

A Field Research for Investigating the Effect of Strategic Management on Institutionalization Levels of Enterprises

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Abstract—The aim of this study is to determine the effect of strategic management implementations on the institutionalization levels. In this regard a field study has been made over 31 stone quarry enterprises in cement producing sector in Konya by using survey method. In this study, institutionalization levels of the enterprises have been evaluated regarding three dimensions: professionalization, management approach, participation in decisions and delegation of authority. According to the results of the survey, there is a highly positive and statistically significant relationship between the strategic management implementations and institutionalization levels of the enterprises. Additionally, considering the results of regression analysis made for establishing the relationship between strategic management and institutionalization levels- it has been determined that strategic management implementations of the enterprises can be used as a variable to explain the institutionalization levels of them, and also strategic management implementations of the enterprises increase the institutionalization levels of them.

Keywords—Institutionalization, Management, Strategic Management.

I. INTRODUCTION

THE rapid change with globalization and markets requiring very strong competition, started to affect life expectancy of enterprises. In the ever-increasing competitive environment in the modern world, the survival of enterprises requires to adapt the changing environment, to renew them by analyzing the external factors and to have a management system that is open to change. This can only be possible when enterprises have strategic management practices which enable them to analyze both internal and external environment. In addition, with strategic management practices, enterprises can better analyze the organizational and environmental changes and can have the opportunity to build on the foundation of a healthy basis for institutionalization, which is vital for enterprises. Institutionalization of an enterprise, -independent from individuals- having rules, standards, procedures, establishing systems and organizational structure following varying

environmental conditions, bringing into its own style of communication and business as business culture and ultimately having a distinguishing identity different from other enterprises [1].

The aim of this study is to determine the effect of strategic management practices, which is a vital requirement for the survival of today's enterprises, on their institutionalization level. In accordance with this purpose, by analyzing the data obtained through survey method from 31 stone quarries operating in the cement sector enterprises in Konya using SPSS, it has been tried to obtain findings about the effect on strategic management practices institutionalization level of the enterprises.

II. STRATEGIC MANAGEMENT AND INSTITUTIONALIZATION

A. Strategic Management

By strategic management approach, which stipulates enterprises to organize their relationship with the environment, enterprises have started to think, plan and make decisions strategically much more than before for benefiting from the opportunities in an efficient way for avoiding threats in effective methods by considering environmental factors. Strategic management concept can be evaluated as a management practice, which can contribute to strengthening their competitive position. In other words, strategic management is a management technique, which provides opportunity for organizations to determine future goals and targets and to establish the actions to take for achieving those goals. After defining strategic management concept and conveying the basic characteristics of the concept, it will be useful to discuss frequently used vision, mission, strategy and policy concepts in management science and to determine their relations in a strategic manner, for making the conceptual dimension of the study clear [2], [3], [4].

Strategic management is a management technique, which puts forward what an organization does, what are its existence reason and its future goals [5]. In other words, strategic management is an organization's evaluating process of its internal and external environment for short and long term plans and goals [6], [7].

Strategic management is a management technique, which integrates all other management processes to provide a systematic, appropriate and effective approach to create, discover, monitor and update strategic objectives of an

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organization [8]. Strategic management, is defined as "a whole of decisions and actions resulting by the creation and implementation of strategies formed for realization of the purpose and objectives of an organization". This definition reveals the following elements [7]:

- 1) Determining the mission of the organization formed by the goals, philosophy and objectives.
- 2) Developing a company profile that reflects the organization's internal environmental conditions and capability.
- 3) Assessment of the external environment of the organization in line with growth, competitiveness overall context elements.
- 4) Analyzing the organization's strengths and weaknesses, opportunities and threats.
- 5) Development of the organization's annual / short-term objectives without the influence of long-term goals and objectives.
- 6) Strategic control, monitoring, review and evaluation reflect realization of strategic goals and objectives of the organization.

The strategic management process involves definition of the organization's vision, mission and objectives and also strategy selection, strategy implementation, strategy evaluation and control process [6]. Strategic management process consists of three stages as, strategy, planning, strategy implementation, strategy evaluation and control [9]. Strategic planning is the phase of identification of opportunities and threats for businesses in external environment and determination of strengths and weaknesses of the enterprise in internal environment of the enterprise, and also selection of particular strategies and creation of business vision and mission. In general, the strategic practice is called as the "action stage" of strategic management. Practicing strategy means activation of strategies by the managers and employees. Strategy practice is considered to be the most difficult part of strategic management because it requires self-discipline, dedication and self-sacrifice. Motivating the employees to achieve the success of strategic practices depends on managing ability, which is some kind of art better than science. Strategic assessment is the final stage of strategic management. Managers need to know the time, when been specific strategies are not fulfilled, so strategic assessment is the first way to obtain this information. All the strategies are subject to change in the future, because internal and external factors change perpetually. Three basic strategy-evaluation activities are: 1) reviewing internal and external factors which are the basis for current strategies, 2) measuring performance, and 3) taking regulatory measures. Strategic assessment is necessary, because success today does not guarantee tomorrow's success [10].

The basic features of strategic management can be listed as; efforts for providing organization's sustainable competitive advantage and long-term existence, focusing on the long-term final results, a process that is started after examining competitors, environmental conditions and characteristics of the organization, and finally, a management process where not

only current position but also possible cases are considered [11].

The main objective of strategic management is improving the future performance of the organization, increasing profitability and productivity. In addition, strategic management aims to create a vision for the future. Vision, is not only the aim of strategic management, but also starting point or galvanizer of mission. In other words, vision is the expression of the version, which an enterprise wishes to be in the future. In this sense, vision is "expressed in a form of a dream or a fantasy about a desired future situation to occur or to be achieved." After determination of the vision in the organization, the mission to achieve this vision is determined. Mission is the long-term task or goal, which is determined to give a direction to organization members and may be used to distinguish the organization from similar organizations. In other words mission expresses why the enterprise exists, what they want to do and what kind of an enterprise they want to be. Mission is a matter to be determined before the announcement of the strategy. In addition, adoption of vision and mission and acceptance of them as common values by all of the employees are significantly important, but determination of mission and vision is not enough for organizational success. Besides, strategies and policies must be established to achieve the determined purpose. Strategy means, determination of goals and objectives of an organization, rearrangement of the activities necessary to achieve these objectives by analyzing the relationships between the enterprise and its environment. That means; strategy is a more concrete concept that shows where and in what quantity the resources will be distributed in line with the mission.

Finally, policy is expressed as method, which gives the employee a power to discrete between two limits, guide the actions to be carried out and decisions to be made about generally constant situations, compatibly with the strategy and the actions to lead organization for its objectives [12], [13], [14], [15].

These four concepts of strategic management have significant importance. As well, it can be said that strategic management is a management technique which includes these four concepts. The most important characteristic of strategic management is allowing the organization to analyze the environment outside the organization as well as its own internal environment. It is not possible for an organization, which does not know its own internal structure, systems, processes, strengths and weaknesses, to achieve success. In the same way, it is required to analyze external environment, (market structure, competitors' power, demands and expectation of customers, suppliers' power etc.). Vision and mission of the organization is determined after internal and external situation analysis and then strategies and policies are created [4].

B. Institutionalization

In the globalizing world, institutionalization, which has vital importance for the survival of enterprises, -independent

from individuals- is the process of having rules, standards, procedures, establishing systems following varying environmental conditions and organizational structure appropriate for updates, bringing into its own style of communication and business as business culture and ultimately having a distinguishing identity different from other enterprises [1]. Additionally, institutionalization involves; creation of an organizational structure suitable for the purposes, documentation of work and role descriptions, preparation of internal regulations, creation of a working systematic by distributing powers and responsibilities, and finally switching to a professional management.

In this context, we can define institutionalization as; switching from organizational stability, legitimacy, predictability, multi-sourced and -to adapt to the environment-non-stable or flexible, narrow technical actions and structure to regular, stable and socially integrated structuring into the institutional environment, and so internalization and achievement of the same level of perception by the employees and management, implementation of this restructuring and related forms of behavior in different conditions and environments automatically [16].

Institutionalization is defined as; a company's establishment of management systems and organizational structures suitable for current conditions, determination of behavior, standards and principles related to becoming an institution, and so process of documenting and implementing these [17]. In other words, *institutionalization is enterprises' identifying, documenting and implementing norms, standards and principles, by creating appropriate management and organizational structure for current conditions* [18].

Selznick defines institutionalization as, emerging of regular, stable and socially integrated structures from non-stable or flexibly organized narrow technical activities [19]. Meyer and Rowan define institutionalization as growing process of social processes obligations, responsibilities or activities emerging in the enterprise's interaction with the external environment, into a social thought and action in the form of a rule [20].

Institutionalization a process that is formed as a result of alignment to both internal and external groups' values and that should be followed in terms of the benefits and drawbacks by leaders [21]. We can list; facilitation of ensuring control in the enterprise, the healthy functioning of work-sharing, organization's more organized and systematically working, growth of business increasing degree of target access, persistence of the enterprise and the work done, identification of authority and responsibility areas, reduction of the error rate extension of productivity in the work done by the experts, as the main benefits of institutionalization for enterprises.

Possible drawbacks of institutionalization for enterprises can be listed as; employees focus only on their own work and controlling gets harder for business owners, decision-making process can get longer and it can lead to repetitions, a monotonous work environment emerges because of coordination disorders, business owners leave comprehensive thinking in business scale, an excessive functional structure occurs, the idea of decline in enterprise's entrepreneurial

abilities gets dominated [22].

III. A SURVEY STUDY FOR DETERMINING THE EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON THE INSTITUTIONALIZATION LEVEL OF THE ENTERPRISES

A. Data Collection Method Used in the Research

This research, which aims to examine the effect of strategic management practices on institutionalization level of the stone quarry companies operating in the cement sector in Konya, is based on survey method. The data collected through convenience sampling was evaluated by means of the SPSS 16.0 programme.

B. Aim and Hypothesis of the Study

The aim of the research is to examine the effect of strategic management practices of stone quarry companies operating in cement industry in Konya, on their level of institutionalization. Stone quarries operating in cement industry in Konya is the sample of the study is. It was determined that there are 62 companies in this sector and 31 of them were reached. Hypotheses developed for this purpose are listed below.

Hypothesis 1: There is a significant relationship between the strategic management practices and the level of institutionalization.

Hypothesis 2: Institutionalization levels of the company can be explained by strategic management practices.

C. Scale Factors Used in the Research

In the study, "Strategic Management and Institutionalization Scale", which was developed and finalized by [23], was used to investigate the effect of strategic management practices on the institutionalization level of enterprises.

D. Analysis and Findings

Within the scope of the research analyzes, company managers were surveyed to determine the impact of strategic management practices of the stone quarry enterprises operating in Konya, on the institutionalization level of them. Demographic information of the managers participating in the study is shown in Table I below.

TABLE I
DEMOGRAPHICAL CHARACTERISTICS OF THE SAMPLE

Characteristics	F	%	Characteristics	F	%
Gender			Employment time		
Male	30	96,8	2-4 years	5	16,1
Female	1	3,2	5-10 years	7	22,6
Age			10-20 years	15	48,4
between 30-35	6	19,8	20 years & over	4	12,9
between 35-40	10	32,3	Position		
between 40-45	7	22,6	General Manager	8	25,8
46 & over	8	25,8	Manager	13	4,9
Education			Sub Manager	2	6,5
Primary	3	9,7	Other	8	25,8
Secondary	8	25,8			
Associate degree	8	25,8			
Bachelor's degree	12	38,7			
Total	31	100	Total	31	100

As a result of analysis, it was observed that the majority of

the managers surveyed were male (96.3%), 35-40 years old (32.3%), had graduate-level education (38.7%), had worked for 10-20 years in the sector (48.4%), were general manager positioned (25.8%).

To measure the internal consistency of the scales used in this study, the internal consistency of both of the scales and their sub dimensions were calculated and are shown in Table II.

TABLE II
INTERNAL CONSISTENCY ANALYSIS RESULTS OF THE SCALE FACTORS

Scale Factor	Dimensions	Number of Statements	Cronbach's Alpha (α)
Institutionalisation	Professionalization	4	0,834
	Management Mentality	4	0,683
	Participation in Decisions & Entrustment	5	0,769
Strategic Management		8	0,942

Strategic management scale used in the study (0.942) the institutionalization scale (0.899) and the sub-dimensions; professionalization (.834), management mentality (0.683), and participation in decisions and entrustment (0.769) are observed to be significantly ($0.60 > \alpha > 0.80$) reliable.

TABLE III
EXPLORATORY FACTOR ANALYSIS RESULTS RELATED TO STRATEGIC MANAGEMENT SCALE

Strategic Management	Factor Load
The harmony between the general plan of our business and operational plans are available.	0,937
External environmental factors of the company are under investigation.	0,881
Objectives set out in the planning process are achieved in a high level.	0,878
Planning activity is carried out in our company.	0,868
Our company has organisational vision, targets which can shed light on the future, by means of quantitative and qualitative indicators from present and past.	0,843
Our company's objectives, which are required to be reached at least in 5 years, are defined.	0,823
Plans made in our company remain valid for a period of three years or more.	0,802
In our company, policies, principles and rules to be applied are stated in detail, during the planning activity.	0,728
Stated Variance	78,675
KMO Value	0,884
p	0,000

To examine the construct validity of the strategic management scale of the study, data were subjected to exploratory factor analysis. As a result of the analysis made to test the suitability of the data for factor analysis, it was determined that; normal distribution Barlett test result was significant ($p < 0.05$), KMO (Kaiser-Mayer-Olkin) value was determined 0.884. In addition, it was determined that the strategic management scale items used in the study gathered under one single factor load and these items explain strategic management at the rate of 78.675%.

TABLE IV
EXPLORATORY FACTOR ANALYSIS RESULTS RELATED TO INSTITUTIONALIZATION SCALE

Institutionalisation	Professionalization	Management Mentality	Participation in Decisions & Entrustment
Standards were determined for the services offered in the company.	0,553		
Reports are published in certain periods by the independent audit agencies, about the company's activities.	0,680		
There are guidebooks, the organization diagrams, workflow diagrams about the organization	0,761		
There are written job descriptions, orders, and rules about the activities carried out in our company.	0,839		
There are strategies such as innovation, flexibility, specialization, which are followed by our company.		0,811	
By management, a shared set of values (organizational culture) are created and some studies are carried out to make the employees adopt them.		0,898	
Standards, objectives, objectivity, are connected to the policies of the organisation and also personnel are made to adopt them.		0,740	
Quality standards are important in our company and total quality management are applied.		0,595	
Business management adopt "participatory management" approach.		0,589	
Entrustment is carried out in business management and it is realised together with the delegation of responsibility.			0,771
Aid is received from employees who have sufficient knowledge on the subject, while business activities are organized.			0,736
Employees in our establishment are consulted when important decisions are taken.			0,658
While fulfilling activities in our company, ideas of interest groups (owners, employees, customers, competitors, financial input providers, regulators, etc.) have importance.			0,752
Stated Variance	20,196	34,592	9,353
Total Variance		74,114	
KMO Value		0,723	
p		0,000	

In the study, to examine the construct validity of the institutionalization scale, data were subjected to exploratory factor analysis. As a result of the analysis made to test the suitability of the data for factor analysis, it was determined that; the normal distribution Barlett test result was significant ($p < 0.05$), KMO (Kaiser-Mayer-Olkin) value was 0.723. In addition, when the results of the factor analysis are evaluated, the scale items were seen to have gathered under three factors as: professionalism, management mentality and participation in decisions and entrustment.

According to the analysis data, it is concluded that general institutionalization level of the sector is high (4.03), and in particular the management mentality is important (4.19) in institutionalization. In addition, strategic management is identified to be implemented in the sector generally (3.86).

TABLE V
DESCRIPTIVE STATISTICS OF THE SAMPLE

Scale Factors	Dimensions	Mean	St. Dev.	Gen. Mean	Gen. St. Dev.
Institutionalisation	Professionalization	3,90	0,87	4,03	0,67
	Management	4,19	0,54		
	Mentality				
	Participation in Decisions & Entrustment	3,94	0,82		
Strategic Management				3,86	0,82

No vertical lines in table. Statements that serve as captions for the entire table do not need footnote letters.

^aGaussian units are the same as cgs emu for magnetostatics; Mx = maxwell, G = gauss, Oe = oersted; Wb = weber, V = volt, s = second, T = tesla, m = meter, A = ampere, J = joule, kg = kilogram, H = henry.

TABLE VI
CORRELATION ANALYSIS BETWEEN INSTITUTIONALIZATION AND STRATEGIC MANAGEMENT

	Strategic Management	Professionalization	Management Mentality	Participation in Decisions & Entrustment	Institutionalisation
Strategic Management	1	0,751(**)	0,845(**)	0,734(**)	0,848(**)
Professionalization		1	0,751(**)	0,635(**)	0,875(**)
Management Mentality			1	0,838(**)	0,937(**)
Participation in Decisions & Entrustment				1	0,905(**)
Institutionalisation					1

Note: * $p < 0.05$, ** $p < 0.01$.

When the results of the results of the correlation analysis, which was made in order to determine the relationship between strategic management and institutionalization, it was concluded that there is a highly positive significant relationship (0.751) between sub dimensions of institutionalization: professionalization and strategic management, there is a highly positive significant relationship (0.845) between management mentality and strategic management, there is a highly positive (0.751) significant relationship (0.848) between participation in decisions & entrustment and strategic management. H1, which was developed as; "There is a significant relationship between the strategic management practices and the level of institutionalization." was accepted.

TABLE VII
RELATIONSHIP BETWEEN INSTITUTIONALIZATION AND STRATEGIC MANAGEMENT

Dependent Variable	R ²	Independent Variable	B	Std. Error	t	F
Institutionalisation	0,649	Constant		0,353	4,258**	53,678**
		Strategic Management	0,806	0,089	7,327**	

Note: ** $p < 0.05$, * $p < 0.01$.

When the results of the regression analysis, which was made in order to determine the relationship between strategic management and institutionalization, are evaluated, it was conducted that strategic management practices have effect on institutionalization and strategic management practices explained institutionalization with a rate of 64.9%. In addition,

it is determined that; the proposed model is statistically significant ($p < 0.05$), management practices positively affect ($R^2 = 0.649$) institutionalization. H2, which was developed as "Institutionalization levels of the company can be explained by strategic management practices." was accepted.

IV. CONCLUSION

While business have rules, standards, procedures regardless of people, the level of institutionalization of enterprises is particularly important, in establishment of systems following varying environmental conditions. Therefore, in this study it is aimed to determine the effect of strategic management practices on the institutionalization level of stone quarry enterprises operating in cement sector in Konya.

According to the results of the research, it is concluded that, importance level of strategic management practices and level of institutionalization, which is dealt in three dimensions as: professionalization, management mentality and participation in decisions and entrustment, of stone quarry enterprises operating in the cement sector is at notably high. In addition, highly positive significant relationship was found between levels of emphasis on strategic management practices and the levels of institutionalization. It is concluded that; while strategic management practices are implemented in companies, the level of institutionalization increases, and thus the existence of strategic management practices in a company is a sign showing that the company is institutionalizing.

There are limitations in some aspects of the research results. It will be useful to study on similar samples in other cities or on different sectors in Konya for future studies because our

research was made in only Konya. This research was made in certain limited time period, it can be said that carrying out a durable research as a method of data collection would be a more appropriate approach, when the determined questions to find answers for and hypothesis put forward are taken into consideration.

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