majority of employees, 95%, of which 51% strongly agreed and 44% agreed, prefer strategy to be communicated straightforwardly and in simple terms. 5% of the respondents were unsure of their preference. The result clearly shows that employees' expectations for strategy-related communication lie in the simplicity and relevance of communication as none of the respondents disagreed with the statement.

The majority of employees, 91%, agreed to understand which of their tasks contribute to the implementation of the strategy. The intensity of the agreement varied among respondents as 44% of employees strongly agreed to have a clear idea of what the tasks are, and 47% of respondents agreed. 7% were unsure and 2% partially disagreed with the statement, suggesting that the majority of employees have a strong consensus about the relevance of their tasks in terms of implementing the strategy.

Moreover, the majority of employees 84% prefer that managers explicitly connect the assigned tasks to the company's strategy in which 33% of respondents strongly agreed and 51% agreed, which may indicate a strong consensus on strategic roles in the case company. 9% of employees were unsure and 3% partially disagreed, indicating that they may not see it as necessary or required for managers to explicitly link tasks to the company's strategy in order for them to complete them.

4.1.2.3 Motivation

When assessing if employees would feel more motivated at work when they know that their work influences strategy or its implementation, 26% strongly agreed and 53% agreed, indicating that the majority of employees recognize the importance of their role and efforts in achieving strategic results as it acts as a motivating factor. 16% were uncertain and a minority of 5% partially disagreed, suggesting that they may not be very

concerned about their impact on the strategy or its implementation, or they do not actively engage with the strategy.

Moreover, the majority of the employees, 65%, of which 28% strongly agreed and 37% agreed that they would feel more motivated at work if they were given the opportunity to participate in the strategic planning process and decision making. This highlights that inclusive management and employee engagement to the process can increase employee job satisfaction and motivation. 28% of employees were unsure and a minority, 7%, partially disagreed, which may indicate that they do not see participation as adding value to their work or increasing motivation.

4.1.2.4 Potential benefits

Employees were asked if they perceive that their involvement in strategy work could bring potential benefit for them. The majority of employees, 72%, either strongly agreed 30% or agreed 42% implying that they recognize potential benefits and the value in participation, which may refer to a broader strategic understanding and interest in the topic. 26% were unsure, indicating that not all employees have a strong opinion on the topic or there is an imbalance between the potential benefits and disadvantages from the employee's perspective. While a minority of 2% partially disagreed and have a contrary opinion.

Respondents also had the opportunity to justify their response by answering to open-ended question. 13 respondents wrote an answer regarding potential benefits of employee involvement for employees. Potential benefits identified by employees are presented with illustrative quotes.

One of the most frequently mentioned benefit in the responses was understanding of the strategy, which was also considered to increase commitment to the strategy:

"I would understand and commit to the strategy. Maybe I would promote its implementation better as I would get new ideas when I can connect my work understandable to the strategy." (Survey 2024)

Incorporating employees' views into planning were also mentioned in several answers, as it was seen to increase motivation and promote career development. It was also mentioned that employees would feel that they are heard if their views and opinions were taken into account in strategic planning.

"I can bring my own views to the strategy preparation work; I will be heard and that increases commitment and motivation." (Survey 2024)

The implementation of the strategy was seen to be improved if the employees across the organization were included in the planning process.

"In terms of the commitment of the entire administrative staff, it would be good if all units participated in the planning of the strategy, in which case the adaption and implementation of the strategy would be maximized." (Survey 2024)

The respondents' views regarding the potential benefits of employee involvement for the company were not as broad as their views on the potential benefits for the employees. 25% of respondents strongly agreed that employee involvement would benefit the company whereas 42% agreed. 28% of respondents were unsure, suggesting that they might not be aware of how participation would impact on the outcomes on a larger scale. Moreover, a minority, 5%, partially disagreed, indicating having a contrary opinion.

The question related to the potential benefits of employee involvement for the company also included a clarifying open-ended question. 8 employees wrote an answer to the

open-ended question regarding the potential benefits for the company. The identified benefits for the company are presented with illustrative quotations from the survey.

Several responses emphasized the potential benefit to the company of including employees' views and expertise in the planning process. The same benefit was considered to be potential benefit for employees as well.

“If a wide range of employees participated in the planning process, it would be possible to incorporate many different views in the planning.” (Survey 2024)

Strategic understanding was also highlighted in several responses, especially understanding of the strategic planning process, as it was seen to enhance strategy implementation, leading to increased commitment to strategy and productivity.

“Understanding of strategic goals would be improved and their implementation in our daily work if we understood the entire planning process and how the set goals were reached. Commitment would be strengthened which would also increase the productivity of our work.” (Survey 2024)

Commitment to the company and the implementation of the strategy was also mentioned as a significant potential benefit for the company as well.

“I believe that participating in the strategic planning process commits me to the organization and makes me a better employee. I believe that with participation, the strategy will also be better implemented to daily work.” (Survey, 2024)

4.1.3 Comparison of managers' and employees' view on employee involvement in strategy work

This section compares the perspectives of managers and employees of the case company regarding employee involvement in strategy work and its potential benefits. The comparison is structured around the themes created from semi-structured interviews to ensure coherence and relevance in the results.

4.1.3.1 Understanding of strategy

In the management interviews, it was emphasized that the managers formulate and are responsible for the company's strategy. The managers also agreed that the employees are expected to have a comprehensive understanding of the company's strategy as the common goal and direction should be clear to all employees to enhance decision making and reach the set strategic objectives. They attribute this by communicating strategic initiatives frequently through various channels and meetings, and by involving employees in the strategic planning process.

The employees had a differing perspective. The survey results show that a significant number of employees claim to understand the company strategy as outlined by managers. 60% of the employees affirm to know the company strategy and 44% strongly agreed indicated to know which of their tasks contribute to implementation of the strategy, however, only 28% strongly agreed that they make daily decisions at work based on strategy. This discrepancy suggests a misalignment between management's expectations and the reality of employee execution.

It is possible that management sees a coherent strategic narrative. However, from an employee's perspective, communication and engagement mechanisms may be lacking, which weakens employees' understanding of the strategy and how the strategy is reflected in specific tasks in their roles. In addition, if management prioritizes operational tasks over strategy alignment, employees may see strategy as an abstract concept that

is not their immediate responsibility, but rather perform their daily tasks based on established processes without feeling the need or responsibility for strategic decision in daily work.

4.1.3.2 Communication

Top and middle management of the case company said to discuss strategy regularly. Management confirmed to communicate the strategy to the different organizational levels in a variety of ways and through several channels. Middle management said they engage in strategy discussion with non-management employees more frequently in team meetings and equivalent settings as they are responsible for implementation of the strategy. However, according to the management, it is not always necessary to focus on the strategy discussion, and the strategy perspective is not always emphasized, even if the employees are involved in strategy-related activities. Moreover, the company has a collaborative organizational culture that emphasizes employees' own activity.

From a management perspective, the current strategy has been communicated in an accessible way, but the employees' need for clearer guidance regarding strategy-related tasks, which indicates that current communication is not sufficient from the employee's perspective. The majority of employees, 85%, prefer guidance from managers on how the assigned tasks relate to the company's strategy, which clearly indicates that there are differing expectations between employees and managers. Moreover, the survey results confirm that majority of employees, 94%, prefer simplicity and relevance in strategy related communication, especially when it concerns their daily work.

It is possible that from managements perspective, the frequency of communication is equated with understanding of strategy. The lack of strategy references in communication can cause confusion or ambiguity among employees, as the lack of information can hinder understanding of how their work is aligned with the company's objectives. Furthermore, because the organizational culture emphasizes self-directedness, management seems to expect employees to interpret strategic goals

independently and align their work accordingly. Whereas employees indicate a need for structured guidance, suggesting that not all employees are aligned with the intended collaborative culture.

4.1.3.3 Employee involvement and motivation

The management of the case company welcome the idea of employee involvement in the strategic planning process. However, employees cannot participate directly in the formulation of the strategy as the final decisions are made by the board members and top management due to the company form. Managers do not expect all employees to be fully involved in the strategic planning process simultaneously due to time management concerns and assume that not all employees are motivated or interested in participation. The employees' own activity and skills were seen as prerequisites for participation, as there is said to be a low barrier for employees to approach management.

The employee perspective is aligned with the management's assumptions as not all employees indicate to be motivated to participate in strategic planning based on the survey results. The survey results show that 65% feel more motivated at work if they are provided with opportunity to participate in the strategic planning process. However, it is possible that employees are not aware that their participation is welcomed or how they can contribute effectively.

The decision making power seems to be retained with the management thus the employee's contribution does not necessarily have a significant impact on the strategic planning outcomes from an employee's perspective. In addition, the lack of strategy communication can cause confusion about how employee's contribution affects the strategic objectives. Employees may feel that the company has strong strategic roles and regardless of their input, the management has the final say, which can raise doubts about the value of participation.

4.1.3.4 Potential benefits

All of the managers agreed that there is potential benefit to employee involvement in strategic planning. Potential benefits mentioned by managers were: understanding of strategy, inclusion of employee views in planning, commitment and implementation of strategy, job satisfaction and motivation, and feedback of current strategy. Managers also identified some potential disadvantages related to time management and resources. However, the advantages were felt to be more important than the possible disadvantages.

The survey result shows that employees also identified several potential benefits for themselves and the company. Employees recognized more benefits for themselves (13) than for the company (8). The benefits identified for the employees and the company were partially similar. Potential benefits mentioned by employees : understanding of strategy, commitment and implementation, inclusion of employee views, strategic understanding, motivation, career development and productivity.

When comparing managers' and employees' answers about potential benefits, it can be seen that there are similarities in the answer. Moreover, all of the benefits seem to be interconnected and mutually beneficial; For a company, promoting employee involvement is seen to lead to better understanding of strategy, accurate decision making, stronger commitment and successful implementation, leading to better productivity and performance. Simultaneously, employees' benefits are associated with increased strategic understanding and commitment to strategy, which creates a sense of belonging that leads to personal and professional growth that ultimately promotes job satisfaction. A comprehensive review of the identified benefits is presented in Table 6, and Table 7.

5 Conclusion

This thesis was conducted as an explanatory case study to examine employee involvement in strategic planning process and decision making, with the focus on identifying what potential benefit it has for employees and the company. Based on the triangulation of qualitative interview and quantitative survey analysis, it was possible to examine and compare the views and assumptions of employees and the management of the case company regarding employee involvement in strategic planning and decision making which has traditionally been considered the responsibility of management.

When analyzing the results, it can be concluded that there are not only several potential benefits of employee involvement in strategy work, but that they were also found to be interconnected and mutually beneficial. In addition, the findings show that employees in the case company are motivated to participate in the strategic planning process and decision making as it is seen to increase strategic understanding and sense of belonging, which act as driving forces behind their engagement, but data analysis also raised a question the barriers hindering employee participation. As hypothesized in the literature summary of this thesis, certain factors were assumed to either promote or hinder employee participation in strategy work and thus potential benefits. The findings of the case study support this assumption by demonstrating that certain factors influence employees' involvement in strategy work.

Firstly, according to the results of the case study, employees' clear understanding of the organization's strategy is crucial for aligning employees' contributions with the company's broader objectives. Secondly, the findings demonstrated that frequency of strategy communication does not correlate with strategic understanding, a lack of references in strategy communication can leave the employees with a vague understanding of the strategy, causing them to become disconnected from the company's goals and objectives. Thirdly, organizational culture was found to be a significant factor in influencing employee involvement in the case company, implying

that if the company applies a formal strategic process with collaborative execution, it can create an imbalance between culture and practice which can limit participation. Employee participation in such situations is more dependent on the employees' own efforts and initiatives, as self-direction is valued over systematic guidance.

This findings of this the study identified several potential benefits of employee involvement in strategy work. The results show that the benefits are interconnected and form a symbiotic relationship that benefits both the company and employees, emphasizing an understanding of the importance of employee participation. The benefits for the company are summarized in Table 6, and the benefits for employees are summarized in Table 7. The left column shows the identified benefit and the horizontal columns show the employee, management and literature perspective on that benefit. Column with an empty value indicates that the group lacked a clear perception of the benefit in question.

Table 6. Potential benefits for the company

Benefit for the company	Employee perspective	Management perspective	Literature perspective
Commitment	Increased commitment to the company and its goals	Employees commitment to company increases	Employee commitment to the organization brings stability and a sense of belonging (Mowday et al. 1981)
Understanding of strategy	Internalizing the strategy enhance commitment to strategy	The strategy and its goals are understood ensuring alignment	Employee understanding of strategic goals can improve business performance (Nowak, 2020)
Employee insights	Employees' views and expertise improve strategic planning	The company's full potential is utilized	Employees can possess valuable information and predict future operational performance (Huang, 2019)

Decision-making	N/A	Informed and accurate decision making	Employee participation in decision-making ensures that all relevant information is included (Chen & Xede 2023)
Implementation	Enhanced strategy implementation through daily work	Increased commitment to implementing the strategy in daily work	Employee involvement promotes implementation and employee motivation (Nienaber, 2019)
Feedback	N/A	Regular feedback tells if the strategy is understood and enables continuous improvement of the strategy	The feedback loop promotes a more engaged workforce by understanding employee perspectives and needs (Walker, 2024)
Strategic understanding	An understanding of the strategy process increases the implementation of the strategy	N/A	Strategic planning facilitates strategic thinking throughout the organization (Andersen, 2000)
Performance	Enhanced commitment to strategy leads to better productivity	N/A	Understanding strategic goals can improve business performance (Nowak, 2020)
Productivity	Including employee experience in the planning increases cost efficiency	Simultaneous participation can affect time management	The efficiency and profitability are positively affected by employee involvement (Amah & Ahiauzu, 2013)

Table 7. Potential benefits for the employees

Benefit for the employees	Employee perspective	Management perspective	Literature perspective
Commitment	Increased commitment to the strategy	Employees are more engaged when they know how their work affects the strategy	Participation in decision making increases trust, commitment, and loyalty (Irawanto, 2015)
Understanding of strategy	Internalizing the strategy enhance commitment to strategy	Understanding the strategy increases employee motivation when the meaning of the work is clear	Understanding of strategic goals can improve business performance (Nowak, 2020)

Motivation	Increased motivation from the opportunity to participate in the strategy change	Employees have a sense of belonging when they are heard	Employees experience motivation when work provides meaning (Yukl & Becker, 2006)
Employee insights	Incorporating employee views into the planning increases commitment to the strategy	Employees feel heard when their ideas and views are present in the planning	Valuing employees' efforts promotes an environment where employees feel heard (Walker, 2024)
Career development	Employees feel engaged and valued when provided opportunities for career advancement and skill development	N/A	Collaboration between stakeholders creates value and cohesion (Hughes & Hodgkinson 2020)
Implementation	Better internalization of the strategy makes strategy implementation more efficient through daily work	Increased engagement help implementing the strategy	Employee involvement promotes implementation and employee motivation (Nienaber, 2019)
Strategic understanding	Increased effectiveness when the strategic vision and goals are properly understood	N/A	Learning and gaining experience increases strategic thinking, enabling strategic decision making at all levels (Kaplan & Beinhocker 2003)
Job satisfaction	N/A	Employees experience that their opinions are valued increasing job satisfaction	Collaboration fosters job satisfaction and organizational commitment (Chow & Liu 2009)

5.1.1 Theoretical implications

Identifying the benefits of employee involvement in strategic planning and decision making and reconciling them with the existing literature not only highlights the practical significance of this study but also holds important theoretical implications. The findings of this study contribute to the theoretical understanding of the microfoundations in management by emphasizing the role of individual employees and group-level actors in organizations and their impact on emerging firm-level outcomes in the context of strategy (Felin & Foss, 2005) by including employee perspective regarding their

involvement in strategy work. The result of this study aligns with existing research on the positive impacts of employee involvement in strategy (see eg. Kaplan & Beinhocker 2003, Chow & Liu 2009, Chen & Xede 2023) and extend the existing literature by illustrating how promoting employee involvement can lead to multiple interrelated positive outcomes and emphasize that non-management employee's involvement can improve strategic planning processes and understanding of complex organizational dynamics.

5.1.2 Managerial implications

This study provides practical implications for managers. First, to promote strategy alignment and understanding, it is important for managers to understand employees' experiences of the current strategy. By promoting a culture of feedback, the current state of strategic understanding can be mapped, for example through surveys. In addition, including the strategy in training sessions helps employees to familiarize themselves with organizational goals and the importance of their own role in implementing the strategy. Second, managers have a key role in maintaining communication, thus open communication with simplicity and relevance is emphasized. Moreover, communication should be tailored as different individuals or groups may require more detailed explanation of how the strategy affects their specific roles. Third, by prioritizing employee involvement and fostering a collaborative environment, the company can achieve the set strategic objectives while supporting employee job satisfaction. A barrier to employee involvement can occur if there is an imbalance between culture and practice. Thus, the organizational culture must be assessed to see how it aligns with the company's goals to understand how culture influences on strategy.

5.1.3 Limitations and suggestions

This study provided important findings, but there are limitations that must be recognized. The first limitation of this study is that it cannot be generalized as the study was conducted within a single case company. The unique characteristics and culture of the case company may not reflect other companies, so the findings may not be applicable

to different organizations as they operate under different conditions. Another significant limitation concerns the scope of the survey, the descriptive survey had only two open-ended questions, which may limit the respondents' ability to express their views and lead to incomplete understanding. Moreover, the low response rate makes it difficult to recognize significant relationships and thus not may not accurately reflect the views of the target audience.

The results of this study should be confirmed by future research using larger samples from different size of organizations in different industries. Future research could examine for example, wheter the connections between benefits vary in different organizational contexts? Undersanding the benefits can assist companies allocate resouces better and implement participatory strategic planning processes more effectively. Moreover, questions such as how participatory strategic planning process affect different groups or individuals? Can contribute to a deeper understanding of effective employee participation and its consequences from the microfoundational perspective.

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Appendices

Appendix 1. Semi-structured interview template for management

1. Voisitko kuvailla lyhyesti asemaasi ja kokemustasi yrityksessä?
2. Mikä on yrityksen strategia, miten selittäisit sen?
3. Miten strateginen suunnittelu tapahtuu yrityksessä?
 - i. Kuka tekee yrityksen strategian? Miksi luulet asian näin olevan?
 - ii. Kenen kanssa ja kuinka usein keskusteleet strategiasta?
 - iii. Mitä mieltä olet tällaisesta strategiantekoprosessista yrityksessä?
4. Miten uskot toimialan vaikuttavan yrityksen strategiaan?
5. Mikä rooli mielestäsi organisaatiokulttuurilla on strategisessa suunnitteluprosessissa?
6. Pitäisikö keskijohdon ja johtoon kuulumattomien työntekijöiden tuntee yrityksen strategia? Jos kyllä, niin missä määrin? Jos ei, miksi ei?
7. Miten strategia viestitään yrityksessä eri organisaatiotasolla?
8. Onko nykyisen strategian toteuttaminen mielestäsi onnistunut vai ei? Miksi luulet niin?
9. Onko keskijohdon ja johtoon kuulumattomien työntekijöiden mahdollista osallistua strategiseen suunnitteluun tai päätöksentekoon?
 - i. Jos on, millä tavalla? Jos ei, mitä mieltä olet, pitäisikö heidän osallistua vai ei? Miksi luulet niin?
10. Mitä mahdollisia etuja/haittoja näet työntekijöiden osallistamisessa strategiseen suunnitteluun tai heidän huomioimisessa strategisessa päätöksenteossa?
11. Tukevatko tai estävätkö päivittäiset toimet työpaikalla työntekijöiden osallistumista strategiseen suunnitteluun tai päätöksentekoon?
12. Onko jotain muuta, mitä haluaisit lisätä?

Appendix 2. Descriptive survey template for employees

Nykyinen strategia

1. Koen, että ymmärrän yrityksen strategian
2. Teen päivittäisiä päätöksiä työssäni pohjautuen yrityksen strategiaan

Kommunikaatio

3. Koen parempana, kun strategia viestitään yksinkertaisin termein, jotka ovat merkityksellisiä päivittäisen työni kannalta
4. Ymmärrän, mitkä työtehtäväni vaikuttavat suoraan strategian toteuttamiseen
5. Koen parempana, että esihenkilöt tehtäviä antaessaan, yhdistävät ne selkeästi yrityksen strategiaan

Motivaatio

6. Tunnen olevani motivoituneempi työssäni, kun tiedän, että työni vaikuttaa strategiaan tai sen toteuttamiseen
7. Tunnen olevani motivoituneempi työssäni, jos voin osallistua strategiseen suunnitteluprosessiin

Edut

8. Uskon, että osallistumiseni strategiseen suunnitteluprosessiin tai päätöksentekoon voi tuoda mahdollista hyötyä minulle
Voitko täsmentää minkälaista hyötyä?
9. Uskon, että osallistumiseni strategiseen suunnitteluprosessiin tai päätöksentekoon voi tuoda mahdollista hyötyä yritykselle?
Voitko täsmentää minkälaista hyötyä?