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The strategic evolution of the corporate sector, stages of development, and success dimensions

Theses of the Dissertation

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SOPRON

2018

Doctoral School: István Széchenyi Management and Organisation Sciences Doctoral School

Thesis theme: The strategic evolution of the corporate sector, stages of development, and success dimensions

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1. Research objectives and hypotheses

The objective of this dissertation is to conduct an in-depth examination of the strategic thinking and development of companies with the use of current scientific theories and own research, as well as to uncover possible correlations between individual, organisational, and strategic factors and to deduce the effects of these factors in practice. Therefore, attention is mainly focused on the modern basics of corporate *"evolution"* and *"strategic management"* that enable the review of practical knowledge in everyday work.

The literature section contains two main chapters dealing with *"evolution"* and *"strategic management"*. The first discusses the topic of *evolution*, seeking *definitions* and *causes*. As already mentioned, providing the theoretical background for empirical analyses is always expedient. The first section deals with the concept of evolution and presents some theories derived from *Darwin* and *Lamarck*. Additionally, an overview of the literature dealing with evolutionary economics and population ecology is also included, which provides different viewpoints of the processes taking place in the economy and the sector's elemental parts. Current knowledge of strategic foresight and organisation development are then outlined based on literature.

The study was based primarily on the knowledge of existing literature. The theoretical part of the dissertation is first and foremost built upon this information, with the practical part endeavouring to define and apply suitable tools of measurement.

The next step is the empirical secondary and primary research that is aimed at defining the possible fundamental factors of strategic development in Hungarian and Austrian companies and their strategic evolution. Here, the focus was laid on the strategic development seen from the employees' point of view.

The dissertation examined the following hypotheses through the empirical analysis of the data:

H1: The employment conditions of a particular country (Hungary, Austria) **define the strength of structural correlations in the structural profile, as perceived by employees.**

H2: The employment conditions of a particular country (Hungary, Austria) **define the strength of structural correlations in the significance of various competences, as perceived by employees, which contribute to corporate success.**

H3: The employment conditions of a particular country (Hungary, Austria) **define the strength of structural correlations as its emphasis perceived by employees in the theoretical periodical discipline of strategic management.**

H4: The employment conditions of a particular country (Hungary, Austria) **define the strength of the correlation between market/product strategy and the evolutionary stage, as perceived by employees.**

H5: The employment conditions of a particular country (Hungary, Austria) **define the strength of the structural correlations between competition strategy/evolutionary stage, as perceived by employees.**

H6: Correlations can be seen in the perception of the examined factors at the Hungarian and Austrian locations (organisation characteristics, the role of competences, activities in organisational development, strategic factors, temporal aspects of planning, and the organisation's evolutionary stage).

2. Research methodology and structure

Figure 1 shows the three *"evolutionary types"* included in the research work.

On the one hand, it can be determined that the influence of the competitive environment is determinant in the development of organisations. This includes not only the private sector's innovative technological and procedural achievements as basic conditions, but also the demands of customers and the foresight of companies.

On the other hand, organisations also undergo various changes, as perceived from different viewpoints. Where organisations initially focused on the correct division of work and on motivation, efficiency, Lean Management, or Business Process Reengineering came to the fore. Today, these latter are considered fundamental methods in all organisations.

Based on the results of the various studies, the discipline itself has gone and is going through a process of development. The presented concepts, foresight, and the model of modern organisational development have by this time prepared the reader for the chapter that includes studies where the companies' stages of development are assessed from the viewpoint of their employees, thus contributing to the theoretical development of the discipline.
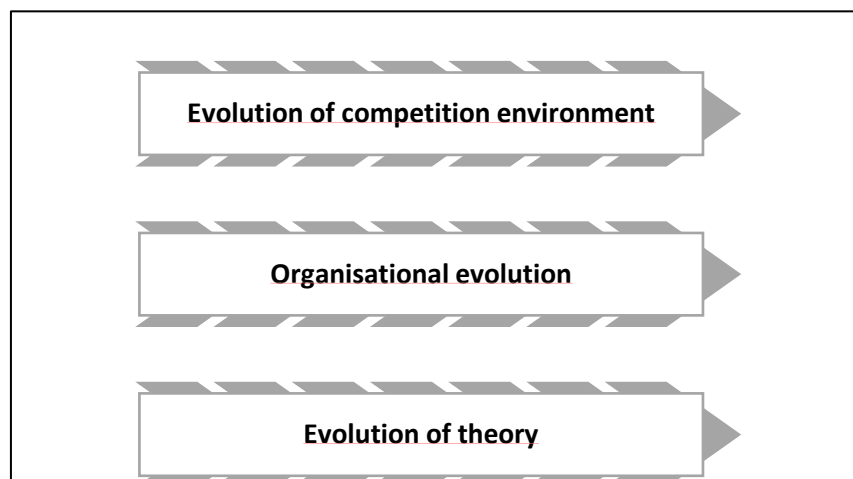

Figure 1: The examined "evolution types"

Source: own

It should be noted that most of the similar relative analyses took place in English and German environments. No similar studies have been conducted in Hungary.

The studies performed in two countries with both similar and different aspects in their histories can lead to interesting conclusions. However, such assessments are static in time. As the next step, the possibility arises to build on this study and implement comparisons in time. Furthermore, it must also be noted that the study contains a wealth of elements, the components of which can contribute to the widespread and consistent understanding of the perception of organisational development stages.

The subjects of the study are Hungarian and Austrian employees working in various business sectors. In line with the objectives, the online questionnaire was put together in two languages (English and German).

Thus, the work emphasises not the analysis of homogeneous employee groups of companies, but rather aims to include a wider cross-section of employees from different areas. To achieve a sample size that ensures significance, the analyses had to include at least 50 test subjects in each country.

Completion of the questionnaire was voluntary and anonymous, and the data were not used to identify either employees or companies.

Based on the results of the questionnaire, the data provided by employees in relation corporate planning were processed in an aggregated format. Statistical analyses of the information derived in this manner took place with the use of Excel and SPSS (Statistical Package for the Social Sciences V.22).

It was subsequently found that the research work had to be expanded with a qualitative analysis in order to supplement the data collected with the quantitative survey.

The research emphasis and, based on the hypotheses, its results are also fundamentally descriptive in nature. The relationships presumed in the Hungarian and Austrian environments were examined only in part. Thereby, the examination of certain assumptions is not only descriptive due to the knowledge gained from the processed publications, but also has an exploratory character as well. The research work aimed to perform studies that can be used to prove the theoretical knowledge and also provides causality analysis relationships.

Accordingly, the research work also included numerous factors that were deduced on the basis of the expert knowledge of the theory. The study encompassed not only demographic elements, but also perceived positioning, perceived strategic development, market outlook, internal structures, and competences, as seen by employees. From this aspect, the work contributes to understanding the company's current evolutionary stage by grouping perceptions. This can be considered to be a significant step forward in development.

Figure 2 presents the research framework (research plan), i.e. the aspects used to question the target group. Different questions were developed for the various study dimensions.

The figure is the essence of the research work, which explores the current state of the key features of the organisations, the features of the competition sector, and the development of the theoretical conclusions, for both Hungary and Austria. The examination of the approach and theories in literature presented above took place on the logic presented in the figure.

Figure 2: Research plan

Source: own

The order of the examination of the elements in the table progresses from the bottom up, meaning the basis of the research (i.e. its baseline) is the two countries and the demographic variables of the direct target group. Accordingly, the research fundamentally examines the general tendencies of changes in population and economy.

This differentiates two research steps: first, the indicators of the various economic development indices pertaining to Hungary and Austria were compared as part of a **secondary** study. The study makes it possible to compare the development of the two countries' companies using the Eurostat databank's macro data. Comparability of the evaluated data is a great advantage.

The first level of research extended to the topics of competence, leadership, foresight, organisational development, and evolution. These topics were examined in greater depth, and their relationships were also examined in connection with each other. This obviously pertains to the *"Organisational evolution"* column, where the structural data were collected first hand directly from company employees as part of the primary research in both countries.

The second level of research sheds light on the topic of strategic management, its processes, and market and competition strategy, based on the data provided by the employees of Hungarian and Austrian companies. This deals with *"Competition evolution"*.

In line with the structure of the studies, the Hungarian and Austrian research reaches the theoretical plane, which is most difficult to define, at the third level. The *"Theory evolution"* column was studied in accordance with the examination types. Based on the chapter on the history of strategic management, this is the place of the evergreen emphasis on practice. This deals with making it possible to define whether the philosophy of careful executive choices (1950s), analytical systems and long-term planning or forecasts (1960s), strategic analysis (1970s), industrial development and suppliers (1980s), internal resources and core competences (1990s), the ability to change and innovation (2000s), or the role of the state, business cooperatives, and trans-border commerce is governing in practice today. The method helps show which perspective - *"Inside out"* or *"Outside in"* - is seemingly validated.

3. Study results

Based on the summary of literature, it can be determined that many forces have shaped the disciplines of *"Strategic thinking"* and *"Strategic management"* over time, and its development is dynamic today. This was a result not only of competition and the economy, but also the needs of the individual interest groups. Accordingly, the endeavours of researchers and even today's needs stemming from practice can affect our perceptions. Certain developmental tendencies, such as the evolutionary theory derived from biology, can also be used to reveal the situation, with certain conditions.

The analyses presented in the dissertation's empirical part, relying on macro and micro-based secondary and primary data, can help identify certain differing and common traits of these characteristics in *Hungary* and *Austria*.

The evaluation of the tendencies explained in the analysis refers to a number of developments. Austria is facing a population growth, while Hungary is facing a decline in its population. Both countries have to base their forecasts for their futures on the basis of present tendencies. Using these forecasts, it is only logical to plan more than one logical scenario for the possible responses to environmental changes. It is also logical that new jobs have to be created in Austria for the growing population, whereas the logical path in Hungary is to increase efficiency with the resources available. With regard to the management of public resources, both countries are faced with new challenges. How can the state react to a rapidly growing or decreasing population? How is it able to manage the private sector and the living conditions of the population under these conditions? The answer lies in the economic performance of the two countries.

The research revealed a number of connections, for example when examining the correlations between different dimension pairs of the organisational profile (**Hypothesis 1, H1**). First as to how employees perceive the organisation, and second, as regards competences, which competences prove to be critical factors of success for corporate goals (**Hypothesis 2, H2**). Finally, which practical emphasis, more precisely philosophy, characterises the company, as considered important by the respondents in strategic management discipline (**Hypothesis 3, H3**). As regards inclusion in organisation development and the activities of the organisation and employees, it also became possible to conduct a deeper examination of organisation development as perceived by the test subjects. The analysis provided results with different levels of reliability as regards

corporate strategies, in relation to which the competition, market, and product strategies were all examined (**Hypothesis 4, H4**). The role played by the past, present, and future was also studied; however, this did not lead to tangible results. The development stages of the countries were determined directly via the test subjects (definition of the evolutionary stage variable) and indirectly via calculations (business models/innovation, and the median of the variables of changes and social commitment) (**Hypothesis 5, H5**). The remaining indirect variables were used to identify various deep structural correlations pertaining to both the entire sample and the sub-sample (**Hypothesis 6, H6**). In many cases, the results proved the hypotheses.

4. New, novel, and existing scientific results

It can basically be stated that the approach to the already examined topic and the research methodology are innovative and novel. This is the first study conducted after the economic and financial crisis that examines strategies and corporate development together with such complex correlations from the aspect of employees, both in Hungary and Austria. Despite of their geographical proximity, both differences and common traits were identified.

The following list summarises the research questions and hypotheses to include the most important knowledge that consist of the research focal points derived from literature:

- **Thesis statement:** The forecasts for the populations of Austria and Hungary, the developments in their employment, and the related productivity show different development stages and dynamics. Various types of national strategies can be developed for the coming 50 years on the basis of these results. The present state of affairs shows that Austria is ahead in regard to the absolute values of these indices, while Hungary is showing great potential/dynamism for large-scale growth.

- **Thesis 1.a:** Based on the diagnosis of the organisational profile, organisations in Austria tend to display an organisational image that reflects identity development, personal orientation, a flat organisational hierarchy, decentralised decision-making values, norms, and symbols, as well as more frequent organisational changes. In Hungary, the above are more frequently manifest in the form of adapting to the environment, task orientation, centralisation, hierarchical organisation, formalisation, regulation, and processes.

- **Thesis 2:** The Hungarian results, with the role of the various competences played in ensuring corporate success, prove the assumption that there is a positive correlation between the *"leadership, personal, and social competences"*. In Austria, it was striking that the *"leadership competences"* and the *"self-dispositive competences"* were

considered the least important in relation to the other competence types (and to Hungary) in the achievement of corporate success.

▪ **Thesis 3.a:** In Hungary, a clearly visible correlation is reflected in between the various factors of ensuring corporate success. A particularly strong link can be found between the *"strategic analysis"* and the *"analytical procedures, long-term planning, forecasts"* variables and the *"industrial development"* and *"internal resources"* variables.

▪ **Thesis 3.b:** Regarding Austria, it can be stated that *"the role of the state"* has a stronger influence on *"industrial development"* and *"the role of trans-border commerce"* has a stronger influence on *"the role of business cooperatives"*.

▪ **Thesis 4.a:** The market strategy has different features. As regards Austria, it should be noted that the more *"consumer demand for cheaper products"* is reflected in the study sample, the more significant it is that companies can be seen to *"dismantle their markets"*. The higher the *"evolutionary stage"* is rated at Austrian companies, the more the respondents feel that the company *"wants to launch new products"*.

▪ **Thesis 4.b:** The higher the *"evolutionary stage"* at a Hungarian company, the more it is proven that the companies of the studied employees *"want to enter new markets"*.

▪ **Thesis 5.a:** As regards competition strategy, the *"evolutionary stage"* is related to *"the offering of unique products"*, *"production for the entire sector"*, companies' *"endeavours to increase their market shares"*, and companies' influence on the *"formation of industrial rules"*.

▪ **Thesis 5.b:** In light of the results, differences between the countries can be deduced regarding corporate strategies. Accordingly, Hungarian companies are *"more informed"* regarding corporate strategy and the majority apply *"reactive strategy definitions"*. It seems these companies convey a picture where the strategy is more suited *"to achieve personal goals"* than their Austrian counterparts.

▪ **Thesis 5.c:** In Austria, the *"reactive, proactive, and cyclical"* strategy creation types are evenly distributed. Based on the comparison with the Austrian sample, the strategy creation process *"results in higher costs"* than in Hungarian offices. Furthermore, Austrian companies are more prone to present higher values regarding the suitability of strategies in order to achieve *"corporate goals"*.

▪ **Thesis 5.d:** There is a marginal difference between Hungarian and Austrian companies regarding stages of development, which was shown by both the direct and the indirect assessment method. At the same time, a **moderately strong significant correlation can**

be shown between the indirectly discovered evolutionary variable and the directly defined evolutionary stage for both countries.

- **Thesis 6.a:** A moderately strong correlation between the variables of *"developing own identity"* and *"frequent organisational changes"* is typical of Austria. Furthermore, the positive correlation between *"frequent organisational changes"* and *"business models"* and *"innovation"* should also be noted. The Hungarian data also show that *"leadership"* is related to *"evolution", "inclusion in organisational changes, organisational action, and team behaviour"* and other variables.

- **Thesis 6.b:** There is a weak correlation between the company's *"evolutionary stage"* and the role of *"leadership and personal competences"* in Hungary. At the same time, a correlation was found in Austria between the role of the *"evolutionary variable"* and the *"professional, personal, and social competences"* and their role in achieving corporate success.

- **Thesis 6.c:** The respondents of Austrian companies are more *"active involved in planning of organisational development measures"* than those surveyed in Hungary. On average, Austrian companies achieved higher values in the *"professional reason"* and Hungarian companies achieved higher values in *"emotional reason"*. It seems that Hungarian companies are better able to influence the respondents' *"attitude to changes"* and they can be *"won over"* to support changes more readily than those in Austria. Austria showed a higher average value as regards *"cooperation between cultures"*.

- **Thesis 6.d:** There are significant changes between the countries as regards *"strategic planning"* and the *"perception of possibilities, threats, strengths, and weaknesses"*. In Hungary the company development is connected to *"strategic suitability"* and *"intelligible communication"*. As regards competition strategy, the Hungarian evolutionary stage is in a positive correlation with the *"the offering of unique products"*, *"production for the entire sector"*, companies' *"endeavours to increase their market shares"*, and companies' influence on the *"formation of industrial rules"*. It is interesting to note that the higher the Austrian companies' *"evolution stage"* is perceived as being, the more test subjects believe that the company wants to *"launch new products"*. In Hungary, it can be clearly proven that the higher the *"evolutionary stage"*, the truer it is that the companies of the test subjects *"want to enter new markets"*. The higher the *"evolutionary stage"* in Austria, the higher the values of the *"too frequent strategic changes"* variable.

- **Thesis 6.e:** On the other hand, the analysis of the relationships between the significance of *"past, present and future events", "organisational development"*, and the *"evolutionary variable"* did not yield remarkable results. This indicates that due to a lack of significance, there is no correlation to the temporal aspects of planning, which again substantiates the notion that companies cannot/do not want to think in the long term.
- **Thesis 7: There is a correlation between the stages of corporate development achieved directly and indirectly by companies in these two countries.** The *"evolutionary stage"* – on basis of the total sample – is related to the *"suitability of the strategy, which is suitable for achieving corporate and personal goals"* and the perception that the *"strategy is intelligible and well communicated"*.

In summary, it can be concluded that by processing the literature in a structured manner and examining the hypotheses, the dissertation managed to:

- develop a new test method that was found to be suitable in both Austria and Hungary **for examining corporate strategies and levels of development.**

- use the macro data to deduce the fact that Hungary and Austria will be facing different challenges as regards the composition of the population.

- prove that the pictures employees have of the corporate environment in these two countries differ from each other.

- uncover the fact that the perception of strategies, organisation development, and competences, as well as the correlations between these factors, differ greatly between the two countries.

- measure both directly and indirectly the stages of development of companies in these two countries and uncover existing correlations from the viewpoint of their employees.

5. Critical assessment

The limitations to the analysis are to be found in the small sample size; furthermore, the samples themselves are very heterogeneous as regards age, job position, business sector, and activity. Based on this fact, it can be stated that the various part-samples were not compared to identical degrees, and this limitation of the research was knowingly accepted. The benefit of this approach lies in non-unilateral national conditions (e.g. not only human resource managers were surveyed), which thereby made it possible to avoid the unilateral distortion of the results. The other limitation of the study is the often lacking reliability of the raising of questions, which is primarily characteristic of Austria. Furthermore, due to the various levels of significance, conclusions could not always be drawn; the study does not discuss non-significant results.

Thirdly, it should be noted that the scope of the study was limited to a relatively simple, bidirectional Pearson correlation analysis, which means that any 3rd or 4th influencing variables could have influenced the correlations referred to. The restraints inherent in cause and effect must also be consciously pointed out, as the study has taken only the first step in examining this topic. A deeper analysis would exceed the frame of this work, though the provided results do provide a good stepping stone for further studies.

Due to the above restrictions, it was necessary to supplement the quantitative study with a qualitative study. With the help of the qualitative study, the issues subject to the research were assessed in a more open manner, and the respondents provided practical examples to support or to refute the results derived from the quantitative study.

In aggregate, analysis of the data proved to be complicated; it is the theoretical relationships behind these that can be explained relatively simply that are the main element of this work. This can be used by people with leader-type personalities to successfully manage companies; based on the uncovered relationships, human resource managers can utilise the possibilities inherent in influence; and employees can learn what intentions are behind a given business strategy's organisational measure and can also understand that numerous combinations of the influencing factors between the extremes of certain issues require management.

The conclusion can also be drawn that the fact that participants gain a deeper insight and learn to successfully network, how certain goals can be achieved, and what interest groups must primarily be taken into consideration in so doing also has a great significance.

6. Conclusions and recommendations

The development of organisations is not static, which is why we are only able to capture a snapshot of the development process frozen in time. Development is influenced by both the ever changing environmental requirements and the strategy followed by the company. The study led to an analysis of a wide variety of different correlations, and was able to point out certain tendencies. In the interest of the scientific development of the disciplines of *"strategic management"* and *"leadership"*, it is especially beneficial to uncover development tendencies. The continuous review of the various variables and relationships across borders allows us to grasp and monitor historical developmental tendencies. Within the above, the deeper statistical analysis of the variables would further refine the results.

7. Publications on the topic of the dissertation

Soós Balázs (2013): A vezető magyarországi cégek pénzügyi helyzetének alakulása 2003 és 2012 között. Gazdaság és Társadalom 5. :(2-3.) pp. 93-113. (ISSN 0865 7823) (DOI: 10.21637/GT.2013.2-3.06.)

Mesics Olívia – Soós Balázs (2013): Jól menedzselt változások - motivált munkavállalók In: Balázs Judit, Székely Csaba (szerk.) A gazdasági fejlődés fő hajtóerői: innováció, hatékonyság, munkahelyteremtés: tanulmánykötet: nemzetközi tudományos konferencia a Magyar Tudomány Ünnepe alkalmából, Sopron, 2012. november 12. Konferencia helye, ideje: Sopron, Magyarország, 2012.11.12 Sopron: Nyugat-magyarországi Egyetem Kiadó, pp. 949-960. (ISBN:978-963-359-000-3)

Soós Balázs (2013): Emotionaler Aspekt von Change-Prozessen: Wie können Führungskräfte Widerstände beeinflussen? In: Koloszár László (szerk.) Tehetség a tudományban: Hallgatói Kutatómunka a Nyugat-magyarországi Egyetem Közgazdaságtudományi Karán. (Nyugat-Magyarországi Egyetem) Sopron: Nyugat-magyarországi Egyetem Kiadó, pp. 43-55. (ISBN:978-963-334-110-0)

Soós Balázs – Székely Csaba (2015): Kompetenciaelméletek szerepe a stratégiai menedzsmentben In: Svéhlik Csaba (szerk.) X. Kheops Nemzetközi Tudományos Konferencia: Tudomány és Felelősség. 689 p. Konferencia helye, ideje: Mór, Magyarország, 2015.04.20 Mór: KHEOPS Automobil-Kutató Intézet, pp. 244-250. (ISBN:978-963-89779-4-6)

Soós Balázs (2016) A stratégiai előrelátás elméleteinek érvényesülése a vállalati gyakorlatban. E-conom 4. (2) pp. 23-32. (ISSN: 2063-644X) (DOI: 10.17836/EC.2015.2.023)

Soós Balázs (2017): Die ersten Schritte aus der Krise von führenden österreichischen Unternehmen – eine retrospektive Analyse. Gazdaság és Társadalom 9. (1) pp. 100-128. (ISSN: 0865 7823) (DOI: 10.21637/GT.2017.1.06.)