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**Biggest challenges of strategy implementation in public- and private organizations**

School of Management master's thesis in Strategic Business Development

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**ABSTRACT:**

Today's organizations are operating in a rapidly changing environment, where they must react to changes with a quick schedule. At the center of this change is the red thread of what the organization does, in other words, the organization's strategy and as a critical part of it, the implementation of the strategy. Because without successful implementation, a well-planned strategy will not bring the desired value to the organization. There are very few studies on the success of strategy implementation in public and private companies, and it can be said that there is a large gap in research on the topic.

The topic of this final thesis is to investigate, as a case study, the factors preventing the success of strategy implementation in public and private organizations. The case study was carried out as a comparative case study, comparing the findings of one public organization and one private organization. The research aimed to find out how the strategy and implementation process are carried out in these organizations, what are the biggest challenges of strategy implementation in these organizations, and how the success of strategy implementation can be improved.

The research was carried out as a qualitative comparative case study, where the facts obtained from one public organization and one private organization were compared with each other. Interviews were used as the research's data collection method, in which 7 experts from these two organizations were interviewed regarding the topic. The analysis of the research was carried out as a content analysis, which utilized an abductive approach, i.e., the analysis creates connections to the theory, but the connections are not based on the theory.

In terms of research, it can be said that public and private organizations have largely similar challenges when it comes to strategy implementation. Defining a clear and comprehensible strategy, the challenge of strategy management and communication, as well as the motivation of personnel, and the successful monitoring of implementation are the major hindering factors in organizations. The structure of the organization also creates a challenge for the implementation of the strategy, however, in these cases, changing the organizational structure of the companies is not possible. For this reason, it can be said that the structure of the organization is not directly an obstacle to the success of the strategy, as some strategy theorists claim.

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**KEYWORDS:** Implementation, Strategy implementation, management, communication, monitors

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**VAASAN YLIOPISTO****Johtamisen akateeminen yksikkö**

<b>Tekijä:</b>	Helmi Valkeajärvi
<b>Tutkielman nimi:</b>	Strategian implementoinnin onnistumisen haasteet julkisessa ja yksityisessä organisaatiossa
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**Tiivistelmä:**

Nykyajan organisaatiot joutuvat toimimaan nopeasti muuttuvassa ympäristössä, jossa muutoksiin pitää reagoida nopeallakin aikataululla. Tämän muutoksen keskiössä on organisaation tekemisen punainen lanka eli strategia ja sen kriittisenä osana strategian toteuttaminen. Sillä ilman onnistunutta implementointia eli toteutusta ei hyvinkään suunniteltu strategia tuo organisaatiolle sen haluttua arvoa. Tutkimukset strategian implementoinnin onnistumisen osalta julkisen ja yksityisen puolen yrityksissä on hyvin vähän ja voidaan sanoa, että aiheen osalta on suuri tutkimusaukko.

Tämän Gradu-lopputyön aiheena on tutkia case tutkimuksena strategian implementoinnin onnistumisen estäviä tekijöitä julkisessa ja yksityisessä organisaatiossa. Tutkimuksessa pyrittiin selvittämään miten näissä organisaatioissa strategia ja implmentointiprosessi suoritetaan, mitkä ovat strategian implementoinnin suurimmat esteet näissä organisaatioissa ja miten strategian implementoinnin onnistumista voidaan parantaa.

Tutkimus toteutettiin kvalitatiivisena vertailevana case tutkimuksena, jossa verrattiin yhden julkisen organisaation ja yhden yksityisen organisaation saatuja seikkoja keskenään. Tutkimuksen tiedonkeruumenetelmänä käytettiin haastatteluja, joissa näiden kahden organisaation 7 asiantuntijaa haastateltiin aiheen osalta. Tutkimuksen analyysi suoritettiin sisällönanalyysinä, jossa hyödynnettiin abduktiivista lähestymistapaa eli analyysi muodostaa teoriaan yhteyksiä, mutta yhteydet eivät perustu kuitenkaan teoriaan suoraan.

Tutkimuksen osalta voidaan sanoa, että julkisella ja yksityisellä organisaatiolla on suurelta osin samankaltaiset haasteet strategian implementoinnin osalta. Suurina estävinä tekijöinä organisaatioissa on selkeän ja ymmärrettävän strategian määrittely, strategian johtamisen ja viestinnän haaste sekä henkilöstön motivointi ja implementoinnin onnistunut seuranta. Myös organisaation rakenne tuottaa haastetta strategian implementoinnille, kuitenkin näissä case yrityksien kohdalla organisaatio rakenteen muuttaminen ei ole aina mahdollista. Tästä syystä voidaan sanoa, että organisaation rakenne ei ole suoraan strategian onnistumisen este niin kuin monet strategia teoreetikoista väittää.

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**AVAINSANAT:** Strategia, strategian Implementointi, johtaminen, viestintä, mittarointi

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## 1 Introduction

The environment in which companies operate is changing rapidly nowadays, and changes such as the Ukrainian crisis and the corona pandemic are affecting the operations of companies and inevitably demand changes at the same time. An organization must therefore adjust its business, even on a fast schedule to respond to these changes in the environment.

At the center of this change is the red thread of what the organization does, in other words, the organization's strategy and as a critical part of it, the implementation of the strategy. In the constantly developing business world, strategy implementation, and change are topical, because appropriate implementation creates value for the organization, and without effective implementation, the company cannot succeed in business strategy (Hrebiniak 2006, 12, Heide, Gronhaug, Johannessen 2002, 217).

Strategy and its implementation have been studied for decades by strategy practitioners and organizational theorists. However, in strategy literature, compared to strategy planning, strategy implementation has received very little attention (Aaltonen & Ikävalko 2002). Hämmäläinen and Maula (2016) mention that there is often a lot of discussion about strategy, but the strategy work itself poses challenges for organizations. Yaprak, Xu, and Cavusgil (2011) state that contemporary literature highlights the ability of firms to make strategic choices, yet the mechanisms for implementing strategies are deficient. A well-done implementation can be challenging because it requires proper work throughout the organization and coordination of individuals (Olson, Slater, and Hult, 2005).

Although creating a strategy is a challenging job, strategy implementation can be said to be an even more difficult process (Ivančić, 2013, 2-3). Alharthy, Rashid, Pagliari & Khan (2017) highlight that strategies most often fail in the implementation phase, and during implementation, many things are ignored, which leads to strategy failure or ineffectiveness. Rajasekar (2014) mentions that although about 80% of organizations have a suitable strategy, only 14% can successfully implement them.

In the last two decades, strategy formulation has been considered the most important and necessary part of strategy management, and strategy implementation and control have been given less consideration (Mubarak and Yusoff, 2019, 34). In many organizations, competence has been developed from the point of view of creating a strategy, but the implementation of the strategy has not been developed in the same way (Pryor, Anderson, Toombs & Humphreys, 2007, 4). Rajasekar (2014) notes that the leaders of organizations spend a lot of money, energy, and time, on formulating a strategy, although at the same time, not enough effort is given to its implementation. However, without effective strategy implementation, a well-made strategy cannot be implemented (Ivančić, 2013, 2-3).

The problem of implementation can be considered the false image of the people in management that simply communicating the strategy and planning the strategy are sufficient means for successful implementation, even though many carefully prepared strategies have not been implemented (Pryor, Anderson, Toombs & Humphreys, 2007, 4). Defining the strategy is done by the top management of the organization, but the work of implementing the strategy is done by middle management and employees in the organization. The process is also complicated by the separation of strategy definition work and implementation. Pryor, Anderson, Toombs & Humphreys (2019) highlight the problem that many strategy textbooks have defined implementation as a separate entity.

It can be said that little research has been done on the implementation of the strategy, and the research regarding the strategy has focused on the definition and planning of the strategy. However, research on the differences in strategy implementation and challenges of strategy implementation between public and private organizations is completely missing or has previously been very small. Li, Guohui, and Eppler (2008) point out that there have not been many studies comparing the implementation of strategy between state-owned and privately-owned companies. For this reason, it may be said that there is a research gap in the topic. It can be said that due to the narrow examination of the subject, information on the differences in the implementation of the strategy of private and public organizations is incomplete (Li, Guohui, and Eppler, 2008, 10). As a case study, this thesis examines the strategy implementation process of one public and one private organization, the challenges of successful strategy implementation, and how strategy implementation can improve. The obtained results are compared between the two organizations.

## **1.1 Case organizations**

The organization on the public side is a large urban organization with a long tradition of making strategies with a large group. The organization consists of the city council, the city board, the mayor's program, group management, and three service areas. The organization is a multidisciplinary group with several subsidiaries and services in different areas. Supreme authority in the organization is exercised by the city council, which consists of councilors.

The private organization is the country unit of a large global corporation and limited company that operates in Finland. The limited company is a large company that operates globally and sells a wide range of products and services. The limited company consists of two different divisions, which are further divided into different business units. Each business unit represents the business unit's global headquarters.

## 1.2 Research question and objectives of the study

The purpose of this research is to investigate, as a comparative case study, the factors preventing the success of strategy implementation in private and public organizations. The purpose of the research is to find out how is strategy processes and implementation organized in public and private organizations, the factors that prevent the success of strategy implementation, and what means can improve strategy implementation. The research aims to answer its three main research questions, which are:

1. *How are strategy processes and implementation organized in a public and private organization? and*
2. *What are the biggest challenges of strategy implementation in public- and private organizations? and*
3. *What means can improve strategy implementation in public- and private organizations?*

The first research question aims to find out how strategy process and implementation is organized in public and private organization. The second research question aims to find out what the biggest challenges of strategy implementation are in private- and public organizations. The third research question aims to find out what means can be used to improve strategy implementation in public and private organizations. In addition to the main questions of the research, the aim of the research can be specified in the form of the following sub-questions:

*How does the organizational structure influence the implementation of the strategy?*

*How is the management of strategy implementation organized?*

*How is strategy and strategy implementation communicated in the organization?*

*How is the strategy implementation monitored?*

### 1.3 Structure of the thesis

The thesis is divided into five chapters. The work begins with an introductory chapter, where the background of the research, the gap of the research, and the research questions of the research are explained at the beginning, and at the end of the chapter, the structure of the thesis is defined.

The second chapter is including literature review regarding the theoretical framework of the thesis. The literature review chapter consists of six topics related to the subject of the thesis. The literature review begins with a theory of the strategy process and implementation. After that, the chapter discusses organizational structure and organizational culture. Then about, strategy communication, management, and the importance of middle management regarding strategy implementation. After this, the literature review defines monitors and at the end of the chapter, there is a summary of the literature review.

The third chapter deals with the chosen methodology of the thesis. First, the chapter explains the research method, then the data collection method and the research sample. After this, the chapter defines the method of data analysis and how it was implemented at work. At the end of the chapter, the reliability of the research is discussed.

The fourth chapter describes the results of the research and analysis. The results are clarified with the help of six subheadings, where both the public and the private side of the organization's point of view have been discussed. The subheadings of the chapter are strategy determination, implementation process, communication, monitors, the biggest implementation challenges, and ways to avoid these challenges. The fifth and last chapter of the thesis is the conclusion chapter. The chapter starts with a summary and discussion of the thesis. After this, the chapter clarifies the limitations of the study and at the end of the chapter are suggestions for future research. Table 1. Define the structure of the thesis.

**Table 1.** Structure of thesis.

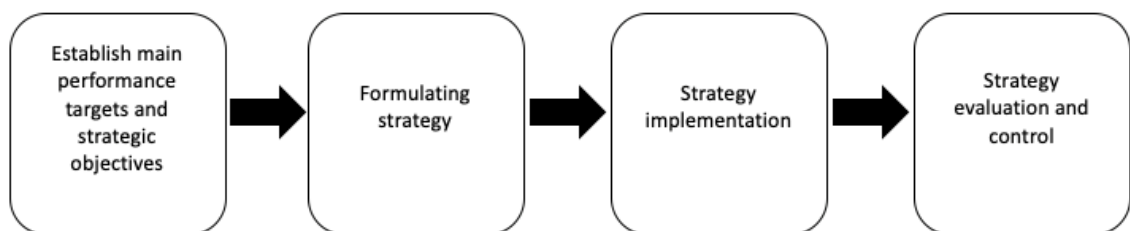
<b>Introduction chapter:</b>	<ul style="list-style-type: none"> <li>• Background of the study</li> <li>• Research questions and objectives</li> <li>• Structure of the thesis</li> </ul>
<b>Theoretical chapter:</b>	<ul style="list-style-type: none"> <li>• Strategy process</li> <li>• Organizational structure and culture</li> <li>• Communication</li> <li>• Management and middle management</li> <li>• Monitors and remuneration</li> <li>• Summary of the literature review</li> </ul>
<b>Methodology chapter:</b>	<ul style="list-style-type: none"> <li>• Research method</li> <li>• Data collection and samples</li> <li>• Data analysis</li> <li>• Credibility of the study</li> </ul>
<b>Results and Analysis chapter:</b>	<ul style="list-style-type: none"> <li>• Strategy defining</li> <li>• Implementation process</li> <li>• Communication</li> <li>• Monitories and indicators</li> <li>• What are biggest challenges of strategy implementation?</li> <li>• What means can used to improve strategy implementation?</li> </ul>
<b>Summary and discussion chapter:</b>	<ul style="list-style-type: none"> <li>• Summary</li> <li>• Discussion</li> <li>• Limitations of the study</li> <li>• Suggestions for future research</li> </ul>

## 2 Literature review

The implementation of the strategy is a complex process and requires the success of many things to be realized. At the beginning of this chapter, the strategy- and implementation process are initially defined. After that chapter defines factors that affect the implementation of the strategy and its success in the organization. These factors include organizational structure and -culture, communication, management, monitors, and remuneration, and motivating and engaging employees.

### 2.1 Strategy process

Juuti (2007) defines the strategy process as a procedure in which the organization defines its perception of itself, its future goals, and its path in the future. Munive-Herandez et al. (2004) clarify strategy through four stages of the process, the first of which is the creation of strategy performance targets and strategic objectives, the second is strategy formulation and strategy selection, the third is strategy implementation, and the last stage is strategy evaluation and control. The stages of the strategy process are outlined in Figure 1.



**Figure 1.** The stages of the strategy process Munive-Herandez et. al, 2004)

Levy (1994) defines that an effective strategy policy enables a company to operate in a complex economic and dynamic environment and transforms old structures to better adapt to a changed environment. The implementation of the strategy is one of the stages of the strategy process and an important part in terms of the success of the strategy. Strategy implementation can be defined as a repetitive, changing, and multifaceted process in which employees and managers perform tasks and make decisions (Alharthy, Rashid, Pagliari & Khan, 2017, 36). However, at the same time, these decisions and tasks aim to reach strategic goals in an environment where they are influenced by various environmental and organizational factors (Alharthy, Rashid, Pagliari & Khan, 2017, 36).

Lynch (2009) describes the most important elements of the strategy implementation process as identifying goals, allocating resources, budgeting, preparing, and monitoring a plan, and monitoring. According to Hämäläinen and Maula (2004), the implementation of a strategy is a measure of the company and personnel to implement the strategy in operational work. The goal of implementation is to turn strategy from words to deeds and the goal is to put strategy into practice. Mantere (2008) points out that strategy formation takes place through many different actors. Formation takes place as the creation and implementation of a strategy, some of which is operational and some of which is executive.

The formulation and planning phase of the strategy has a critical influence on the implementation of the strategy. A poorly or unclearly formulated strategy dramatically limits the success of strategy implementation however, good strategy implementation alone cannot replace poorly made strategic planning or a bad strategy (Li, Guohui, and Eppler, 2008, 11). The process of formulating a strategy is critically important and the factors preventing its implementation must be addressed in the formulating process because a poorly formulated strategy prevents its success later as the process progresses (Vigfússon, Jóhannsdóttir & Ólafsson, 2021, 19).

Without a detailed and clear strategy plan, it is also difficult to implement the organization's proactive approach (Alharthy, Rashid, Pagliari & Khan, 2017, 36). In many studies, it is emphasized that the implementation of the strategy affects both the strategy formulation process, i.e., how the strategy is developed, and the type of strategy that is developed. (Li, Guohui & Eppler, 2008, 15).

When personnel and management participate in the planning phase of the strategy, they work more committedly in the implementation of the strategy as well. By participating in the planning, the decision maker also gets a clear direction for the implementation process and a timetable for progress (Alharthy, Rashid, Pagliari & Khan, 2017, 36). Brenes etc. (2008) pointed out based on their research that the factor of successful implementation is the creation of strategy comprehensibility, which is related to the strategic planning process. Kaplan (1998) points out the difficulty of translating strategy into concrete form as a more general barrier to strategic success. The problem is that less attention is paid to the implementation of the strategy compared to its design work.

Rajasekar (2014) highlights streamlining the process, coordinating operations, unifying the organizational structure, and engaging and motivating employees as the management's responsibility in implementing the strategy. Brenes, Mena & Molina (2008) highlight five factors that promote strategy implementation:

1. Strategy formulation process
2. Systematic implementation
3. Strategy monitoring and control
4. The CEO's leadership and the influence of motivated and suitable managers and employees
5. Change leadership in organizational management (Brenes, 2008, 591)

## 2.2 Organizational structure and culture

Li, Guohui & Eppler (2008) point out that organizational structure and strategy compatibility are a necessity for the success of business strategy implementation. The success of strategy implementation can be achieved by adapting the organizational structure to a perfectly formulated strategy (Li, Guohui & Eppler, 2008, 25). Also, Mišanková & Kočíšová (2014) highlight the importance of adapting the organizational structure in the strategy implementation process because the organizational structure must be equal to the processes related to employee control systems and outputs.

An essential part of implementing the strategy in the desired way is systematic implementation, which involves the unity of the organization's structure and culture, the unity of different functions, and the effective delegation of decisions (Brenes, 2008, 595). However, in contrast to other studies, Aaltonen & Ikävalko (2002) notes that rarely was the structure of the organization an obstacle to the strategy implementation process. They raise a bigger challenge in the coordination of the organization's reward system and strategy in terms of strategy implementation (Aaltonen & Ikävalko, 2002, 6).

Organizational culture can act as a promoting or hindering factor in the strategy implementation process. In their article, Mantere, Suominen & Vaara (2011) mention that if the strategy is not compatible with one's own corporate culture, it will not be implemented successfully. The common and confirmed values of the organization, which include the company's mission and are based on common interests and are a key factor influencing both the creation of the company culture and the implementation of the strategy (Mišanková & Kočíšová, 2014, 866).

## 2.3 Communication

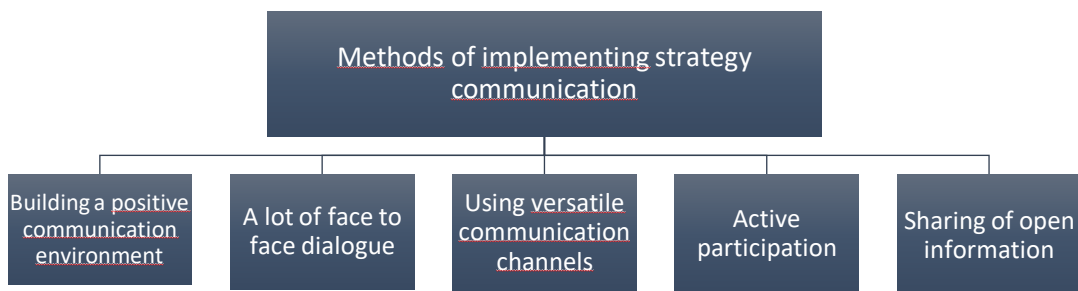
Strategy implementation is essentially influenced by the communication of the strategy and its implementation in the organization. Ritakallio & Vuori (2018) highlight one way to implement an effective strategy, which is good communication so that the company gets excited about and understands the strategy. Also, Repo (2016) raises the importance of communication as the cornerstone of successful strategy implementation. Communication is truly an integral part of an organization's strategic leadership.

Ritakallio & Vuori (2018) emphasize that the interaction of the strategy with different stakeholders is already in connection with the formation of the strategy. In doing so, the strategy shall consider the aspirations and views of relevant stakeholders. Noble (1999) emphasizes on the other hand the importance of communication in the strategy implementation process because implementation requires cooperation between different departments, it requires informing the factors related to implementation from the beginning.

The key to communication, then, is that the content of the strategy is formulated simply so that everyone understands it and its implementation increases the energy and feelings towards it. Therefore, there is a need for effective communication about the achievement of strategic goals and their impact on the daily activities of employees (Mišanková & Kočíšová, 2014, 865). In this case, the significance of the current strategy becomes clear to the individuals in the organization. The communication of the strategy aims to ensure that the various stakeholders believe that the company's operations will lead to significant results and therefore encourage them to continue as part of their operations (Ritakallio & Vuori, 2018).

Through communication, staff can be engaged, and through communication, openness, and honesty are emphasized. In this case, the different members of the organization are aware of their task and can comment on the factors related to the implementation and improve and enhance its result (Noble, 1999). The professional competence of the personnel, communication skills and work community skills are essential in this. (Strandman 2009, 159-160).

When implementing the strategy, it is important to practice communication that goes through the entire company, because employees are generally against organizational change. Ritakallio & Vuori (2018) remark visualization is an important factor for effective communication. In this case, the staff quickly internalizes the strategy and can adjust their actions accordingly. Strandman (2009) mentions building a positive communication atmosphere, using versatile communication channels, face-to-face dialogue, participation, and open information sharing as ways of implementing strategy communication. Figure 2. shows the methods of implementing strategic communication.



**Figure 2.** Methods of implementing the strategy communication (Strandmann, 2009, 159-160)

On the other hand, supervisors are an important part of advancing strategy communication. Mantere (2005) underlines in his research that the interaction between employee and supervisor creates an idea of a common strategy. Communicating the strategy requires managers of different levels and management skills, but also communication skills (Strandman 2009, 159-160). Rajasekar (2014) identifies that blocking the company's vertical communication is harmful to the implementation and refinement of the organization's strategy.

## **2.4 Management**

Management can be said to be one of the factors that has a critical impact on the implementation of the strategy. Mubarak and Yusoff (2019) define strategic management as the organization of activities and decisions, after which the goal is planned, implemented, and monitored. Strategic management can refer to both operational and strategic planning, setting strategic goals, monitoring these goals, and finally, learning from strategy. However, management systems can generally mean all the systematic activities of an organization through which management strives to ensure the success of the company (Kaplan & Norton, 1998).

Mubarak and Yusoff (2019) point out that the implementation of the strategy is one key part of the strategic management area, where the strategy is broken down into action sequences and thus the goal of the strategy is achieved. In the successful implementation of the strategy, the manager's responsibility is emphasized in moving new employees' skills and business understanding toward the chosen strategy (Rajasekar, 2014, 171). Rajasekar (2014) points out that poor leadership is one of the biggest obstacles to the success of strategy implementation. The negative effects on the organization's performance were found to be the inadequacy of the leadership and the reluctance of the staff to share information (Vigfússon, Jóhannsdóttir & Ólafsson, 2021, 19).

As the difficulty of managing strategy, Ivančić (2013) points out that the competence of most managers is based on the development of strategy and not so much on its implementation in the organization. Strategic management begins to focus more on the formulation of the strategy to the implementation of the strategy and it can be said that the failure of the dynamics of organizations is mainly due to the failed implementation of the strategy plan (Mubarak and Yusoff, 2019, 37).

The top management of the organization prepares the strategy, but the implementation of the strategy is nevertheless the task of middle and lower-level management. The management's promise and vision create an environment in the organization that is effective for both strategy formulation and effective strategy implementation (Mubarak and Yusoff, 2019, 37). The critical task of top management is to communicate the strategy as clearly as possible so that it is easier for middle management to implement it successfully (Rajasekar, 2014, 170).

Kilpinen (2022) points out that organizations still need leadership, which means those leadership actions that steer the organization in the right direction, but not as much as guidelines and rules. The successful implementation of a strategy requires clarifying the strategy in an understandable form and at the same time creating a personal meaning. A person commits to a strategy when a full understanding of the meaning of the strategy opens. All employees must internalize their tasks and responsibilities to effectively succeed in implementing the strategy because if all employees are not involved, the formulated strategy cannot be implemented (Mubarak and Yusoff, 2019, 37).

During the process, people resist the change, so its leadership needs to try to accept the change and try to motivate others. The essence of leadership is to look for gaps in both internal and external processes and strive to fill these gaps by implementing a plan or strategy (Mubarak and Yusoff, 2019, 37). Mišanková & Kočišová (2014) point out that choosing a compatible management style for the organization is an important point in terms of implementing the strategy. Also, the task of the organization's management is

to teach, present and practice corporate culture and values (Mubarak and Yusoff, 2019, 37).

Although the top management is responsible for defining the strategy, the implementation of the strategy is nevertheless the responsibility of the middle management. Engert & Baumgartner (2016) also emphasize that in terms of implementation, it is important that the people who lead the implementation are involved in the formulation of the strategy. Aaltonen & Ikävalko (2002) point out in the results of their research that the role of middle management as communicators of the strategy were emphasized, and they were both mediators of strategic information and verifiers of its understanding.

Li, Guohui & Eppler (2008) point out that if the middle management does not consider the chosen strategy of the organization to be correct or they have the wrong skills to implement it, it is likely that they will sabotage the process of its implementation. Floyd & Wooldridge's (2000) strategic process model is based on the activities of middle management, and they point out that strategy formation should be seen as a process of social learning by those in middle management. Sabotaging the strategy can happen either by deliberate action or by not doing the action when carrying out the implementation of the strategy reduces their influence (Li, Guohui & Eppler, 2008, 15).

In strategy implementation, Aaltonen & Ikävalko (2002) highlight the strategic actors who implement the strategy. People in middle management look to top management for guidance, even if they feel they are in a better position to evaluate or initiate alternative courses of action (Li, Guohui & Eppler, 2008, 15). Top management needs to be open to both middle management and other members of the organization in the implementation process of each role (Aaltonen and Ikävalko, 2002, 417). Middle management can be said to participate in the strategy in four ways, of which defending alternatives and synthesizing information are upward participation, and implementing the strategy

and promoting adaptability is, on the other hand, downward participation (Li, Guohui & Eppler, 2008, 15).

Li, Guohui & Eppler (2008) point out three aspects of the effectiveness of middle management in the implementation of the strategy. Firstly, which are the compatible management style of strategy and middle management. Secondly, the influence of the relationship between middle management and senior management on the success of strategy implementation, and thirdly importance of context in behavior are emphasized (Li, Guohui & Eppler, 2008, 15). Wooldridge & Floyd (1990) also emphasize the connection between the close involvement of middle management and improvements in the level of performance in the organization because of a new strategy.

Based on their research, Aaltonen & Ikävalko (2002) highlight the importance of both communication and middle management in the strategy implementation process, and implementation can only be successful if the middle management works effectively in communicating the strategy. The role of supervisors as communicators of the strategy is emerging as an important factor. It also emerged that informal communication between subordinates and supervisors about strategy was considered a more important way of communication than strategy communication, which was more formal (Aaltonen & Ikävalko, 2002, 6).

## **2.5 Monitors and remuneration**

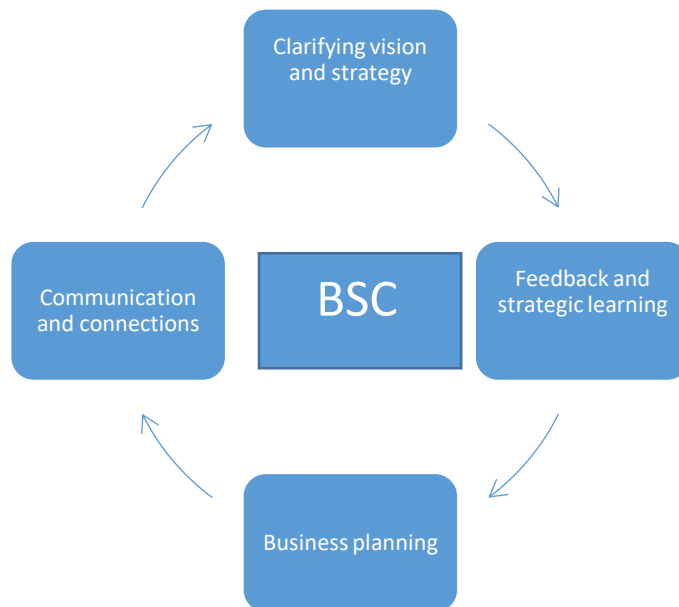
In terms of the success of strategy implementation, strategy monitoring, control, and rewarding are essential parts. Monitoring and controlling the strategy includes appropriate prioritization of activities, use of control tools, and continuous evaluation by top management (Brenes et al. 2008, 596). On the other hand, rewarding is a management tool, and it allows management to direct attention to an object that needs attention (Sutinen & Haapakorva, 2021, 249).

The implementation of the strategy is affected by the effective implementation of control, and in addition to monitoring the implementation of the strategy, one must focus on the relevance of the chosen strategy by making changes in the external and internal environment of the organization (Mišanková & Kočišová, 2014, 865). The most important part of the annual reward criteria should be the desired progress of the strategic change processes (Sutinen & Haapakorva, 2021, 249). Management by objectives means agreeing on the company's essential issues, specifying the key objectives of sub-units and the key tasks of individuals (Näsi et al. 2005, 37).

Management systems are key management tools and are needed both for external goals, such as customer perceived value, and for internal goals, such as operational efficiency, direction, and monitoring (Sutinen & Haapakorva, 2021, 250). Management systems can be divided into management systems that can be certified externally, for example, the ISO system, operative internal management systems, such for example, annual clock systems, and strategic management systems, for example, the Balanced Scorecard (Sutinen & Haapakorva, 2021, 250).

Monitoring is a critical activity in the implementation process, and if monitoring is neglected, change and implementation can remain empty (Hrebiniak, 2005, 219). Remuneration must be a tool for implementing change, and in addition to traditional performance metrics, it's worth taking metrics that consider strategic changes that are central to future success and that don't happen naturally (Sutinen & Haapakorva, 2021, 249). A balanced scorecard is a management performance indicator system developed by Kaplan and Norton in 1992 based on the principles of objective management (Kaplan et al. 1996, 8-9).

In BSC, it is about the problem of strategy implementation and its solution, where the operational guidelines are agreed upon and at the same time their compliance is ensured (Olve et al. 1998, 14). The BSC can be used to measure and describe the company's basic issues, on which the success of operations depends (Olve et al., 1998, 29). Kaplan and Norton (1996) point out that the BSC includes four perspectives, which are: customer, economy, internal efficiency, and learning and innovation. These four perspectives are opened in Figure 3:



**Figure 3.** BSC's four perspectives (Kaplan & Norton, 1996)

The model gives the management a comprehensive picture of the company's strategic situation and aims to guide the organization strategically. BSC is a tool for strategy creation, communication, implementation, and control (Van Dooren, 2011 et.al, 429).

## 2.6 Motivating and engaging employees

Mišanková & Kočíšová (2014) note that the success of the organization is influenced by the employees and their skills, therefore the company must have the right skills in the right place. Repo (2016) describes the main task of the strategy as to describe the purpose of the actual work in the organization. Knowing the strategy will help the organization succeed as it clarifies the desired goal and at the same time increases the motivation of employees to work.

Kaplan and Norton (1998) also highlight employee motivation in the success of strategic goals. It is therefore important to motivate employees to achieve their goals and to better internalize their strategy. At the same time, this is affected by employee remuneration and its proper measurement. Mišanková & Kočíšová (2014) point out that it is worth involving employees in the planning of the strategy, as this way employees retain the initiative, and it prevents possible resistance to change.

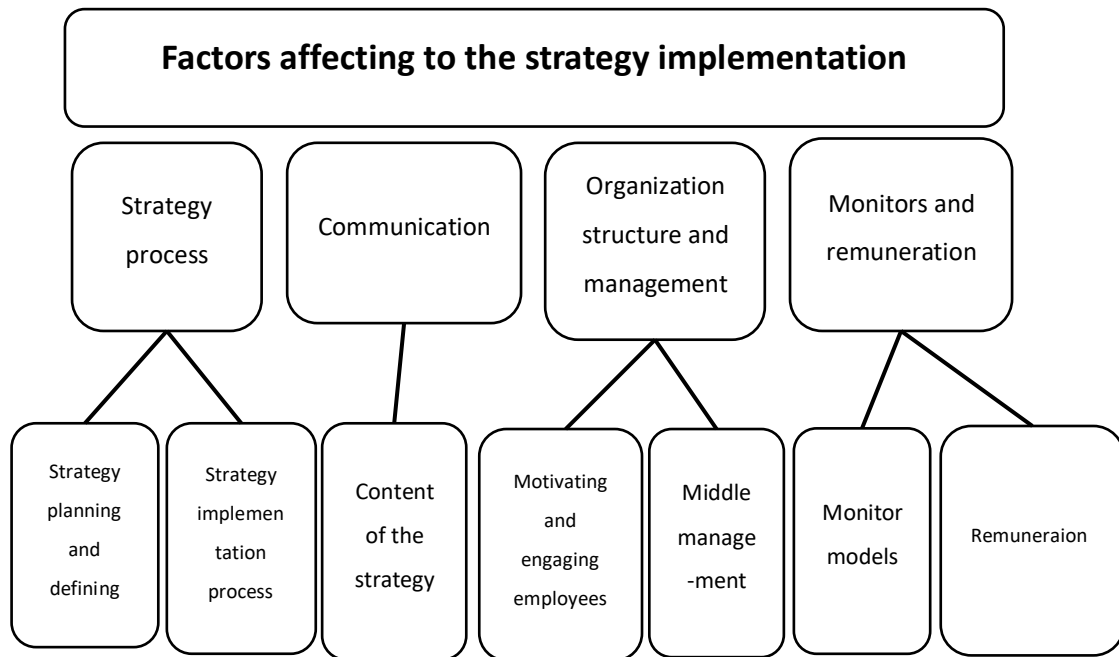
Li, Guohui & Eppler (2008) point out that employee participation and commitment can contribute to the successful implementation of a strategy. This could be done by involving both managers and employees in the strategy formulation process from the beginning (Li, Guohui & Eppler, 2008, 25). Because if the middle and lower-level management is involved in the implementation planning, it will probably make them commit better (Li, Guohui & Eppler, 2008, 25). Involving and consulting employees is also important because they know their department and know what kind of coordination it requires to implement the strategy (Fahey and Randall 1994, 327).

Engert and Baumgartner (2016) highlight the importance of employee motivation in successful implementation. This can be influenced both by utilizing management and by using reward systems and training. The implementation of the strategy can fail in a situation where it does not receive the support and commitment of most of the middle

management and employees. This can happen if middle management and employees are not consulted during the development phase (Li, Guohui & Eppler, 2008, 25).

## 2.7 Summary of the literature review

The theoretical framework of the thesis consists of four factors, which are strategy process, communication, organizational structure and management, and monitors and remuneration. The factors are opened in Figure 4.



**Figure 4.** The theoretical framework of the thesis.

### **Strategy process**

The first aspect of the framework is the strategy process, which includes strategy planning and strategy implementation. During the strategy process, the organization's guidelines are created through strategy planning, which is also a critical factor regarding strategy implementation. Based on research, it can be said that the creation of strategy comprehensibility takes place in connection with the creation of the strategy. An unclear strategy limits the success of strategy implementation. Important aspects of strategy implementation are goal creation, resource allocation, budgeting, planning, and monitoring of preparation and follow-up. Obstacles to the success of implementation must be considered during the planning phase. The challenge of the strategy process can be said to be that strategy formulation is done by top management, while implementation is done by middle management and employees.

### **Communication**

Another element of the framework is strategic communication. The effective way to implement the strategy is strategy communication, through which the strategy's message is made understandable to the members of the organization. Strategy communication should be seen as important during the entire strategy process so that employees' wishes and views can be considered already in the definition phase. In the organization's strategy communication, the emphasis is on the communication that runs through the entire organization and the achievement of strategic goals and their impact on the employees' work.

## **Organization structure and management**

The fourth element of the framework is the organizational structure and management. In terms of implementation, leadership is highlighted as a major factor. Managers are a critical part in formulating the strategy, but also in communicating the strategy to middle management. The managers' responsibility is to try to clarify the message of the strategy so that it is easy for the rest of the organization to understand it. The process is facilitated by the compatible leadership style of the strategy and middle management, as well as an informal dialogue between the supervisor and the subordinate on the subject. A connection can also be seen between the success of strategy implementation and middle management's participation in strategy formulation.

Regarding organizational structure, the theories differ. Li, Guohui & Eppler (2008) highlight the compatibility of organizational structure and strategy as a mandatory factor for the success of the strategy. On the other hand, Aaltonen & Ikävalko (2002) describe that the organizational structure is not a factor preventing strategy implementation. However, from the point of view of implementation, the compatibility of the organization's processes and employee control systems is critical from the perspective of strategy. In the organization, in addition to the structure, the implementation of the strategy is influenced by the personnel and their motivation. The strategy should create a picture of what the organization is supposed to do and what the goal is, which at the same time increases the work motivation of the personnel. The personnel reward system must be compatible with the strategy so that the personnel work towards common goals. Including employees in the definition of the strategy also commits to the chosen strategy and at the same time the personnel have a lot of concrete information regarding the success of the implementation.

**Monitors and remuneration**

The last part of the theoretical framework is monitors and remuneration. Strategy monitoring and control are critical part of strategy implementation, and if they are not considered, strategy implementation will fail. An important part here is the use of the right control tools, prioritization, and constant monitoring of the management. Management systems can also be utilized in terms of strategy implementation. It defines how to reach goals, guidance, and monitoring, which can contribute to the success of strategy implementation.

### **3 Methodology**

This chapter presents the selected methodological approaches of the study. The research method is defined at the beginning of the chapter. After this thesis define research method, research data collection method, sample, and data analysis. At the end of the chapter research quality will be clarified.

#### **3.1 Research method**

The purpose of this study is to investigate, as a comparative case study, the factors preventing the success of strategy implementation in privately and publicly owned organizations. And compare these factors obtained from the private and public organization side with each other. Due to the diversity and scope of the research phenomenon, the qualitative research method was chosen as the research method.

Qualitative research aims to understand the phenomenon presented in the research from the perspective of the people who are the subject of the research, i.e., it is interested in the thoughts, experiences, meanings, and feelings of these people (Juuti & Puusa, 2020, 1). Qualitative research aims to obtain detailed and rich information about a certain phenomenon (Juuti & Puusa, 2020, 1). Qualitative research involves data orientation, which means that the research uses the same words and concepts that have been presented in the data (Juuti & Puusa, 2020, 1). With the help of the research method in question, the thoughts, and experiences of the interviewed people regarding the subject matter are obtained from the research phenomenon.

Qualitative research aims to find out the experiences of the subjects of the research about the phenomenon under study (Juuti & Puusa, 2020, 1). Qualitative research generally uses group or individual interviews, observation, or documentary material as a data collection method (Juuti & Puusa, 2020, 1). Qualitative research aims to describe a

certain event or phenomenon or to give a theoretical interpretation of the phenomenon (Sarajärvi & Tuomi, 2018, 73). It is important for the persons from whom information is collected to have as much information as possible about the matter under investigation or other experience regarding the subject (Sarajärvi & Tuomi, 2018, 73).

### **3.1.1 Case study**

The study was carried out as a comparative case study. The research examines and compares the strategy implementation process and the factors preventing its success in two case organizations, one of which is a public and the other a private organization. Hirsimäki et al (2013) mention three traditional research strategies, which are survey research, experimental research, and case research.

Eisenhardt & Graebner (2007) describe case research as a method of obtaining intensive, detailed information about the case, and based on these facts, theoretical proposals and structures based on empirical evidence are created. Yin (2013) describes a case study as an empirical study that examines a current phenomenon in a real-life context when the boundaries of the context and the phenomenon are not visible. A case study can be either a single case study or a set of multiple cases. The comparative case study of this work compares two organizations. One organization represents a public organization and the other a public organization. A comparative case study means a set of several cases through which the aim is to get more information to solve the research problem (Yin, 2003, 2003).

## **3.2 Data collection and samples**

The study was carried out as a qualitative research method, in which the strategy implementation process and related challenges of two organizations were compared as a comparative case study. One organization was a public organization and the other a private organization. The following paragraphs provide a better description of the chosen research method and research sample. The sample consists of a total of 7 structured expert interviews, of which 3 were from the case company of a public organization and the remaining 4 were from the case company of a private organization.

### **3.2.1 Semi -structured interviews**

As a method, the interview focuses on thinking and the content of awareness, and its goal is to obtain material based on which it is possible to make credible conclusions about the phenomenon under study (Puusa, Juuti & Aaltio, 2020, 6.) The interview can be said to be a flexible method because it gives the researcher in the data collection situation the opportunity to acquire information more in the direction of the research question (Puusa, Juuti & Aaltio, 2020, 6).

Because of this factor, an interview was selected as the method of the research, to obtain as wide and credible material as possible about the phenomenon under study and the conclusions to be drawn from them. As a method, the interview gave flexibility regarding possible additional questions. The fact that the researcher can ask the interviewee to elaborate or explain also brings flexibility to the method (Puusa, Juuti & Aaltio, 2020, 6). The main aim of the interview is to get the most versatile picture of the phenomenon as well as information about the desired issue (Puusa, Juuti & Aaltio, 2020, 6).

Some researchers emphasize that this success requires the provision of interview topics or interview questions to the interviewees in advance (Puusa, Juuti & Aaltio, 2020, 6). The topic of the interviews and the interview questions were delivered to the interviewees in advance so that they had a better understanding of the topic of the interview and had the opportunity to familiarize themselves with the questions in advance.

There are several types of research interviews, and their difference is related to the degree of structuring, i.e., how free-form the interview is (Puusa, Juuti & Aaltio, 2020, 6). Types of interviews are structured and semi-structured interviews, open-ended interviews, themed interviews, and in-depth interviews (Puusa, Juuti & Aaltio, 2020, 6). A structured interview is based on questions prepared by the researcher in advance, based on theory, and has ready-made answer options (Puusa, Juuti & Aaltio, 2020, 6).

In a structured interview, the order and form of the questions are standard, i.e., they are presented to all interviewees in the same order and presented in the same way (Puusa, Juuti & Aaltio, 2020, 6).

A semi-structured interview is freer than a structured interview, and it can be used to bring out some things that the researcher would not have considered with ready-made answer options (Puusa, Juuti & Aaltio, 2020, 6). The advantage of a semi-structured interview can be said to be that the researcher gets from the interviewees remotely defined and central topics as told by the interviewee (Puusa, Juuti & Aaltio, 2020, 6).

The research interviews were conducted as a semi-structured interview, because it gave the interviewees a more flexible way to answer the interview questions, and at the same time, the interview provides more extensive data compared to the ready-made answer options of the structured interviews.

In a semi-structured interview, the questions are the same for all interviewees, but there are no answer options tied to them, so the interviewees can answer the questions freely (Hirsjärvi & Hurme, 2015). The interview questions are defined in advance, but their order and wording may vary in a semi-structured interview (Hirsjärvi & Hurme, 2015). Some perspectives are defined in advance in the semi-structured interview, but not completely (Hirsjärvi & Hurme, 2015).

### **3.2.2 Samples**

The research consists of two different samples. The first sample consists of interviews with 3 public organization experts and the second sample consists of interviews with 4 experts from private organizations. Interview requests were sent via e-mail and the interviews themselves were held as teams video calls. The duration of the interviews varied slightly from 45 minutes to an hour and a half. The interviews were recorded, and permission was obtained from all interviewees.

The interviews were conducted as anonymous expert interviews and the names of individuals and companies were not disclosed in the study. This was told to the interviewees both in the interview request and at the beginning of the interview. The sample of the study was qualitative and sufficiently comprehensive because the same issues and aspects are repeated in the interviews, which is why it can be said that they are satisfactory.

The job titles of the interviewees in the private organization sample are as follows:

- Head of Business Unit in Nordic & Baltics,
- Head of Business Development
- Head of Business Line
- Business Development Team leader

The job titles of the interviewees in the public organization sample are as follows:

- Strategy Director
- Strategy Manager
- Development Manager

### **3.3 Data analysis**

The research interviews were recorded and transcribed and analyzed using content analysis. Content analysis can be done in three ways, using deductive, inductive, or abductive methods. (Tuomi & Sarajärvi, 2002) The deductive is a theory-based analysis based on a previous conceptual system, and the inductive is a data-based analysis method (Kyngäs & Vanhanen, 1999, 5). The research was analyzed using the abductive method.

Abductive reasoning, on the other hand, makes theory-related connections, but they are not directly based on theory. In the analysis, material-based and theory-based pre-understanding of the subject alternate (Tuomi & Sarajärvi 2002, 97–100).

The study was partially analyzed using the Gioia method. The Gioia method is based on an anchored theory, i.e., its goal is to find out new information about the subject of the study through qualitative research, about which there are no established theories yet (Gioia et al., 2013). The method aims to produce generalizable empirical material and generalizable theory and not so much case-specific information, which is why it is methodological rather than methodical (Gioia et al., 2013).

The Gioia method consists of three parts. First, the classification of the concepts of the 1st stage is carried out, then the 2nd stage is classified by theme, and in the 3rd stage, the core categories are identified based on the previous analysis stages (Gioia et al., 2013).

### 3.4 Credibility of the study

The reliability of research methods is discussed in methodological literature with the concepts of validity, i.e., that the research has studied what was promised to be studied, and reliability, i.e., the reproducibility of research results. (Sarajärvi & Tuomi, 2018, 119). Gummesson (1991) points out four points for evaluating the reliability and results of qualitative research, which are reliability i.e., the repeatability of the research, validity i.e., how descriptive the material is, generalization i.e., how much conclusions can be drawn from the results for a wider discussion, and credibility i.e., how much the conclusions that are presented in the research it is possible to believe.

The reproducibility of the research can be justified in the research by the fact that the classification and interpretation descriptions are described as accurately and clearly as possible in the work so that the reader can end up with the same interpretations. Efforts have been made to improve the reliability of the research by accurately documenting the material in electronic form. The interviews were recorded and transcribed based on them and grouped based on that in the file. Based on these materials, it is possible to make a new analysis of the research material. Source references have been added to the literature sections in the analysis, which enables the reader to distinguish between the researcher's reasoning and the literature.

Saturation can be used as one measure of the adequacy of research data. Saturation is the point at which the research material starts to repeat itself and new information relevant to the research comes from the new interviewees (Sarajärvi & Tuomi, 2018, 3). So, it can be said that the research is qualitative, because the research interviews started to repeat themselves, and a new interview did not bring any new information, so it can be said that they were saturated, and the sample was big enough.

## 4 Analyses and results

In this chapter, the semi-structured interviews conducted are analyzed, first for the interviews in the public organization and then for the interviews in the private organization. The chapter includes an analysis of defining strategy, implementation process, communication, motivating personnel, and monitoring, what are the biggest challenges of strategy implementation, and what means can use to improve strategy implementation. After this, a summary of interviews and a figure-defining the results are presented, which compares the results obtained in the public and private organization interviews.

### 4.1 Defining strategy

#### 4.1.1 Public organization

##### Defining strategy

In the public organization, the strategy and development units in group administration are responsible for the strategy process and strategy formulation. At the beginning of the strategy process, the organization's personnel are assigned surveys in which anyone can participate and come and tell their thoughts and what the city's strategy should contain. In a public city organization, however, the final decision regarding the strategy is made by the city council which also outlines what should be included in the strategy.

*"We have strategy and development units in the group administration, which are responsible for the strategy process and strategy formulation".*

*"The strategy is approved by the city council, so the council outlines what will be included in the strategy. That is, the production of the content is done by a large group, but the decision on what the content of the strategy is, then it comes from the council".*

In the organization, efforts have been made to make the strategy process more inclusive of different stakeholders, and, for example, the views of city residents and city personnel were collected on what the future strategy should be and what the city would like to develop. Although many parties are involved in the process to some extent, the actual group that defines and writes the strategy is quite small and the city's management team is an essential part.

*"It has been done in varying ways, sometimes the organization's members and employees have been more involved, and sometimes less, but it has always been possible to participate in some way".*

*"A fairly wide group of actors participates, but perhaps the core group that writes and defines it is still reasonably narrow, and the city's management team is quite an essential group in that".*

### **Dialogue with the personnel**

In the organization, a discussion or dialogue with the personnel takes place in three ways. One is surveys for the staff, the second is a discussion in the service areas and the third is the "Future of the city"- workshops. In the organization, surveys are held for various stakeholders in the first phase of the strategy. The organization has also used a workshop practice, where in workshops with different themes, those who wanted could think about changes and trends in the future operating environment, i.e., where the world is going.

*"In the first phase of the strategy, we had surveys. These sought the views of various stakeholders, especially the townspeople and our city staff, about what the future strategy should be or what kind of city we would like to develop".*

#### 4.1.2 Private organization

##### Defining strategy

A private organization is a joint-stock company of a global group whose strategy is defined and formulated at several different levels. The strategy of the global group is defined at the company's headquarter, which applies to the entire global group. After this determination, a strategy determination regarding the global division strategy is made at the company's global division headquarters.

*“We are the country unit and joint stock company of a large corporation and through that, we represent those global business units. Globally, the organization first defines a certain kind of strategy and creates its framework, for example, what the organization should achieve globally and what the final numerical goals are.”*

The global division consists of different business units and their strategy is first defined globally, after which the strategy work is transferred to the national companies to business units. The limited company does not have a direct common strategy but is built from the own strategies of the division and its different business units.

*“After that, the headquarter of our division thinks about what this means for our division and which direction we need to go, and which are the cornerstones of our strategy and what kind of business we do”.*

*“The Business unit headquarter management participates in defining the country company's strategy, and the process goes so that the headquarter sets the boundaries for the strategy work”.*

The division's management team does the strategy work because it is seen that there is the best transparency in the direction of the headquarters and at the same time it is possible to open a discussion about how the headquarter implements the strategy. The management team is also believed to represent the organization and hear its challenges. Business management and strategy and development management participate in the process. At the company level, sales management, implementation management, and technology knowledge experts also participate.

*"The management team represents the organization and hears the organization's challenges. There you can find the sales view and the technical and maintenance view. The personnel's point of view should also be found in the management team".*

*"Business management and strategy and development management participate in the process. At the company level, business management, sales management, and implementation management as well as experts when defining technology capabilities and competence requirements".*

### **Dialogue with the personnel**

Various development projects are used in the organization, which are led by people who are not directly involved in the strategy process. With the help of the projects, research is carried out and an active discussion is held with the personnel on the topic of the project. At the same time, in this process, the management team aims to get feedback and assess refining the strategy and its functionality.

*"We have various projects, which may be led by people outside the management team, and as part of the project, various surveys are conducted and the organization is observed, as well as an active dialogue with the personnel regarding the topic of the project.*

*“In that context, feedback is received, and it can be assessed whether the strategy needs to be refined in some direction”.*

Strategy workshops have been held in the organization, where the building of the company's strategy has been discussed. About 1-2 senior- level experts from one business unit have been invited to the workshops, who understand the organization's market and market development as well as technology and their implementation. With this practice, practical information about the matter and the process has been obtained.

*“For example, strategy workshops have been used, where it was discussed how to build a strategy for a land company. Senior level experts (about 1-2 per business area) who understand the market and market development, as well as technical requirements and how they can be implemented, were asked to participate in these workshops.”*

Table 2. summarizes the most important aspects of strategy definition in public and private organizations.

**Table 2.** Aspect of strategy definition in public- and private organization.

<b>Subject</b>	<b>Public organization</b>	<b>Private organization</b>
<b>Strategy defining</b>	<p>In the organization, the strategy and development units in group administration are responsible for the strategy process and strategy formulation, and the final decision regarding the strategy is made by the city council.</p>	<p>The strategy of the global group is defined at the company's head office, which applies to the entire global group. After this determination, a strategy determination regarding the global division strategy is made at the company's global division headquarters.</p> <p>The global division consists of different business units and their strategy is first defined globally, after which the strategy work is transferred to the national companies to business units. The limited company does not have a direct common strategy but is built from the own strategies of the division and its different business units.</p>
<b>Dialogue with the personnel</b>	<p>In the organization, a discussion or dialogue with the personnel takes place in practice in three ways. One is surveys for the staff, the second is a discussion in the service areas and the third is the future of the city workshops.</p>	<p>With the help of the development projects, research is carried out and an active discussion is held with the personnel on the topic of the project.</p> <p>The organization has held strategy workshops where the company's strategy has been discussed and to which the organization's experts have been invited.</p>

## 4.2 Implementation process

### 4.2.1 Public organization

#### Implementation process

In the organization, the strategy implementation in practice takes place in many ways and with several tools. One method that is used in the organization is the traditional line organization model and the most important way to implement the strategy is the management system used by the organization, the related documents implement the chosen strategy.

The management system in the organization is built on the strategy, which is concretized with service plans, annual plans, and goal and development discussions, and eventually, they become the managers' development and goal discussions. The organization is made up of three service areas, which are divided into service groups, where the leaders of the service groups play an important role because each service area plans its activities. The organization uses development projects that support strategy and strategy implementation.

*"For us, the strategic management system is probably the central strategy implementation mechanism, that is, our entire strategic management system starts from the fact that the strategy is based on the preparation of the budget and the plans to specify the budget, and then our management system includes results and development discussions."*

*"We have various documents for that, such as service plans and annual plans, which we have built in such a way that they are based on our strategy."*

### **Action instructions**

The strategy has not been divided directly into operating instructions regarding the implementation of the strategy, but rather through documents that make the content of the strategy more concrete. The organization uses development programs that are based on the organization's strategy as a central tool for implementing the strategy. There are six development programs, and they are development projects cutting across service areas, with the help of which the strategy is concretized through planning.

*"Not so much as operational guidelines, but we have service areas, and the service area has a four-year service plan that is based on that strategy. That four-year plan goes into annual plans and operational goals in the city budget that are based on the strategy".*

*"Our most important tools for the implementation of the strategy are these development programs and they are based on our strategy."*

The organization uses service areas and four-year service plans are planned in them, which are based on the strategy. These four-year plans have been broken down into annual plans and the city's budget and its operational guidelines.

*"In other words, it has been chopped up, but not so much into action instructions, but into sub-plans, i.e., the content of the four-season annual level and development discussions".*

## 4.2.2 Private organization

### Implementation process

In the organization, the management of the country company is responsible for the implementation of the business unit's strategy after the business unit has received the strategy's approval from the global headquarters. From the headquarters, the business unit receives a playbook that is based on the strategy, and which can be used for strategy work in the country company. The division's management, on the other hand, presents the division's strategy and explains what it means in the organization.

*" Implementation is a project of the land company's management. When the strategy work is done and approved".*

*" The top management explains the strategy and how it is reviewed at the team level, how the strategy is implemented, and what the main tasks are."*

*The implementation takes place step by step in different operating units, for example first in sales management and then among salespeople. The same is true in implementation, i.e., first, the issue is discussed with the implementation management, then with the project managers and team managers, and finally with the experts.*

*" Then the process is put into practice step by step. First, the persons responsible for the various functions: sales management and responsible persons, sales representatives and the same in implementation, i.e., implementation leaders and project managers and group managers, followed by experts".*

### **Action instructions**

The implementation of the strategy has not been defined directly as the organization's operating instructions. The concentration of the organization's personnel would not be enough to go through this, but it must be done at the team level. However, not all teams have dealt with this topic.

*"The strategy has not been directly broken down into action instructions in the strategy itself. Otherwise, it would be too long, and the concentration wouldn't be enough to go through it. This will be reviewed in more detail at different team levels".*

The organization has utilized both storytelling and continuous improvement projects that focus on how the organization wants to act. The organization has considered how the division's personnel could refine their operations in line with the strategy. Certain policies have also been made regarding certain projects, but not regarding the operation of the entire business unit.

*"We have tried to make the strategy into a story, and then there are continuous improvement projects that focus more on how we want to act. In these, an effort has been made to think about how the division's personnel can refine operations in line with the strategy".* Table 3. summarizes the most important aspects of the implementation process in public and private organizations.

**Table 3.** Implementation process in public- and private organization.

<b>Subject</b>	<b>Public organization</b>	<b>Private organization</b>
<b>Implementation process</b>	<p>One implementation method is the traditional line organization model and the most important way to implement the strategy is the management system used by the organization, the related documents implement the chosen strategy.</p> <p>The organization's three service areas plan their operations, and here the managers of the service areas have a great responsibility in the implementation process. The organization uses development projects that support strategy and strategy implementation.</p>	<p>The management of the division and business unit presents the strategy and explains what it means in the organization.</p> <p>The implementation takes place step by step in different operating units, for example first in sales management and then among salespeople.</p>
<b>Action instructions</b>	<p>The strategy has not been broken down directly into operating instructions regarding the implementation of the strategy. The organization uses development programs that are based on the organization's strategy as a central tool for implementing the strategy.</p> <p>The organization uses service areas and four-year service plans are planned in them, which are based on the strategy. These four-year plans have been broken down into annual plans and the city's budget and its operational guidelines.</p>	<p>The implementation of the strategy has not been defined directly as the organization's operating instructions.</p> <p>Responsibility for the implementation step marks is done in the organization at the team level. Still, not all teams have addressed this topic.</p>

## 4.3 Communication

### 4.3.1 Public organization

#### **Communication of new strategy and ensuring the personnel understand the strategy**

In a public organization, the strategy is communicated both internally to its personnel and the city's residents. There are strategy presentation videos on external websites. The organization also emphasizes opportunities where the central themes of the strategy can be better opened.

*"We the city as an organization see that we have an important message for both our staff and the citizens. We look at it from two dimensions and for two target groups."*

*"We have existing strategy content available intra and also on external websites."*

The aim is to open the strategy to the personnel through a few different means in the organization. For that purpose, a video of the strategy has been made, in which an attempt has been made to summarize the main messages of the strategy. The organization's communication unit has taken the themes and the strategy's four focal points from the strategy, through which communication is carried out. However, communication can be said to be rather passive in the organization. In terms of communication, the management is given room for interpretation as to how much and in what way the strategy is communicated. It emerges that more should be invested in communication.

*"Our communication unit has adopted similar themes, i.e., we have four priorities in the strategy, and they have started to theme their communication and raise issues related to*

*these four priorities and through this brings out the strategic goal that we have with to a certain priority."*

*"Communication is quite passive."*

*"This is the kind of point we could do more of."*

The multidisciplinary nature of the organization, however, limits ensuring comprehensibility for the staff and prevents a more detailed opening into different areas of the organization.

*"When talking about a public organization and a big city organization, we are a multi-sector group, if compared to a private organization that might have one business area in which it operates."*

*"We have a wide range of tasks, for example, early childhood education, basic education, employment management, street maintenance, sports services, and of course where. The spectrum is huge, and its strategy should guide everything we do, so then you can't go into terrible detail to tell how the different organizational parts in the area to do".*

Managers in the organization have a great responsibility in communicating the strategy, and the organization trusts that the managers evaluate and formulate the strategy from the perspective of their team. However, each manager's interpretation greatly affects how much and how the strategy is communicated. In the organization, a training program is held for managers, one part of which is strategy, and it includes the task of thinking about how one's team promotes strategy in their daily work.

*"What strategy means for us should be reviewed by the superiors". "For us, supervisors play a central role in formulating the strategy from the perspective of their team".*

*"If I think about our management, it depends on everyone's interpretation of how much and in what way the strategy is communicated."*

*"We have every supervisor go through a training program and that training program has a strategy section, which then also includes tasks to be carried out. One of the tasks is to discuss with the team how our team promotes the strategy in its daily work".*

The organization's new strategy is communicated within the organization, but the daily communication of the strategy takes place through various bulletins and videos. The aim is to bring the strategy closer to the personnel through events that open the strategy. The organization organizes events for which a strategic theme is chosen. In the event, a member of the service area's staff is asked to share their opinion on a certain topic. However, due to the diversity of work roles, not all employees can participate, and it can be difficult to reach people on the subject.

*"We have an event aimed at the staff, for which a strategic theme is chosen. In these events, people from the staff from the service area are asked to tell themselves how they feel about a certain topic."*

*"Not all of our staff participate in it, and the work role of many is such that they cannot participate during the day, but always about the theme the number of participants varies depending on it".*

The organization's personnel will be asked for feedback when the previous strategy season has ended. That is, in the middle of the strategy period, the organization does not ask for staff feedback. The organization's strategy is aimed at the long term, and there is no general desire to make changes to it, also due to the complexity of the strategy approval process.

*“At the end of the strategy period, staff are asked for ideas for a new strategy, but in the middle of the period, staff are not asked for feedback.”*

#### **4.3.2 Private organization**

##### **Communication of new strategy and ensuring the personnel understand the strategy**

At the beginning of the new fiscal year, the organization has a kick-off personnel event, where the organization's new direction and priorities are told. The individual business unit's strategy is also explained at an event organized by the business unit. Going through the material takes place verbally in a live event, because then people understand better inside, and it reaches people better. The new strategy is reviewed and why and how it is implemented.

*“In our organization, we have a kick-off type of operating model, that is, we hold a staff party at the beginning of the financial year, but it is also a kick-off. Through these events, we want to tell what the new direction is and what the new priorities are”.*

*“We want to go through the spoken matter, because it can be more difficult to involve people with material produced in writing and the matter can then be misunderstood.”*

The event will inspect the strategy and discuss what the organization's strategy has been and how the goals have been achieved with it. The organization will also go over possible strategy changes and how they will be implemented in the future. However, the changes have not been big. The matter is discussed further in the different units' team days and the aim is to refine and respond to possible challenges that arise for the personnel on the subject.

*“We are told that this is our strategy going forward and we reflect a little on what our strategy has been, how we have achieved those goals, whether are there any changes in the strategy, and how to move us forward”.*

*“Then, for example, on sales days, project managers' day, etc. When the story is refined and possible challenges are answered, and communication activities are carried out in addition to this”.*

*The strategy is reviewed in the organization in a slightly different way and varies from unit to unit. In one division, the strategy is reviewed and reviewed in some way every three weeks, and at the team level a little more often. In the second division, the strategy is reviewed once a quarter, and in the business unit's calls once a quarter. Otherwise, strategy communication takes place in the teams' monthly and weekly meetings.*

### **Strategy change**

The aim is to keep the organization's strategy similar for a longer period at the division and business unit levels. However, the emphases and contents of different development projects can be re-evaluated, and changes can be made regarding them.

Changes may also have to be made to the organization's operating models, even if the strategy itself is to be kept stable. The need for a change in strategy can be directly caused by a big need for change such as a company acquisition, which also requires a change in strategy. These change processes have their change programs, which are supported at the head office level.

**Are staff asked for feedback and how to change the strategy if needed?**

In the organization, not all employees are directly asked for feedback on the strategy, but this varies between business units. During development projects, the organization tries to get feedback on the strategy from the project participants. At the presentation of the business unit's strategy, small groups thought about the strategy and how it affects everyone's work. Then it was also possible to give feedback.

The aim is to keep the organization's strategy similar for a longer period at the division and business unit levels. The need for a change in strategy can be directly caused by a big need for change such as a company acquisition, which also requires a change in strategy. Table 4. summarizes the most important aspects of communication in public and private organizations.

**Table 4.** Communication of strategy in public- and private organization.

Subject	Public organization	Private organization
<p><b>Communication of new strategy</b></p> <p><b>How ensure the personnel understand the strategy?</b></p>	<p>The strategy is communicated both internally to its personnel and the city's residents. There are strategy presentation videos on external websites. However, communication can be said to be rather passive in the organization.</p> <p>For that purpose, a video of the strategy has been made, in which an attempt has been made to summarize the main messages of the strategy. The organization has four focal points of the strategy, which have been opened in an understandable form, and through them, we can think about what they mean.</p>	<p>At the beginning of the new fiscal year, the organization has a kick-off personnel event, where the organization's new direction and priorities are told. The individual business unit's strategy is also explained at an event organized by the business unit.</p> <p>The definition of the strategy takes place in the organization at the team level, where the meaning of the strategy is explained.</p>
<p><b>How often is the strategy communicated?</b></p>	<p>The organization's new strategy is communicated within the organization, but in everyday life, communication takes place through various bulletins and videos.</p>	<p>In one division, the strategy is reviewed once every three weeks, and at the team level a little more often.</p> <p>In the second division, the strategy is reviewed once a quarter, and in the business unit's joint calls once a quarter. Otherwise, strategy communication takes place in the teams' monthly and weekly meetings.</p>
<p><b>Are staff asked for feedback and how to change the strategy if needed?</b></p>	<p>The organization's personnel will be asked for feedback when the previous strategy season has ended. That is, in the middle of the strategy period, the organization does not ask for staff feedback.</p> <p>The organization's strategy is aimed at the long term, and there is no general desire to make changes to it, also due to the complexity of the strategy approval process.</p>	<p>In the organization, not all employees are directly asked for feedback on the strategy, but this varies between business units. During development projects, the organization tries to get feedback on the strategy from the project participants.</p> <p>At the presentation of the business unit's strategy, small groups thought about the strategy and how it affects everyone's work. Then it was also possible to give feedback.</p> <p>The aim is to keep the organization's strategy similar for a longer period at the division and business unit levels. The need for a change in strategy can be directly caused by a big need for change such as a company acquisition, which also requires a change in strategy.</p>

## 4.4 Motivating personnel and monitoring of implementation

### 4.4.1 Public organization

#### **Motivating and monitoring strategy implementation**

The most important incentive and staff motivation tool in public organizations is the bonus policy, although it is quite low in the organization. There are other ways to reward, for example, verbal thanks and team-specific awards for success.

The goals of the council team are defined in the strategy document. The strategy contains approximately 30 set goals and metrics to monitor progress. The documents specify how often each metric is monitored and where the information for it comes from. Every year, the organization conducts an effectiveness assessment, which is used to monitor how progress is being made regarding major strategic goals. Once a year, the evaluation of the strategy, i.e., the key points of the implementation of the strategy, is taken to the council.

*"In the strategy, we have targeted goals for the council term and there are about 30 of them, as well as the metrics with which they are monitored".*

*"These meters have been chosen quite carefully and the document has defined the meters and where the meter information comes from, how often it is monitored, and so on".*

### **Freedom of choice is possible in strategy implementation**

The strategy has been described as an enabling strategy, where experts are given space in the units to align and think about what the best course of action from their point of view would be. In a large organization, the strategy is corporate level, which is why it is not possible to tell everything in detail. In the organization, personnel are encouraged to implement the strategy in the direction of freely defined goals. The strategy defines the direction for doing things and the personnel is encouraged to use imagination and interpretation to move the strategy forward.

*"The strategy moves at a rather corporate level, and it is not from the direction of the management team or the strategy unit, which runs the process, that there is no way to concretely guide what should be emphasized or what should be concretely done."*

*"Yes, this kind of enabling strategy of an expert in the organization is just right. It gives the experts in the units that space and leeway to align and think about what is best from the point of view of their operations".*

*"We have started from the fact that the goals are effectiveness goals, which leaves quite a lot of room for how that goal is achieved".*

### **Reporting of implementation in upper management**

In the organization, the implementation of the strategy is not directly reported to the top management, but the reporting takes place through various annual reviews, budgets, strategic goals, and development programs. Three times a year there are reviews of how the year was promoted at the level, and once a year there is a review of how the strategic goals are being realized in the organization. In the organization, the key figures of the

strategy are reported to the city government and the council, and the top of the strategy is separately reported to the city government on development programs.

*"We don't report on implementation." The indicators of the strategy are reported forward to the city government and the council, who has approved the strategy, so that is the body to which these are reported".*

*"Three times a year there will be reviews of how we have progressed on an annual level, and then once a year there will be reviews of how the big goals of the strategy are being realized and about the development programs".*

#### **4.4.2 Private organization**

##### **Motivating personnel and monitoring implementation**

The organization's goal is to motivate personnel through inclusive development projects, which are carried out by people outside the management team. The organization uses a traditional bonus and reward system, which is paid if business goals are achieved. Managers can pay separate bonuses for individual good contributions to the organization.

*"Our development projects are participatory. Enthusiastic leaders have been hired as the leaders of the projects and they are allowed to involve the members of the organization, and everyone can influence what is done."*

*"Then, within the business, we have different incentive models and motivations that belong to sales or implementation."*

*"In addition to that, we have incentive models that are available to managers to encourage good contributions."*

Implementation of the strategy in the organization is monitored with various metrics and goals, which are aimed to be as efficient as possible. In addition to tracking strategic goals and metrics, the work and work environment in the company is also monitored. The organization's metrics include for example, employee job satisfaction and customer satisfaction surveys, as well as customer behavior in terms of business success. These are things that do not appear directly in the financial figures but are indicators that show whether the chosen strategy is challenging or good.

*"The implementation of the strategy is monitored with various metrics and goals, which are defined as efficiently as possible. The important thing is to set working metrics and goals, which are then also monitored."*

*"We look at three metrics: employee feedback and employee satisfaction and evaluate customer behavior in terms of business success. That is, if it looks good, we believe that our added value will be realized, that is, that unique added value will be created."*

*"And if the strategy is challenging or good, it is also reflected in these metrics."*

### **Freedom of choice is possible in strategy implementation**

The organization feels that it is good for the personnel to have freedom of choice in strategy work, and the limitation to doing that work is made with the help of goals and metrics. The organization believes that people shouldn't be guided too much, but instead aims to give them the freedom to make their own decisions. However, the goal is to demonstrate with metrics and goals that the right choices have been made in the implementation.

*"It is important that the personnel have their freedom of choice when doing the implementation work. In doing this, created metrics and goals are emphasized, through which actions are steered in the right direction."*

### **Reporting of implementation in upper management**

As a rule, reporting in the organization takes place through key figures to the top management. The organization reports the result, and if the result is not in order, it must also report the future financial outlook. With it, the organization opens whether the chosen strategy is functional. The division's development projects are reviewed quarterly with the management team.

*"Reporting to the top management of the national company, i.e., the management of the organization and the board of directors, is done through key figures."*

*"The division's development projects are reviewed quarterly with the management team."*

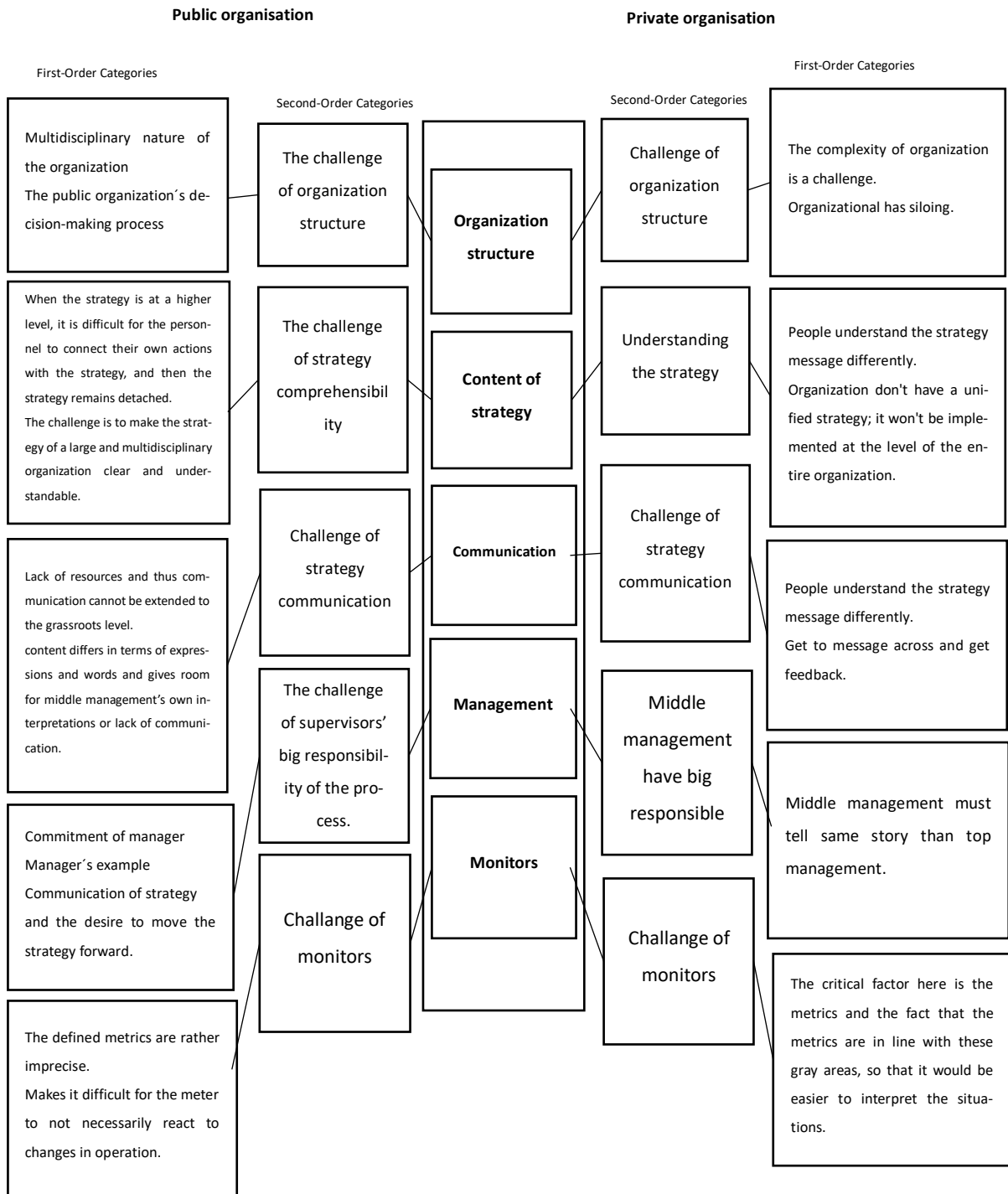
Table 5. summarizes the most important aspects of motivating and monitoring in public and private organizations.

**Table 5.** Motivating personnel and monitoring in public- and private organization.

<b>Subject</b>	<b>Public organization</b>	<b>Private organization</b>
<b>Motivating personnel</b>	The most important incentive and staff motivation tool is the bonus policy, although it is quite low in the organization. There are other ways to reward, for example, verbal thanks and team-specific awards for successes.	The organization aims to motivate personnel through participatory development projects. The organization uses a traditional bonus and reward system, which is paid if the business goals are reached. Managers can pay separate bonuses for individual good contributions to the organization.
<b>Monitories or indicators</b>	In the organization, the goals of the development discussions are derived from the strategy, and it is agreed that what will happen when the goals are reached. Reward possibilities and reward principles are in use, i.e., supervisors can reward personnel for this activity following the strategy.	Implementation in the organization is monitored with various metrics and goals, which are aimed at being defined as efficiently as possible.  The organization's metrics include for example, employee job satisfaction and customer satisfaction surveys, as well as customer behavior in terms of business success.
<b>Freedom of choice</b>	Personnel are encouraged to implement the strategy freely in the organization, but still in the direction of the defined goals. The strategy defines the direction for doing things and the personnel is encouraged to use imagination and interpretation to move the strategy forward.  The strategy has been described as an enabling strategy, where experts are given space in the units to align and think about what the best course of action from their point of view would be. In a large organization, the strategy is at the corporate level, which is why it is not possible to tell everything in detail.	In the organization, it is believed that it is good that the personnel have freedom of choice in the implementation and that the limitation is made with common goals and metrics.  The organization believes that people shouldn't be guided too much, but instead aims to give them the freedom to make their own decisions.
<b>Reporting about implementation</b>	The implementation of the strategy is not directly reported to the top management, but the reporting takes place through various annual reviews, budgets, strategic goals, and development programs.  In the organization, the key figures of the strategy are reported to the city government and the council, and the top of the strategy is separately reported to the city government on development programs.	As a rule, reporting in the organization takes place through key figures to top management. The organization reports the result, and if the result is not in order, it must also report the future financial outlook.  With it, the organization opens whether the chosen strategy is functional. The division's development projects are reviewed quarterly with the management team.

#### **4.5 What are the biggest challenges of strategy implementation in public- and private organization?**

The key findings of the analysis regarding the challenges of strategy implementation for the case companies can be said to be organization structure, the content of strategy, communication, management, and monitors. These factors are discussed in more detail in this chapter. Figure 5 shows a summary, using the Gioia method, of what are the biggest challenges of strategy implementation in public and private organizations.



**Figure 5.** Biggest challenges of strategy implementation in public- and private organizations.

#### 4.5.1 Public organization

##### **Organization's structure:**

One big challenge is the scope and interdisciplinary nature of the public city organization. The strategy needs to be sufficiently compact, but it needs to consider all the various sectors of the organization. A public organization has its decision-making process, which also includes politics. A big challenge in a public city organization is also that the work can be a little slower because many different people influence the decisions. In the organization, the decision-making body is the city council, which consists of representatives of very different values, who represent the extremes of different parties.

*"As organizations, cities are very multidisciplinary, which means we have activities from early childhood education to the promotion of business life and everything in between. Our strategies are quite broad, although we try to make it compact".*

*"We have our decision-making process involved here and we have policies and such that guide our city. There are many more things that come out of it than what we would like in a certain way."*

*"With us, things are slower, and we have a multi-sector group with a lot of those nuances. For us, the central decision-maker in terms of strategy is the council, which makes decisions about political expediency, and the strategy is decided by a group of actors with representatives from the extremes of different parties, in which case the worlds of values are also very different. Then they may agree that the strategy must promote the well-being of the city, but the means to get there may have very different views on what they are."*

**The challenge of strategy content:**

The clarity, comprehensibility, and conciseness of the content of the strategy are key success factors in the organization. At the same time, this is a big challenge, because the strategy is defined as corporate strategy in the organization due to its extensive subordinates. The challenge is to make the strategy of a large and multidisciplinary organization clear and understandable. When it is a corporate strategy, it is difficult for the personnel to connect their actions with the strategy, and then the strategy remains detached.

*"Comprehensibility means that the strategy must be understandable, that you can find yourself in the strategy and be able to find ways to influence the strategy with your actions".*

*"We tried to make it a concise and communicative strategy, if we had been directly asked to write it, it would have been much more concise."*

The organization has been criticized for the fact that the strategy is so high-level and almost anything can be justified under the same strategy. In the organization, it is felt that time has passed such strategies where organizations are told from top to bottom what needs to be done. The idea that management does not necessarily have wisdom about what should be done also comes up.

*"Many have criticized the fact that the strategy is so high-level and almost any activity can be justified under it and Personally think that the time has passed for that type of strategic thinking, where you are very strongly guided from above and told that you have to do this".*

*"That way, unlike in the top management, it is not necessarily the wisdom of what concretely needs to be done for the strategy to be realized. The management's task is to outline that direction".*

A big problem in strategy implementation is also the fact that there are personnel in the organization who are not interested in the content of the strategy. In this case, it is difficult to get such people involved in the implementation as well, and they may also be making it difficult to implement the strategy if they feel that things are not going right in their opinion.

*"We can honestly say that we have teams that are not interested in what's in the strategy".*

### **Communication**

The challenge of communication in the organization is largely due to the lack of resources and thus communication cannot be extended to the grassroots level. However, communication related to the strategy takes place at the team level, where the unit's goals, are derived from the strategy. However, this content differs in terms of expressions and words and gives room for middle management's interpretations or lack of communication.

"Because we are a large organization, and this is a kind of pain point for us. We know that we should do more, but our resources are too scarce to be able to implement communication that goes right down to the grassroots level".

"I think that there is more discussion about the goals of the own unit and their realization, which should be derived from our strategy. There you cannot necessarily find those contents with the same words or expressions".

"If you think about our management, it depends on everyone's interpretation that how much and in what way the strategy is communicated, but the communication is quite passive."

### **Management role:**

The importance of management is highlighted as a factor preventing the success of strategy implementation. The influence of the management in the implementation of the strategy is significant, and if the commitment of the managers and the importance of the issue is insufficient, it also affects the implementation of the strategy and its success. If the people in management are not trained in strategy and do not have the desire to push the agenda forward in the organization and the managers' teams, it prevents successful strategy implementation.

*"The key thing in implementation is the management's commitment to the strategy and feels it is important, and the desire to take it forward".*

*"The third obstacle I see is the lack of management commitment to, for example, if there are people who are not strategic thinkers or, if they have not received training for it.*

*"With the example of the management and the fact that the matter appears at the big tables on the agenda, it has an enormous importance for its realization".*

Managers need to know how to describe the future landscape of the organization in terms of strategy to other personnel, because if they do not know how to describe this to other personnel the common goal is not clear and at the same time impossible to achieve.

*"There then comes the role of leaders and management, i.e., how to be able to tell the organization a landscape, on which the strategy is built".*

Strategy in an organization does not only flow from the top down, and the old-fashioned way of thinking about it does not work in a modern organization. In other words, the strategy will not take off if the management sets the goals from above and transfers the implementation to the personnel. The process requires discussion within the organization and the personnel's interpretation of the strategy through various forums that the organization has tried to create.

*"One thing related to personnel, we believe that strategy does not flow from above, that goals are set, and they would flow down in the organization. The organization must discuss and interpret the strategy and we have different forums for that as concepts".*

#### **Lack of ownership and non-participation of personnel in processes:**

In terms of personnel, a lack of ownership can become an obstacle to the success of implementing the strategy, making it difficult to implement the strategy as well. The lack of staff participation in strategy preparation can also be an obstacle to the success of strategy implementation. Participation, interest, and ownership towards the implementation of the strategy are created in the personnel.

*"When it has not been possible to prepare the strategy inclusive manner and to create ownership from the personnel side, then the implementation is quite difficult".*

*"I see for myself that it is through participation, that is, that people get involved, that the interest and interest and ownership in that matter is born".*

*"Then another thing is that we have a lot of people working, which challenges communication, communication possibilities, and places, resources."*

*"How do we, in a certain way, reach all those people during all the rush of everyday life."*

## **Monitors**

When the organization is a big city, the organization's strategy is rather high-concept, and the defined metrics are rather imprecise. This makes it difficult for the meter to not necessarily react to changes in operation. This has been seen as a major difficulty in terms of metrics.

*"Of course, we are at the top level, we are talking about a city-level strategy, so the metrics are rather unconcreted, and it is difficult to find a level for those metrics that would somehow react to some change in operations and still be comprehensive enough to indicate the change we want to implement."*

*"It has proven to be difficult, but there are the basic indicators and metrics that have been seen as important in municipal management and strategic management."*

In a public sector organization, rewarding personnel cannot be done with large bonuses, i.e., it is possible to do the reward with individual lump sums or it is possible to agree on which bonus to get if the goals are met. However, the bonus sums are considerably smaller than in private organizations.

*"In a public-sector organization, we don't have the opportunity to go to a reward system, where reaching certain goals would enable, for example, a bonus equal to two months' wages for the management."*

#### 4.5.2 Private organization

##### **Organization structure:**

The big challenge of strategy implementation is organizational siloing. The organization consists of many different business units that have their strategies, in which case the company's common strategy is completely missing. The strategies of individual business units whose frameworks come from the global headquarters do not necessarily support the strategy of another business unit. Of course, the division's strategy also differs from the strategy of an individual business unit, which means that it is not easy to communicate or understand the strategy among the staff.

*"I think the biggest factor is organizational siloing. If all parts of the organization don't have a unified strategy, it won't be implemented at the level of the entire organization".*

*"Then again, maybe as we have in the organization, of course, the complexity of our organization is the obstacle."*

*"The difficulty in a large international organization is that different business units have their strategies, and it is not necessarily possible to find a strategy for the entire division that would directly support each other."*

**Content of strategy:**

One of the problems of strategy implementation is the large organization's corporate strategy. When the strategy is written at the corporate level, it is difficult to get it into a format that is understandable to the entire staff. At the same time, the challenge is that the message of the strategy can be misunderstood, or it can otherwise remain unclear, in which case its implementation cannot be successful.

*"The strategy is corporate-level, and it can be difficult to always get it in a form that is understandable to all people."*

*"The obstacle is that each person understands that message differently."*

*"Yes, it is that every person in the organization understands and internalizes it. Getting the message across and getting feedback, that is still the biggest challenge."*

However, the organization also believes that the strategy or the role of people or how the strategy is implemented should not be explained too much so that the thinking of the personnel is not limited. The organization wants to create certain frames for thinking, within which personnel can make decisions themselves. On the other hand, the organization also sells solutions and services, so the experts have a lot of freedom and flexibility in how the service is produced and sold.

*"On the other hand, it limits thinking if the strategy is too absolute, for example, the person's role and how he can implement the strategy. The decision has been made regarding the fact that the story has not been fully opened."*

**Communication:**

The organization consists of different types of people and others need a clearer explanation of the strategy. This can therefore create a challenge if the strategy is dealt with more at a corporate level and there is not, for example, defining a flow chart from it, which would help certain people better understand and internalize the matter.

*“Certain types of people in the organization may need a clearer opening of the strategy, that this is how things go, or a defining flow chart.”*

However, when the organization is running fast and there are a lot of things to deal with, communication and continuous communication can be forgotten. Certain successes in the organization may also go unreported, which nevertheless brings energy to work and creates a positive atmosphere in the middle of the rush. In the same way, insufficient resources can be a problem here, not being able to communicate well enough within the organization.

*“There are a lot of challenges when you are at a high speed and running all the time, so the need to remember the necessity of communication and constant communication. And also highlights things where we have succeeded and implemented the strategy successfully.*

*“We don't have enough resources to communicate well enough at the country company level.”*

**Middle management:**

One of the challenges of strategy implementation in the organization is middle management's successful strategy work. The middle management should internalize and communicate the same strategy message forward so that other personnel get the same understanding and story regarding the strategy. When middle management misunderstands the strategy, the message is different from the one received from management. Consequently, the entire staff does not work towards the same strategy, which also prevents the success of strategy implementation in the organization.

*"Then that the middle management between the management and the employee understands and internalizes and tells the same story forward. That story is the same from the management to the rest of the staff."*

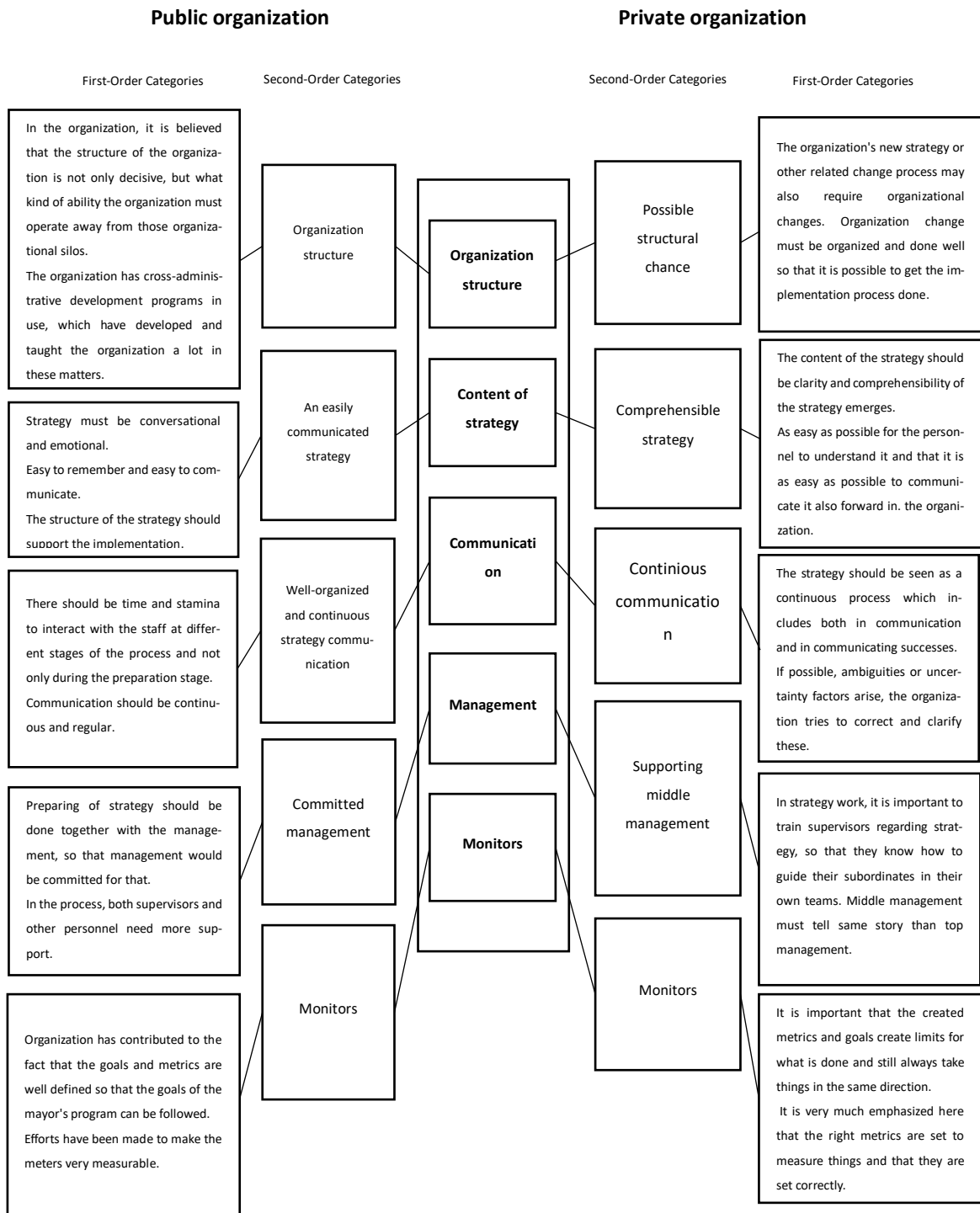
**Monitors:**

The challenge is also that sometimes something you do can be in the gray area of the strategy, so it can be difficult to say whether the action is in line with the strategy or not. And it can be difficult to interpret what is being done, which creates difficulty when it comes to implementing the strategy. The critical factor here is the metrics and the fact that the metrics are in line with these gray areas so that it would be easier to interpret the situations.

*"Sometimes this can be a challenge, because there can be a gray area in terms of whether someone's actions are in line with the strategy, and it can also be difficult to interpret. The metrics must therefore be in line because of these gray areas, and they can be difficult to interpret."*

#### **4.6 What means can improve strategy implementation in public- and private organization?**

In the analysis, it was considered that, what means can improve strategy implementation in public- and private organizations. It can be said that the analysis revealed the same influential factors that prevent the implementation of the strategy, which should be paid attention to in the process. These included organization structure, the content of strategy, communication, management, and monitors. These factors are discussed in more detail in this chapter. Figure 6. summarizes what means can be used to improve strategy implementation in public -and private organizations.



**Figure 6.** What means can be used to improve strategy implementation in public- and private organization.

#### 4.6.1 Public organization

##### **Organization structure and culture:**

It is not possible to make changes to the structure of a public organization because the organization must comply with certain legislation in its activities. Because of this, the organization always has a certain structure, which preferably does not prevent doing things.

*"It's difficult to build a public organizational structure into a flat one, where we don't have any kind of hierarchy or any kind of responsibilities. It's not possible in the public sector if we have legislation in certain matters that we must follow".*

*"Because of this, we always have some structure and of course, it would be good if that structure were such that there would be no obstacles to doing it".*

However, the organization has cross-administrative development programs in use, which have developed and taught the organization a lot in these matters. In the organization, it is believed that the structure of the organization is not only decisive but what kind of ability the organization must operate away from those organizational silos.

*"Our development programs are cross-administrative and moving them forward has taught us quite a lot. It's not the structure that's decisive, but the ability to work away from those silos."*

In the process, both supervisors and other personnel need more support, and within a large organization, they want to discuss the topic. There should be time and stamina to interact with the staff at different stages of the process and not only during the preparation stage. Here too, communication should be continuous and regular. Another

important thing is to take care of training the personnel and management regarding strategy, i.e., how to talk about strategy, what is strategy, and what it means.

*"Because we are a large organization, and we want there to be a discussion. We know that we should be able to support managers and personnel."*

*"We should have the stamina and time for that interaction with the staff at different stages, and somehow that emphasis is also often in the preparation stage and is easily forgotten. That is, it should be continuous and communication more regular".*

*"Also training personnel and management on how to talk about strategy and what it is and what its meaning is".*

One possible means of support would be to make the strategy and its content a stronger part of development and goal discussions, where the development points and goals related to the employee's work are reviewed. It would be important to get closer to the personnel and to bring a strategy to everyday activities, which would better reach the personnel in a large organization.

*"We should think about how we could bring our strategy and the strategy's message and content into a stronger part of the goal and development discussions."*

### **Content of the strategy:**

The structure of the strategy also revealed that the strategy should be conversational and emotional, but at the same time as easy to remember and easy to communicate as possible. The strategy must be refined so that the basic messages of the strategy are understandable and that they are understood in the same way in the organization. This

requires a lot of work both during strategy formulation and execution. The structure of the strategy should be formed in a way that supports implementation better.

*"It must be conversational and emotional and as easy to remember and easy to communicate as possible".*

*"Strategy needs to be honed, and a strategy that often seems simple, so often a lot of work has been done to make the basic messages understandable. It's worth investing time and energy to make sure those basic messages are understood in the same way".*

*"The structure of the strategy should support the implementation of the strategy better, even though then the gap can easily become large when we are in the general strategy, there may be a gap when taking measures there."*

### **Communication:**

The organization aims to encourage the work community to discuss what the strategy means for the personnel. Similarly, events are held in the organization where key themes of the strategy are discussed. The problem with these, however, is that not all personnel can be included in them and the scope of the work community, which causes a problem in terms of the accessibility of communication.

*"Then we encourage work communities to have discussions about what this strategy means to us. Then we have occasions where we open up the central themes of the strategy."*

As one means of communication, the organization has used workshops in which the senior management and the council participate. After the workshops, the management

summarized the most important message of the preparation they saw in a short video for the internal intra.

*"We also used workshops, in which our top management and the council especially participated. After these workshops, our management then put into a short video what they saw that was important in the preparation and we communicated these in our internal intra."*

The organization's communication unit has implemented the strategy's four themes, i.e., priorities and related questions. This method has been used to communicate these themes and at the same time bring out the strategic goals we have about a certain priority.

*"Our communication unit has adopted similar themes, i.e., we have four priorities in the strategy, and they have set out to theme their communication and raise issues related to these four priorities and through this brings out the strategic goal that we have about a certain priority."*

### **Management:**

One big obstacle to the implementation of the strategy is the non-commitment of the management and the fact that the strategy has not been made visible to the management. When the strategy is opposite to the management's wishes, it is impossible to move it forward. The work of preparing the strategy should be done together with the management so that the strategy looks like the management and so that they contribute to taking the strategy forward also in terms of implementation.

*"You can't make a strategy whose starting points the management is not committed to, that is, the strategy has to look like the management. If someone's use is not following*

*the wishes of the top management, then it is completely pointless to carry that type forward".*

*"The strategy should be prepared as a team with management".*

**Monitors:**

The public organization makes extensive use of the objectives of the council term defined through strategy documents and the relevant metrics. The documents have opened the meters, where the meter data comes from, and how often the meter is monitored. Efforts have been made to make the meters very measurable. The policy related to the public city organization has contributed to the fact that the goals and metrics are well-defined so that the goals of the mayor's program can be followed.

*"We have a strategy document with the goals of the council term defined and the metrics for them. These metrics have been chosen quite carefully and the metrics and where the metric information comes from and how often it is monitored are defined in the document."*

*"We have meters in use, and we tried to make them measurable."*

*"Politics has always wanted the strategy to have goals and metrics, through which it is also ensured that the implementation of the mayor's program can be monitored."*

#### 4.6.2 Private organization

##### Organization`s structural change:

The organization's new strategy or other related change process may also require organizational changes. These changes in the organization must be arranged and done well so that it is possible to get the implementation process done. Consistent working is especially important here.

*"To organize things well and make an organizational change. You can get by with less if you are not making a big organizational change." It is important here that the work is consistent."*

When changes are made in the organization, time must also be given to the change process, i.e., the change must be planned for a sufficiently long term. During the process, some key figures may move, but you must give time for the change and not immediately react to these changes. The management and key personnel who are driving the change must also be given time to make this change.

*"Another thing is that, if possible, we give time for the change, that it is planned for a sufficiently long time window because in the intermediate stages, there may be things that the key figures in the business live and if we immediately start reacting in a different direction, when the first challenge comes, the change will not come together to even go through, i.e. the right time window should have been taken."*

*"And then if the management and key personnel who lead the change are given time to make that change, that is also really important."*

**Content of strategy:**

From the importance of the content of the strategy, the clarity and comprehensibility of the strategy emerge. The strategy should be defined in such a way that it is as easy as possible for the personnel to understand it and that it is as easy as possible to communicate it forward in the organization.

*"The strategy must be clear, and it must be easy to understand what this means."*

When defining the strategy, it is important to give certain limits, where there is still room for the personnel to implement the strategy freely. Here, one should not define too much what the strategy means in practice, because it can limit the implementation of the strategy. Allowing things to be tried out can also give the staff new ideas and creativity for implementation work.

*"An important way to avoid the obstacle is to give responsibility, but also freedom of choice. You just must define what the area is, where the freedom of choice is. You must give space to people to implement as well. To some extent, a culture of experimentation should also be allowed."*

When launching a new strategy in the organization, more time has been spent to put the strategy into a more understandable form. With this, the organization has tried to make the personnel better understand the strategy, but at the same time also tried to get the personnel to make their interpretations of what, for example, certain strategy images mean.

### **Organizational culture and involving people in the process:**

Getting the members of the organization involved in the process comes to the fore. However, the challenge is that not all members of the organization want to be in the process or get an additional task, which makes this difficult. Organizational culture should therefore be created so that people are part of this process. In the organization, there is also a culture of openness about talking about things when challenges are seen.

*"So yes, getting the whole organization involved is what I think is an important way of working. It's still challenging because some people don't want to be involved in anything and get an extra task easily."*

*"Openness and a culture of openness means that challenges are brought up when they are seen."*

In moving the strategy forward, there must be people in the process who move the matter forward. This has a big impact on avoiding failure. Moving the strategy forward also requires that the organization has enough expertise to move it forward.

*"So, it's important to have the right people in the organization to move the strategy forward, and that avoids failure the most. Then comes the need to have sufficient know-how to move the new thing forward."*

### **Communication:**

Appears that different units of the organization must have a common strategy to make it work and to be able to communicate between all parties. The importance of listening and observing also emerges, i.e., how employees perceive the strategy. If possible, ambiguities or uncertainty factors arise, the organization tries to correct and clarify these.

*"All parts of the organization must communicate, and communication must be made to work between all parties. And these different parties must have a common strategy."*

*"We are constantly listening to how the personnel feel about the strategy and try to communicate and correct them if there are uncertainties and ambiguities."*

The implementation of the strategy should be seen as a continuous process in which an investment is made, both in communication and in communicating successes. Processes don't always finish all at once, and that's why it's good to repeat things and go through them many times during the process. From the point of view of communication, it is good to have a low organizational structure, so that the personnel can come to talk with a small threshold and a dialogue also arises regarding the strategy.

*"Many things that have been gone through in the past require continuous investment, for example, communication to different levels and communicate their successes. It's a continuous process."*

*"Things don't usually go to the finish line all at once, but things have to be repeated during the process".*

*"Of course, a low organization is good, when you can have an easy conversation between employees at a small threshold, and I think it's so important that this kind of dialogue is held."*

**Management:**

In strategy work, it is important to train supervisors regarding strategy, so that they know how to guide their subordinates in their teams. The organization uses supervisor training, where strategy is discussed as one of the topics. At the same time, supervisors can tell how the strategy has been understood in the teams and if additional information or, for example, communication on the subject is needed.

*"This is where the training of supervisors can be used so that they know how to guide their subordinates in teams."*

As the organization is a country unit of a large global group, the local management team has a great responsibility in defining the strategy and opening it up to the personnel. From the global level, the organization gets the framework for doing things, but from the headquarters level, there is a lot of freedom in terms of how it is implemented in practice. The managers in the organization have the responsibility to ensure that the strategy firstly covers the framework and goals given by the global headquarters, but at the same time, it can be implemented successfully in the organization.

**Monitors:**

An important factor in success is the definition of goals and metrics in the organization. They are used to create and guide what is done and its direction. However, the metrics must be not too detailed or focus only on efficiency. Especially when the staff is given a lot of freedom of choice and flexibility in the implementation of the strategy, it is important that the created metrics and goals create limits for what is done and still always take things in the same direction. So, it is very much emphasized here that the right metrics are set to measure things and that they are set correctly.

*"Then you have to have good and accurate goals and metrics. However, goals and metrics guide what is done and create a direction. However, they must not get too detailed and focused on effectiveness".*

*"It is also important to check that the meters used to measure things are working and that they are set correctly."*

*"It is important that the personnel also have freedom of choice when doing strategy work. Here, the metrics and goals that are always created are emphasized, according to which activities are directed in the right direction."*

## **4.7 Summary of analyzes**

### **Structure and content of strategy**

The big challenge of the public city organization can be said to be the organization's scope and interdisciplinary nature because it is time-consuming and challenging to get the strategy into a sufficiently compact whole. The organization produces many very different services from one side to the other, which makes it difficult to form a concise and clear strategy. The strategy remains at the top level of the organization, and it is difficult for the personnel to connect it to their activities and daily work.

It can be said that the big challenge of implementing a strategy in a private organization is its siloing. The organization consists of several different business units that have their strategies, in which case the company's common strategy is completely missing. The strategies of different business units are individual, and they may not directly support each other, which creates a challenge. It can therefore be said that in both organizations its structure and scope cause a challenge in the successful implementation of the strategy. In a private organization, the biggest challenge is the units' strategies and thus

siloining, and in a public organization, the challenge is the scope of the organization and thus the difficulty of obtaining a concise strategy.

### **Communication**

The challenge of communication in the public organization is largely due to the lack of resources and thus communication cannot be extended to the grassroots level. The size of the organization makes it difficult to reach all members of the organization and get them interested in the strategy and related events that are organized. In a private organization, the challenge of communication can be said to be the overarching concept of the strategy, which would require some members of the staff to open to make the strategy understandable. The fast pace of the organization also causes the continuous communication of the strategy, and the communication of successes can be left behind.

A big factor in success can be said to be the successful communication of the strategy, which is facilitated by an understandable definition of the strategy. This is also supported by strategy literature. Repo (2016) points out the importance of communication as the cornerstone of successful strategy implementation. In communication, it is important to get people to understand the message of the strategy and to believe that working towards it will lead to successful results. At the same time, this encourages people to work for a common message. The strategy of communication aims to ensure that the various stakeholders believe that the company's operations will lead to significant results and therefore encourage them to continue as part of their operations (Ritakallio & Vuori, 2018).

Communication is truly an integral part of the organization's strategic leadership. Through communication, personnel can be engaged, and through communication, openness, and honesty are emphasized. Therefore, there is a need for effective communication about the achievement of strategic goals and their impact on the daily activities of

employees. (Mišanková & Kočíšová, 2014, 865). In communication, it is good to make use of use of many channels, in which case the aim is to reach people as best as possible at different stages of the process. Strandman (2009) mentions building a positive communication atmosphere, using versatile communication channels, face-to-face dialogue, participation, and open information sharing as ways of implementing strategy communication.

Communication should be seen more as an interactive conversation, where staff are asked for feedback, and opportunities are created for open communication and giving feedback. In this case, the different members of the organization are aware of their task and can comment on the factors related to the implementation and improve and enhance its result (Noble, 1999). The everyday conversation between subordinate and supervisor is especially important here.

## **Management**

It can be said that in both public and private organizations, the role of management is highlighted as a major challenge for the success of strategy implementation. In both organizations, the critical role of middle management in the implementation of the strategy emerges. It can be said that managers' lack of commitment, lack of training, and their example of strategy is a challenge in the organization. Due to the large size of the organization, implementing the strategy is largely the responsibility of the teams and team managers. However, this content differs from the strategy drawn up by the management in its expression and words and gives room for the middle management's interpretations or a possible lack of communication which in turn makes it difficult to successfully implement the strategy.

It can be said that bad management is a big obstacle to the success of strategy implementation. Increasing the competence of managers from defining the strategy to more

about the implementation of the strategy is especially important. This can be supported through theory as well. Rajasekar (2014) points out that poor leadership is one of the biggest obstacles to the success of strategy implementation. In the successful implementation of the strategy, the manager's responsibility is emphasized in moving new employees' skills and business understanding toward the chosen strategy (Rajasekar, 2014, 171).

It can also be said that it is important to have a compatible management style in the organization from the perspective of strategy implementation. Mišanková & Kočíšová (2014) point out that choosing a compatible management style for the organization is a crucial point in terms of implementing the strategy. The managers' critical task is to communicate the content of the strategy to the middle management of the organization so that the message of the strategy is similar throughout the entire organization. The critical task of top management is to communicate the strategy as clearly as possible so that it is easier for middle management to implement it successfully (Rajasekar, 2014, 170).

Critically important in the process is the importance of middle management in strategy implementation. The relationship between top management and middle management can be said to be a crucial factor in implementation because they can either enable the success of strategy implementation or prevent it. Based on their research, Aaltonen & Ikävalko (2002) highlight the importance of both communication and middle management in the strategy implementation process. Implementation can only be successful if the middle management works effectively in communicating the strategy.

Based on their research, Wooldridge & Floyd (1990) also emphasize the connection between the close involvement of middle management and improvements in the level of performance in the organization because of a new strategy. Aaltonen & Ikävalko (2002) point out in the results of their research that the role of middle management as communicators of the strategy were emphasized, and they were both mediators of strategic information and verifiers of its understanding.

It would be important for the middle management to participate in the definition of the strategy in some way so that they agree with the chosen strategy and can carry it forward in the organization because if the middle management disagrees with the chosen strategy, it will not progress successfully in the organization either. Li, Guohui & Eppler (2008) point out that if the middle management does not consider the chosen strategy of the organization to be correct or they have the wrong skills to implement it, it is likely that they will sabotage the process of its implementation.

In communication, the informal discussion of the strategy between the subordinate and the supervisor was more meaningful than the more official strategy communication from the top management, and it can be said that the implementation can only be successful if the communication of the middle management strategy is done effectively. Mantere (2005) underlines in his research that the interaction between employee and supervisor creates an idea of a common strategy. In this case, the significance of the current strategy becomes clear to the individuals in the organization.

### **Monitors of implementation**

In a publicly owned company, the organization's strategy is high-concept, and the defined metrics are imprecise. This makes it difficult for the meter to not necessarily react to changes in operation. This has been seen as a major difficulty in terms of metrics. In a private organization, the challenge is also that sometimes something you do can be in the gray area of the strategy, so it can be difficult to say whether the action is in line with the strategy or not. And it can be difficult to interpret what is being done, which creates difficulty when it comes to implementing the strategy. The critical factor here is the metrics and the fact that the metrics are in line with these gray areas so that it would be easier to interpret the situations.

The strategy should define the main mission of the organization so that the person can commit to doing things together and increase the work motivation of the employees. Repo (2016) describes the main task of the strategy as to describe the purpose of the

actual work in the organization. Knowing the strategy will help the organization succeed as it clarifies the desired goal and at the same time increases the motivation of employees to work. Li, Guohui & Eppler (2008) point out that employee participation and commitment can contribute to the successful implementation of a strategy.

It would be good to involve the person in the process of defining the strategy in some way so that they can give immediate feedback and commit to it at an early stage. Mišanková & Kočišová (2014) point out that it is worth involving employees in the planning of the strategy, as this way employees retain the initiative, and it prevents resistance to change. Employees can have information that is important for the success of the strategy on whether someone can work in their department. Involving and consulting employees is also important because they know their department and know what kind of coordination it requires to implement the strategy (Fahey and Randall 1994, 327).

Controlling and monitoring strategy implementation is an essential element to achieving success. It can be said that there should be a functioning monitoring tool in use, which the management evaluates and monitors because if there is no investment in monitoring, the implementation cannot be successful either. In terms of the success of strategy implementation, strategy monitoring, and control are essential parts. Monitoring is a critical activity in the implementation process, and if monitoring is neglected, change and implementation can remain empty (Hrebiniak, 2005, 219). Monitoring and controlling the strategy includes appropriate prioritization of activities, use of control tools and, continuous evaluation by top management (Brenes et al. 2008, 596).

With the help of rewards, the personnel in the organization can be guided in the direction of the strategy, and that is why it is important to define the reward system in such a way that it supports the success of the strategy process. Rewarding is a management tool, and it allows management to direct attention to an object that needs attention (Sutinen & Haapakorva, 2021, 249).

In addition to traditional performance metrics, the organization should invest in metrics that consider strategy changes for future success that do not just happen naturally. Remuneration must be a tool for implementing change, and in addition to traditional performance metrics, it's worth taking metrics that consider strategic changes that are central to future success and that don't happen naturally (Sutinen & Haapakorva, 2021, 249).

In motivating employees, it is important that the reward system supports the implementation of the strategy and that its metrics are well and clearly defined. Staff training can also be said to be important to make the implementation successful. Engert and Baumgartner (2016) highlight the importance of employee motivation in successful implementation, and this can be influenced both by utilizing management and by using reward systems and training.

With the help of a management system, the organization can ensure that it succeeds in efficiency, guidance, and monitoring. Management systems are key management tools and are needed both for external goals, such as customer perceived value, and for internal goals, such as operational efficiency, direction, and monitoring (Sutinen & Haapakorva, 2021, 250).

The Balance scorecard can be used to measure and describe the company's basic issues, on which the success of operations depends (Olve et al., 1998, 29). The model gives the management a comprehensive picture of the company's strategic situation and aims to guide the organization strategically. BSC is a tool for strategy creation, communication, implementation, and control (Van Dooren, 2011, 429).

## 5 Summary and discussion

The summary and discussion chapter first presents the summary of the work and the main findings of the thesis. After this chapter, clarify the discussion and management implications of the thesis, as well as the limitations of the work. At the end of the chapter, suggestions for future research are presented.

### 5.1 Summary

The research aimed to answer the three main research questions, which are: “How are strategy processes and implementation organized in public- and private organizations?”, “What are the biggest challenges of strategy implementation in public- and private organizations?” and “What means can improve strategy implementation in public- and private organizations?” In addition to the main questions of the study, the study tried to answer the following sub-questions:” How does the organizational structure influence the implementation of the strategy?”, “How is the management of strategy implementation organized?”, “How is strategy and strategy implementation communicated in the organization?”, “How is the strategy implementation monitored?”

**The first research question was: How are strategy processes and implementation organized in public- and private organizations?**

The first research question aimed to find out how the case company's strategy process and implementation are organized. The answer to the research question first clarifies the strategy process of the case companies and compares them with each other. After that, the implementation of the strategy for both case organizations are discussed, after which a comparison is made for the companies.

## **Strategy process**

The strategy and development units of the corporate administration are responsible for the strategy process of the public city organization and its formulation. Although many parties participate in the process, the group defining the strategy and writing it is quite small, and the city's management team is an essential part of the process. The approval of the strategy in the organization is done by the city council, which is the decision-making body in the organization. The strategy process of a public organization is largely different from the strategy process in a private organization.

The strategy process of a private organization is more multi-tiered because the organization is a country company of a global group. In the private organization, the strategy is first defined at the company's headquarters, and it applies to the entire global group. After this, the strategic decision regarding the global division strategy is made at the headquarters of the company's global division. The division consists of different business units and their strategy is first defined globally at the headquarter, after which the strategy work is transferred to the business units of the national companies. The limited company does not have a direct common strategy but is built from the own strategies of the division and its various business units.

It can be said that the strategy processes of private and public sector organizations are largely different. The organizational body that defines the strategy of the public sector is different from the decision-making body of the strategy. In the organization, the process is complicated by the addition of politics to the process and the mandatory tasks of the organization written into the law, which must be included in the strategy. In a private organization at the country company level, certain frames of the strategy come from the global division or business unit. In this process, the land company's responsibility is big in that things are clarified at the land company level and refined to meet the local market.

## **Implementation process**

In a public organization one of the most important ways to implement the strategy is the management system used by the organization, the related documents implement the chosen strategy. The organization's management system is built on a strategy that is concretized with service plans, annual plans, and goal and development discussions, and these eventually become development and goal discussions for supervisors. Through these, the strategy is implemented in the organization. The aim is to support the implementation also through development projects, which are beyond service area boundaries and with the help of which the most important themes of the strategy are carried forward. On the other hand, the organization aims to communicate the content of the strategy at various events and use it as a means of implementing the strategy.

Within a private organization, the implementation process slightly differs between the two divisions. In the second division, strategy is discussed through the material every three weeks. Likewise, with the help of the development projects in use, the division tries to make concrete what the personnel do and what their role is. In the second division, on the other hand, the management of the business units is responsible for implementing the strategy after the business unit has received the strategy's approval from the global headquarters.

From the head office, the business unit receives a Gamebook based on the strategy, which can be used in the country company's strategy work. Implementation takes place step by step in different operational units, for example first in the sales management and then among the salespeople. The organization also uses the "task force" method in business development. The organization's management and various experts participate in it. Through the process, the organization has found new business directions and, at the same time, received personnel involved during the process and the organization's operating methods to move the matter forward.

In both organizations, the implementation process is similar. In both organizations, middle management has a great responsibility from the point of view of the implementation process, because the process progresses step by step. In both organizations, the wide coverage of the structure also makes the implementation process challenging, and in both organizations, the goal is to make the implementation process more familiar to the organization's personnel through various development projects and live events. Through these, the aim is to involve the personnel and better understand the strategy. In the implementation process, the public organization makes use of the management system it uses.

**The second research question was: what are the biggest challenges of strategy implementation in public- and private organizations?**

The answer to the research question consists of four factors that were obtained during the research: structure and content of strategy, management, communication, motivating, and monitors.

### **Structure and content of strategy**

The big challenge of the public city organization can be said to be the organization's scope and interdisciplinary nature because it is time-consuming and challenging to get the strategy into a sufficiently compact whole. The strategy remains at the top level of the organization, and it is difficult for the personnel to connect it to their activities and daily work. It can be said that the big challenge of implementing a strategy in a private organization is its siloing. The organization consists of several different business units that have their strategies, in which case the company's common strategy is completely missing. The strategies of different business units are individual, and they may not directly support each other, which creates a challenge.

It can therefore be said that in both organizations its structure and scope cause a challenge in the successful implementation of the strategy. In a private organization, the biggest challenge is the units' strategies and thus siloing, and in a public organization, the challenge is the scope of the organization and thus the difficulty of obtaining a concise strategy. It would be good to involve the person in the process of defining the strategy in some way so that they can give immediate feedback and commit to it at an early stage. Employees can have information that is important for the success of the strategy on whether someone can work in their department.

### **Management**

It can be said that in both public and private organizations, the role of management is highlighted as a major challenge for the success of strategy implementation. In both organizations, the critical role of middle management in the implementation of the strategy emerges and it can be said that managers' lack of commitment, lack of training, and their example of strategy is a challenge in the organization. Due to the large size of the organization, implementing the strategy is largely the responsibility of the teams and team managers. This content can differ from the strategy drawn up by the management in its expression and words and gives room for the middle management's interpretations or a possible lack of communication which in turn makes it difficult to successfully implement the strategy.

### **Communication**

The challenge of communication in the public organization is largely due to the lack of resources and thus communication cannot be extended to the grassroots level. The size of the organization makes it difficult to reach all members of the organization and get them interested in the strategy and related events that are organized. In a private organization, the challenge of communication can be said to be the overarching concept of

the strategy, which would require some members of the staff to open to make the strategy understandable. The fast pace of the organization also causes the continuous communication of the strategy, and the communication of successes can be left behind.

In a publicly owned company, the organization's strategy is high-concept, and the defined metrics are imprecise. This makes it difficult for the meter to not necessarily react to changes in operation. In a private organization, the challenge is also that sometimes something you do can be in the gray area of the strategy, so it can be difficult to say whether the action is in line with the strategy or not. And it can be difficult to interpret what is being done, which creates difficulty when it comes to implementing the strategy. The critical factor here is the metrics and the fact that the metrics are in line with these gray areas so that it would be easier to interpret the situations.

**The third research question was: What means can improve strategy implementation in public- and private organizations?**

The last research question sought to find out in which ways the implementation of the strategy can be improved. The answer to the research question consists of three factors that emerged in the study, which are management, communication, and motivating and monitors.

### **Management**

It can be said that bad management is a big obstacle to the success of strategy implementation. Increasing the competence of managers from defining the strategy to more about the implementation of the strategy is very important. Although the modern organization does not directly need rules and strict management, it is important for the manager to communicate the strategy understandable and to try to commit the personnel to it. The managers' critical task is to communicate the content of the strategy to the middle management of the organization so that the message of the strategy is similar

throughout the entire organization. It can also be said that it is important to have a compatible management style in the organization from the perspective of strategy implementation.

Critically important in the process is the importance of middle management in strategy implementation. The relationship between top management and middle management can be said to be a crucial factor in implementation because they can either enable the success of strategy implementation or prevent it. In communication, the informal discussion of the strategy between the subordinate and the supervisor was more meaningful than the more official strategy communication from the top management, and it can be said that the implementation can only be successful if the communication of the middle management strategy is done effectively. It would be important for the middle management to participate in the definition of the strategy in some way so that they agree with the chosen strategy and can carry it forward in the organization because if the middle management disagrees with the chosen strategy, it will not progress successfully in the organization either.

### **Communication**

A key factor in success can be said to be the successful communication of the strategy, which is facilitated by an understandable definition of the strategy. In communication, it is important to get people to understand the message of the strategy and to believe that working towards it will lead to successful results. At the same time, this encourages people to work for a common message. In communication, it is good to make use of use of many channels, in which case the aim is to reach people as best as possible at different stages of the process. Communication should be seen more as an interactive conversation, where staff are asked for feedback, and opportunities are created for open communication and giving feedback. The everyday conversation between subordinate and supervisor is especially important here.

The strategy should define the main mission of the organization so that the personnel of the organization can commit to doing things together and increase the work motivation of the employees. Controlling and monitoring strategy implementation is an essential element to achieve success and it can be said that there should be a functioning monitoring tool in use, which the management evaluates and monitors because if there is no investment in monitoring, the implementation cannot be successful either. With the help of rewards, the personnel in the organization can be guided in the direction of the strategy, and that is why it is important to define the reward system in such a way that it supports the success of the strategy process. In addition to traditional performance metrics, the organization should invest in metrics that consider strategy changes for future success that do not just happen naturally.

In motivating employees, it is important that the reward system supports the implementation of the strategy and that its metrics are well and clearly defined. Staff training can also be said to be important to make the implementation successful. With the help of a management system, the organization can ensure that it succeeds in efficiency, guidance, and monitoring. With the annual clock and Balance scorecard management systems, the critical functions and goals of the organization's strategy can be ensured.

## **5.2 Discussion**

Since not much previous research has been done on the topic of the study, it brings new insights regarding strategy implementation in public and private organizations. The research cannot be directly generalized to all public and private organizations, but for the case company, it can be said that public and private organizations have many similar challenges in terms of organizational implementation. Although the structure of the strategy creates a challenge in both organizations, it is not a direct blocking factor in the implementation of the strategy. However, the structure of the organization challenges the clear definition and communication of the strategy.

In a public organization, it is not possible to change the structure of the organization due to its official nature and its mandatory tasks based on the law. In a public organization, there is a certain decision-making process, which involves politics and whose structure comes as a given. Even in a private organization, changing the structure completely is not possible, because it is a global organization that consists of certain business units. That is, certain frames come from the global headquarters of the business units and therefore it limits the common strategy and structure of the entire country company. That is, even though it is possible to make significantly more organizational structure changes in a private organization, there are structural challenges there as well.

So, it can be said that this result differs from some of the strategy literature, which says that the structure of the organization must be consistent with the strategy so that the implementation of the strategy can be successful. Li, Guohui & Eppler (2008) point out that organizational structure and strategy fit is essential to the success of business strategy implementation. Although the organizational structure affects success and causes a challenge, it does not directly prevent the implementation of the strategy. Through that, the challenge of structure in organizations must be circumvented in other respects, because in public and private organizations, changing their structure is not possible in many respects due to their multi-levels.

In many respects, the research results are in line with the theoretical framework. Strandman (2009) highlights the use of versatile communication channels, face-to-face dialogue, participation, and open information sharing as in an effective strategy communication. These points also emerged in this study, so it can be said that they support the result. In both public and private organizations, the aim is to organize events involving the staff in the strategy. In both organizations, a lot of live events are used, and the major responsibility for communication is the organization's supervisors, through whom strategy communication takes place in everyday life. At the same time, supervisors are given a lot of freedom of choice in how to carry forward the communication and implementation of the strategy. The problem with strategy implementation can be said to be

remembering the communication that takes place throughout the process and reaching people in the hectic rush of working life.

Similarly, regarding the importance of management, the theory supports the findings from the research. Especially the importance of middle management and the communication of strategy emerge both in the theoretical framework and in the research. Aaltonen & Ikävalko (2002) point out in their research results that the role of middle management as a mediator of the strategy was emphasized, and they were both mediators of strategic information and verifiers of its understanding. Regarding both organizations, it can be said that the importance of middle management was emphasized in terms of strategy implementation, and in both organizations, it is also perceived as a challenge in terms of implementation. Middle management is a critical part of communicating the strategy, and therefore it is necessary to ensure that middle management understands the message in the same way as top management conveys it.

When it comes to monitoring, it can be said that the organizations differ from each other, although neither of them directly monitors the implementation of the strategy. In a public organization, the metrics of the strategy and its goals are formulated and developed. In a private organization, financial metrics can be said to be a bigger factor here. Here you can see the difference between these organizations in that the purpose of a private organization is to generate profit for shareholders, and the purpose of a public organization is to provide mandatory services for its various stakeholders.

### **5.3 Managerial implications**

Managerial implications consist of two factors, issues related to strategic management and issues related to strategic communication. The important thing in managing a strategy is to try to create a strategy so that it is as clear as possible. In addition to this, it is important to ensure that middle management is trained in the themes of the strategy because middle management is a critical factor between personnel and top

management. The tools for monitoring the strategy and the personnel reward system must be compatible to ensure the uniform performance of the personnel. At the same time, the personnel must be involved in the strategy process, so that they experience the strategy more as their own. Management must strive to monitor the implementation of the strategy through an effective control and management system.

Another important factor is issues related to the communication of the strategy. It is important to communicate factors related to strategy and strategy implementation through different communication channels to reach as many of the organization's personnel as possible. In communication, the everyday conversation that takes place between the manager and the employee plays a big role. It is therefore important to organize visits between people for these situations to occur. At different stages of the process, the staff should also be asked for their opinion on the strategy and its implementation, to get an overall understanding of how the process can be developed and possibly react when the strategy is developed.

**Management of strategy:**

- Clear definition of strategy
- Training middle management regarding the strategy
- Using efficient monitors and reward systems
- Motivating and engaging personnel for the strategy process
- Utilization of an effective control and management system

**Communication of strategy:**

- Multi-channel communications
- Dialogue with the personnel
- Asking personnel for feedback about strategy

**5.4 Limitations of the research**

The study was carried out as a qualitative study, where the aim was to compare the results obtained by a private and a public organization. Due to the nature of the qualitative research, extensive information on the topic was obtained from the organization's experts. However, the limitation here is the interviewees' view of the matter, which directly limits the generalization of the matter. The research was limited to only two case companies, which is why the results cannot be directly generalized to public and private organizations in general.

The reliability of the study can be considered true because the sample of the study was wide enough, and the answers of the interviewees were in the same direction, and based on them the results can be generalized to the two organizations. During the interviews, a saturation of the results was obtained, i.e., the answers began to repeat themselves, which can be considered a sign of generalizability and quality in the case of the research. In the interviews, it was possible to refine the questions and ask additional questions about questions that could have remained incomplete. The interviews were recorded, which made it possible to return to the tapes later during the research and obtain the highest possible quality research. It can therefore be said that although the research cannot be directly generalized to all private and public companies, the research can be said to be of high quality.

## 5.5 Suggestions for future research

Regarding the topic, there are many possible topics for further research, because in general not much research has been done on the differences between public and private implementation. One topic for further research could be to delve deeper, to study of some of the critical factors of implementation in the organization. These factors could be a broader study of strategy and strategy implementation communication in, for example, a public or private organization. In the research, surveys could be conducted within one organization and through that get answers from a larger group of people regarding the topic. Experts working at different levels of the organization could also be interviewed regarding the subject and thereby obtain information about the subject under investigation. On the other hand, a comparative study of a public and a private organization could also be done in the same way regarding the chosen topic and compare even more precisely the possible differences and opportunities regarding them.

Another potential topic for further research would be to study more broadly the utilization of different management systems and monitors in the strategy implementation process. Here, one could take either a single system or a monitoring tool as a research subject or examine several of these on a more general level. The topic could be narrowed down to either private or public organizations, or, accordingly, a comparative study could be done for both. It can therefore be said that there are many different further research topics regarding the subject.

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## **Appendices**

Appendix 1: Interview questions for experts working in case organizations.

### **Questions relating to strategy defining:**

1. How is the strategy prepared in your organization and who participates in planning and defining the strategy?
2. What kind of discussion/dialogue was held with the personnel before defining the strategy, or does other personnel participate in the drafting in some way?

### **Questions relating to the implementation process:**

3. How is the implementation process organized in the organization and who participates in it?
4. Has the strategy been broken down into smaller operating instructions regarding the implementation of the strategy?

### **Questions relating to communication of strategy:**

5. How is the new strategy communicated within the organization?
6. Has the strategy been opened in a more comprehensible form and what methods are used to ensure that the personnel understand the strategy?
7. Has it been opened in communication that by which means the strategy is concretely implemented in daily work?
8. How do discussion and communication take place with those doing the implementation work?

9. How often is the strategy communicated and by what methods? (Should it be done verbally or through messages?)

10. Are staff asked for feedback on the strategy or its functionality (and if so how)?

11. How is the strategy changed if necessary and how is this communicated in the organization?

**Questions relating to incentive and motivation:**

12. What kind of incentives or tools are used to motivate the personnel so that the operations are in line with the strategy?

**Questions relating to monitoring and indicators:**

13. How is the implementation of the strategy monitored?

14. Are there any indicators or practices in place to track implementation?

15. How much freedom of choice is possible in strategy implementation?

16. How is the implementation reported to the upper management?

**Questions relating to challenges of the strategy implementation:**

17. What do you feel are the biggest challenges of strategy implementation in your organization?

18. What means can improve strategy implementation in your organization?