

Impacts of Superior Formulation and Execution of Strategy on the Sustainability of Pakistani Firm's Growth

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ABSTRACT

Strategy is the backbone of any business enterprise; there are cases of Pakistani businesses where they have been very vulnerable to competition and other external forces despite of all the financial and technical resources. This study evaluates the impact of strategy formulation and implementation on Pakistani firm's growth. This research, tried to find out the reason why Pakistani business are not "Build to last". It is found that sustainable growth is highly dependent on firm's ability to formulate and implement strategy. It was also found that strategy formulation has more influence over sustainable growth as compared to strategy implementation. Effect of different constructs of strategy formulation and strategy implementation over different constructs of sustainable growth was also assessed and presented in the study.

KEYWORDS: Strategy formulation, Strategy Implementation, Sustainable growth, Impact on Pakistani Firm's growth, Strategic management process.

INTRODUCTION

Pakistan industrial and service is not performing according to its true potential, and relies heavily on policies of the government and always looks for state patronage [18]. Pakistan's industrial and service sector is not prepared to face the challenges of globalization mainly due to external forces like unstable political environment and lack of infrastructure [39]. Pakistan industry is using traditional styles of doing the business since long time, but has changed its style to cope with the challenges of modern era, but this adoption of change is very slow and not according to modern day business environment. [16]

Professional that are running the businesses in Pakistan have developed a certain way of thinking, and for them learning new management techniques is very difficult, and for this very reason they resist to change in their management perspective, which makes for them harder to respond to any change in global business situations. Sustainable growth and sustainable competitive advantage of Pakistani businesses has been area of concern for the entrepreneurs and researchers since a long time. Pakistani businesses are enriched with financial, technical and other resources essential for business success over long run. However, Pakistani businesses are unable to attain sustainable growth and are very vulnerable to external forces. [16, 39]

This research has focused on studying the vulnerability of Pakistani businesses against external forces and competition from a strategic perspective. According to [33] Strategic management process consists of strategy formulation and strategy execution, which leads to sustainable growth which makes business less vulnerable to external forces and competition.

It is very clear from past researches that Pakistani businesses are lacking a proper strategic management process which is hindering their long term progress, it is inferred from different previous studies that a firm having sound understanding and proper system for strategy formulation and strategy implementation will have sustainable growth and sustainable competitive advantage and will be less vulnerable to external forces and competition.

Most of the business in Pakistan are family owned, due to which management practices remains same over time. The concepts of strategic management or creative business management (CBM) are new to Pakistani entrepreneurs, but rate of adoption of these techniques is increasing day by day. [16]

Problem Statement

Study the Pakistani businesses from strategic perspective, as a complete business unit and try to identify factors effecting sustainable growth, both in terms of strategy formulation and strategy implementation.

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Objectives of the Study

- To assess the key aspects of strategy *formulation* in selected Pakistani firms as perceived by their executives.
- To assess the key aspects of strategy *implementation* in selected Pakistani firms as perceived by their executives.
- To recommend the course of action for Pakistani *executives/entrepreneurs*

Research Hypothesis

- **H₁:** *The firms with better process of strategy formulation will be more successful in implementing their strategy as compared to those with vague process of strategy formulation.*
- **H₂:** *The firms with better process of strategy formulation will show more sustainable growth as compared to those with vague process of strategy formulation.*
- **H₃:** *The firms with better process of strategy implementation will show more sustainable growth as compared to those with lesser degree of strategy implementation.*

Literature Survey (Historical Background) and Theoretical Framework

Pakistan industrial and service sector has not been able to take off to its true potential, Pakistani firms are very vulnerable to external forces and highly dependent on the patronage of state. [18]

Coupled with external factors like unstable political structure, inadequate infrastructure and unfavorable investment circumstances, Pakistan's industrial and service sector has not been able to contribute in poverty reduction and not prepared to face the challenges of globalization. [18, 39]

Pakistan industry was using traditional styles of doing the business since long time, but has changed its style to cope with the challenges of modern era, but this adoption of change is very slow and not according to modern day business environment. [16]

The professional that are running the businesses in Pakistan have developed a certain way of thinking, and for them learning new management techniques is very difficult. [16]

It was considered earlier that ROI is only important item in business to take care of, later Human resource was also added to that list, but in late 1980's Michael E Porter highlighted the fact that Strategy and keeping strategy up to date with the new trends is the back bone of the business. [39]

Strategy formulation consist of analysis of different parameters like SLEPT analysis, SWOT analysis, current state of technology, completion and human capital in hand, working realities and approach towards achievement of goals. [16]

Most of the business in Pakistan are family owned, due to which management practices remains same over time. The concepts of strategic management or creative business management (CBM) are new to Pakistani entrepreneurs, but rate of adoption of these techniques is increasing day by day. [16]

Harvard business Review (HBR) in its famous book "HBR's Must Reads on Strategy" define strategic management process (SMP) by dividing it into mainly two categories namely strategy development (Strategy formulation) and Strategy execution (Strategy implementation). HBR further divided strategy development and strategy execution in 5 dimensions each. [12]

Strategy Formulation:

Strategy formulation consist of five broad parameters namely understanding strategy, building company's vision, industry analysis through five forces model, defining business model and understanding the concept of blue ocean strategy. [12].

For a very long time people tend to believe that operational effectiveness is actually the strategy. But this is not the case. Due to short sighted approach by the entrepreneurs and their reliance on operational effectiveness, management tools took the place of strategy in the business processes. [33].

Due to reliance on operational effectiveness businesses have become competitively convergence, which means there is now little difference among the competing business, which makes the competition more fatal. Operational effectiveness is all about doing the same things in a better way, while on the other strategy is all about doing the different things, or doing the same things differently. [33]

Strategy is all about creating a unique positioning, which is difficult to imitate. [32]

Strategy cannot be formed isolation; company must be very clear about where it is operating, what type of business it is in, and what type of industry dynamics it is facing. Scanning environment and dynamics around you is

called industry analysis and it is back bone of strategy formulation process. Five forces namely bargaining power of suppliers, bargaining powers of buyers, threat of new entrants, threat of substitute services and products and rivalry among existing firms, will form the basis of industry analysis essential for formulating a good strategy. [32]

A company's business practices may change from time to time according to need of the situation, but its core ideology, the very reason for which the business was established, should not be changed. [14].

For the long term success of any business enterprise, its business model is of key importance. Business model is developed on the bases of your vision. Business model put all your business activities in an efficient and coordinated way. [20]

You cannot achieve sustained growth and high performance while competing in overcrowded industries. To achieve sustained high performance and to remain in the business for a longer period of time profitably you have to create a blue ocean out of Red Ocean, which has become red due to cut throat competition. [21]

Strategy Implementation

Harvard business review in its book HBR's must reads on strategy define 5 dimensions of strategy execution for better results namely clarifying decisional rights and information flow, balance score card approach, strategic tradeoffs, closing strategy-performance gaps and RAPID decisional model. [12]

Building vision, crafting strategy based on that vision together with brilliant product can put you on the track of success, but these factors do not guarantee that you will remain there forever. Research has shown that 3 out of 5 companies are unable to execute their brilliantly crafted vision and strategies, which results in their downfall in a very short period of time. [10]

In the past business rely on financial measures to check their performance and take them as an indicator for their success or failure. Researches and experience has shown that only good financial measures are not enough for long time business success, there are many other non-financial measures which contributes to long term sustainable growth of the business. [23]

According to Norton [23] balance score card is the approach to link the strategy formulation and implementation and get the maximum out of your strategic management process.

According to Orit Gariesh [25] to transform corner office strategy into front line action plan, a company must clearly define its strategic principle.

Strategic principle is all about defining corporate strategy of the firm in simple, short, concise, easily understandable and easily memorize able phrase.

According to Orit and James [25] strategic principle help a company in making some critical strategic tradeoffs (what to do and what not to do), checking the soundness of strategic decisions by linking the vision of the company with the practical wisdom of line and staff managers and it also help organization is setting clear boundaries for each employee to operate and experiment.

Closing Strategy-Performance Gap

Steele [40] highlighted some key elements which look very small but are of key importance to get maximum results out of your strategy formulation exercise.

A company instead of using lofty goals must define out clearly what it will do and what it will not, it will keep the things simple and easily understandable at all levels. [40]

He further suggests that assumptions made by the company during the strategy formulation should be realistic and must be based on actual market dynamics.

He further suggested making accurate forecasts and discussing the resource requirement and deployment with every business unit as early as possible in strategic management process. It will help them in getting prepared for the future events. It will also reduce the element of surprise.

He said you must be very clear about your priorities. It will increase the strategic focus of each and every functional unit of the organization.

Monitor performance continuously and regularly. The thing which cannot be measured cannot improve. So measure whatever you do, so that you can keep an eye on where you are heading and can take corrective action if required.

Blenko [1] suggest a RAPID decision model for the effective strategy execution. RAPID stand for Recommend, Agree, Perform, Input and Decide.

Measuring Sustainable Growth through Financial and non Financial Measures.

The ultimate objective of strategy formulation and strategy execution is to achieve sustainable growth. Porter [33] first highlighted the facts why companies are unable to maintain their growth rate and are unable to maintain their competitive advantage over others.

The idea of Porter was picked by Norton [23] and they took it further by highlighting the fact that to achieve sustainable growth you must measure your growth both on financial as well as non financial measures. Norton also rejects the myth that only financial measures are important for company's growth.

In their game changer research of Balance Score card Norton [23] put forward four perspective and four processes to attain sustainable growth.

According to Norton [23] four processes i.e. translating the company vision, developing mechanism for feedback and learning, developing mechanism for communicating and linking and developing mechanism for business planning are very important in getting sustainable growth.

Norton [23] also emphasizes the fact that only financial measures are not sufficient to make judgment about the ability of the company as far as sustainable growth is concerned. They put forward the concept that for true picture about company's performance and its ability to sustain for a long run, its performance must be measured on four perspective namely financial perspective, internal business processes perspective, customer perspective and learning and growth perspective.

Building upon Theoretical Model---The conceptual Framework

Based on the literature review, theoretical and conceptual framework was developed. Figure 1 and Figure 2 provide the schematic diagram of theoretical and conceptual framework

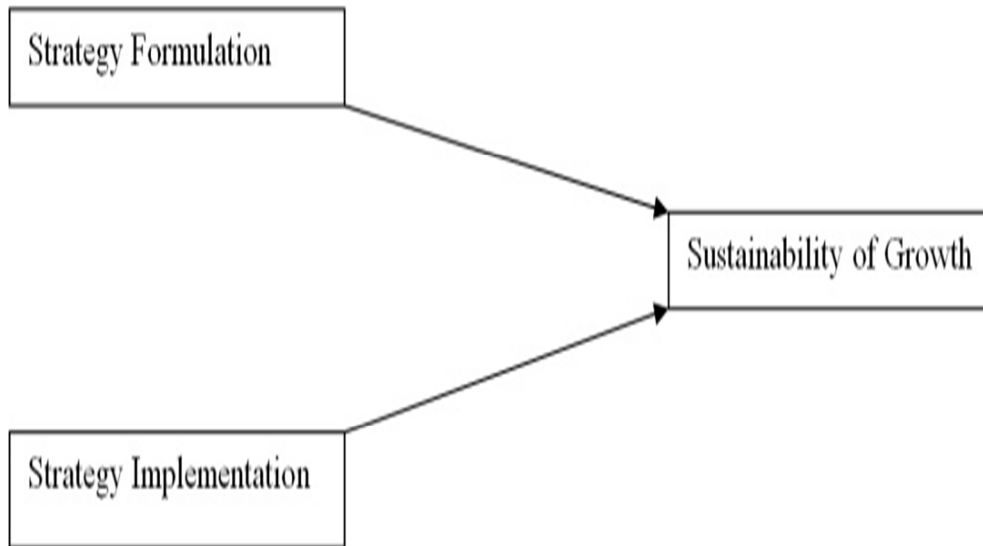


Figure 1: Theoretical Framework

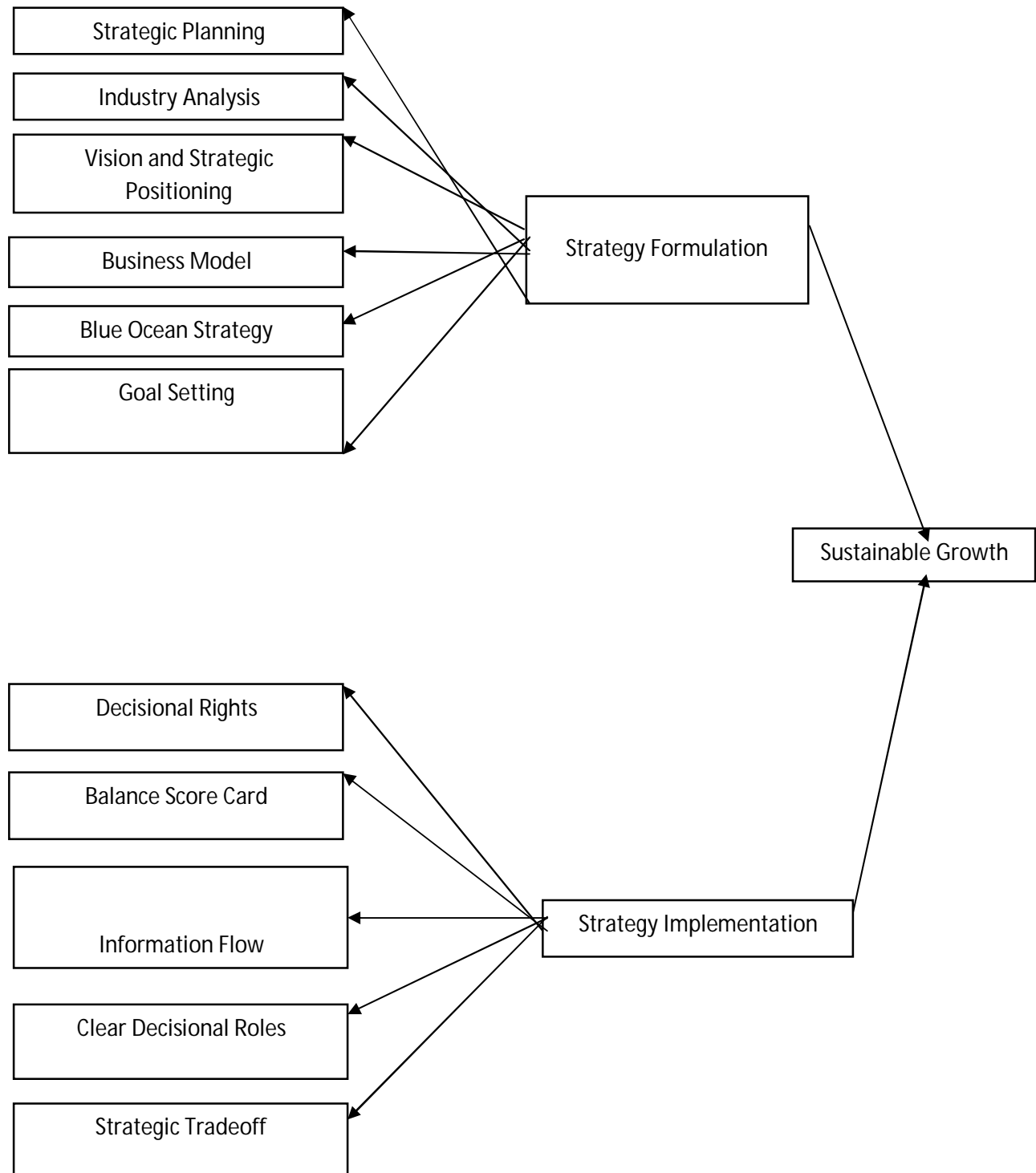


Figure 2: Detailed Theoretical Framework

METHODOLOGY

Type of study

Study was descriptive in nature with cross-sectional survey design because the data is collected at one point in time through questionnaires. Theoretical framework for the study was developed using 10 must reads on strategy by

Harvard Business Review [12]. Findings of previous studies were also used in the development of theoretical framework and hypothesis.

Research design

Data was collected using a three structured questionnaires (one each for strategy formulation, strategy implementation and sustainable growth) through face to face meetings with top and middle level managers.

Constructs Used in the Study

Constructs used in this study and their sources are mentioned in Table 1 below.

Elements of Conceptual Model	Constructs used in the study	Sources
Strategy Formulation	Strategic Planning	[33]
	Industry Analysis	[32]
	Vision and Strategic Positioning	[14]
	Business Model	[20]
	Blue Ocean Strategy	[21]
	Goal Setting	[14]
Strategy Implementation	Decisional Rights	[10]
	Balance Score card	[23]
	Information Flow	[10]
	Strategic Trade offs	[25]
	Decisional Roles	[1]
Sustainable Growth (Performance of the firm)	Using Both Financial and Non Financial Measures	[19, 23]

Table 1: Constructs used

Development of Survey Instrument

The procedure adopted for the development of survey instrument is shown in Figure 3 below,

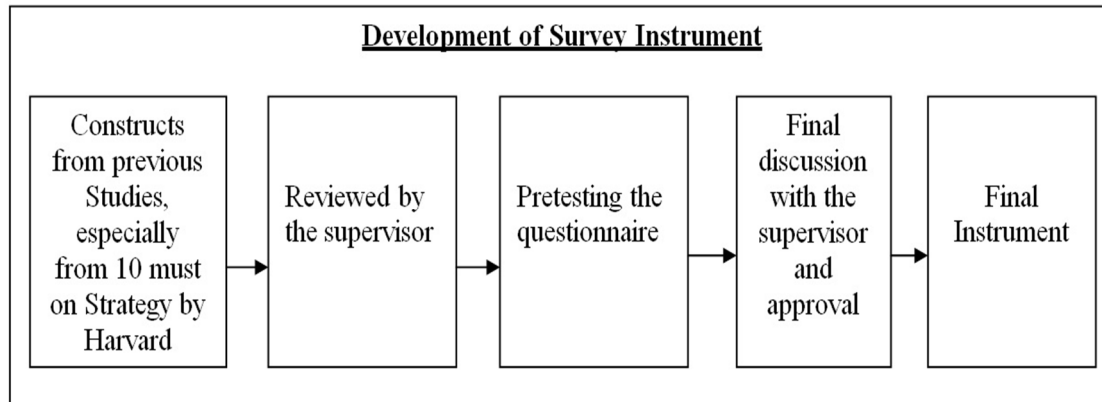


Figure 3: Development of Survey Instrument

A feedback form was used to gather their valuable input about the questionnaire during its pretesting.

Feedback Form used with the pilot questionnaire is given in the Appendix "A".

Final research instrument composing of three questionnaires can be found at Appendix "B".

Measurement Scales:

7 item likert rating scale was used for the measurement of responses, to make it easy to perform statistical data analysis. Strategy formulation and strategy implementation was measured on a scale of 0 to 6, having values 0= not applicable, 1=strongly disagree, 2=moderately disagree, 3=slightly disagree, 4=slightly agree, 5=moderately agree and 6=strongly agree.

In measuring growth of the firms based on the items highlighted in balance score card [23, 19], following likert scale was used. On a scale of 0 to 6, having values 0=not applicable, 1=very poor, 2=poor, 3=fair, 4=good, 5=very good, 6=excellent. This scale was used to measure the actual perceived performance of firm by its top executives in Key performance indicators in areas like customer KPI's, Financial KPI's, internal business process KPI's and learning and growth KPI's.

Sample Size and Sampling Procedure:

A simple random convenient sampling technique was used keeping in mind the status of the respondents, their accessibility and willingness to take part in the research was given importance in selecting sample. 370 top and middle level managers from 20 organizations were contacted out of which 273 actually took part in the survey, for final data analysis 240 (12 best for each organization) responses were used.

Handling Problem of Common Method Variance (CMV).

Common method variance is defined as the level of spurious covariance shared among the different variables due to the usage of common method in collecting the data [2].

In survey studies where respondents were required to respond to items in single questionnaire at same point of time, the data is more likely to have issue of common method variance [15, 17]. To reduce the likely hood of this issue, three different sections of questionnaire were made, and respondents were asked to fill each of them one by one.

One of the potential causes of this shared correlation among different variables is consistency motif [30] [22]. To reduce the effect of this consistency motif Salancik [38] has proposed that questionnaire should be designed in such a way in which dependent variable follow the independent variable. In this study questionnaire was designed in according with this suggestion.

By following precedents set in previous studies, utmost care is taken into consideration to reduce the problem of CMV.

Data Analysis

Reliability and Validity of Measure used

At the first step, validity of measure used for construct was assessed by EFA (Exploratory Factor Analysis) [8, 9]. After reducing and re-grouping the items, reliability was assessed using cronbach alpha [5]. Reliability and validity of each element of conceptual model was assessed separately as describe by [43].

Exploratory Factor Analysis and Reliability

Strategy Formulation

Exploratory factor analysis was performed on all items used to measure strategy formulation. Based on that exercise items were reduced and re-grouped based on their interrelationships.

As per the findings of Extraction Method of Principle component analysis and Rotation through Varimax with Kaiser Normalization, items having improper factor loading were dropped and remaining are re-grouped according to their interrelationship in new scale.

Scales initially used for strategy formulation are mentioned in Table 2 below,

Strategy Formulation	Strategic Planning	[33]
	Industry Analysis	[32]
	Vision and Strategic Positioning	[14]
	Business Model	[20]
	Blue Ocean Strategy	[21]
	Goal Setting	[14]

Table 2: Constructs used for Strategy Formulation

However after factor analysis Vision, business model, and blue ocean related items found to have strong interrelationship and were grouping with items of scale “**Strategic planning**”. Items loading on factor 2 were mainly related with Goal setting; hence it was retained with slight modification in name i.e. **Goal Setting Through innovation and Evaluation**”. There few items which have heavy loading on factor 3, which were mainly related to “**Strategic positioning**” hence a separate scale with the name “Strategic positioning” was created. Items related to industry analysis were having heavy loading on one factor; hence scale “**Industry Analysis**” was retained. Initially 6 variables were used to make the research instrument, which was later become 4 after re-grouping of items through exploratory factor analysis.

Reliability of all these 4 variables gained after EFA are given below,

After EFA, reliability of all the remaining constructs of strategy formulation was assessed; results are mentioned in Table 3 below,

Construct	Cronbach's Alpha	Number of Items
Strategic Planning	.949	10
Goal Setting Through Innovation and Evaluation	.866	6
Strategic Positioning	.741	3
Industry Analysis	.777	3
For Overall Strategy Formulation	.937	22

Table 3: Reliability of Strategy Formulation constructs

Reliability of all four constructs were good, so it was decided to take the mean of summated scale of all items of each construct and use it as a measure of that construct for data analysis.

Items for strategy formulation were reduced to 22 from 29 after EFA.

Strategy Implementation

Exploratory factor analysis was performed on all items used to measure strategy implementation. Based on that exercise items were reduced and re-grouped based on their interrelationships.

Based on the Extraction method by Principle component analysis and Rotation through Varimax with Kaiser Normalization, items having improper loading were dropped and remaining items were re-grouped based upon their interrelationships.

Scales initially used for strategy implementation is mentioned in Table 4 below,

Strategy Implementation	Decisional Rights	[10]
	Balance Score card	[23]
	Information Flow	[10]
	Strategic Trade offs	[25]
	Decisional Roles	[1]

Table 4: Constructs used for Strategy Implementation

However after EFA, items were reduced and re-grouped based on their interrelationships.

Items related to original construct of decisional rights and balance score card, were having strong interrelationships and hence were grouped together under the new scale of **“Decisional Rights and Balance Score Card”**. Items related to original construct of decisional roles and strategic trade off, were having strong interrelationships, and hence were grouped together under the new scale of **“Decisional Roles and Strategic Tradeoffs”**. Two items were having heavy loading on factor 3, those were put under a new scale which was named **“Strategic Human Resource Practices”**. Items related to original construct of **information flow**, were loading on the same scale, so it was retained.

Initially 5 constructs were used to make research questionnaire, which later reduced to 4 after data reduction and regrouping done through EFA.

Reliability for all four constructs of Strategy implementation obtained after EFA,

Reliability of all constructs used for strategy implementation was assessed after performing EFA, results are mentioned in Table 5 below,

Construct	Cronbach's Alpha	Number of Items
Decisional Rights and Balance Score Card	.882	8
Decisional Roles and Strategic Tradeoffs	.761	5
Strategic HR Practices	.484	2
Information Flow	.629	2
For Overall Strategy Implementation	.868	14

Table 5: Reliability for Strategy Implementation

Reliability of construct “Strategic Tradeoff” was low, so this construct was dropped and not included in the data analysis.

Reliability of construct “Information Flow” was below the commonly acceptable limit of 0.70, however according to Robinson [34] reliability score of 0.60 is also acceptable exploratory studies.

HUYSAMEN and Peterson [13, 28] Also support this argument that Alpha below the generally acceptable limit of 0.70 can be accepted, he further added that Alpha value below 0.50 is considered unacceptable. George [7] Provide a rule of thumb for the interpretation of value of Cronbach's Coefficient Alpha, these were Greater than 0.90=Excellent, greater than 0.80=Good, Greater than 0.70=Acceptable, greater than 0.60=Questionable, greater than 0.50=poor and finally less than 0.50=unacceptable.

Due to the reason that reliability score was near to cut off value and due to the fear of losing precious information, in was decided to retain this scale in final data analysis.

So it was decided to take the mean of summated scale of all variable of each construct and to use it as a measure of that construct.

Initially 18 items were in the research instrument to measure strategy implementation, however after factor analysis and reliability test, only 14 found to be valid and reliable, which were grouped into three factors instead of originally selected 5 factors.

Sustainable Growth.

Extraction was done through principle component analysis, rotation was run through Varimax with Kaiser Normalization, and items are reduced and re-grouped according to their interrelationships.

Initially constructs mentioned in Table 6 below was used to develop questionnaire for sustainable growth,

Sustainable Growth (Performance of the firm)	Using Both Financial and Non Financial Measures	[19, 23]
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Table 6: Constructs for Sustainable Growth

There are 4 constructs which can be used to measure sustainable growth of the firm namely (1) Performance in terms of customer perspective (2) Performance in terms of Internal Business Processes (3) Performance in terms of Learning and Growth and (4) Performance in terms of financial indicators. [19, 23]

Items related to customer perspective and finance were loading heavily on single factor, so they were grouped together to form a new construct namely **“Performance in terms of Customer and Financial indicators”**. Items related to internal business perspective were having heavy loading on their original construct, so it was retained as **“Performance in terms of Internal Business Processes”**. Items related to learning and growth were having heavy loading on their original construct, so it was retained as **“Performance in terms of Learning and Growth”**.

Reliability for all three constructs of Sustainable Growth obtained after EFA.

Reliability was assessed for all constructs used for sustainable growth after performing EFA. Results are mentioned in Table 7 below,

Construct	Cronbach's Alpha	Number of Items
Performance in Terms of Customer Perspective and Financial Indicators	.910	6
Performance in terms of Internal Business Process	.883	3
Performance in terms of Learning and growth Perspective	.724	3
For Overall Sustainable Growth	.906	12

Table 7: Reliability for Sustainable Growth

So it was decided to take the mean of summated scale of all variable of each construct and to use it as a measure of that construct.

Three new latent variables namely Strategy Formulation, strategy implementation and Sustainable growth was formed by taking the sum of their constructs to be used in data analysis.

DISCUSSION ON RESULTS

Multiple regression and correlation techniques of inferential statistics were used to test the hypothesis developed for this study. Results of this analysis are presented in coming sections. As described earlier, two independent variables namely strategy formulation and strategy implementation and one dependent variable sustainable growth was used.

Hypothesis Testing

Summarized form of hypothesis, their results after data analysis and final conclusions on Hypothesis is given below in Table 8.

Hypothesis	Results of Data Analysis	Conclusion
H₁: The firms with better process of strategy formulation will be more successful in implementing their strategy as compared to those with vague process of strategy formulation.	Adjusted R Square= .720, and correlation is .849 at a significance level (p) of 0.01	Significant positive relationship was found between strategy formulation and strategy implementation, so H ₁ was Accepted
H₂: The firms with better process of strategy formulation will show more sustainable growth as compared to those with vague process of strategy formulation.	Adjusted R Square= .853, and Correlation is .924 at a significance level (p) of 0.01	Significant positive relationship was found between strategy formulation and sustainable growth, so H ₂ was Accepted
H₃: The firms with better process of strategy implementation will show more sustainable growth as compared to those with lesser degree of strategy implementation.	Adjusted R square= .634, and Correlation is .797 at a significance level (p) of 0.01	Significant positive relationship was found between strategy implementation and sustainable growth, so H ₃ was Accepted

Table 8: Hypothesis Summary

Additional Discussion:

To find out the individual effect of constructs of strategy formulation and strategy implementation on all three constructs of dependent variable i.e. sustainable growth separately, it was decided to further go deep into the analysis. For this purpose multiple regression analysis was run three times, by keeping the constructs of strategy formulation and strategy implementation as independent variables and keeping all three constructs of sustainable growth dependent variable one by one.

Results are summarized in the Table 9 below,

		Dependent Variable (Sustainable Growth)								
		Constructs Used								
		Cus&Fin			IBP			L&G		
Independent Variables	Constructs Used	β	P	Adj R ²	β	P	Adj R ²	β	p	Adj R ²
Strategy Formulation	Strategic Planning	.173	.001	.884	.752	.000	.841	-.703	.000	.565
	Goal Setting through innovation and Evaluation	.418	.000		.288	.000		.469	.000	
	Gaining Unique Strategic Positioning	.037	.221		.111	.002		.269	.000	
	Industry Analysis	.193	.000		.165	.000		.439	.000	
	Decisional Rights and Balance Score cards	.351	.000		-.449	.000		-.112	.911	
Strategy Implementation	Decisional Roles and Strategic Trade offs	-.015	.681		.098	.022		.217	.002	
	Information Flow	-.094	.001		.103	.003		.244	.000	

Table 9: Individual Effect of constructs of Strategy formulation and Implementation on sustainable growth

Cus&Fin represents “performance in terms of customer and financial perspective”.

IBP represents “performance in terms of internal business process perspective”.

L&G represents “performance in terms of Learning and Growth Perspective”.

Adjusted R square for “Performance in terms of customer and financial perspective” is .884, which means that about 88% variance in this dependent construct is explained by the constructs of independent variable used in this study, which is very good and represents the model fit.

Adjusted R square for “Performance in terms of internal business perspective” is .841, which means that about 84% variance in this dependent construct is explained by the constructs of independent variables used in this study, which is very good and represents the model fit.

Adjusted R square for the “Performance in terms of learning and growth” is .565, which means that about 56% variance in this dependent construct is explained by the constructs of independent variable used in this study, which is acceptable and represents the model fit.

Among all constructs of independent variable, strategy formulation, construct of “Goal setting through innovation and Evaluation” has more influence over dependent construct “Performance in terms of customer and financial perspective” with Beta value of .418 at a significance level of .000.

Similarly among all constructs of independent variable, strategy implementation, construct of “Decisional Rights and Balance score card” has more influence over dependent construct “Performance in terms of customer and financial perspective” with Beta value of .351 at a significance level of .000.

Similarly when effect of independent constructs was analyzed on second dependent construct i. e “Performance in terms of Internal business process” it was found that among all constructs of independent variable, strategy formulation, construct of “Strategic Planning” has more influence on this dependent construct with beta value of .752 at a significance level of .000.

Following same approach it was also found that among all constructs of second independent variable, Strategy implementation, construct of “Information flow” has strong positive influence on this dependent construct with beta value .103 at a significance level of .003. it was also found that construct of “Decisional rights and balance score card” has a strong negative influence over this dependent construct with beta value of -.449 at a significance level of .000.

During analyzing the effects of independent constructs on third dependent construct i.e “Performance in terms of Learning and Growth”, it was found that among all constructs of independent variable, strategy formulation, “Strategic Planning” has strong negative influence over this dependent construct with beta value of -.703 at a *p* value of .000. Similarly it was found that construct of “Goal setting through innovation and evaluation” has strong positive influence over this dependent construct with Beta value of .469 at a *p* value of .000.

Finally when effect of constructs of independent variables strategy implementation on third dependent construct “Performance in terms of Learning and Growth” was analyzed it was found that among all constructs of independent variable, strategy implementation, construct of “Information flow” has strong positive influence over this dependent construct with beta value of .244 at a *p* value of .000.

Findings

- It was found that both process of strategy formulation and process of strategy implementation have strong positive relationship with sustainable growth.
- Strategy formulation also has strong positive relationship with strategy implementation. This means that if a firm has good process of strategy formulation, then it is more likely to have good process of strategy implementation as well.
- Among all constructs of independent variable, strategy formulation, construct of “Goal setting through innovation and Evaluation” has more influence over dependent construct “Performance in terms of customer and financial perspective.
- Among all constructs of independent variable, strategy implementation, construct of “Decisional Rights and Balance score card” has more influence over dependent construct “Performance in terms of customer and financial perspective.
- Among all constructs of independent variable, strategy formulation, construct of “Strategic Planning” have more influence on this dependent construct of “Performance in terms of Internal Business Process”. Among all constructs of second independent variable, Strategy implementation, construct of “Information flow” has strong positive influence on this dependent construct of “Performance in terms of internal Business Processes. It was also found that construct of “Decisional rights and balance score card” has a strong negative influence over this dependent construct of “Performance in terms of Internal business Processes”.
- It was found that among all constructs of independent variable, strategy formulation, “Strategic Planning” has strong negative influence over this dependent construct of “Performance in terms of learning and Growth”. Similarly it was found that construct of “Goal setting through innovation and evaluation” has strong positive influence over this dependent construct of “Performance in terms of learning and Growth” It was found that among all constructs of independent variable, strategy implementation, construct of “Information flow” has strong positive influence over this dependent construct of “Performance in terms of learning and Growth”

Contribution to Existing Knowledge

- This study makes some important contribution in the current literature in following ways:
- Developed a new model based on the Harvard business review articles to check the impact of strategy formulation and implementation on the sustainable growth of the firm.

- Developed a new research instrument which can be further used in the similar studies.
- Used both financial and non financial measures in measuring performance of the firms, and in the process differentiate between growth and sustainable growth.
- Highlighted the factors which are important for the sustainability of the firm's growth.
- Highlighted the relationship and its strength between strategy formulation, strategy implementation and sustainable growth.

Direction for Future Research

This study also provides some very useful direction for future research in this area specially focusing Pakistani Firms. Which are stated below,

- This study has presented a new model with new constructs for strategy formulation, strategy implementation and sustainable growth, which can be further used with different variations to assess the firm's ability to attain sustainable growth.
- Further studies can be done including differing moderating variables like environment in to the model.
- Further studies can be done using different constructs used in this study separately, through which effect of these constructs on each other can be sought.
- A study using case study methodology can be done to further validate the findings of this study.
- As this study is directly related to performance of the firm, so this study can act as a good step towards industry Academia partnership in research.
- A research instrument was developed in this study, which could be very useful in future studies in similar area.

CONCLUSION

- Pakistani firms should put more focus on strengthening the process of strategy formulation and strategy implementation as these both process have strong influence over sustainable growth. It is evident from the findings of the study that if Pakistani firms want to have sustainable growth they should excel in strategy formulation and strategy implementation.
- It was also found in this study that strategy formulation has strong positive relationship with strategy implementation, which means that Pakistani firms should focus more on Strategy formulation more, as it will increase their chances to have better strategy implementation as well.
- Pakistani Firm's should put more focus on "Goal setting through innovation and Evaluation" to achieve better performance in terms of Customer and Financial perspective.
- As far as strategy implementation in concerned, Pakistani firms should put more focus on "Decision rights and Balance Score card" to achieve better performance in terms of customer and financial perspective.
- To achieve better performance in terms of internal business perspective, Pakistani firms should put more focus on "Strategic Planning" while formulating the strategies.
- While implementing the strategy, Pakistani firms should be more careful "information flow" to achieve better results in performance in terms of internal business processes.
- To achieve better performance in terms of learning and growth, Pakistani Firm's should put more energy on "Goal setting through innovation and Evaluation" while formulating the strategy.
- Pakistani firms should put more focus on "Information Flow" while implementing the strategy, to achieve better performance in terms of learning and growth.

Appendix “A”

Feedback Form

Dear Sir/Madam,

Greetings,

I am conducting research on “Impact of Superior strategy formulation and implementation on Sustainability of Pakistani Firm’s Growth”. Kindly fill the attached questionnaire and provide your feedback. Your feedback and comments will assist me in finalizing the content and language of this questionnaire to make it more valid and reliable.

How much time it take to fill the questionnaire? _____

Did the contents of the questionnaire are relevant to the topic? Yes ☐ No ☐

If your answer to above question is “NO”, kindly please state below which item you think is not relevant to the topic.

Did you find it difficult to understand the meaning of the questions? Yes ☐ No ☐

If your answer to above question is “YES”, kindly please state below which item poses you the difficulty in understanding?

Did you find it difficult to read the questions from beginning to end effortlessly?

Yes ☐ No ☐

If your answer to above question is “YES”, kindly please state below the problem your encountered.

Any other comment you want to make or any other suggestion you want to give.

Appendix” B”

Research Instrument

Dear Sir/Madam,

I am a student of MS (Management) in IB&M, UET Lahore. I am conducting research on the topic: **Impacts of superior formulation and execution of strategy on the sustainability of Pakistani firms' growth"**

I humbly request you to kindly go through my questionnaire and, if you choose to do so, please respond my questionnaire. This is purely an academic study and data provided by your kind self will not be shared with any one without your consent, and will not be used for any other purpose beyond the scope of this specific study.

Thanks in anticipation for your cooperation.

Sincerely,
(Farhan Aslam)

** Definition of technical terms is given in footnote at every page

Demographic Data

Please tick on the relevant case: (This part is also necessary to fill in)

Name: **Age:** (1)25~30(2)31~35(3)36~40(4)41~45(5)45~50(6)50~more **Gender :** (1)Male / (2)female

Education: (1) undergraduate / (2) graduate / (3) Masters / (4) Mphil/ (5) Phd

Company: **Designation:** **Experience:** (1)1~5years/(2)6~10years/(3)11~15years / (4)16~20years/(5)21~more

Sustainable Growth Factors							
SPSS CODE	Appropriateness						
The degree/extent to which you rate/feel that:							
Questionnaire "A"		Not Appropriate at all	Highly inappropriate	Moderately in appropriate	Slightly Appropriate	Moderately Appropriate	Strongly Appropriate
App_BSC_MI_1	Measures and initiatives taken by your company to achieve your targets related to customers were appropriate?	0	1	2	3	4	5
App_BSC_MI_2	Measures and initiatives taken by your company to achieve your targets related to financials were appropriate?	0	1	2	3	4	5
App_BSC_MI_3	Measures and initiatives taken by your company to achieve your targets related to internal business processes were appropriate?	0	1	2	3	4	5
App_BSC_MI_4	That measures and initiatives taken by your company to achieve your targets related to learning and growth were appropriate?	0	1	2	3	4	5
Customer Perspective KPI's							
How will you rate your Firm / Organization's performance in terms of		Not Applicable	Very Poor	Poor	Fair	Good	Very Good
							Excellent
KPI_Cust1	Customer satisfaction in terms of cycle time of your firm.	0	1	2	3	4	5
KPI_Cust2	As far as Customer satisfaction in terms of on time delivery is concerned?	0	1	2	3	4	5
KPI_Cust3	As far as Customer satisfaction in terms of service, image, reputation and brand is concerned?	0	1	2	3	4	5
KPI_Cust4	Satisfaction with the quality of the product(s) concerned?	0	1	2	3	4	5
Internal business processes KPI's							
The Extent/Degree to which you rate your firm/organization's performance in terms of							
KPI_IBPs1	Competitiveness in terms of Unit cost?	0	1	2	3	4	5
KPI_IBPs2	Performance In terms of Number of defects per million?	0	1	2	3	4	5
KPI_IBPs3	Vendor development done by your firm?	0	1	2	3	4	5
Learning and Growth KPI's							
The Extent/Degree to which you rate your firm/organization's performance in terms of							
KPI_LG_1	Ratio of Number of skilled employees to total employees?	0	1	2	3	4	5
KPI_LG_2	Performance in terms of Number of training hours?	0	1	2	3	4	5
KPI_LG_3	Numbers of employee's suggestion are incorporated in decision making?	0	1	2	3	4	5
KPI_LG_4	Sales generated from new products?	0	1	2	3	4	5
KPI_LG_5	New product introduction interval?	0	1	2	3	4	5
KPI_LG_6	Performance in terms of Market share?	0	1	2	3	4	5
Financial Perspective KPI's							
How will you rate your firm's performance							
KPI_FI_ROI	In terms of ROI?	0	1	2	3	4	5
KPI_FI_CurRat	In terms of Current Ratio?	0	1	2	3	4	5
KPI_FI_SharVal	In terms of Shareholder value?	0	1	2	3	4	5
KPI_FI_Dividend	In terms of Dividend Per share?	0	1	2	3	4	5

Sr. No.	Strategy Formulation	Response Catégories
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The degree to which you agree/feel/recognize/rate that your company/ organization has:		Not Applicable	Strongly Disagree	Moderately Disagree	Slightly Disagree	Slightly Agree	Moderately Agree	Strongly Agree
Questionnaire "B"								
V_core purpose	Clearly defined its <i>core purpose</i> and made sure that this is known and understood by the employees at all level. I.e. reason of its existence (e.g. Disney's core purpose is "to make people happy").	0	1	2	3	4	5	6
V_core value	Clearly defined its <i>core values</i> and Ensured the core values be well known and understood by the employees. (E.g. Disney has creativity, dreams and imagination).	0	1	2	3	4	5	6
V_BHAG	A clearly defined long term strategic goal called BHAG (Big, Hairy, Audacious Goal) which normally takes 10 to 30 years to be accomplished and Ensured this BHAG be well-known and clearly understood by employees at all levels.	0	1	2	3	4	5	6
V_Viv_descript	Developed a ¹ <i>vivid description</i> of how to achieve your company's BHAG and Made sure this vivid description of your company's BHAG be well communicated and clearly understood by all the employees.	0	1	2	3	4	5	6
The degree to which you agree/feel/recognize/rate that your company or unit has:								
FivF_Rol_1	Performed the industrial analysis of the industry your company is part of.	0	1	2	3	4	5	6
FivF_Rol_2	Analyzed the role of ² five forces in determining the profitability and basis of competition in your industry.	0	1	2	3	4	5	6
FivF_Rol_3	Positioned or can position it-self (from time to time) where these forces are weak.	0	1	2	3	4	5	6
FivF_Rol_4	Developed the ability to reshape the five competitive forces in its favor.	0	1	2	3	4	5	6
FivF_Rol_5	Developed an ability and capacity to deal with any change(s) in government policies.	0	1	2	3	4	5	6
FivF_Rol_6	To exploit any positive change(s) in five forces?	0	1	2	3	4	5	6
FivF_Rol_7	In dealing with any negative change in five forces (i.e. Change in industry structure)?	0	1	2	3	4	5	6
Strategic Positioning								
Str_Pos_1	Gained a unique and different positioning in the market place.	0	1	2	3	4	5	6
Str_Pos_2	Differentiated between what to do (the key strategic activities to perform) and what not to do (the key strategic activities not to perform), keeping in view the strategic positioning of your company.	0	1	2	3	4	5	6
Str_Pos_3	Developed an "internal fit" between the strategic activities performed by your organization (i.e. firm's strategic activities interact and reinforce each other).	0	1	2	3	4	5	6
How will you rate your								
Mang_KU_StrCon1	Knowledge and comprehension about the key concepts of strategy and operational effectiveness?	0	1	2	3	4	5	6
Mang_KU_StrCon2	Knowledge and comprehension about the five competitive forces that shape strategy as proposed by Michael Porter (2008)?	0	1	2	3	4	5	6
Mang_KU_StrCon3	Knowledge of the key concepts and dynamics of strategic positioning of a company?	0	1	2	3	4	5	6
The degree/extent to which you believe that								
Bus_Mod1	Current ¹ business model(s) is/are fulfilling your firm's objectives.	0	1	2	3	4	5	6
The degree / extent to which your organization / top management :								
Bus_Mod2	Understands when new business model is needed and when old one is sufficient.	0	1	2	3	4	5	6
Bus_Mod_3	Top management has clearly recognized and defined the key <i>resources</i> available in your firm i.e. people, technology, products, facilities, equipment, channels and brand etc.	0	1	2	3	4	5	6
Bus_Mod_4	Top management has clearly recognized and defined the key <i>processes</i> in the firm (rules, metrics, norms etc.).	0	1	2	3	4	5	6
Bus_Mod_5	Top management has developed a mechanism for the evaluation of current business processes.	0	1	2	3	4	5	6
Bus_Mod_6	Top management has developed a mechanism of business process innovation in your organization.	0	1	2	3	4	5	6
The degree/extent to which you agree/feel/rate that your organization (top management):								
BOS_1	Focuses on creating uncontested market space and to make the competition irrelevant.	0	1	2	3	4	5	6
BOS_2	Deliberately attempted to raise the key factors (² industry variables) in your products above industry standards?	0	1	2	3	4	5	6
BOS_3	Deliberately attempted to reduce the strategically less important factors (industry variables) in your products well below the industry standards?	0	1	2	3	4	5	6
BOS_4	Deliberately attempted to create or add the strategically important factors (industry variables) in your products that competitors have never offered?	0	1	2	3	4	5	6
BOS_5	Deliberately attempted to eliminate the strategically unimportant factors (industry variables) in your products that competitors are still offering.	0	1	2	3	4	5	6
BOS_6	Understands the ³ Strategy Canvas' as a tool for strategic analysis.	0	1	2	3	4	5	6

¹ Business Model consist of four interlocking elements that taken together, create and deliver value, these are 1)Customer value proposition

²Profit Formula 3)Key resources 4)Key processes

² Industry variables mean factors that are important to be in that specific industry

³ Strategy framework is the central diagnostic and action framework for building a compelling blue ocean strategy.

Questionnaire "C"

Strategy Implementation

The degree/extent to which you agree/feel/rate/believe that

Dec_Right1	Employees in your organization know which decisions and actions they are responsible for.	0	1	2	3	4	5	6
Dec_Right2	Your organization encourages top managers to delegate operational decisions.	0	1	2	3	4	5	6
Dec_Right4	Besides pay, many other things motivate individuals to do a good job?	0	1	2	3	4	5	6
Dec_Right3	Important information about the competitive information gets to the head quarter quickly?	0	1	2	3	4	5	6
Dec_Right5	Helps field and line employees understand that their day to day choices affect your company's bottom line performance.	0	1	2	3	4	5	6
Dec_Right6	Decisions in your organization, once made, are rarely second guessed?	0	1	2	3	4	5	6
Dec_Right7	Has a mechanism in place for <i>feedback and learning</i> (i.e. supplying strategic feedback and facilitating strategy review and learning).	0	1	2	3	4	5	6

The degree/extent to which you rate that your company:

BSC_Dim_Procs1	Communicates and educates the employees about its strategy; sets goals in accordance with the long term strategy; and links it to departmental and individual objectives.	0	1	2	3	4	5	6
BSC_Dim_Procs2	Persons are nominated to Recommend proposals, gather inputs, provide data, and will consult with input providers to win their buy in.	0	1	2	3	4	5	6
BSC_Dim_Procs3	Ability to deliver on performance commitments strongly influences career advancement and compensation opportunities.	0	1	2	3	4	5	6
BSC_Dim_Procs4	Prepares business plans, sets targets, takes initiatives, allocates resources and establishes milestones in accordance with long term corporate strategy.	0	1	2	3	4	5	6

The degree/extent to which you rate that your company has:

ST_1	Ensured that Strategic principle is well defined and known and understood by employees at all levels.	0	1	2	3	4	5	6
ST_2	Sets clear boundaries within which employees operate and experiment	0	1	2	3	4	5	6
ST_3	Review strategy implementation periodically and make necessary strategic trade offs	0	1	2	3	4	5	6

The degree/extent to which you rate that your company has nominated the specific persons (for improved and rapid decision making) who will:

RAPID_1	Agree and negotiate modified proposal with the recommender and exercise veto power on recommendations if necessary.	0	1	2	3	4	5	6
RAPID_2	Perform decisions once made and will see if the decisions are implemented promptly and effectively.	0	1	2	3	4	5	6
RAPID_3	Input to the recommender to shed light on the proposal's feasibility and practical implications.	0	1	2	3	4	5	6
RAPID_4	Decide who will act as the single point of accountability and bring the decision to closure by resolving any impasse in the decision making process and commenting the organization to implementing the decision.	0	1	2	3	4	5	6

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