

STRATEGIC MANAGEMENT PROCESS AT FURNITURE FIRMS (A SAMPLE OF MERSIN PROVINCE)

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Abstract

Strategic management is a sum of processes that aims to maintain firm's life at long-term, to get sustainable competitive advantage and to gain profit over sector average. Generally, there is an apparent expansion of management's planning, organizing, leading and controlling functions in this process. The firms that use strategic management process efficiently and effectively will continue their operations easier in present-day business world that becomes more global and competitive each passing day. In this study, it is searched that how and in which level firms of furniture industry practice strategic management process. A survey is applied to 30 furniture firms that operate in Mersin province with face-to-face method. By using descriptive statistics, variance and correlation analyses at SPSS environment, inferences are made from the data obtained from firms. As a result, it is found that firms agree with 14 factors, used for researching strategic management process of firms, in proportion as 97,4%. This result shows that furniture firms have strategic management conscious.

Keywords: Strategic Management, Strategic Management Process, Furniture Industry, Mersin.

1. Introduction

Strategic management is to use production factors effectively and efficiently in order to maintain firm's life at long-term, to get sustainable competitive advantage and to gain profit over sector average [1]. For these purposes, it includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action [2].

The strategic management process is the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns [3]. According to David [4] this process, with the main lines, consists of three stages: strategy formulation, strategy implementation, and strategy evaluation.

Strategy formulation stage includes having strategic conscious, selecting and assigning strategists, developing a vision, mission and objectives, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses, generating alternative strategies and choosing particular strategies to pursue [1].

Strategy implementation requires a firm to establish annual objectives, devise policies, motivate employees and allocate resources in order to execute strategies [4]. This stage includes coordinating organizational structure, systems, leadership style, corporate culture, human resources and business skills with formulated strategy [5].

Strategy evaluation stage has three fundamental activities. These are 1) reviewing external and internal factors that are the bases for current strategies 2) measuring performance, and 3) taking corrective actions [4].

Furniture industry is a part of secondary manufacturing that is one of the six subsectors of forestry. The characteristics of this secondary manufacturing type are private ownership, production purpose, design and manufacture activities. These manufacturers usually use sawn timber and panel products as raw material and its outputs are household and office furniture [6].

According to 2012 data, at the global level, Turkish furniture industry's production, export and import percentages are 1%, 1% and 0.5%, respectively. According to 2011 data, the number of establishments and the number of employees are seen as 35858 and 174915, respectively [5].

In this study, we attempt to investigate strategic management process of furniture firms at Mersin. In next section, the material and methodology is explained. It then presents findings and a number of conclusions are highlighted in the final section.

2. Materials and Methods

The material of this study is furniture firms at Mersin province. The industry structure of Mersin consists of food sector (36%), forest products sector (10%), metal sector (10%) and plastic sector (8%). This city is among industrial developed cities in Turkey.

There are 1139 industrial firms, being still active. Number of furniture manufacturers is 35, with industrial registry certificate, ranked from small to large-sized firms [7].

Data were obtained through a questionnaire survey, being conducted to 30 furniture firms. This survey form consists of 14 questions that explain whole strategic management process from mission and vision statements to evaluation of process outputs.

To analyze data, we use descriptive statistics and correlations in Statistical Package for the Social Sciences (SPSS) 16 software. For correlating strategic management process items, spearman's rank correlation is chosen because of nonparametric measure of obtained data.

3.Results

The demographical information of this study dominantly consist of undergraduate level with 63.3%, 26-35 years of age with 43.3%, 10 years and above experience as a manager with 33.3%, small-sized(10 to 49 employees) firms with 40%, 10 to 14 operating period years with 36.7%, limited company with 86.7%, and 1 to 4 million Turkish lira annual return with 83.3%.

Table 1 presents descriptive statistics and correlations. Most of factors are high agreed by managers. Among all variables, congruently written objectives variable is with least valued strategic management process element.

According to correlation analysis, two significant results are found ($p < 0.01$). There is a strong positive correlation between “measurable and quantitative strategic objectives” and “opportunities and threats” (correlation coefficient is 0.55). Moreover, there is a strong positive correlation between “opportunities and threats” and “systematic monitoring of environmental factors” (correlation coefficient is 0.47).

Table 1. Means, standard deviations, and correlations

Variables	Mean*	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Mission and Vision	5.00	-													
2 Shared objectives and goals	5.00	-	-												
3 Congruently written objectives	4.00	0.83	-	-											
4 Strategic plan with performance evaluation	4.57	0.56	-	-	0.27										
5 Measurable and quantitative strategic objectives	4.90	0.30	-	-	-0.14	0.16									
6 Opportunities and threats	4.97	0.18	-	-	-0.24	0.21	0.55**								
7 Activities of rival firms	5.00	-	-	-	-	-	-	-							
8 Strengths and weaknesses	5.00	-	-	-	-	-	-	-	-						
9 Determination of alternative strategies	5.00	-	-	-	-	-	-	-	-	-					
10 Suitable strategic choice	5.00	-	-	-	-	-	-	-	-	-	-				
11 Plans and budgets	5.00	-	-	-	-	-	-	-	-	-	-	-			
12 Systematic monitoring of environmental factors	4.87	0.34	-	-	0.13	0.25	0.19	0.47**	-	-	-	-	-		
13 Adjustment organizational structure	4.93	0.25	-	-	0.00	0.04	0.35	-0.05	-	-	-	-	-	0.28	
14 Evaluation of strategic outputs	5.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* 1: Strongly disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly agree

** significant at <0.01; N=30

4. Discussion

In strategy field, from past to present, a lot of study on strategy process and practice have been conducted by several researchers [8,9,10,11,12].

It is found that furniture firms have a strategic management process according to firm managers' response. The mean of 14 strategic management factors is found as 4,87. This score very high and adequate for strategic conscious. Additionally, Poister and Streib [11] found that a considerable number of city governments in the United States use strategic planning and management process to establish long-term objectives, determine priorities, and guide decision making. On the contrary, in another study evidence from construction industry, the strategic management process within many construction organizations is informal and not well documented [9].

Strategic planning processes have become more decentralized, less staff driven, and more informal, while strategic plans themselves have become shorter term, more goal focused, and less specific with regard to actions and resource allocations [10].

Kraus et al. [12] ,as based on small enterprises, found that planning formalization has a positive and highly significant impact on the probability of belonging to the group of growth firms, whereas other aspects of strategic planning (time horizon, strategic instruments, and control) did not contribute to performance.

Opportunities and threats from firm environment are very important for strategic management success, especially in terms of early Porterian view [13]. The more firms evaluate opportunities and threats, the more they have measurable and quantitative strategic objectives and monitor environmental factors systematically is another important result of this study.

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