

**T.C.**  
**İZMİR KÂTİP ÇELEBİ UNIVERSITY**  
**INSTITUTE OF SOCIAL SCIENCES**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**BUSINESS ADMINISTRATION PROGRAM**

**A RESEARCH ABOUT DISCUSSION OF  
ORGANIZATIONAL COMMUNICATION AND  
STRATEGIC PLANNING PROCESS**

**Master's Thesis**

**OĞULCAN SELÇUK**

**İZMİR-2018**

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**SUPERVISOR: ASSOC. PROF. EVRİM MAYATÜRK AKYOL**

**İZMİR-2018**

## **DECLARATION**

I hereby declare that this master's thesis as "A Research About Discussion of Organizational Communication and Strategic Planning Process" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honour.

22.01.2018

Ođulcan SELÇUK

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	<p>TEZ/PROJE SINAVI TUTANAK FORMU</p>	Dok. No: FR/604/21
		İlk Yayın Tar.: 03.10.2017
		Rev. No/Tar.: 00/..
		Sayfa 1 / 1

GÖNDEREN : ..... İŞLETME ..... Anabilim Dalı Başkanlığı  
GÖNDERİLEN : Sosyal Bilimler Enstitüsü

Anabilim Dalımız Yüksek Lisans / ~~Doktora~~ Programı öğrencisi .... ÖZULCAN SELÇUK ..... ile ilgili Tez/Proje Sınav Tutanağı aşağıdadır.

Tarih: ..... İşletme ..... Anabilim Dalı Başkanı  
Sayı : Prof. Dr. Hayrettin USUL  
İmza

**SINAV TUTANAĞI**  
Tez/Proje Sınav Jürimiz tarafından incelenen ..... "A Research About Discussion of Organization Communication and Strategic Planning Process" başlıklı yüksek lisans / doktora tezi ile ilgili olarak jürimiz 05.02.2018 tarihinde toplanmış ve adı geçen öğrenciyi Tez/Proje Sınavına tabi tutmuştur. Sınav sonucunda adayın tezi hakkında ÖYÇOKLUĞU/OYBİRLİĞİ ile aşağıdaki karar verilmiştir.

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ii) Yeni bir bilimsel yöntem geliştirmiştir   
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## **ABSTRACT**

**Master's Thesis**

**A Research About Discussion of Organizational Communication and Strategic  
Planning Process**

**Ođulcan SELÇUK**

**İzmir Kâtip Çelebi University**

**Institute of Social Sciences**

**Department of Business Administration**

**Business Administration Program**

In environment of globalization and intense competition, businesses make their long-term plans in order to sustain their existence. This planning ensures employees to understand the points of organization's mission, its goal, the place where it wants to reach and how it will get there, and it is thought that organizational communication plays an important role in this respect.

In this context, the main purpose of the study is to a research about discussion of organizational communication and strategic planning process. In the research where interview was preferred as data gathering technique, three managers of a business operating in iron and steel sector were chosen as participants. In line with the received answers, it can be stated that strong communication with employees is decisive in design and implementation of strategic planning.

**Keywords:** Strategic Planning, Organizational Communication, Strategic Management, Discussion

# ÖZET

Yüksek Lisans Tezi

Örgütsel İletişim ve Stratejik Planlama Sürecinin Tartışılması Üzerine Bir  
Araştırma

Oğulcan SELÇUK

İzmir Kâtip Çelebi Üniversitesi

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İşletme Anabilim Dalı

İşletme Programı

Küreselleşme ve yoğun rekabet ortamında işletmeler varlıklarını sürdürebilmek için uzun vadeli gelecek planlamalarını bugünden yapmaktadır. Söz konusu planlama, çalışanların; örgütün varlık nedeni, amacı, ulaşmak istediği yer ve oraya nasıl varılacağı hususlarını anlamalarını sağlamakta ve bu hususta örgütsel iletişimin önemli rolü olduğu düşünülmektedir.

Bu bağlamda çalışmanın temel amacı, örgütsel iletişim ve stratejik planlama sürecinin tartışılması üzerine bir araştırmadır. Veri toplama tekniği olarak mülakatın tercih edildiği araştırmada, demir çelik sektöründe faaliyet gösteren bir işletmenin üç yöneticisi; katılımcı olarak seçilmiştir. Toplanan yanıtlar doğrultusunda, stratejik planlamanın yapılması ve uygulanmasındaki etkinlikte; çalışanlarla kurulan güçlü iletişimin belirleyici olduğu ifade edilebilmektedir.

**Anahtar Sözcükler:** Stratejik Planlama, Örgütsel İletişim, Stratejik Yönetim, Tartışma

# **A RESEARCH ABOUT DISCUSSION OF ORGANIZATIONAL COMMUNICATION AND STRATEGIC PLANNING PROCESS**

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## **ABBREVIATIONS**

**F.M.** Finance Manager

**M.M.** Marketing Manager

**S.M.** Steelwork Manager

**SWOT** Strengths, Weaknesses, Opportunities, and Threats



## INTRODUCTION

Today, organizations have to think strategically and give importance to strategic planning in the face of globalization, technological developments, emerging markets, change in consumer needs and constantly increasing competition environment. In other words, as a result of the changes and developments in question, it is understood that organizations should act more planned and their understanding of management should be more professional. In this context, the strategies followed by the organizations have led to emergence of a discipline called strategic planning in the beginning and strategic management in the next steps.

Strategic planning considers the organization as a whole and it is about identifying the main goals intended to achieve and obtaining the resources enabling this planning to achieve these goals. Therefore, it is not possible for an organization to gain competitive advantage in ever-evolving and challenging market conditions without strategic planning.

Additionally, strategic plans are also formed in a healthy manner with the participation of employees and managers of the organization. This situation reflects the role of organizational communication in strategic planning process. As a matter of fact, organizational communication is a system that enables more than one person in the organization to gather around the goals and work effectively in the direction of these goals.

In this context, the study aims to examine role and impact of organizational communication in strategic planning process. Besides the study consists of three main parts. In the first part, descriptive and explanatory information about strategic planning is stated. In the second part, organizational communication, and its functions and types are examined in detail. In the third and final part of the study, the purpose, limitations, data collection, and sample of the research are mentioned. Also, findings on the subject are evaluated through the data collected by interview technique from managers of a large-scale company operating in iron and steel industry in Izmir.



# **CHAPTER 1**

## **STRATEGIC MANAGEMENT AND STRATEGIC PLANNING**

This chapter of the thesis comprises information of strategic management, its daily development from the past and processes, the observation method of environments with special kinds of analyses which are called as external and internal to an organization.

### **1.1. DEFINITION OF STRATEGY**

For the first time, the term strategy was used for the trade war in 1800's and companies began to use it by the end of the 1900s. In the past, principles of strategies were not the same as present day. While principles were more strategic planners or less thinking in the middle of the 1900s, it changed to strategic planning and strategic management in 1990, which is very different (Wells, 1996: 17).

According to some anonymous sources, the term strategy was derived from Greek military jargons. Even these sources defended one idea, their claim was the term strategy could belong to the name of a Greek commander. The root of the term strategy was derived from French. If we look at our country, although there is no exact equivalent in our language, it is translated by TDK as follows: a policy adapted by a nation or society in times of peace and war (TDK 2016).

That stresses the role of planning to ignore the fact that strategies can emerge from within an organization without any formal plans. The author states strategy penetrates to the organization, even in the absence of the environment and also, he adds, what a company wants or plans to do. So, it can be defined that strategy, as a plan or organization's way, brings all business aims to the future. The strategy gives us the answers of two questions. First, where we are? Second, where should we be? Organizations also follow certain plans to survive like humans. Namely, they establish their presence on strategies, which causes strategy battles, is called

competition. Because to survive, they have to reach their targets and aims. So, instead of old management models, organizations prefer the modern management models (Hill and Jones, 1992: 8).

## **1.2. DEFINITION OF STRATEGIC MANAGEMENT**

A number of authors expressed the idea in complex and fancy words, however, we should narrow it down that for a clear understanding. If the meaning of the strategy can be defined as making plans for future, the meaning of management should be shaping the future and the destiny of the organization. So, it is clear that strategic management is that an organization acts from the current position to a predetermined place. The strategic management is a sustainable and permanent administrative system. This is the mixture of an organization and the changes in the environment. It is certain the appropriate organization to the external environment, but when an organization focuses on the external environment, it must be aware of one thing. Strategic management must be established on strategic decisions and some decisions must be built with the strategic planning (Digman, 1990: 7).

The meaning of strategic management is, processing, formulating, implementing and evaluating according to science. An organization can reach its aim through these steps. Strategic management works with integrating management, finance, marketing, production and computer information systems are required for an organization to achieve its aims. Through strategic management, an organization will create new opportunities for the environment, competitors and itself (David, 2003: 5). To realize strategic management, an organization needs three different processes. These are decisions, analyses, and actions. A strategic decision has to include resolving the environmental conditions and analyzing the organization's vision, mission, and strategic objectives. Above all, the most important thing is to define who makes the decision. Leaders, who are making decisions, must handle two questions. What industries should we compete in? How should we compete in those industries? The last step is action. Leaders must use these strategic decisions, but organizations have to improve their strategies (Dess et al., 2007: 10).



### **1.3. STRATEGIC MANAGEMENT PROCESS AND STRATEGIC PLANNING**

Today, the most important reason for the competition in a market is the desire to win, which can be reached with intended growth to become the best. Organizations need to follow a certain strategy in competition, which will direct them to reach their aim rapidly, directly and surely. When the organizations are making strategy plans, they first consider the organization's mission and vision and then move with external and the internal environments. The reason of this movement, mission, and vision helps to directly reach the predetermined goals. Strategic management is about deciding what an organization should do in the future beforehand, specify how it will be done and who will do it as a resource management, implementing ongoing activities and operations as control and assessment. This process initiates with strategic planning (Steiss, 2003: 8).

#### **1.3.1. The Concept of Strategic Planning**

In the last century, the world has experienced huge wars, industrial and civil rights movements, democratic and bureaucratic systems, the evolution of the oil industry and the revolution of the information technologies industry. All of that has provided one thing: the change. Strategic planning facilitates governments, communities, organizations and even individuals who deal with change and adapt to it. Strategic planning is intended to strengthen the capacity of an organization to adapt to the change and to enhance the ability of its members to think, act, and learn strategically to face continuing environmental and institutional changes (Shahin, 2011: 11-15).

If a detailed description is to be made, strategic planning acts as a compass that explains how your company conducts the selected strategy. A plan will comprise where an organization should go in the future as well as how to get there. Generally, the plan focuses on an organization-wide or an important function, such as a department or a division. A strategic plan is a management tool that helps an

organization to perform a better job, since a plan intensifies the energy, resources and time of everyone in the same direction (Olsen, 2007: 12).

Strategic planning is the organization's future and structural changes, the mission and total targets, and taking into account the situation in the environment, a plan to select and implement one of the alternatives to the organization (Demir and Yılmaz, 2010: 72-74).

Strategic plan is a sum of decision or decisions. The features of this decision or decisions are, to reach the intended point and be achieved or to be realized in future time periods. Therefore, as a general definition, the plan is to decide where to go and what to do in the future beforehand. In the broadest sense, planning is a knowledge-based effort to mobilize, to use effectively, and to conquer resources towards the realization of pre-determined goals. It is the future determination of where to reach and how to get there. In other words, planning is the process of defining the goals of the organization, setting general strategies to achieve those goals, and creating detailed plans to coordinate and integrate the employees in the organization. Planning is the process of determining where, when, how, why, by which means and methods, where and by whom (Demir and Yılmaz, 2010: 74).

It does not matter whether in a battlefield or a business, plans of action always have two basic aspects, which are aims and means. Planning has been defined by authors in different ways, ranging from thinking about the future to determine in advance who is supposed to do what task and when. To our aims, planning can be defined as “the activity of preparing a plan” and a plan can be defined as a set of intended outcomes coupled with the actions by which those outcomes are to be achieved. To plan, then, is to determine the ends sought and the means whereby they are to be attained. Planning can be in different kinds of varieties as formal or informal and involve lots of information. The information base can be huge and include reports, studies, databases, and analyses, or it can rest entirely on the personal knowledge of a lot of people, or even just one person (Nickols, 2016: 4-7).

Planning is the systematic process of determining needs and best way to meet these needs. The meaning of the planning is, thinking about the future so that you can do something about it from now. It does not mean that everything will be perfect according to the plan, but if you have planned properly then everything will be much greater (Shapiro, 2001: 4).

### **1.3.2. The Importance of Strategic Planning**

As we heard, managers prepare the plans for the future of company and present them to their executives. Do those plans really work? Does it really increase efficiency? After all, why should we prepare a plan? These are numerous questions to which we would like to find solutions. Planning is absolutely important as it tells us where to go, it provides direction and reduces the risk of uncertainty by preparing forecasts. In terms of organization, the importance of the planning is listed below (Pirtea et al., 2009: 954).

- a) Planning ensures direction.
- b) Planning reduces the risk of uncertainty.
- c) Planning encourages innovative thinking.
- d) Planning makes making decisions easier.

Planning can be crucial in the context of institutional imbalance and change, and dependence on the strategic plan can help organizations become visibly dependent on cooperative values, duties and decision making (Taha, 2017: 11).

The main functions of planning are;

- a) Planning provides relevant working conditions of the objectives of the topic and future directions for the activities of the organization.
- b) Planning ensures the good understanding of criteria for measuring current performance.

- c) Standardization to adjust future performance in accordance with the planned strategic directions.
- d) Visibility and identifying strategic objectives of the institution.
- e) The structure and expansion of the institution's mission.
- f) Identifying and providing improved performance requirements and strengthening the organization's position

### **1.3.3. Steps of Strategic Management Process Which State Strategic Planning**

#### **1.3.3.1. Mission, Vision, and Goal Statement**

Mission and vision is a small step to carry an organization to the determined goals. So, an organization, why does it exist? What is the purpose? Where are we going? What is the aim? Mission and vision give answers to these questions. A number of researchers have stated that these two ideas of vision and mission are the same thing, but actually, these are definitely not the same. The mission states the purpose of an organization, whereas as the vision states to what goals with will be reached and what good will it make. To manage a company, these two things are indispensable for managers. In light of these ideas, an organization is ready to take the lead (Digman, 1996: 51).

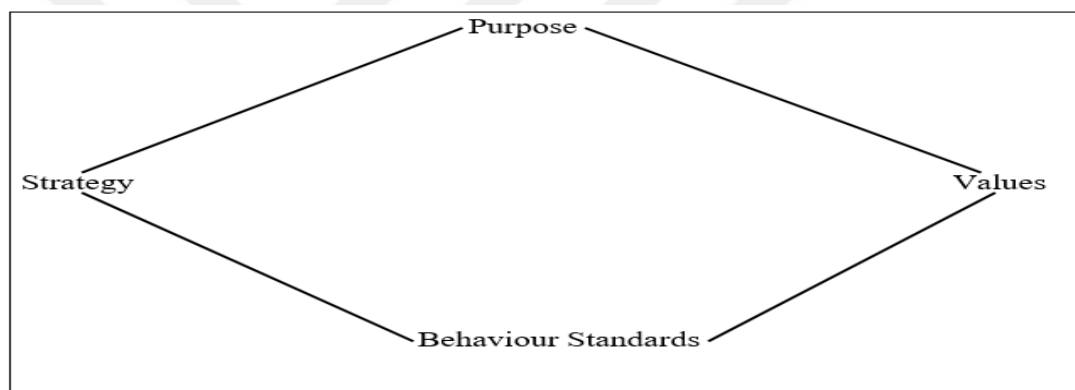
##### **1.3.3.1.1. Mission**

A mission statement defines the purpose of the organization. In fact, an organization aims on how it can serve to all stakeholders. That means employees, customers, investors, especially governmental or environmental impact. A mission should be longer than vision because it includes values of the firms and summation of the business (Schmitz, 2012: 152).

It is the mission statement, which makes the difference. A mission tells us the scope of an organization's operations and functions. It is contained within this question. What is our business? A mission describes the priorities of an organization, managers follow these priorities because of compelling of the mission statement. These obligations reflect on the chart of mission statements (David, 2003: 10).

A mission statement following the true way to reach desired goals, achieve all the things, skip all barriers easily and overcome difficulties. If an organization tries to reach their aims without any mission, it will face with all difficulties, so a mission statement is a huge help and guide to an organization (Digman, 1996: 51).

**Figure 1.** The Ashridge Mission Model



**Source:** Campbell and Yeung, 1991: 13-17.

Campbell states that, an organization needs four core elements to create a strong mission:

Purpose: Why the company exists?

Strategy: The competitive position and distinctive competence

Values: What the company stands for?

Behaviour Standards: The policies and behaviour patterns that underpin the distinctive competence and the value system.

### **1.3.3.1.2. Vision**

A vision statement defines the goals of the organization and how it will make a difference in the future. Whereas the mission involves with “today”, the vision looks up always to the future. A vision statement provides an organization direction to the future. It reflects the values of an organization, its existence and shows the desire of all employees and customers or stakeholders. Organizations need three elements in order to create a vision, which answers these three questions (Ireland et al., 2011: 17).

Who we will become?

What we will achieve?

Where we will be?

The vision statement has to give an answer the main question; what do we want to become in the future? A clear vision ensures the foundation for improving a comprehensive mission statement. Many organizations have both vision and mission statements, but the vision statement should be established first and foremost. The vision statement should be short, preferably one sentence, and as many managers as possible should have input into improving the statement (David, 2011: 43).

### **1.3.3.1.3. Goal Statement**

It is an achievement without any time criteria. The goal is not an objective, and there is no deeply consideration. An organization can just acquire conclusion while an objective considers the increase of annual sales in determined percentage, goals consider the just increased profitability. Goals can be established in many different areas. Such as profitability, efficiency, growth, shareholders, reputation, contribution to employees, market and technology leadership and personal needs of the top management (Whelen and Hunger, 1998: 11).

A goal is a desired future state that an organization undertakes to realize. In this context, the aim of goals is to determine certainly what must be done so that the organization can attain its mission and vision. Well established goals have four fundamental characteristics (Hill and McShane, 2008: 116):

- 1) They are exact and measurable things. Measurable goals provide a standard for managers to make decisions based on their performance.
- 2) They handle crucial issues. Managers must select several major goals to determine the performance of their organization. The selected goals should handle important issues.
- 3) They are challenging but realistic. They encourage all employees to look for ways to improve the performance of the organization. Employees may give up if an unrealistic goal is set; but a goal that can be achieved very easily may fail to motivate managers and other employees.
- 4) They are set a time period to be obtained. Time constraints say that success for workers requires a certain degree of success. Deadlines give a sense of urgency to target acquisition and serve as a motivation. However, not all destinations require time constraints.

### **1.3.3.2. External Analysis**

Environmental analysis is the sum of social, cultural, economic and physical conditions. Organizations have to follow their managers' orders, so managers always should observe the environment. They need to identify possible opportunities and threats for the external environment as well as strengths and weaknesses for the internal environment. To this process, it can be identified with SWOT analysis. Since environmental scanning is the monitoring, evaluating and disseminating to the external and internal environment in particular to head of the organization as high-ranking managers, CEOs or owners (Naktiyok, 2004: 89). Several organizations face external environments that are tough, hard to penetrate, complex and difficult due to global conditions. Understanding the opportunities and threats is the significant task of studying the general environment. An opportunity helps an organization to

achieve strategic competitiveness. A threat prevents an organization's efforts to achieve strategic competitiveness. An organization should examine four components of the external environment analysis. The first step is scanning. An organization needs to identify early signals of environmental changes and trends. The second step is monitoring, an organization observes the environmental changing and trends. Forecasting is to predict the expected changes and trends so it can be said as foreseeing the future. The last step is assessing. Determining the environmental changes and trends or the management of the organization. The first step is to analyze the external environment of the business and to focus on general environment followed with industry environment. There are some factors depending on the general environment. The collection of these factors are defined under PESTLE analysis (Ireland et al., 2011: 35).

#### **1.3.3.2.1. General Environment Analysis and PESTLE**

Organizations must establish strong trade links and roots, so the external factors need to be identified and determined within the general environment. To identify and determine these external factors, PESTLE is a commonly used method. It considers Political, Economic, Social, Technological, Legal and Environmental issues (Kolios and Read, 2013: 5026-5032).

**Figure 2.** PESTLE Analysis Triangle



**Source:** <http://www.free-management-ebooks.com>, 2016



### **a) Political**

Political segment plays a crucial role in this analysis. Because government acts give the shape to the organizations. These shapes such as tax policies change in trade restrictions and stability of the government. All the things belong to the government's trade regulations. They can change policy for their benefits or encourage the foreign investments. This policy or regulation include employment laws, customer protection laws, environmental regulations, taxation regulations, health and safety requirements (<http://www.free-management-ebooks.com>, 2013: 12).

### **b) Economic**

This one includes the money, energy, and information. The changes in the economy has a huge effect all over the industries, also supply raw materials from a producer who produces goods and services, wholesale, retail and government. A lot of things can be an indicator for an economy, such as; interest rates, unemployment rates, consumer price index and gross domestic product. In this force differences can impact on different sectors of industries or organizations (Dess et al., 2011: 56).

A country's economy can affect almost all organizations who makes business in this country. The best thing for organizations is a growing and developing economy, so live economy exists. People are working, therefore money can be disposable. The best feature of the growing economy is more products bought or sold than non growth economies. Organizations earn more in growing economy, but economic environment growing mean does not organizations or people earn more every time. There are many examples while environment growing organizations or people can still stay in same positions (Williams et al., 2008: 35). When organizations research a country for investment, they prefer strong growth potential and stable economies. With the globalization, organizations have to scan, monitor, forecast and assess the external economies or out of their host nations at the same time their domestic economy important too. There are some economic segments for

determination to the power of the countries such as inflation rates, interest rates, trade deficits or surpluses, budget surpluses and gross domestic product (Ireland et al., 2010: 41).

### **c) Social**

When considering social factors, it should be focused on cultural trend, customer demographics and lifestyle aspects of the market. An organization especially examines population distribution, education or education level, buying habits, expectancy and social conventions (Truong, 2016: 13). An organization should also consider behavior towards like career, health, and issues. To markets social factors and cross, cultural factors play a critical role. Social factor helps organizations examine customers need and determine what push the customers to buy (<http://www.free-management-ebooks.com>, 2013: 15).

### **d) Technological**

Technological factor includes tools, knowledge, skills and techniques. When organizations use these things, for own input they are utilizing from raw materials or information. At the end of this transaction, an organization composes the products or services as output. Technology has increased the competition rate in companies. Because high technology means high-quality products, services, may high profit and brand image (Williams et al., 2008: 37). Technological changes occur with new products, processes, and materials. With technology, organizations face with new opportunities, but to taking these opportunities, organizations should implement these segments. Product innovations, new communication technology, applications of knowledge and focus of private and government-supported R&D expenditures (Ireland et al., 2011: 43).

#### **e) Legal**

Essentially this factor shows us how can organizations be influenced from government laws so an organization must carefully analyze new political administrations or business policy. An organization should take action to avoid badly by law they need to keep up with government's law and improve their policy mutually (Ireland et al., 2011: 42). It referred to how the rules or law affects to the organizations and customers act. Profit or loss, product carrying, and production can affect by legal factors. In this segment, the organization can be affected by consumer law, discrimination law, copyright law, fraud law and import/export law (<http://pestleanalysis.com>, 2016).

#### **f) Environmental**

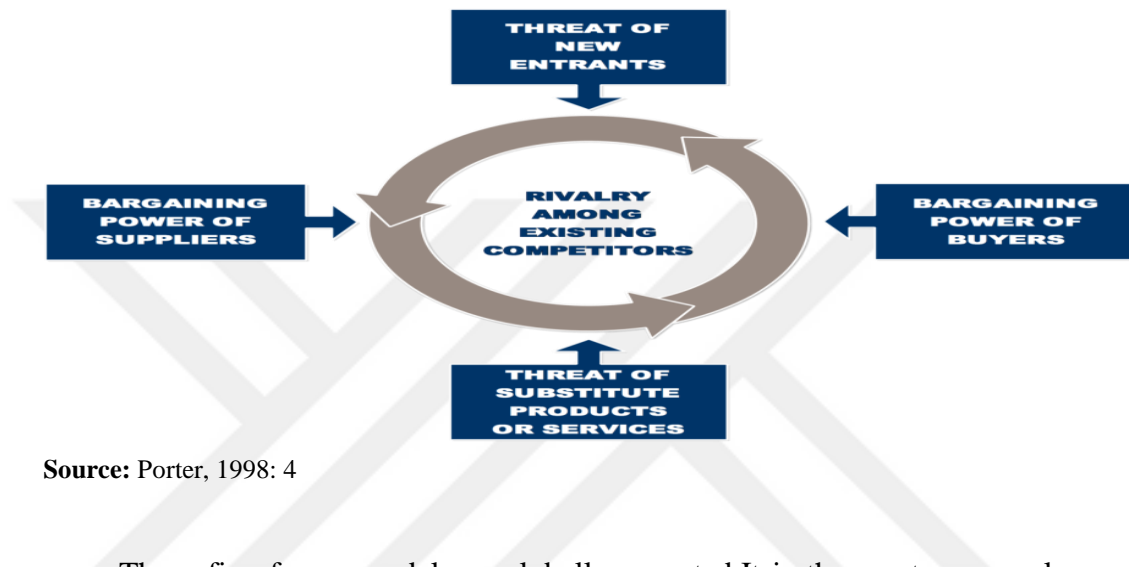
All external factors affect an organization like political, legal and economical, but recent years cautioned by experts about environmental harm and pollution so governments have stronger decisions and new regulations over the organizations (Dess et al., 2011: 56).

#### **1.3.3.2.2. Industry Environment Analysis and Five Forces Model of Competition**

The industry is a group of organizations or firms who is producing products or services. Especially industries involve a rich mixture of competitive strategies that makes the companies strong. Industry environment another name is a competitive environment. If we compare with general environment, the competitive environment has a more direct effect on the organization's competitiveness. An organization potential profit is a function of Porter's five forces of competition (Ireland et al., 2010: 46). Porter's five forces were developed in 1979 by Michael E. Porter who was a Professor at Harvard University. The reason for the development of this analysis, assessing and evaluating the competitive strength and position of an organization (Downey, 2007: 7). According to these five factors, if one of these factors can be

strong, the possibility of the organization rising prices and profitability will decrease. So Porter states, the strength of competitive factors will be a threat to the business. On the other hand, weak competitive factors will be more profitable (Porter, 2003: 6).

**Figure 3.** Context in Which Competitive Strategy Is Formulated



Source: Porter, 1998: 4

These five forces model are globally accepted. It is the most commonly used analytical tool for analyzing the competitive environment. These five forces model consist of:

**a) The Threat of New Entrants**

The meaning of the new entrants is, that either operation already exists in an industry and they met with the threat, or they will meet with threat soon. When the firm enter this new market, new entrant firm expectation can be high but it is risky for other companies because they need to share the customers in a market (Barney and Hesterly, 2006: 43). In a sector new entrants, with new capacity who bring besides, desire to obtain market share. This organization to capture existing market they can decrease all products prices, so this transaction affects badly to other firms in the same sector. This threat can observe in high market barriers or new firm who will enter new in a sector, can be low (Porter, 2003: 7). Businesses for the enter the new

market, they encounter new threats or difficulties, this entry is called the barrier or entry ticket (Taşkıran, 2003: 87). There are six big barriers:

**1) Economies of Scale:** While an organization's all production volume increase, their product costs will decrease (Barney and Hesterly, 2006: 43-44). If the cost of products spreading all over the number of unit manufacturing in this time firm will see the growth rate and production width (Dess et al., 2011: 60).

**2) Product Differentiation:** When a new firm tries to enter the market, they will meet with existing competitor's strong brand image and loyalty customers. Because of the past presence, advertising, customer service, product differences or being first into the sector, makes difficult to enter inside of the market. Product differentiation is the most important part of baby care products or women make-up products (Porter, 2003: 9).

**3) Capital Requirements:** To establish manufacturing facilities, firms need to invest huge financial asset (Wheelen and Hunger, 1998: 62). To make strong competition in a new industry, they need resources to invest increasing a new business. Resources are not just for facility also firm invest its marketing activities and business functions (Ireland et al., 2010: 50).

**4) Switching Cost:** When buyers usually use a supplier's products they switch their preference and choose another supplier's products, so that is one time costs, the buyer of switching from one supplier's to another supplier. This factor can be costly because supplier needs to retrain to all employees, new auxiliary equipment and examine the new resources. Like this things create strong barriers for new entrants (Porter, 2003: 10).

**5) Access to Distribution Channels:** New entrants created this barrier, because when new entrants try to enter distribution channels, other firms can prevent that attempt so the number of new entrants may decrease or they are may change their enter decisions (Barney and Hesterly, 2006: 45-46).

**6) Cost Disadvantages Independent of Size:** Previous established old companies or firms could have many advantages as cost. The new entrants can not pursue these companies there is no matter what their size, production volume or effect of the economies. Most important advantages are proprietary product technology, easy access to raw materials, good location, government support and experiences (Porter, 2003: 12-13).

#### **b) The Bargaining Power of Buyers**

Customers are always forcing prices down, so they want fewer prices and high-quality products or services. If they unit their powers and make pressure on producers, it seems like a competitive threat by industry. On the other hand, when buyers or consumers are in a weak position, organizations in an industry can have the advantage to increase the prices and raise the level of industry profits (Hill and McShane, 2008: 31). If the effect of customers is high on sales volume, their bargaining power represents a major force of competition in industries (David, 2011: 78).

A buyer is powerful if it follows these conditions:

- A buyer purchases many products or services from the seller.
- Changing of suppliers costs are suddenly but little.
- They can earn low profit.
- Buyers create a strong threat for backward integration.
- Industries product's quality is not important for buyers.

#### **c) The Bargaining Power of Suppliers**

The purpose of the suppliers are the procurement of raw materials, labor and other critical assets to organizations. Suppliers are threatened the profit and brand image of organizations in an industry by high prices goods and raw materials or low-quality goods and raw materials (Barney and Hesterly, 2006: 50-51). According to

Porter, when suppliers are strong and they create a threat, the industry will be highly competitive. Naturally, strong suppliers create strong and high procurement cost. This transaction will easily to reflect on prices of products (Porter, 2003: 27). A supplier group is powerful when:

- The supplier industry dependson a small group of companies, but that sell many goods and raw materials.
- Because of unique product or service, they can build and determine their cost.
- The industry is not an important customer of the supplier group.
- Suppliers are just integrated forward and compete directly present customers.

#### **d) The threat of Substitute Products and Services**

Substitute product means that product appearance can be different but it satisfying and used instead of existing product. For example plastic containers rather than glass jars and tea instead of coffee. Substitute products threat to organizations because when customers meet with these kinds of products, if there are the switching costs and when the substitute products' prices lower or same quality with existing products. Customers can prefer low price's products. Substitute products can ultimately take existing product's places or services. This happens when a substitute is clearly superior to existing products (Ireland et al., 2010: 52).

#### **e) The Intensity of Rivalry Among Competitors in an Industry**

In this force, organizations or firms compete in an industry. Firms use tactics like advertising wars, price competition, product quality, customer loyalty and increased customer services. Rivalry occurs when firms want to handle the market and make more profit and also develop their position. Competitors can cut their product's prices, that transaction decrease profits for all firms, but advertising war enhances overall demand the level of product differentiation.

For the intense rivalry, there are several factors (Dess et al., 2011: 64):

**1) Number of Competitors:** When there are many rivals in the industry, a lot of firms believe that they can make competitive act without being noticed. When firms are relatively balanced in strength, they are more likely to engage in competitive fights and attack as they struggle for market leadership.

**2) Slow Industry Growth:** Firms just want to grow and capture market share from each other, which leads to increased competition. This competition turns a fight for seeking and expand their sales.

**3) High Fixed or Storage Costs:** This factor creates a strong threat to all firms for fill the capacity, so leading to price cutting when there is more capacity. High storage costs make firms to decrease prices to provide more sales. For example, paper or big products which have big size or volume need more space.

**4) Lack of Differentiation or Switching Costs:** When products and services are perceived as commodities, choice is determined by prices and services, which then leads to increased competition in price and service.

**5) Capacity Augmented in Large Increments:** If economies of scale need big capacity for decrease all cost of production, to firms additional capacity can be good, but it can create a disruptive impact on the industry supply and demand balance.

**6) Diversity of Rivals:** According to strategy diversity of firms, origins, personalities, and relationships to main firms also it includes foreign rivals, it has different competitive goals and strategies than ordinary firms inside of the industry. Their diverse approaches to the market and original competitive ideas can break the status of doing business.



**7) High Strategic Stakes:** When an organization faces the risk of losing their market position, gains or when it is important for some of the rivals to perform well in the market. It can be observed high strategic stakes as geographic locations because even more gaining means carry good location.

**8) High Exit Barriers:** Some factors like economic, strategic and emotional can prevent firms from leaving the industry, even when they are earning too low or negative returns on investments.

### **1.3.3.3. Internal Analysis**

All organizations have to face with strengths and weaknesses in the business life. When internal strengths and weaknesses merge with external opportunities and threats, they create organizations objectives and strategies. Businesses have to recognize themselves because, in tough market conditions, they need to determine their strategy toward external environment's opportunities and threats. The internal environment consists of trends and events in an organization. That environment affects the management, employees, and organizational culture. To an organization, internal environment means that what people think, what they feel, what they do at work. Analyzing of the external environment is not enough for the competitive advantage to a firm. Analysts have to focus on within the organization to identify internal strategic factors. The internal environment called as organizational analysis. This organizational analysis concerned with developing to an organization's resources and value chain analysis, so firstly resource-based approach can be identified (David, 2011: 93).

#### **1.3.3.3.1. Resource Based Approach to Organizational Analysis**

A resource is controlled by an organization which occurs with an asset, competency, process, skill, and knowledge. A resource sees as strength in an organization, it can provide a firm with a competitive advantage. It can be shown the resources as tangible and intangible assets. Tangible assets are observed and

quantified such as, production tools, manufacturing place or facilities, distribution center, and structures. Intangible assets are rooted deeply in the organization's story also generally this kind of assets difficult to analyze by competitors like trust, knowledge, beliefs, capabilities and brand name. For example, a firm's factory is a tangible asset, this factory's products are tangible assets but reputation and satisfying from these products are intangible assets or teamwork among managers intangible assets too (Barney and Hesterly, 2006: 76).

### **a) Tangible Resources for an Organization**

According to Dess, tangible resources consist of (Dess et al., 2011: 91):

#### **1) Financial**

Organization's borrowing capacity and ability to generate internal funds.

- Firm's cash account and cash equivalents.

#### **2) Physical**

- Modern plant and facilities.
- Suitable manufacturing place.
- Access to raw materials.

#### **3) Technological**

- Trade secrets.
- Innovative production processes.
- Patents, copyrights, and trademarks.

#### **4) Organizational**

- Strategic planning process.
- Excellent evaluation system.
- The firm's formal reporting structure and its formal planning, controlling and coordinating systems.

## **b) Intangible Resources for an Organization**

According to Ireland, intangible resources consist of (Ireland et al., 2010: 70):

### **1) Human**

- Knowledge.
- Ability.
- Trust.
- Skills.

### **2) Innovation Resources**

- Technical and scientific procedures.
- Innovation.
- Ideas.

### **3) Reputational Resources**

- Reputation for customers.
- Brand name.
- Perceptions of product quality, reliability.

## **c) The VRIO Framework**

For an organization, the meaning of the source is everything and to sustain their trade lives it is necessary to use them. Some analysts implemented an analysis for evaluating to firms key resources. This analysis is VRIO framework. According to this analysis, it determines the competitive potential with four key questions. These are value, rarity, imitability, and organization.

**1) The Question of Value:** Analysts ask, does it create competitive advantage? Resources can be a source of competitive advantage when resources are valuable. Resources become valuable when an organization formulates and implement

strategies that provide effectively and efficiency. The value allows an organization to exploits opportunities or neutralize threats in the external environment (Ireland et al., 2010: 74).

**2) The Question of Rarity:** If a resource is not widely possessed or reachable by other competitors, this makes it rare. If a resource abundantly exists, then it can be taken by a competitor thus replicate a firm's competitive advantage. On the other hand, when companies have the same resource or use the capability in a similar way, it leads to competitive parity (Collis and Montgomery, 2005: 90).

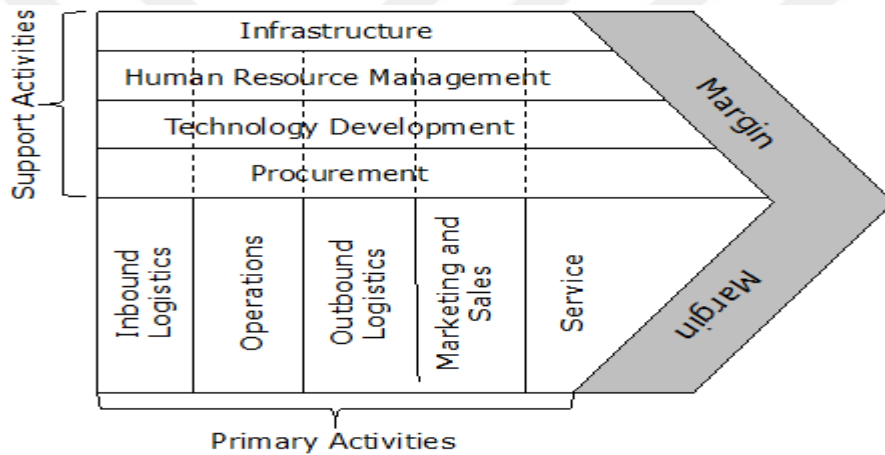
**3) The Question of Imitability:** The main question is can the resource be imitated easily?The main point of imitability is to provide value because it creates competition, but if a resource can not imitate a firm's profit will be more and sustainable (Dess et al., 2011: 95). A firm can create and sustain the ability to meet specific needs of a customer group in a superior manner than rivals, and in ways that are difficult to imitate. To a firm's imitating of tangible resources can be easier, but imitating a firm's intangible resources like knowledge, organization culture, managerial skills and customer relationships is more than difficult (Collis and Montgomery, 2005: 91).

**4) The Question of Organization:** An organization's all competitive advantage belongs to value, rarity, and imitability, but an organization, to realize this potential it has to be organized to exploit its resources. There are some components of organization for creating potential these are formal and informal management control system and compensation policies. Formal management control is firm's budgeting and reporting activities. Informal management control is firm's behavior, culture, and willingness. Compensation policies are such as incentives or pay to employees (Barney and Hesterly, 2006: 93).

### 1.3.3.3.2. Value Chain Analysis

Value chain analysis can be visible as value-creating activities thus it is useful for the understanding of competitive advantage. According to Michael Porter, the value is amounts of customers are willing to pay for firm's products or services. A firm can create more profitable if they create strong, sustainable value (Dess et al., 2011: 77). Firms in order to evaluate their value they use the value-chain analysis. Porter has separated this analysis into the two segments, one of them is primary activities second is support activities.

**Figure 4.** The Basic Value Chain



**Source:** Ireland et al., 2010: 78

#### a) Primary Activities

Primary activities include the product's physical creation, sale, distribution to the customers and after sale services. Primary activities begin with inbound logistics, then it goes to operations during this operation process goods manufacture there. Finally, outbound, marketing and sales, and service follow this stage (Dess et al., 2011: 80-82):

**1) Inbound Logistics:** This activity is related to receiving, storing and distributing inputs by an organization. It involves material handling, warehousing, inventory control and receives store. Inbound logistics especially uses with JIT inventory system.

**2) Operations:** It includes all operation final form activities such as machining, packaging, assembly or equipment maintenance.

**3) Outbound Logistics:** It is involved the collecting, storing and distributing the final products or services to the customers, such as finished goods, warehousing, material handling, delivery and order processing.

**4) Marketing and Sales:** This activity is about selling to the end users or customers. It includes promotion, advertising, quoting, salesforce, channel selection and relations and products or services pricing.

**5) Service:** This activity called as primary one because it includes all actions with ensuring service to enhance the value of the products such as installation, repair, training and product adjustment.

#### **b) Support Activities**

Support activities are involved competitiveness inside of the value chain in an industry. This segment ensures the assistance for the primary activities. Porter has divided these into four main categories (Porter, 1998: 40-43):

**1) Procurement:** Raw materials, machinery, different kind of equipment and fixed assets to a firm's need for production. Bought inputs include stuff or items fully consumed during production of products.

**2) Technological Development:** For improving the quality of the goods, a firm uses this development during the manufacturing process. Technological development can be different kinds of forms, such as basic research, product design, and equipment.

**3) Human Resource Management:** It includes with employee hiring, firing, training, implementing and compensating all personnel.

**4) Firm Infrastructure:** In this activity includes all operating transaction, such as planning, finance, general management, government communication, and accounting.

#### **1.3.3.3.3. SWOT Analysis**

The Strengths, Weaknesses, Opportunities, Threats so SWOT analysis is the major matching tool that helps to managers improve four type of strategies as, strengths, weaknesses and opportunities, threats or the exact opposite of them (David, 2003: 178).

The SWOT, helps the environmental lock issues to better understand the direction of organization that has to go further. SWOT analysis defines strengths, weaknesses, opportunities and threats of the organization. It summarizes the main factors of the environment, the market and analyzes the company's strategic capability and capacity. The strengths and weaknesses of the company help you understand how the environment affects the organization of the internal company. Analysis of opportunities and threats in general helps to see some parts of external environment and market (Tatiana, 2012: 10-12).

It is a study of the organization's internal strengths and weaknesses, its opportunities for growth and development, and the threats the external environment presents to its survival (Harrison, 2010: 93).

**Figure 5. SWOT Analysis Table**

<b>Strengths</b>	<b>Opportunities</b>
<b>Weaknesses</b>	<b>Threats</b>

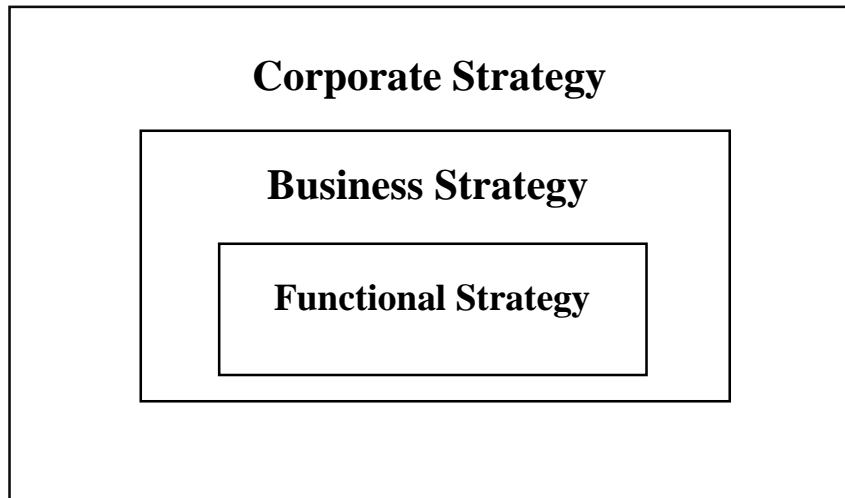
**Source:** Porter, 1985

#### **1.3.3.4. Strategy Formulation**

The formulation is implementation of the organization's mission, vision and determining external opportunities, threats, identifying inside of organization's strengths and weaknesses. Swot analysis is the main transaction for strategy formulation because it considers all of the internal and external facts. So it can be said that swot analysis directs to many decisions inside or outside. To reach goals, an organization should make the long-term objectives, create alternative strategies and choose them particularly. In this process, the leader should decide what business to abandon? How to allocate resources? Business should realize the worth of it to their unlimited resources and the answers to this question which alternative strategies will benefit the firm mostly (David, 2003: 6). Strategy formulation divided in three categories under the one title.



**Figure 6. Hierarchy of Strategy**



**Source:** Wheelen and Hunger, 1998: 13

#### **1.3.3.4.1. Formulating Corporate-Level Strategy**

An organization concerns about how to create competitive advantage in business but corporate level strategy concerns with portfolio or group business. Organization's manager can ask, what business should we compete? This strategy can change the attitude toward growth and administration of different businesses and markets (Wheelen and Hunger, 1998: 12).

#### **1.3.3.4.2. Formulating Business-Level Strategy**

Organization's manager making a decision, how can we compete with our rivals and how can we achieve. A successful organization can easily develop a competitive advantage. This competition can be with cost leadership or differentiation to market segmentation (Dess et al., 2007: 16).

A business should develops their competitive position of an organization's products or services in the market or specific industries. A business can create own strategies inside of the business level strategy.

One of them Competitive or Cooperative strategy. Organizations, to obtain the market or the competitive advantage, they use low cost and high price strategies. This strategy shows to the choices of the organization how they want to make competition in individual product markets. To this market, choices are important because long- term performance connects with organization's strategy. According to organizations which compete in the global economy, their choices are difficult because strong competitors and the market is tough (Wheelen and Hunger, 1998: 12). Every organization has to use business level strategy, but not every organization has to use all of the strategies. So if an organization just considers the single product market in a single location, this organization does not need to consider corporate level strategy because their aim just one product market. Business-level strategy is the best and main one among of them because this strategy meets the customer's needs and understand theme more than others. So the demand in the market helps to choose the strategy of the organization. (Ireland et al., 2011: 90).

#### **1.3.3.4.3. Formulating Functional Level Strategy**

The functional level strategy is the approach caused by a functional area to achieve corporate and business unit objectives. It means that optimizing resource productivity. So this strategy describes us, there is a relationship between corporate and business level strategy (Dess and Miller, 1993: 45).

### **1.3.4. The Other Steps Of Strategy Management Process**

#### **1.3.4.1. Strategy Implementation**

The strategy implementation shows how the strategy acts in the real business. A successful implementation affects the organization as well as strategy, management, learning, and interaction too. The strategy implementation consists of communication, operative management to the strategy work (Jokiaho, 2013: 31).

An organization arranges their objectives, makes own policies, keeps its employees motivation high and allocate resources equally. Strategy implementation develops a strategy-supportive culture, creates an effective organization shape, reconfiguration to the market, arranges the budgets, communicates with employees and checks its performance. It can be defined as the strategy in action. It means mobilizing employees, managers create strategies and put them in to the action. In this stage personal discipline and commitment are important, but employees motivation is more important (David, 2003: 6).

Resources separation, creating a chain of command or similar structure, determine responsibility to specific individuals or group, show the results and comparing the processes. When an organization implement a process and puts in action, it can create many problems for employees (Çeşmeci, 2010: 74).

Lynch is separating strategy implementation to four fundamental elements (Lynch, 2009: 495). These are consist of with:

1. Describe of general strategic objectives
2. Formulation of specific plans
3. Allocation of resources and budgeting
4. Monitoring and control procedures

Initially an organization describes the general objectives to achieve their strategy implementation process. The objectives should make two kinds of the section. One of them is quantitative the other is qualitative. An organization should determine what implement and developed the strategy. Secondly the objective needs to be a specific task, milestone, and deadline. An Organization's manager who made strategy developed and who will be implementing them it specifies what objectives and tasks they have to handle. Thirdly, to the huge organizations where resources have limited the manager of the organization has the big role in order to theseparation of resources. The fourthan organization has to provide the resources allocation to objectives according to the budget. This criterion is important for gather

information to assess resource allocation and manager's performance (Lynch, 2009: 495).

#### **1.3.4.2. Strategy Evaluation**

This stage is final for strategy process. According to this stage's conclusion, the organization makes a decision like right or wrong. This process observes the activities and performances. At the end of these results, organization compares with determined and desired performance. Overall these results are guidance for the future because external, and internal factors are changing. We can measure to evaluation activities with three elements (David, 2003: 6).

- 1) Reviewing external and internal factors that are bases for current strategies.
- 2) Measuring of the performance.
- 3) Taking corrective actions.

To corporate strategy, Johnson and Scholes developed three success criteria for strategy evaluation (Johnson and Scholes, 2008: 365):

##### **a) Suitability**

This criterion about organization's structure, it considers with organization's strategic position.

##### **b) Feasibility**

Feasibility concerned with resources, but resources mean that is not just money also it is time, people, funding, and information. All these things are used by an organization for their strategy. A feasibility includes cash flow analysis and forecasting, break-even analysis and resource deployment analysis.

##### **c) Acceptability**

The meaning of the acceptability is expectations of the stakeholders like shareholders, employees and customers. Expectation performance indicator can be risky like return and stakeholders reactions.

## **CHAPTER 2**

### **ORGANIZATIONAL COMMUNICATION**

This chapter of the thesis comprises information about communication of an organization, historical development of meanings, processes, and functions, types of literature and depictions, and obstacles in communication within the organization.

#### **2.1. DEFINITION OF THE COMMUNICATION**

Communication is the biggest factor, which makes the layout and functioning of all living things in the world. It provides the link or connection between the living and the nature. If communication can be strengthened, the living and the nature will become strong with harmony. The birth of the communication was based on many years ago and it has a very old history. In the times of Ancient Greece influential philosophers such as Plato and Aristotle taught declamation or public speech. It was accepted as an important part of the civic life. Since the communication began in the 2000 years, it has developed to contain many different kinds of arms, such as group talking or debate, family communication, health communication, oral traditions, organizational and interpersonal communication (Wood, 2014: 2).

The word of the communicate's root came from the Latin language which was called "com" and "munis". There are almost two closer words one of which is communion the other is community. These two words emphasize bringing people together. Nowadays, the aims of communication are, to succeed in transferring of information, to remind, to persuade the audiences, to coordinate, to share information, and to satisfy your customers or environment. For example, while managers prepare daily planning, they gather information from documents like letters, memos or reports and transfer them to other managers. This transaction spreads within the organization. It is a kind of communication (Blundell, 1998: 2).

The simple definition of communication is the progress of converting information and the understanding between two or more people. The meaning of communication is not just speaking with each other, also listening and writing are means of communication too (Bedeian, 1986: 510).

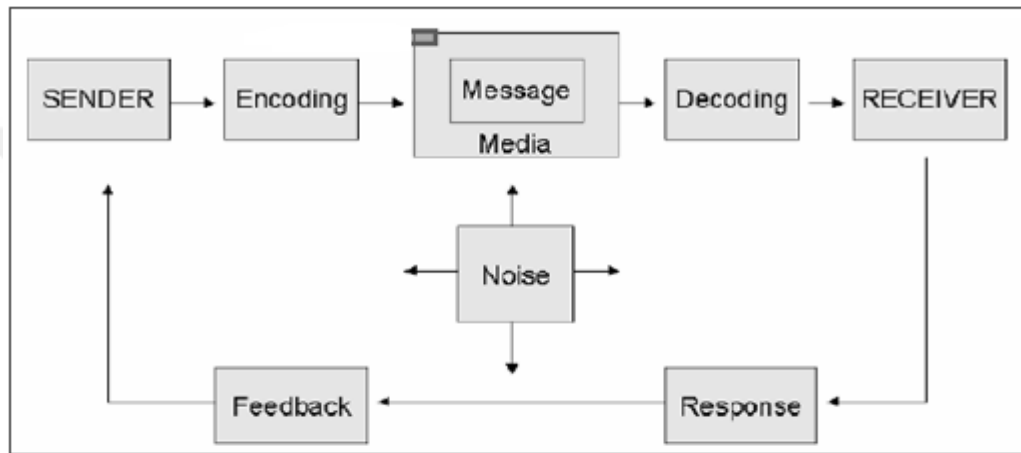
Everybody uses communication in everyday life, such as at a business or a school. Basically, it defines as the exchange of information between two or more people, but the important point is that opposite person or people has/have to understand the information. Otherwise, we cannot accept that as communication. This transaction is not just sending information; it can also be body language, feelings, non- verbal acts, gestures, and eye contacts. Communication is used freely by everybody in today's world. The modern life includes members of the public, members of an organization, or organization's managers. Although this extensive use of communication, a small number of general public's members and not a great many more people in management can certainly define the term (Luthans, 1992: 470). There is no organization that exists solely in isolation with a member who has no any contact with anyone. The changing of ideas, basic information about features of the organization. The main aim of communication is to understand how this process can be made more effectively. If we think how information comes into the organization, there are a few ways to be mentioned (Abe, 2017).

- Worker's experience,
- Newspapers, magazines or printed media,
- Television,
- Customers or our rivals.

## 2.2. COMMUNICATION PROCESS

Communication is known as a simple action to everyone because people think as when you are talking, you just transferring what you are thinking but it is not true. Although you talk perfectly, the other or opposite person cannot understand to you. To understand the complexity of the communication process we need to define some elements.

**Figure 7.** Model Of The Communication Process



Source: Daft, 1991: 436

The sender or source composes and sends messages. During the speaking, the sender or source gives the speech, and this person transfers the messages. These messages can include new information to the audience, but the sender through own message carries own voice and body language. The sender firstly thinks about the messages to be sent, what can I say or how should I say (McLeanet al., 2012: 17).

The sender should always be a beginner. Messages are should always the response from another person in different place or same place, such as at the meeting, at a restaurant or anywhere. Before the sending a message, the sender should beencoded the thinkings or ideas by determined symbols. The sender can not convey the true meaning of the message without any symbols to directly another person such as body language, gestures or words. The message is the tangible shape of the thinkings or ideas. It is consist of with verbal thing, that mean oral or written words and nonverbal symbols. All of them convey from sender to receiver. The

receiver is the person as sender who receives the messages. The receiver decodes messages and translates them. When the communication succeeds, that means sender and receiver reached their target. However, one thing can prevent the successful communication, it is noise. This thing during to exchanging of a message, it obstacle for the reaching to the receiver. The last one is feedback. It is a simple response to the receiver and also feedback means successful communication.

## **2.3. COMMUNICATION BARRIERS**

Barriers are always exist in an organization, so it is important to understand these source of noises. There are three communication barriers.

### **2.3.1. Physical Barriers**

Any physical barriers prevent the effective communication between the person. These barriers affect on telephone communication, drop-in visitors, long distance, walls and concrete structures. People often be exposed to physical barriers, but instead of the change their current position, they prefer the remove barriers. For example, if a barriers consist of with the wall, person'connection may be interrupted. If a telephone communication or drop-in visitors interrupt by barriers, in similar cases organizations have a secretary for this situations. It is using for reminding (Lunenburg, 2010: 4).

### **2.3.2. Semantic Barriers**

This communication involves a weak choice, and it consists of mixed messages. Inside of thiscommunication, there are different speaking styles, jargon, language, and slang. Different languages occurstrong barrierstodifferent regions, so it creates the national barrier to communication. Semantic barriers especially important to organizations or businesses because if an organization's marketer uses the businesses jargon to irrelevant customers,it creates a bad perception on them so marketers use the understandable language (Odhiambo, 2015: 29).



Semantic barriers to communication eventuate as encoding and decoding wrongs or errors and as complex messages. Emblems, such as the messages in an e-mail, are chosen by the sender and commented by the receiver. Communication can just be effective to the measure that the sender encodes a message into emblems easily and clearly understood by the receiver (Scherhorn, 1989: 328).

### **2.3.3. Personal Barriers**

Personal barriers arise from people's emotions, good or bad listening habits, different education level, gender differences and economic factors. The first personal barrier is the ability to effectively communicate. People have different level communication ability. The second barrier is interpreting the incoming information. Third, trust between people who communicate each other. Fourth is perception. During the communication, one question is important what we perceive about people. Fifth is consist of egos. It creates political fighting. The last one is weak listening. If we don't listen carefully to across speaker, it makes weak or poor communication (Altunay, 2009: 16).

## **2.4. THE CONCEPT OF ORGANIZATIONAL COMMUNICATION**

Firstly, organizational communication has begun in the United Kingdom. In 1750's when steam powered machinery were started to be used, it led the changing of the corporation into the modern corporation. So, it can be said that in 1750, the industrial revolution changed the business shape and the organization has evolved up to day-to-day, thus resulting the change of its definition. An organization is a social cluster of people, which meets the professionally established needs and manage or follow collective aim. All organizations have a management department. This department sets up the relationship between organization's functions and positions. Also, among the department's duties are determining the responsibilities, tasks, and roles. An organization does not just affect itself; it also affects their environment. In short, an organization is the structure, the aim and the people (Wrench, 2011: 32).

If there is no any communication in an organization, it can not be said that, there is a business because communication provides workflow, relationship, leadership and management; thus, communication is the most important thing for the organizations. Nowadays, organizations became more improved than the past times. Organizations that successfully use the communication factor benefit more (Baker, 2002: 2). For example:

- Working is more complicated, and it requires stronger coordination and mutual effect between employees.
- The pace of work is faster.
- Employees are more separated.
- At the same time, dividence of work processes are more common.
- Information and innovation are more crucial to an organization's competitive advantage.
- Communication and networks are necessary to an organization's structure and strategy.

## **2.5. FUNCTIONS OF ORGANIZATIONAL COMMUNICATION**

Communication works with a lot of organization's functions. It serves to the benefits of an organization. These functions are consist of: inform, regulate, integrate and persuade (Koehler, 1991: 10).

### **2.5.1. The Informative Function**

The informative function provides the information about organization's transactions, news and other relevant information to the workers or employees thus workers or employees can do their tasks with most effective and efficiently based on this information. Workers need to know all changed information to do the excellent job. This changes can be on procedure or policy of the organization, so this changing is relevant their business. This transaction realizes through the top level to lower level because top level informs to a lower level, but it is not valid for every

time. Sometimes workers can need to information, because of this situation they can try to contact other workers. This function of communication is conducted in is a written messages by the top level manager because through written messages whole group of workers can be informed. At regular intervals, the top manager can decide to arrange a meeting to inform workers. Meetings are the more effective way when employees participate they learn all the changing from managers and their departmental friends also they can ask them what they want to know during the meeting (McCroskey, 2005: 26).

### **2.5.2. The Regulative Function**

In an organization, a manager handles the all over control and coordinate activities to operations. Giving a person a manager's rank does not make him a manager because the real administrator must have some ability and skills. To control and coordinate for an organization, a manager needs instructions, memos, and policies. There are two elements which have effects on regulative function. First one is management controls. In time, a manager sends information or command to employees through downward communication. However, to acceptance of these orders employees need to some criteria (Ünal, 2007: 11).

- Messages should be perceived as trustable by employees
- Receive the source of messages' as a manager or a leader.
- Qualification of the source related with the problem of the communication.
- The power of the sender reflected the sanction.

The second regulative function is focused on work oriented such as concentration on the job or accomplish a task. Unless manager's messages to be unanswered, employees do not face with restrictions by managers (McCroskey, 2005: 27).

### **2.5.3. The Integrative Function**

The integrative function focuses on coordination of an organization's aim, coordination of employees, work division and puts the all work units inside of the common goal. With a brief explanation, a communication directed at getting an organization's employees to work altogether. In this function, most important thing is, a department should know the other departments' jobs like themselves (Ünal, 2007: 12).

### **2.5.4. The Persuasive Function**

The regulation of an organization, managers aware some power, but this power or authority is not always give desired control. To provide the desired control, managers need the persuasion to employees, thus sometimes managers have to regulate with persuasion to employees for giving them more job or responsibilities. The persuasion is better than the forcing, so many managers or leaders prefer to the persuasive method on employees. However, successful managers don't need the spend more effort because employees do their job as a volunteer and willingly (Koehler, 1991: 10).

## **2.6. TYPES OF ORGANIZATIONAL COMMUNICATION**

To daily organizational operation, communication is a significant value within the structure. To reach their purposes, goals or aims, every organization or firm needs to use communication. However, transaction can be more complicated so managers or leaders must use some communication systems to easily reach their target without wasting time and effort. Unless there is no effective communication channel, they can face with missing communication, wrong results and unreachable goals (Sumardi, 2015: 55-56).

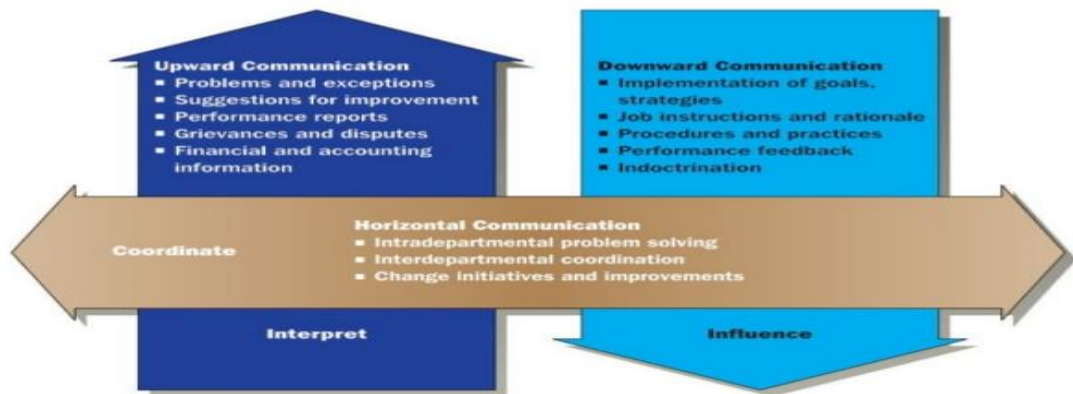
There are two communication channels in an organization. These are formal and informal communication channels. A formal communication channel consists of hierarchical structure and the chain of command. It follows a predetermined way by the hierarchy. The informal communication channel is just gossip. Employees get out of their office and spread a rumor (McCroskey, 2005: 28).

### **2.6.1. Formal Communication Channel**

It is defined as the information flow within the chain of command, hierarchy or task responsibility. The inside of the organization's chart or formal regulation of working relationship is owned as a communication as it tells organization's worker's significant things about their location and how their location is far away to center what organization's official status (Torrington et al., 1993: 265). Organizations are aware of one thing, if employees are set free to connect all their managers about some problems or issues, managers would be filled up with unnecessary information. To avoid this situation, organizations established a formal communication channel. Through this channel employees bring their problems or concerns to the correct person (Arnold and Feldman, 1986: 156).

Among the purposes and aims of organization for the formal communication, there is a difference in responsibility. This responsibility consists of job description between managers and employees. In an organization managers or leaders must be the contractors and implement authority and command (Sumardi, 2015: 56-57). There are three formal channels of information, which are:

**Figure 8.** Directions For Information Flows In Organizations



Source: Hunt, 2002: 192

### 2.6.1.1. Downward Communication

Downward communication is the most similar and apparent communication which belongs to the formal communication. In this segment, messages or information sent from managers or top of the organization to the employees underneath or subordinates in downward directions. Managers or top of the organization can establish a communication to employees through company publications, emails, different kinds of materials on bulletin boards, policy and procedure manuals. There are five scopes of downward communication in an organization (Daft, 1991: 444-445).

1. Implementation of Goals, Strategies, And Objectives: Communicating of new strategies and aims provide information about some special targets and behaviors. This one gives direction or order to lower levels of the organization.
2. Job Instructions and Rationale: These are asked how to do the determined task and how to business related to other organizational works.
3. Procedures and Practices: In this scope, messages defining the organization's policies, rules, regulations, benefits and structural arrangements.
4. Performance Feedback: These messages evaluate how to perfectly departments do their jobs.
5. Indoctrination About Goals: Messages are created for makes employee to happy, motivated and encouraged to adopt the company's target and cultural values and to participate in special ceremonies, such as picnics.

The downward communication has the biggest issue. Lost or destroyed communication or messages are called as drop offs. Nevertheless, downward communication is a more powerful way to reach employees. This one is the most preferred type of communication. An organization has some ways to clarify instructions and directions to their employees. The worst point is, meaningful content cannot be achieved in downward communication every time. All messages can be mixed with each other, but they allow for two-way communication and feedback. In addition to when the information goes down as downward communication, it's meaning can be lost. The cause of that condition is, either the sender has not carried the message directly, or information is not clear enough. In this case employees' motivation can be reduced thus their production efficiency can reduce. All of these create chain rings (Nahavandi et al., 1998: 428-429).

When the leaders or top managers send their messages to under level, it can create distortion. According to researchers, while top managers send their messages to bottom level, 80 percent of messages can be destroyed or lost in time until they reach to their receivers. There are a few reasons for the loss of communication from top to end. The first is, unconcern of the sender, poor communication skills and toughness of the encoding of messages. The second is, managers prefer to use one-way communication systems such as memos, manuals, and newsletters. Finally, some managers or leaders can be manipulating or withholding information or messages (Bartol and Martin, 1991: 537).

### **2.6.1.2. Upward Communication**

This step is the opposite of the downward communication. Messages are sent from the bottom of the hierarchy to top of the management. Upward communication considers a bottom-top approach for organizational communication. Even if upward communication is underutilized by an organization, it is most preferred by employees because if employees or lower level workers can communicate with the upper level,

it makes all employees more motivation and it also ensures feedback on management. There are five kinds of upward communication (Daft, 1991: 445-446).

1. **Problems and Exceptions:** These messages include problems and exceptions about business because when employees transmit the problems to top level managers, problems can be solved faster and thus managers are aware of more.
2. **Suggestions for Improvement:** These messages about employees in the name of improving the task and to increase the quality of the work the messages they submitted to managers.
3. **Performance Report:** In this communication stage, lower level transmits messages about performance of departments or individual.
4. **Grievances and Disputes:** These messages include grievance. Employees complain something to the upper level, and they wait for a solution.
5. **Financial and Accounting Information:** These messages include determining of costs, quantity of sales, receivable accounts, profits, different kinds of information and other things like what should interest the manager.

Nowadays many organizations spend a huge effort to realize upward communication. Their efforts like employee surveys, suggestion boxes, face to face talks, open door policies and developed management information system. To be more effective, communication should not be negative, support the policy, directly sending to superior and without the stop working do your objection to the managers. In this category, subordinates can take just two types of information during the communication. The first is personal information about thoughts, behaviors and working performance. The personal information is usually obtained from what subordinates tell their superiors. Such as:

- What people have done?
- What their co-workers have done?
- What they think about their jobs?
- What their problems consist of?



The second is the feedback message about performance. This part plays an important role in the survival of the organization. Decision mechanism uses information or message feedback to tell the consequences of an organization's performance and to make adjustments to ensure the achievement of aims of an organization (Luthans, 1992: 484).

### **2.6.1.3. Horizontal Communication**

Horizontal communication can reach all over the organization's sides. Horizontal communication is used more than vertical communication in daily operations. Horizontal communication more used because of its two functions. These are:

In an organization, the number of employees are more than top managers and in the same level of employees feel more relaxed when they talk with each other. Because to talking, from different authority person can be weirder. Horizontal communication is based on employee's motivation and satisfaction. It gives the opportunity to employees, to talk each other clearly, freely and also, they can add their emotions or feelings to their communication. The best part of this condition is, they can discuss about management and organization system or their organizational problems. This communication is the stage with most social interaction, thus employees increase their abilities, socialization and communication skills. With these skills, employees obtain to opportunity to stay in the same organization or protect their positions in the same department (McCroskey, 2005: 31).

It is a diagonal exchange of message between the workers in the same level. Workers or employees, who are in the same department, use it. Each communication stage has its own purpose and the purpose of this communication is to inform workers, request support and manage all activities inside the department. Horizontal communication is divided into three categories (Daft, 1991: 447).

1) Intradepartmental Problem Solving: These messages move into the members of the department; task accomplishments are specified in these messages.

- 2) Interdepartmental Coordination: Messages provide easy task or project accomplishment.
- 3) Staff Advice to Line Departments: These messages are usually sent from operation specialists, finance department or computer service to a worker, line manager or employees who want to contribute in organization.

This communication refers to the flow of messages opposite functional zones at a given level of an organization. In an organization, the presence of the chain of command consumes time in the case of some emergency conditions, so in some conditions, horizontal communication ensures workers in the same level to communicate directly and fastly. Horizontal communication is called as flexibility in organizational structure. It makes problem-solving easy, messages sharing between departments and work groups and also increases the motivation of the departments and prevents conflicts. This communication is more trustable for decision-making and problem-solving but that does not mean it is more efficient than downward communication. However horizontal communication is more effective (Daniels and Spiker, 1991: 98).

### **2.6.2. Informal Communication Channel**

The informal channel is more different than the formal channel of communication, disregarding chain of command, there is no relevance with a hierarchy of organization and authority of managers. Informal groups, informal workers, talk gossip and their rumors create the communication inside of the organization. Although managers try to prevent informal communication, it can be within the organization, but in time informal channel can occur and take place the instead of formal channel. If a manager can use the informal channel truly, it can be a powerful tool for dissemination of messages. However, it is a too dangerous way to communicate with the organization because it has a negative effect on organizational effectiveness (Mirze, 2011: 148).

Every organization has an informal channel like a formal channel, but this name always can not be the same. The other name is a grapevine. The informal

communication channel is used by organization's employees' contrary to the use of hierarchy or command. Sometimes managers use this channel to make unofficial messages or announcements. Informal communication easily spreads to the company because this communication uses the phone or face to face contact. When an issue exists, grapevine messages spread quicker than the official announcement (Arnold and Feldman, 1986: 157).

The informal communication channel is not an official information flow method between top management and employees. Although it is made unintentionally, there is no organization that exists without an informal communication channel. It has the advantage because it is a natural form of sending a message and creating satisfaction on employees. This satisfaction is caused by face to face communication, which is faster and more informative than formal communication. If informal information increases in a department, then formal information decreases (Torrington et al., 1989: 266).

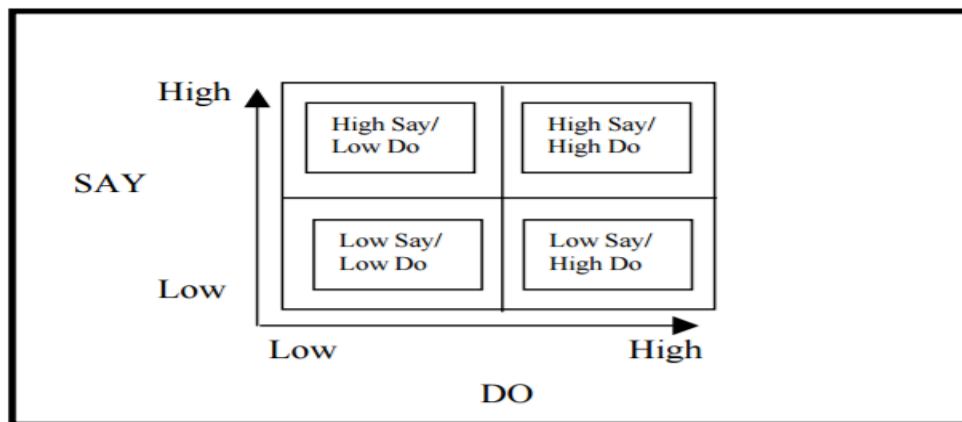
Some people connected with an informal communication or in other words, the grapevine. Grapevines have advantages and disadvantages across to the managers or organizations. The advantage of grapevines is, transmitting the information quickly and more efficiently. Some managers know that grapevine can travel into the organization faster and it has a huge impact rather than formal communication. Also, it makes the employees motivated because, while employees know the messages or information with grapevine, they feel themselves important and valuable; this situation is called interpersonal social satisfaction. One of the disadvantages of informal communication is missing or incorrect message transmit. The grapevine usually transmits prematurely, so information can be misinterpreted. The important point is, grapevine or informal communication should not be used just alone in organizational communication. The manager should use it as a complement with formal communication (Schermerhorn, 1989: 339).

### **2.6.3. Relationship Between Formal and Informal Communication**

In recent years, researchers have observed most important things, that was about upward and downward communication which belong to the formal communication. According to this research, while the hierarchy is a part of the formal communication, non-hierarchy is the part of the informal communication. Informal communication connects with interpersonal, horizontal communication breaks all organization command chains because, communication between employees' obstacle to efficient organization production. In an organization, informal communication ensures more efficiently management rather than formal communication. The cause of this condition is workers like the free communication, and also, they like the talk about what they want to hear (Tariszka, 2012: 88).

A lot of researchers negotiate about informal communication. Their claim informal communication emphasizes how the administrator can manage to the organization without making the informal and formal conflict. In 1996 D'Aprix improved the SAY/DO matrix. The manager says and does another thing. The main definition is how formal and informal communication issues can arise. D'Aprix puts ideal communication of organization in the high say/high do quadrant, it shows that there is enough communication and that managerial acts match organization's communication.

**Figure 9.** Manager's SAY/DO Correlation Associated with Formal and Informal Communication Conflict



Source: Baker, 2002: 6

The other negotiation topic is, informal communication focuses on various training about sensitizing worker to the potential problem associated with the informal communication. That problem creates conflict on management strategy when dealing with a problem that occurs from informal communication by employees (Baker, 2002: 6).

Researchers were aware of something when they compare two communication channels. Informal communication has important features. Between the 33 features, just 6 of them about formal communication comparing (Daniels and Spiker, 1991: 100). These 6 of them are:

1. The grapevine occurs from the social and personal interests of workers rather than formal needs of the organization.
2. Although the formal communication is about issue-oriented, the grapevine is people oriented.
3. The grapevine generally transmits information that would be inappropriate in the formal channel as social information.
4. The majority of messages are transmitted by the grapevine communication in the organization.

5. The formal communication or informal communication can be active or inactive.
6. While formal communication prepares the communication plan, informal system reflects the ways in which they actually do communicate.

## **2.7. IMPROVING OF THE EFFECTIVE COMMUNICATION**

In an organization, a manager must establish the strong communication to accomplish the task by employees or all working teams. To effective strong communication, first, the manager has to improve messages so messages should reach the intended target. The second administrative department should understand deeply, why employees or subordinates wanted to communicate with a superior. A manager must works bilaterally, such as encoder and decoder (Ivancevich et al., 2008: 367). The clean expression of effective communication is, if intended meaning of the message and perceived meaning of the receiver is equal to the each other this time it can be said it is an effective communication (Hunt, 2002: 192).

To solve all the issues and to improve effective communication there are some steps.

### **2.7.1. Active Listening**

It defines as, if people talk with someone, they probably trying to communicate so active listening interest with what these people want to say. To becoming active listener, there are five elements (Schermerhorn, 1989: 343).

- a) Listen messages for understanding. Try to understand what is he or she wants to say.
- b) Be aware of emotions or feelings. How the message's content regarding feelings.
- c) Mutual feeling content. Let the sender know, when he or she sends the message to you, he or she should see the same feeling on your face.

- d) Note all forgettable things. Verbal things can be easier to forget, so the best solution is noted the important things.
- e) Tell it what you understood. In your words and sentences reflect back to the sender what did you understand.

### **2.7.2. Effective Feedback**

Communicating with the somebody about this behavior or performance is a difficult job. Feedback tells a selected person's behaviors, and it is an effect. The manager's tasks are not only feedback to employees about their performance, but also give feedback to their customers about some issues. If the information that the manager will give positive messages, it is easy to tell. Also employees like that positive feedback it makes them motivate and support to the work efficiency. When the manager is giving negative feedback to employees about their behavior, mistakes, wrong job, errors and weaknesses these are more difficult to tell them. It decreases the responsible employee's motivation and work efficiency. If there is no any feedback in an organization, employees do not try to change their behavior thanks to it they can do aware something. The manager who giving feedback can take some stages to provide effective communication (Nahavandi, 1998: 437).

- The sender can look at the employee's some behaviors it shows us personal information.
- The feedback should interest with organization's job. Otherwise, it can not say manager works for improving the effective communication.
- Behaviors must be aware in time. If the time was too late to fix the condition, the manager or sender could not change it.
- The sender has to be sure the understand of employees about their feedback.

### **2.7.3. Empathy**

Empathy belongs to the receiver rather than the sender. The real form of the communication depends on what you know about the receiver. To empathize, it requires being in the same place especially face to face to anticipate how messages are decoded. To realize the empathy sender should put oneself in the other person's place and he or she feels the emotions (Ivancevich et al., 2008: 368).

### **2.7.4. Repetition**

Repetition is a principle of learning. It is known as if the receiver does not understand a message in one time; sender will carry or transmit the same message in the second time. Newly-hired workers often need that repetition because while they are learning the job, they can ask the same thing many times (Ivancevich et al., 2008: 368).

### **2.7.5. Supportive Communication**

Supportive communication is a basic element of effective communication. It makes enhancing the relationships and building interpersonal communication. Supportive communication works with active listening and effective feedback, so all three of them contribute to each other. While the receiver hears the messages and understands them, the sender perceives feedback and allows for two-way communication. Supportive communication creates a free sharing environment that people try to communicate, negotiate or debate and disagree over the problems. Share your ideas or thoughts and feelings without fear to another person; actually recognize them as valuable. In this element, the important part is the sender should validate the receiver's views and feelings. The receiver must know that he or she is valuable. However, one thing can change everything, this is the appearance. If the appearance of the sender is rigid, this makes the receiver nervous. A quiet environment or place, reducing noise ensures effective communication (Nahavandi, 1998: 437-438).



## **2.8. RELATIONSHIP BETWEEN STRATEGIC PLANNING AND ORGANIZATIONAL COMMUNICATION**

One of the most important reasons why an organization can be effective and productive is systematic communication within the organization. So communication has become an ability that is needed by managers, workers and any organization that wanted to achieve performance and their strategic plans in today's constantly changing environment. According to a communication study, management functions and organizational strategies cannot work without effective communication because a manager ensures information through organizational communication about what happens, where the organization is headed and what is their jobs. Communication helps to conduct functions for the organization it is the ingredient that makes work any management and execution function. Managers monitor their strategic plans without any problems thanks to communication. Basically, to act in the organization is preceded by communication (Florea, 2014: 257-260).

An organization's mission, goals and strategies are improved during the strategic planning process. The manager of the organization demand that organizational communication contributes to achieving the mission, goals, and objectives of the organization so that they facilitate the development of key strategies. It means there is a relationship between the communication process and the achievement of the strategic planning and implementation of the mission. So that means organizational communication supports successful accomplishment of the organization's strategic planning. The main thing about the strategic plan is the communication process. It connects communication activity with the goals, mission, objectives, and strategies of the organization in a measurable manner. Today organizations are using the strategic planning to get where they want to go. The communication serves the same purpose, it helps to achieve organization's goals (Gilis, 2006: 85).

### **2.8.1. Studies on Strategic Planning and Organizational Communication**

About these two topics have also emerged in a number of studies conducted in different businesses, in addition, studies have been conducted on this subject by various researchers.

For example according to study of Krishnan and Chaudhuri (2010), Toyota has begun to strengthen its communication network with five kinds of stakeholders as customers, employees, business partners, shareholders, and global society in order to realize its 2010 global vision programme.

Similarly, Marr (2016) states that Tesco aims to communicate with all employees by means of using face to face method in order to give them chance to participate and adopt new performance management framework.

Besides Ibrahim (2014) conducted a research and determined that there is a significant relationship between communication and organizational performance, in other words, the communication is thought as a useful point for achieving organization's goals.

Correspondingly, Shonubi (2016) states that there is no doubt about relationship between communication and organizational performance and strategy implementation requires good communication skills.

According to the study of The Times 100 (2013), Kellogg's can be fulfilled its vision which is "production of healthy products", If internal and external communication is strong, in other words, Kellogg's officials support that effective communication is vital for any strategy to be successful.

Similarly, Mayfield (2015) explains that communication is the most effective method to reach the determined vision as well.

Finally according to Guta (2015) research, communication is a tool for implementing the organization's activities and making of plans. In this context, managers can keep workers aware of organization's strategy and, thus motivate the subordinates through communication.



## **CHAPTER 3**

### **DISCUSSION OF ORGANIZATIONAL COMMUNICATION AND STRATEGIC PLANNING PROCESS**

#### **3.1. PURPOSE OF THE RESEARCH**

The purpose of this study is to a research about discussion of organizational communication and strategic planning process of the business.

#### **3.2. LIMITATIONS OF THE RESEARCH**

The research is limited to open-ended questions directed to the participants during the interview and their answers given to these questions. Another limitation of the research is that the participants consist of three managers of a business.

#### **3.3. DATA COLLECTION TOOL**

Qualitative research is mostly preferred in Social Research and is used in oral and interpretive studies. Qualitative research also deals with attitudes, behavior and experiences. The research question makes it easier to decide whether qualitative or quantitative research will be more appropriate (Padem et al., 2012: 66). An interview technique was used from qualitative research methods, with the idea that the research might gather more detailed information about the question "What is the role of organizational communication in the strategic planning process in a company?"

Interviewing is one of the most used data collection techniques used in qualitative research. This technique is defined as a pre-planned conversation with certain people or individuals on a specific date and topic. The technique of the interview is examined in three sections: structured, semi-structured and unstructured. In structured interviews, all the questions have been considered in detail beforehand. It is a method that determines what kind of questions are asked and which data will be collected in the most detailed way and the that applies the interview plan exactly.

There are also some open-ended questions in semi-structured interviews, but the interviewer is able to get deeper information by focusing on these questions. This method is more flexible than the structured one. Unstructured interview is a method that gives the interviewer great freedom of movement and judgment, and is a flexible way to get to the roots of personal opinions and judgments. These interviews are more useful in identifying important variables related to the problem during the initial stages of the research. According to the conditions required by the research, one of these three methods may be preferred (Doğanay et al., 2012: 144).

What is important in the interview is the process of recording in a good and orderly manner. For this, planning should be done and necessary equipment should be provided. Recording can be conducted by writing down or using recording devices such as sound recorders, cameras etc.

The survey used in the interview of this research consists of open-ended questions. The interview was semi-structured and conducted face-to-face. In order to obtain healthy information from the participants, they were given conceptual information about the research subject before the questions were asked. The answers were recorded using the sound recording method and then transferred to the paper so that they can be retrieved completely.

### **3.4. SAMPLE OF THE RESEARCH**

In the research, three managers of a company operating in the iron and steel industry in Izmir for 25 years, which has about 600 employees, an annual volume of 1,8 billion Turkish liras and a production capacity of 365 thousand tons, were interviewed. Although there are 8 different department managers in the business, the interview was conducted with 3 different department managers. These managers are the Finance Manager who has been a manager in the private sector for 14 years, the Steelworks Manager who has been a manager in the private sector for 8 years and the Marketing Manager who has been a manager in the private sector for 12 years. These three managers are chosen because they are individuals who use communication

more frequently as required by their job definition, have more say in decisions, work in the business for a long time, and therefore have a certain experience. In other words, strategic planning involves a long process and the involvement of the participatory managers in the strategic planning work in the company is one of the most influential elements in the selection.

### **3.5. FINDINGS**

#### **3.5.1. Findings on General Strategic Planning**

Strategic planning has been established in the company through academic and management consultants in the light of the periodic reports received from each unit during the strategic planning phase.

*“It began by examining the reports of the company owner’s assessment of daily, monthly and yearly activity analysis prepared by financial, production and department managers. We create a map with the help of academics and management consultants we have worked with before. Our map shows us our future goal, which we can call it a kind of guide.” (F.M.)*

The participants claimed that budget planning was one of the main factors of the plan. They argued that if the budget was planned efficiently, the strategic plan would also go well.

*“Strategic planning for us started with budget planning because the targets are proportional to our budget. If budget is planned correctly, strategic planning already prospers on its way.” (S.M.)*

One of the main points in planning was to analyze the market well and managers are aware of this point.

*“The strategic plan prepared with the general manager and consultants is shaped by managers’ participation. What I mean by this is that we benefit from the information which we obtain from other companies in the same sector.” (S.M.)*

Strategic planning is relevant to profitability, as well. Since, goals and targets are achieved and employees work in accordance with them thanks to this plan.

*“If our sales and profit have increased and we are close to reaching goals and objectives it means that we are on the way to our strategic plan.” (F.M.)*

### **3.5.2. Findings on Strategic Planning Process**

Under the strategic planning process title, it includes towards findings of mission, vision, purpose, external environment, internal environment, SWOT and strategy formulation.

#### **3.5.2.1. Findings on Mission, Vision, and Goal Statement**

Mission and vision take part in strategic plan and they put emphasis on both employees’ values and benefits.

*“The company officials adopt same opinion about esteeming the employees from the very beginning, so we still have been working with our colleagues for many years.” (F.M.)*

It is emphasized that, vision is the vision of the whole organization and it is relevant to all activities of the organization.

*“To be a pioneer in the sector, to improve the quality and technology, to take all kinds of precautions for workers' health and to stand out from other companies and to satisfy employees vision is important.” (F.M.)*

The mission, vision and objectives of the company are evident from the established of the company and are emphasized as one of the important features.

*“Our mission and vision were also included in our foundation and I think this is our one of the most important features; we have no unattainable goals and then we always continued pertinaciously.” (M.M.)*

### **3.5.2.2. Findings on External Analysis, Internal Analysis, and Swot Analysis**

#### **3.5.2.2.1. External Analysis**

To produce only one product is thought as an opportunity.

*“We primarily produce only one product, so focus on it. The only difference among our products is their type on construction steel dimension basis.” (M.M.)*

Unreasonable penalties based on environmental pollution is considered as a threat.

*“The biggest threats are health problems and environmental pollution so we are exposed to severe sanctions.” (M.M.)*



### **3.5.2.2.2. Internal Analysis**

According to internal analysis, the strong aspects of the company were its capital surplus and high brand value.

*“We have a well established name and reputation in the cities where we have located and thus, our customers evaluate our policies positively.” (M.M.)*

One of the weaknesses of the business is low production capacity.

*“We do not have high production capacity, while we have a lot of customers. If we cannot deliver the goods on time, our reliability will be shaken.” (M.M.)*

### **3.5.2.2.3. SWOT Analysis**

During strategic planning, one of the most important points was SWOT Analysis, because there were many strong competitors and high amount of financial resource needs.

*“We are working in heavy industry and we have several negative sides. Although there are not many companies in the same sector our rivals are bigger than us. Additionally, it is not easy to install the plants because of their size. Therefore there is a difficult competition in the sector.” (F.M.)*

### **3.5.2.3 Findings on Strategy Formulation**

Main points related to the company’s strategies consist of the following;

a) Meeting customer’s demands on time.

*“We developed a system based on 7/24 production in order not to lose our customers and catch up with their demands. In the past, we used to stop the production at weekends for plant maintenance, but now we are carrying out maintenance part-time. Therefore there is no production interruption and we are catching up with customer demand.” (F.M.)*

b) Efficient financial controls and budget planning.

*“In the past there was communication gap between accounting and finance departments and they could not keep up with each other. Thanks to the software that we have developed, all financial transactions of our factories can be monitored. In the past, we used to plan budget daily and thus, we made payments on a daily basis and considered rest of money our profit. However, everything is systematic now. This week's payments were already scheduled in the previous week.”(F.M.)*

c) Being more competitive in the sector.

*“Although there was a competition on the market in the past, the market is getting more complicated. Because everyone is producing and selling more. However, we are in the forefront of our sales strategy.”(M.M.)*

d) Meeting employees’ demands and increasing their motivation.

*“We support our employees in all matters. We fulfill their wishes and requests within the bounds of possibility. For example, we provide them with healthy and delicious food service in all plants of our company.”(F.M.)*

e) Following developments in manufacturing technologies.

*“Thanks to manufacturing technologies, we have minimized employment-industrial accidents and maximized the production rate.” (S.M.)*

f) Increasing profitability and developing new selling strategies.

*“We have made higher profits both at home and abroad thanks to product diversification. Also, changes in our selling strategy have attracted more customers and provided us with more earnings.” (M.M.)*

h) Making extensive investigation on the subject of raw materials.

*“One of our biggest problems was supplying raw materials. Although there is the great deal of raw materials in our country, they have low quality and high prices. Therefore we started importing raw materials from abroad by conducting necessary market research and our profit has increased more.” (F.M.)*

### **3.5.3. Findings on General Organizational Communication**

The company gives importance to frequency of communication with employees because they know the best way to operate and report to top management.

*“As a finance worker I can give the best answer to this. For example, after all the payments are made in daily budget plan, the remaining balance is paid to the debts reported me. I can forget these payments and thus, get other employees’ help. Because they know which one needs to be done more urgently and they can learn this option by consulting other departments.” (F.M.)*

It has been stated that the organization was carried out by the communication link between the employees and the managers. In other words organizational communication is one of the most remarkable factors in the operation of the business.

*“The operating system of the company is based entirely on communication. In other words, the communication in production is somewhat more restricted than the conversation among employees. But in general, I can say that our work is progressing with organizational communication. Communication is significant factor for the operation of our plant because the whole working system of the plant depends on communication.” (F.M.)*

### **3.5.3.1. Findings on Organizational Communication Process**

Managers ask for information from employees about production and get information about workflow and its realization.

*“Providing necessary materials, producing the goods, selling the goods to the customers, receiving money from the customers and sending the receipts to the accountant are all done with communication” (F.M.)*

### **3.5.3.2. Findings on Types of Organizational Communication**

There is downward communication in the company as well. Communication process begin with the owner of the company, and employees follow his instructions.

*“Operation functions from top to the bottom. The order given by the general manager is applied by everyone including me or my order is applied by the employees below my rank. This process starts with the boss. He sends his requests to our general manager for production.” (F.M.)*

Additionally, there is not only downward communication, but also horizontal communication among departments for implementation of the orders.

*“Finance, workers prepare payments according to information gotten from the purchasing department.” (F.M.)*

It was emphasized implementation of employees' views were motivating them in their work and they knew that they had a say in the company.

*“We are always open to receiving ideas and suggestions about management, on condition that they are not exaggerated. It is one of the most motivating resources for them to be listened and implement their recommendations.” (F.M.)*

#### **3.5.4. Findings on Relationship Between Strategic Planning and Organizational Communication**

During the study of strategic planning, it was stated that one of the most important points of the process was involvement of department employees.

*“One of important steps in organizational communication is to involve our employees in planning. Of course, we don’t talk about all plant workers but we mean department employees who will play a role in the success of the plan. If we do not involve our employees in the planning, they might have difficulties about adapting to the implementation of the plan. That is why the strategic plan including the employees and formed together with them works the best.”(F.M.)*

Key points were transferred to the employees during planning period. Because employees need feedback.

*“Once we have designed our plan, we will show the plan to our employees and we will especially emphasize the key points so that we can acquire vision from different perspectives.” (F.M.)*

The plan, which was completed with the employees who participated in strategic planning with their feedback, was said to be carried out by the company management with their own contributions, and it was said to be carried out in a motivated way by adopting the work they did.

*“The plan which involves employees ideas has ensured company management to make decisions with the contributions of the employees and given opportunity to the employees to work in a motivated manner.” (F.M.)*

Managers should share the answer of the question such as “where we want to be” with employees. In other words it is important for employees to know the answers of the questions such as "where we want to be", "how we do", "how we want to do", "how we want to move forward" Therefore they can prevent negative sides about their career and future.

*“The things our employees know about the company's plans and vision show them for what they are working. Because aimless progress will make them feel hopeless for their career and future. That’s why we need to share the answer of some questions related to strategic planning with them.” (F.M.)*

The biggest contribution to the formation of the plan is taken from the employees and the chiefs of the company, and the participation of the employees makes them understand their issues.

*“At each stage of the plan, the views of our company's general manager, other managers and chefs and employees are taken because the more you look from different perspectives for the target, the better it gets.”(F.M.)*

The most basic criteria taken into consideration during strategic plan process requested of personnel and objectives of business; thus, strategic plan prepared with the employees is compatible with goals of both personnel and business.

*“The requests of our employees help us to determine our goals and objectives, so the strategic plan that we have prepared with our employees is compatible with our company.” (F.M.)*



## CONCLUSION

The study began with explaining of the strategic planning, which is a remarkable management effort of the companies, and then organizational communication was stated in detail.

According to these explanations, businesses achieve their goals and targets through strategic planning. In other strategic planning ensures a sense of direction and outlines measurable goals. Additionally strategic planning is a tool that is useful for both guiding decisions and for changing approaches while moving forward.

However, it determines the mission, vision, and objectives with business members, and thus, communication motivates employees by informing and clarifying about their tasks to be done, explaining the ways related to improving their performance. Therefore, organizational communication is an essential factor for strategic planning process.

In this context, a research was conducted on the discussion of organizational communication and strategic planning process in the third and final part of the study. The aforementioned research was carried out in a large-scale company operating in the iron and steel industry. Data were gathered from interviews with three managers of the aforementioned business. As a result of the findings, it has been determined that strong communication with employees has a decisive influence in the strategic planning process of the business, that strategic planning that employees contribute facilitates the realization of goals, increases employee motivation, improves inter-unit workflow smoothly and thus ensures high efficiency and quality.



Although as strategic planning and organizational communication, are the high extensive topic, unfortunately, there are a limited number of research and academic publications. More studies can be made on these topics and the number of resources can be increased.

Thanks to strategic planning, organizations know, their targets and how to reach targets. But strategic planning is not just occurring with the participation of managers also the contribution of employees accelerates the realization of the determined goals. Organizational communication provides unity and raises motivation. Therefore communications with employees should be increased in management efforts and strategic planning studies.



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## **APPENDIX: INTERVIEW FORM**

- 1) Could you please give information about your company's strategic planning activities?
- 2) How was the process of strategic planning continued?
- 3) How were the mission, vision and goals defined?
- 4) How were internal and external environments analyzed? Could you please give information about SWOT Analysis?
- 5) What were the strategies determined in the strategic planning process? What were the strategies followed in practice?
- 6) How does your organizational communication process work?
- 7) Are positive or negative opinions gotten from employees?
- 8) How is your approach towards organizational communication?
- 9) How did organizational communication take place during strategic planning process?
- 10) Was a team established for strategic planning activities? If so, which positions were included in this team?
- 11) Were other employees informed about the issue after completion of strategic plan process?