A comprehensive literature review on the strategy planning, and implementation in large service industry and cultural effects on strategy implementation in Middle East region

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Abstract
The pedantic strategy is one of the key elements of any cooperation’s success. However, the implementation of the strategy is very important; as often strategy fails during the implementation stage. The implementation of the strategy is a daunting task as it faces many challenges in today’s organizations, which endeavor to achieve improved performance. Literature suggests that there are more contributions on strategy formulation comparatively on strategy implementation. Strategy formulation and implementation have become more important than ever. However, strategy formulation in organizations is the devising of a unique and valuable locus connecting a variable set of actions. Meanwhile, strategy execution is the interpretation of selecting a strategy for organizational action to accomplish strategic goals and objectives. Literature supports the view that strategy formulation and strategy implementation cannot be achieved by senior management alone. It requires both internal employees and external suppliers of the firm to cooperate. The culture, beliefs values and behaviors are also other key factors which need to be considered while making and executing the strategy, especially in the middle east region. This paper will discuss the key factors of the implementation of the strategy and adequate organizational culture, along with the literature review on the strategy implementation by using a systematic search process.

Keywords: Strategy, Strategy Implementation, Strategy Execution, Strategy implementation failure/success rates, and Key factors.
**Introduction**

Formulation and implementation of a strategy

Organisational competition has increased immensely since the advancement in technology of communication (i.e. the internet, and other telecommunications). Previously, the organisation could gain a competitive advantage because of geographical location or other physical factors. Nowadays most organisations face competition because of advanced technology, necessitating a better delivery system for global comparison on quality and price. Nowadays a customer has a choice of many global organisations that drive local businesses to either remain competitive or potentially go out of the business. Therefore, to stay competitive in this harsh global market an organisation has to plan well into the future and form a strategy which will determine the future of the organisation [1]. However, to form a strategy and implement it is a challenging task. The focus of this paper is to consider a literature review related to the strategy implementation and execution. Furthermore, this paper will also review the factors that influence the strategy formulation and execution in the Middle East region. The term “execution” and “implementation” are interchangeably in this paper.

There are many factors which have to be considered when formulation and implementing the strategy. In recent years Management Science (MS) has produced much research on the design/formulation of strategy. Literature reviews show that the implementation of strategy has been overlooked, and most of the research has been carried out in the formulation of strategy. In reality, most of the strategies fail during the implementation phase, see Figure 1.

![Figure 1 The failure rate of strategy implementation](#)

Strategic management comprises design and implementation of the major aims and initiatives taken by a company's top management, which is based on the availability of resources and an assessment of the internal and external environments on which the organisation competes in the market [2].
Furthermore, the top management, which has the strategy, should be able to answer these key questions (see Figure 2) and by considering only these questions & answer there could be very visible that which aspect cooperate is competing against in the market [3]. In other words, where the cooperation is gaining the edge on other competitors in the market.

**Figure 2 Strategic management processes**

It would be safe to say, even great strategy worth nothing if it cannot be implemented [4]. A better implementation of a second-grade strategy is more beneficial comparatively to first class strategy by an ineffective implementation. A detailed literature review shows that less than 50% of formulated strategies get implemented successfully [2] [5] [6]. Every failure of implementation is a failure of the formulation.

**Strategy Implementation in Middle East**

It is worthwhile understanding the concept of strategy implementation and execution before conducting the details analysis on this subject. There are many different views on the definition of the “strategy” which makes cumbersome to provide the one single definition (see table 1 as examples).
Table 1 Definitions of Strategy

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<td>&quot;Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of actions and the allocation of resources necessary to carry out these goals&quot; [7]</td>
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<td>&quot;Strategy is the pattern of major objectives, purposes of goals [...] stated in such a way as to define what the business the company is in or is to be in and the kind of company it is or is to be&quot; [8]</td>
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<td>&quot;Strategy is the basic goals and objectives of the organization, the major programs of action chosen to reach these goals and objectives, and the major pattern of resource allocation used to relate the organization to its environment&quot; [9]</td>
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<td>“…strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes or goals,[which] produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers and communities” [10]</td>
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<td>&quot;Strategy is the act of aligning a company and its environment. That environment, as well as the firm’s own capabilities are subject to change. Thus the task of strategy is to maintain a dynamic, not a static balance” [11]</td>
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<td>&quot;Strategy is the pattern or plan that integrates an organization’s major goals, policies, and action sequences into a chosen whole” [12]</td>
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<td>“…a strategy is used to allocate factors based in the organization’s needs and should manage: 1) core competencies and shortcomings, 2) unanticipated changes in the environment, and 3) contingent moves by competitors or agents” [13]</td>
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Furthermore, there is a difference consensus on the distinction between strategy execution and strategy implementation, since the two terms are used [14]. In this paper these both terms are interchangeable. There are also some conflicts in the terms of strategy execution and strategy formulation.

Li, Guohui and Eppler [15] indicate three unique originations of the term when they collected all the different definitions they could find in relevant papers and books: “The first approach concentrates on a process perspective and takes strategy implementation as a sequence of carefully planned consecutive steps. The second approach treats strategy implementation as a series of more or less concerted (but often parallel) actions and examines these actions from a behaviour perspective. Some authors combine the process perspective and behaviour or action perspective and form a third approach, which we label as a hybrid perspective” [15]. They ultimately state strategy execution as a “dynamic, iterative and complex process, which is comprised of a series of decisions and activities by managers and employees – affected by a number of interrelated internal and external factors – to turn strategic plans into reality in order to achieve strategic objectives” [15].

Literature review on strategy implementation
The importance of strategy implementation and the daunting challenges it faces in today’s organisations have been shown but the literature suggests that there are more contributions on strategy formulation than on strategy implementation. Therefore, the aim of this study is to pay attention to strategy implementation.
Figure 3 shows the systematic review which was conducted to analyse literature on strategy formulation and strategy execution/implementation. An analysis of current research on the factors that influence strategy execution led to an examination of studies in order to distinguish key factors influencing the strategy formulation through to implementation. A systematic search process was carried out using the following keywords: (Strateg*, implement* and failure*), (Strateg*, execution* and failure*), (Strateg*, implement* and success*) and (Strateg*, execution* and success*). The search covered relevant scholarly databases such as Business Source Complete (EBSCO), Scopus and ABI Inform Complete (ProQuest).

The scholarly databases total 2,611. Irrelevant subject areas such as medicine, social sciences and arts and humanities were excluded. The main relevant subject area is 980 in business management. After removing duplicate records, the search resulted in 450. Resulting literature was screened first through titles and abstracts to remove irrelevant documents and the search resulted in 161. A further comprehensive screening was conducted through the documents, which yielded 47 documents.

Figure 4 shows the majority of research conducted in this strategy field implementation was conducted in the US (30%), followed by the UK (28%) and other European countries (10%). The USA, the UK and Europe grouped together constitute around 70% of the papers. The remaining statistics of approximately 30% indicate similar percentages among different regions such as Australia, India, Brazil and Latin America. In particular, the research conducted in the Middle East about strategy implementation field was 6%.
In strategy implementation research USA and the UK have dominated comparatively to rest of the world. Advance research facilities could be one of the major reasons for this dominance. Also, the majority of industries in terms of services or products, like automotive and aerospace, are situated in these countries. Furthermore, these countries also been dominating as they provide strategy solution around the globe which provides on hand experience.

Perspectives on strategy implementation

3.1 Strategy formulation versus strategy implementation

Strategy implementation literature has widely explored the question of whether strategy formulation and strategy implementation can be treated as synonymous, or are separate entities. The majority of research has first considered strategy formulation, and then treated strategy implementation as a new stage in the research (i.e. [14] [15] [16].

Guth and MacMillan [11] highlight that the vast majority of credible research has elected to view strategy formulation and strategy implementation as two separate processes. General management within an organisation is responsible for developing a strategy that is both rational and logical. Following this, an organisation structure is developed. Specific organisational behaviour is subsequently required in order to implement the organisation structure and strategy, which is elicited by specific management processes [17] [18] [19] [20] [21].

To treat formulation and implementation as two separate processes has also received criticism. More specifically, it is believed that a number of failed strategies have occurred due to this separation of formulation and implementation [2] [22] [23] [24]. Some arguments state that if the two stages are separated, then the thinking process is also detached, which means thinking and doing are no longer in unison, therefore learning is inhibited [25]. A second criticism of separating the two stages is that there is a contrast between formulation and implementation and this can cause management to become elitist and reduce natural competition. Most employees are not interested in the corporate goals of an organisation. They will therefore be less likely to engage with the work required to increase competition [14] [26].

Normally, an unsuccessful strategy implementation is often attributed to the failure of middle and operating level managers. If these managers do not support the direction of the strategy, or are have insufficient knowledge of it, then it is unlikely to be successful [11]. When middle managers are invited to participate in strategy formulation, they are more invested in the strategy and its subsequent implementation [27]. The inverse is true when middle managers are not involved in formulation, they will have little commitment to the implementation and therefore negatively influence it. Also, it is important to involve middle managers and lower-level employees in formulation as they will observe flaws at early stages in the strategy that higher managers may not [18].

A third criticism is that generally, strategy formulation affects implementation, and implementation subsequently affects formulation [23]. The various components of a
strategy will affect how it is subsequently implemented, and strategy is well formulated, it should be easy to implement [5]. If a strategy is poorly formulated, then there is almost impossible that its implementation can be a success [18] [16]. Therefore, it is important during the formulation stage to consider the implementation process carefully, rather than to trying to intervene at failure or close to failure stages. The formulation process can also affect implementation performance, therefore requiring implementation to be considered carefully when generating policies, rather than separated [27].

A further criticism is that the execution of strategic change within an organisation should not be stilted or segmented; rather it should be completed as a continuous process [28]. Pettigrew and Whipp [28], argue that it is inaccurate to perceive strategy formulation as a linear movement. It does not have discrete stages; rather it is an experimental, iterative process. There is no certainty of the outcome at any stage. In some cases, it may be more appropriate to commence the implementation of certain aspects of the strategy before formulation has completely finished [18]. Thus, this initial stage of implementation may affect the final stages of formulation [20].

It is clear that there are a number of criticisms towards separating formulation and implementation into two separate stages. A number of researchers have argued therefore that they should be viewed as one streamlined approach (e.g. Mintzberg, [25]). Therefore, Noble [29] perceives formulation and implementation to be interrelated processes and must be addressed at the same time in order to ensure that a firm performs well when seeking to change their strategies [30] [31]. In this paper we analyse criticism towards both analogies. The best approach would be to treat the strategy formulation and strategy implementation as two separate task but interconnected this shall avoid the cons and add benefit of both analogies in most of the cases.

3.2 Top-down and bottom-up strategy implementation

Top down approach has been proposed for strategy implementation, whereby a number of control mechanisms are used to aid the implementation (see e.g. [18] [20] [27] [32] [33]). Top down approach to implementation would entail top management formulating the strategy and then delegating specific aspects of the implementation process for this strategy to individuals in the organisation [34]. The implementation of a strategy is often perceived as centralised, with the CEO or highest managers being in charge of developing new strategies and enforcing these on the remaining members of the organisation [35]. There are number of frameworks available to aid strategy implementations, which present a range of helpful methods (see e.g. [7] [18] [19] [23] [36]).

These methods are referred to as levers and include, for example, organisation structure, the use of reward systems, effective use of staff in implementation, developing a culture in the organisation that accepts change and the use of in formulation and control systems. These can all be used to assist in the implementation of new strategies.

Despite this advantage of the top down approach, there are still limitations. For example, organisational members should still be involved in formulation and
implementation and this approach could result in poor engagement from employees. In order for a strategy implementation to be successful it requires the support of many employees and different levels of employees within an organisation [15]. Therefore, it is important to gain the approval and engagement of employees when formulating a new strategy [35] [37] [38] [39]. When employees object to a strategy implementation they create obstacles and delays that management must then negotiate in order for the new strategy to be successful [11] [40] [41]. Delays in a strategy becoming effective can reduce the competitive advantage an organisation has or upset the general functioning [42]. This criticism has resulted in a number of researchers electing to promote the use of bottom up approaches to implementation, which encourage greater participation. This approach can be more useful as organisation members will have greater commitment to it and therefore motivation for it to be successful [43]. As previously mentioned, failure of a strategy implementation is often due to a lack of commitment of involvement during the initial formulation process [18]. Manager will be more successful in implementing a strategy or decision if their employees are cooperated and supportive. If employees are not involved in the development of a strategy, then they are less likely to support its implementation. Moreover, when employees and middle managers are involved in formulation it becomes easier for a top manager to align both the goals of employees and the goals of the organisation, as they are these goals that motivate both parties [11]. If the employee’s goals do not align with the strategy, they will be less likely to support it and therefore the success level at implementation would be low.

Alternatively, Kralewski [44], presents a bottom up approach to strategy formulation, which does not require the involvement of the top level managers. Strategies are often developed in response to knowledge from operation and middle level individuals within an organisation. As previously mentioned, it is these members of the organisation that will detect flaws in a strategy designed by higher management, consequently their involvement is often crucial [17] [22] [27] [45] [46] [47] [48]. Bottom up approach also highlight and recognises the importance of lower and mid-level staff in formulating strategies [14] [15].

There are also likely to be a larger number of flaws in a formulated strategy if employees that have knowledge in the target area have not been involved in its development [18]. The area that the strategy is designed for should be carefully considered in the formulation stage and their expertise utilised [43]. Without their expertise, the implementation will likely be unsuccessful [18]. The earlier these individuals are involved during the formulation stage, the more appropriate the formulated strategy is likely to be [5]. Therefore, those that will be affected by the strategy being formulated should be invited to participate in the formulation [49]. This participation should be encouraged throughout the entire process, with all individuals being aware that their contribution is valid and welcome [43].

3.3 Continuous improvement of strategy implementation

Third approach to strategy implementation that emerges from the literature is to follow the instructions outlined for strategy implementation as though they were a holy book. In order to maintain a competitive advantage a company must look to improve their strategies, products and services on a continuous basis [50]. Despite awareness that continuous improvement is required, but in fact it is an area that causes
difficulties to many companies. A continuous improvement model can help to alleviate these difficulties; however, this still requires perseverance and persistence. Improving an organisation will not occur quickly, therefore time is required to see the progression. Continuous improvement can be beneficial as it helps to develop a harmonious relationship between the objectives and goals of the company, often referred to as the strategy, the plans of the middle managers, often referred to as tactics, and the subsequent work that employees execute, often referred to as operations. If the strategy, tactics and operations are in line then the organisation will see a range of benefits. Continuous improvement requires regular implementations and reviews using a systems approach perspective [33].

![Diagram](image)

Figure 5: Three dimensions of a successful continuous improvement implementation [32]

Continuous improvement also seeks to develop two-way communication. Within this communication style, managers set strategic goals in a top down approach, whilst these goals are adapted to use a bottom up approach involving all employees [39]. Therefore, regular reviews are required by higher management when using continuous improvement processes to determine the effectiveness of strategies. As it is an ongoing process, adaptations can be required at any stage if a strategy is deemed ineffective or a new more useful strategy is identified. The continuous improvement process can be useful as each organisation is unique and therefore it allows a flexible use of multiple models. The models are however all useful in determining how a policy or operating procedure has been influential in the production or profitability an organisation experiences. An organisation will be in a better place to achieve their goals if they are able to continuously improve [5].

External versus Internal Factors Control
In this paper we would like to define the factor/environment as two major types 1) Internal factors and 2) External factors [15]. In this paper where the terms factor or environment are used both are used as interchangeable. An organization should have the ability to examine and make changes based on internal and external factors that affect performance to implement its strategy [51]. Internal factors are events that occur within an organization. Generally, the internal factors of an organization refer to events, people, systems, structures, and conditions inside the organisation that are generally under the control direct control of the organisation, for example, staff is
internal factor or environment where the suppliers, legal and climate change are the external environment or factors [52].

Figure 6: External versus Internal Factors Control
Figure 6 demonstrates the internal and external environment/factors and their control in the view of the strategic management point. The external factors are those that are not under the direct control or directly inside the organisation, however, they make effect inside the organisation operations. Customers, competition, the economy, technology, political, government regulations and social conditions, and resources are common external factors that influence the organisation [49]. Even though the external environment occurs outside of an organization, it can have a significant influence on its current operations, growth, and long-term sustainability. Ignoring external forces can be a detrimental mistake. It is imperative that managers continually monitor and adapt to the external environment, working in a proactive manner to changes earlier rather than having to take a reactive approach, which can lead to a devastating outcome [29].

Moreover, the implementation of strategy also gets affected by the country’s culture, religion and other factors which will be discussed in the next section.

Strategy Implementation and their Influencing Factors in Middle East Region
Strategy Implementation is the stage where most of the strategies fail this has been discussed previously in this paper. However, what are the reasons for the strategies to fail? This section identifies that there are many factors which make the strategy to success or fail. If these factors are ignored, then it could have a devastating effect on the strategy. There are numerous examples in the middle east which show that many strategy and project either was delayed or cost far more or even entire project has been failed. Saudi Arabia is the prime example from the middle eastern countries
where the Kingdom has spent a huge amount of budget for the welfare of the public but many projects have not been as success as the kingdom anticipated.

Previously we have discussed the two major kinds of the factors which influence the organisation. The factors can be categorised into two major branches 1) Internal factors and 2) External factors. However, the internal factors and external factors are difficult to comprehend as a different industry has defined internal and external differently. In this paper where internal factors are referring means the factors which are managed internally and vice versa for external factors. The strategy implementation research suggests that there has been a focus on certain factors that influence strategy implementation. For instance, some researchers mention factors that influence the success of strategy implementation, ranging from the management and staff who communicate or implement the strategy to the mechanisms in place for coordination and control.

However, successful implementation requires a better understanding of these factors but, unfortunately, the existing literature does not provide a rigorous and structured conceptualization of these factors which influence strategy implementation, the underlying dimensions of these factors, and nor is their influence on strategy implementation precisely explored. As a result, the literature does not offer a comprehensive framework of these factors. There are many factors that influence in strategy implementation but it varies from country to country. For instance, one of the major factors in Middle Eastern countries is weather, culture values and religion. In the construction, the business weather is one of the major factors as the weather is very extreme. Similarly, Cultures values and religion is one of the major factors, there are many factors which cooperation requires to consider when they are forming and implementing the strategy. In Middle East country the religion has one of the most sensitive factors and most influential. If the organisation were to produce a product it has to be approved by the religion perspective otherwise, the organisation not just will make the loss of the product but it will gain a bad reputation as well. This should not be seen as a disadvantage as many organisations make profiles by providing markets that take care of their cultural and religious values. Most of the countries in middles have made the laws and regulations according to their religion. Weather is also one of the most influential factors, as most of the middle east is extremely hot weather therefore when the projects of construction have been planned and their strategy has made this factor also should be considered. Consequently, there is a close and solid relationship between religion, culture and weather as well as the nature of the Middle East, which will affect the implementation of the strategy. Many western organisations have failed their strategies initially in the middle east market as they didn’t consider important factors like religion, culture weather etc.

Conclusion

This paper reviews several aspects of the strategy implementation and formulation, it was also demonstrated that the formulation of strategy is far mature research topic comparatively to strategy implementation, however, it also has shown that most of the strategy fails at the execution/implement process rather than at the formulation stage.
A literature review of strategy execution also demonstrates that there are various viewpoints on the strategy formulation and implementation. It can be recognised that the perspective on strategy execution is a separate stage after strategy formulation and rather rigid in nature. Nevertheless, strategy formulating is regularly a top-down approach. However, implementing it requires synchronous top-down, bottom-up, and across the firm activity. In this paper, it is also presented that the emphasis is placed on the top-down way with the use of a diverse set of external control mechanisms. Lately, this strategy has gone under expanded critique.

Strategy execution is a progressive process which is entwined and connected with strategy planning along with human behavioural side and etc. Additionally, the ability to execute strategy and continuously improve enables an organisation to achieve its strategy aims to stay competitive.

This paper also highlights that less attention has been paid to the Middle East, Asia and Africa and discuss the important factors which are specific to Middle Eastern countries. The factors like religion, weather and culture influence almost every part of the strategy. In management sciences, it’s known the concept that it’s better to identify the problem earlier than later. Identifying the major the factor if not all which could make the difference would be essential. Many of the projects in Saudi Arabia has failed or uncompleted or run out of funding mainly because they have ignored major factors or not all the risk has been analysed during the strategy phase.

Furthermore, it was also demonstrated that there are two major types of factors which affect the strategy formulation and implementation 1) internal factors and 2) external factors. Most of the time many organisation focus mainly on the internal factors and ignores the external factors which could affect the time, budget and effect on the efficiency if not an entire failure of strategy.
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