# The link between the strategy implementation problem and the Construal level theory

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MSC Management, Economics and Consumer Studies



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# **Preface**

This thesis is one of the final parts before graduating for the Master Management, Economics and Consumers studies at Wageningen University. After four years it finally happened: writing your Master thesis. However, in the beginning you do not exactly know what writing your Master thesis means. In September 2016 I enthusiastically started with this thesis about the link between the Construal level theory and the strategy implementation problem. During the whole process I was very motivated to work and after six months of hard work I know exactly what writing a master thesis means.

I am grateful to all those people that were involved in this research. In particular, I would like to thank my supervisor Dr. Ir. FJHM Verhees for always being willing to help and the guidance during the whole process. I would also like to thank my second supervisor Dr. YK van Dam for the good advice regarding the Construal level theory. I am very grateful to all my respondents for contributing to my research and that they welcomed me to their farm. I know now that writing a Master thesis is a process with ups and downs. So last but not least I would like to thank my fellow students who were also writing their thesis for their endless support.

I hope you will enjoy reading this thesis.

### **Abstract**

Firms are able to design good strategies but have often difficulties with implementing these strategies successfully. This is called the strategy implementation problem. This research examines if the strategy implementation problem can be explained by the Construal level theory which is a theory often used in consumer behaviour. To examine this, the following hypothesis was formulated: Firms that implemented their strategy successfully use during strategy formulation more low-level construals and during strategy implementation more high-level construals than firms that did not implement their strategy successfully.

To test this hypothesis the Dutch "Better Life Hallmark" was used, because this can be seen as a strategy that is successfully implemented or not. In total six Dutch pig farmers were interviewed: three farmers that implemented their strategy successfully and three who did not. The result of strategy formulation is that all farmers make their plans in the same way but their motivation makes the big difference. The successful farmers were intrinsic motivated which is a low-level construal whereas the unsuccessful farmers were extrinsic motivated which is a high-level construal. Successful farmers use during strategy implementation more high-level construals than unsuccessful farmers. The most striking result of strategy implementation is that successful farmers are very gain oriented which is a high-level construal whereas unsuccessful farmers are very loss oriented which is a low-level construal. The hypothesis of this research is confirmed. The conclusion is that the strategy implementation problem can be explained by the Construal level theory.

# **Contents**

Preface	I
Abstract	II
1. Introduction	1
2. Theoretical background	4
2.1 Barriers of the strategy implementation problem	4
2.2 Strategies in small firms	9
2.3 Suggested solutions to the strategy implementation problem	11
2.4 Construal level theory	15
2.5 Linking Construal level theory to the strategy implementation problem	20
2.6 Linking the Construal level theory to the barriers and solutions	22
2.6.1 Implementation takes more time than expected	23
2.6.2 Weak and ineffective coordination	24
2.6.3 Distraction of attention	26
2.6.4 Lack of resources	27
2.6.5 Ineffective information system	28
2.6.6 Ineffective monitoring	29
2.6.7 Conclusion & Hypothesis	30
3. Methodology	31
3.1 Better Life Hallmark	31
3.2 Research design	32
3.3 Participants & Procedure	32
3.4 Interview	34
3.5 Data analysis	37
4. Results	39
4.1 Strategy formulation	40
4.2 Strategy implementation	41
4.3 Formulating a new plan	43
4.4 Interesting findings	45
5. Conclusion	47
6. Discussion	48
6.1 Limitations	48
6.2 Managerial implications	48
6.3 Contribution to literature	49
6.4 Recommendations for future research	49
References	51
Appendix A: Interview	56
Appendix B: Codebook	58

#### 1. Introduction

"Effective implementation of an average strategy, beats mediocre implementation of a great strategy every time" is a widely used advice (Sterling, 2003, p. 27). Despite this advice, companies often fail to operationalize their strategies in ways that improve the likelihood that they will be implemented effectively (Sterling, 2003). This can be seen as a serious problem because only a few intended strategies are successfully realized (Mintzberg, 1990). A quick and effective implementation of a strategy can make the difference between success and failure of an organization (Drazin & Howard, 1984; Hauc & Kovac, 2000). There is often a disconnection between formulating a strategy and putting this strategy into useful action (Kaplan & Norton, 1995). This is named the implementation problem: "the all too frequent failure to create change after seemingly viable plans have been developed" (Nutt, 1983, p. 600). Here it is assumed that the strategy in itself is well designed and achievable. Even the best strategies can only create value when they are well implemented (Schilit, 1987). The implementation of strategies is a complex and multifaceted process (Wernham, 1985; Noble, 1999) since it is often messy, ambiguous and it involves different departments (Noble, 1999; Schofield, 2004). This thesis is written in the marketing and consumer behaviour group and therefore focuses on marketing strategies.

Strategy implementation in small firms is different from that in large firms (Cooper, 1981). The emphasis of small firms is, unlike large organizations, neither upon formal planning, nor on deciding how to allocate resources among businesses (Cooper, 1981). Furthermore, the environment of small firms makes heavy demands upon the management of day-to day operations and there are often no staff specialists to provide support regarding strategy implementation (Cooper, 1981). For these reasons it can be assumed that the gap between strategy formulation and implementation in small firms is even bigger than in large ones. Therefore this report focusses on the strategy implementation problem of small firms. Small

firms in this thesis mean "firms run and controlled under direct supervision of the owner-manager" (Verhees, Meulenberg & Pennings, 2010, p. 1).

The strategy implementation problem has long been recognised in the literature (e.g. Cooper, 1981; Alexander, 1985; Wernham, 1985; Ansoff & McDonnell, 1990). Despite the dated literature, the strategy implementation problem still exists in 2015 (Candido & Santos, 2015). After 30 years of research the problem remains unresolved and therefore it could be helpful to examine the problem from a completely different perspective. This research will reason the problem from a consumer behaviour perspective because in this field you find a similar phenomenon.

"Only 50% of those who initiate a program of physical activity are able to maintain the behaviour for longer than 6 months" (Tran, 2013, p. 1). Here arises a phenomenon which is comparable to the previously described implementation problem; plans that people make for their future are contradictory with their actions in the present. This consumer behaviour phenomenon can be explained by the Construal level theory. This theory implies that "people construct different representations of the same information depending on whether the information pertains the near or distant future" (Trope & Liberman, 2003, p. 405). A prediction about the future is a mental construction that represents an object or event that is psychologically distant. This psychological distance is "a subjective experience that something is close or far away from the self, here and now" (Trope & Liberman, 2010, p. 440). Psychological distant events are represented by high-level construals that are abstract, simple and prototypical. Contrary, psychological close events are represented by low-level construals which are more concrete, contextualized and contain detailed information (Trope, Liberman, Wakslak, 2007). High-level construals consider primary goals and have to do with the 'why' and the end state of an action whereas low- level construals consider secondary goals that belong to the 'how' and the means to reach the end goal (Liberman & Trope, 1998). For example, studying for an exam is construed on a high level and reading a textbook is construed on a low level because reading supplies details of how you are going to study (Liberman, Sagristano & Trope, 2002). However, when psychological distance comes closer, the secondary goal can become influential and is able to induce conflict with the primary goal (Trope & Liberman, 2003). This causes the gap between consumer future intentions and their actions in the present.

As previously explained, there is also discrepancy in firms between future plans and their actions in the present. However, it is not known if this discrepancy in firms also can be explained by the Construal level theory. Therefore, the following problem statement can be formulated:

It is unknown if the strategy implementation problem can be explained by the Construal level theory.

# 2. Theoretical background

In order to investigate if the strategy implementation problem can be explained by the Construal level theory, it is useful to know which knowledge already exists. The first paragraph of this chapter will focus on the most frequently cited barriers of the strategy implementation problem. Paragraph 2.2 will focus on strategies in small firms, as they are the focus of this thesis. The third paragraph will discuss suggested solutions from literature to solve the problem. The fourth paragraph will focus on the Construal level theory as the theoretical basis of this research. The link between Construal level theory and the strategy implementation problem will be explained in the fifth paragraph. The last paragraph will discover whether or not the link can be made between the Construal level theory and the barriers of the strategy implementation problem and the corresponding suggested solutions.

### 2.1 Barriers of the strategy implementation problem

Many barriers of the strategy implementation problem are cited in literature. The most frequently cited barriers are the following: implementation takes more time than expected, weak and ineffective coordination, distraction of attention, lack of resources, improper management team, inadequate information systems, ineffective monitoring, problems that have not been identified beforehand arise, lack of understanding and an unclear strategy.

The implementation of strategies takes more time than expected (Alexander, 1985; Al Ghamdi, 1998; Sandelands, 1994). The commitment, time, emotion and energy that people need to implement their plans is often underestimated (Sandelands, 1994). Moreover, potential problems are often not taken into account (Alexander, 1985).

Weak and ineffective coordination of activities during strategy implementation is another barrier (Alexander, 1985; Al Ghamdi, 1998; Beer & Eisenstat, 2000; Shah, 2005; Kalali, Anvari & Dastjerdi, 2011). Coordination means "integrating or linking together different parts of an organization to accomplish a collective set of tasks" (Van de Ven, Delbecq & Koenig,

1976). The coordination of implementation activities has to be managed by committees, superiors or task forces (Alexander, 1985). Coordination can cause disharmony if it is not well performed.

Distraction of attention is another barrier that leads to implementation failure. This means that there is more attention for competing activities, external factors or crisis than for the strategy implementation (Alexander, 1985; Al Ghamdi, 1998). An example is a firm that was trying to implement a strategic decision at the time that the market for coal related products collapsed (Alexander, 1985). At that moment, managers wanted to do everything to increase their profits instead of implementing a new strategic decision. In this case the crisis distracted attention and caused implementation failure.

A lack of resources to implement a strategy successfully is a frequently appearing barrier (Wernham, 1984; Kalali et al., 2011). The most important resources for a firm are money, material and human resources (Wernham, 1984; Kalali et al., 2011). Firms often underestimate the resources they would need to accomplish a task. These three resources will be shortly discussed hereafter.

- 1. Inadequate funding can contribute to strategy implementation failure. Money is probably one of the most obvious resources of a firm and considers the scope of strategic decision. Money is actually a bottom line requirement for a successful strategy implementation (Alexander, 1985).
- 2. Materials refer to the assets of the firm that are valued for their contribution to competitive advantage (Amit & Schoemaker, 1993). Poor materials or a lack of them can contribute to failure of the firm.
- 3. Human resources are necessary for a firm's success and to create competitive advantage (Buller & McEvoy, 2012). Human resources management strive to a good

firm performance through human and social capital (Wright, Dunford & Snell, 2001). It is important to manage these resources well because good human resources management positively contributes to firm performance (Combs, Liu, Hall & Ketchen, 2006).

An inappropriate management team is also a frequently mentioned barrier of the implementation problem, meaning that there is insufficient leadership and direction provided by managers. (Alexander, 1985; Beer & Eisenstat, 2000; Shah, 2005; Kalali et al., 2011). Top managers are the head of the firm and have to provide leadership to all levels of the firm (Shah, 2005). However, a successful strategy implementation will need more than only a leader. It also needs teamwork in a group of leaders that, through communication and collaboration, stays connected with the knowledge embedded in the rest of the firm (Beer & Eisenstat, 2000).

Besides, it is important that management style is aligned with the firm's strategy since misalignment can cause strategy implementation failure (Håkonsson, Burton, Obel & Lauridsen, 2012). For example if a firm formulates a strategy that is focussed towards new and different (high exploration strategy) than it is useful to match this strategy with a management style that involves others in the decision making (high delegation executive style) (Håkonsson et al., 2012). Namely, a high exploration strategy asks for high involvement with new information. A management style with low preference for delegation will not match with a high exploration strategy. A mismatch between strategy and management style is not conductive to a successful strategy implementation.

Information systems are often inadequate (Heide, Grønhaug & Johannessen, 2002; Shah, 2005). Information systems "include all possible mechanisms that contribute to vertical and horizontal communication through the organization" (Heide et al., 2002, p. 218). People in a

firm cannot work without an effective information system (Shah, 2005). Nowadays information technology also plays a vital role in a firm and employees have to be able to work with this technology (Shah, 2005). Some researchers consider 'poor and improper communication' as another barrier of the strategy implementation problem (e.g. Beer & Eisenstat, 2000; Kalali et al., 2011) which means that "information and knowledge transfer is poor in the various units of the organization" (Kalali et al., 2011, p. 9834). Because of this definition, this thesis considers the barrier of 'poor and improper communication' as a subtopic of inadequate information systems and not as another barrier.

Ineffective monitoring is another barrier of strategy implementation (Alexander, 1985; Al Ghamdi, 1998; Shah, 2005; Kalali et al., 2011). To monitor the implementation process, unsuitable systems are frequently used. These strategic performance measurement systems can consists of financial and non-financial measurements. A strategic performance measurement system gathers and processes information about the firm's performance that can contribute to the decision making process in the strategy implementation (Gimbert, Bisbe & Mendoza, 2010). The consequence of an ineffective monitoring system is that no information is provided that can contribute to make strategic decisions.

Problems that have not been identified beforehand and arise during the strategy implementation is another barrier of strategy implementation (Alexander, 1985; Corboy & O'Corrbui, 1999; Kalali et al., 2011). An example of such kind of problems arose when an oil equipment firm tried to create oil wells in an Arab country (Alexander, 1985). Certain employees of this oil firm were not able to enter the country because of their race or nationality. Besides, the firm wanted to bring explosives for their work but these were not allowed in the Arab country. So, both of these problems arose during the strategy implementation process but have not been identified beforehand.

Lack of understanding of the strategy is a barrier of the problem (Alexander, 1985; Al Ghamdi, 1998; Corboy & O'Corrbui, 1999; Kalali et al., 2011). This means that the employees of a firm do not clearly understand the company's goals or how the strategy should be implemented. In this case, activities and key implementation tasks are not clear or well defined.

An unclear strategy is the last frequently cited barrier of the implementation problem (Beer & Eisenstat, 2000; Kalali et al., 2011) which means that the strategy is incomplete. A marketing strategy includes a selection and analysis of a target group and designing and maintaining a marketing mix to offer to this group (Dibb, Simkin, Pride & Ferrell, 2012). A marketing mix consists of the four P's: product, price, place and promotion (Khan, 2014). The marketing strategy of a firm is incomplete if the target group is not clear or if one of the elements of the marketing mix is missing.

Literature refers to all these barriers as causes of the implementation problem. However, the latter three are problems that rather occur during the strategy formulation process. They were included in this chapter because, according to literature, they are barriers of the strategy implementation problem. The barrier 'problems that have not been identified beforehand arise during the strategy implementation' could be already taken into account at the strategy formulation. These problems, like the oil firm example, already existed at the formulation phase but were not identified yet. The cause of the barrier 'lack of understanding' is that the strategy, activities and key implementation tasks are not clear or well defined. These factors should be taken into account at the strategy formulation in order to ensure that everyone understands the strategy before they are going to implement it. The last barrier 'unclear strategy' is also not a problem of the implementation phase because the definition of the implementation problem assumes that the strategy in itself is well designed and achievable.

Paragraph 2.3 will not take these three barriers into account because they belong to strategy formulation instead of to strategy implementation.

### 2.2 Strategies in small firms

Small firms are not smaller versions of larger firms because they have different needs and characteristics (Kraus, Harms & Schwarz, 2008). This paragraph will elaborate on the strategy implementation process of small firms.

The approach of the strategy implementation process has been changed over the last two decades. Nowadays many firms change to a bottom-up approach instead of the former top-down approach. These concepts will be explained further. The top-down approach "uses position power and inducements to facilitate the implementation of the strategic plan across the firm" (Harrington, 2006, p. 388). In this approach, people at the highest level in the firm are the most involved in strategy implementation (Harrington, 2006). It is an individualistic approach at which the power and politics distribution is unequally divided throughout the firm (Parsa, 1999). Therefore, there is a need for more participation or a collective approach of the strategy implementation (Okumus & Roper, 1999), which is the bottom-up approach. This approach is "a higher level of involvement by lower levels of management in the implementation of strategy and the ideas for strategy filter up from the interaction with the market constituent" (Harrington, 2006, p. 388).

Small firms differ from large firms regarding their strategic planning. The strategic planning in large firms is formal whereas planning in small firms is informal (Kraus et al., 2008). Strategies are long term plans about the future situation of a firm (Slack, 2015), but small firms focus rather on their short-term goals (Naffziger and Kuratko, 1991; Stonehouse & Pemberton, 2002). Moreover, the planning activities of small firms are rather intuitive while larger firms are more involved with planning and have more sophisticated procedures (Naffziger and Kuratko, 1991; Stonehouse and Pemberton, 2002).

The strategic planning of small firms is different but in fact they do plan (Kraus et al., 2008). In a study among 115 small firms, 83% of the companies stated that they set objectives and plan formally (Naffziger & Kuratko, 1991). Another study among 159 small and medium sized firms concluded that 92% of the respondents plan strategically and 70% make plans for 1-3 years (Stonehouse & Pemberton, 2002). This thesis will focus on small firms that actually make viable plans and will exclude firms which do not even design strategies.

Contradicting opinions arise regarding the effectiveness of strategic planning. Two schools of thought can be distinguished here: the planning school and the learning school (Brews & Hunt, 1999; Wiltbank, Dew, Read & Sarasvathy, 2006). The planning school argues that planning helps to achieve the firm's goals (e.g., Ansoff, 1991). It is a rational and formal approach that relies on the belief that business planning contributes to better predictions and preparation for future challenges (Brinckmann, Grichnik & Kapsa, 2010). Moreover, the planning school argues that planning contributes to more rapid decision making, bottlenecks avoidance and resource flow optimization (Delmar & Shane, 2003). The opposing learning school claims a more flexible approach towards the strategy implementation process (Brews & Hunt, 1999). They suggest that a strategy does not necessarily follow from an explicit and formal plan (Mintzberg, 1994). The learning school researchers argue that firms have to focus more on learning and aim on flexible ways to implement strategies in an uncertain environment (Hough and White, 2003; Quinn, 1980). Rather than spending time on making rational and formal plans, a firm could use this time on other value creating activities (Carter, Gartner & Reynolds, 1996).

Despite these contradicting opinions, there is a positive relationship between strategic planning and the success of a small firm (e.g. Kraus et al., 2008). Small firms that plan strategically have higher survival rates than those that do not plan (Birley & Niktari, 1995). Strategic planning has a positive influence on firm performance in both new and established

small firms (Brinckmann et al., 2010). However, this relation is stronger for established small firms because there is less uncertainty and more information available (Brinckmann et al., 2010). Due to these results, it can be assumed that when the strategy of a small firm is well designed and implemented, it has a positive effect on firm performance.

## 2.3 Suggested solutions to the strategy implementation problem

Paragraph 2.1 discussed the barriers of the strategy implementation problem, but these belong to large firms. Although this thesis focuses on small firms there is a lack of research regarding the barriers of the strategy implementation problem in small firms. Literature about medium sized firms is also very scarce and not comparable to small firms, making it not relevant either. However, there is no empirical evidence that the barriers discussed in paragraph 2.1 are not applicable to small firms. It could be assumed that if large firms have to deal with these barriers, small firms have to do that too. As mentioned in the introduction, these barriers for small firms are probably even bigger than for large firms. The barriers are known, but the solutions to them are more important. The following sections will discuss suggested solutions from literature to each single barrier.

The Balanced scorecard is a frequently cited tool that can help to set time goals (Kaplan & Norton, 2005) in order to overcome the barrier 'implementation takes more time than expected'. It "provides a framework for managing the implementation of strategy while also allowing the strategy itself to evolve in response to changes in the company's competitive market and technological environment" (Kaplan and Norton, 1996, p. 85). The Balanced scorecard includes different performance measures for the different units of financial performance, customer relations, internal business processes and learning and growth (Lipe & Salterio, 2000). Firms have to set goals for time and translate them into measures (Kaplan & Norton, 2005). The Balanced scorecard is the most popular framework that could contribute to strategy implementation (Smith, 2005). However, there is some criticism on the Balanced

scorecard, for example about the cost effectiveness (e.g., Atkinson, Waterhouse & Wells, 1997; Nørreklit, 2003; Atkinson, 2006). Besides, the implementation of the scorecard also takes a lot of time. The inventors of the scorecard argue that "if the Balanced scorecard is implemented fully and participatively, it can engage management in an evaluation of the strategic plan and thus avoid planning errors and discourage oversight" (Kaplan & Norton, 2005). In practice, errors arise often in the evaluation of the scorecard. Balanced scorecards include measures that are common to units and measures that are developed unique for one unit. The common measures are often financial measures and the unique measures are often more leading and non-financial measures (Kaplan & Norton 1996). It has been proven that there is more focus on common measures in the evaluation than on the unique measures (Lipe & Salterio, 2000; Banker, Chang & Pizzini, 2004). If the unique measures receive less attention in the evaluation phase, they are likely to receive less attention in the next decision making too (Holmstrom & Milgrom, 1991). So, in this case the Balanced scorecard is not useful.

Interaction between horizontal and vertical coordination can be a solution to the barrier 'ineffective coordination' (Sting & Loch, 2016). Horizontal and vertical coordination and their interaction will be explained hereafter. Horizontal coordination is "bilateral adjustment among lower-level search actions" whereas vertical coordination is "unilateral top-down adjustment of lower-level search actions" (Sting & Loch, 2016, p. 1177). Search actions mean in these definitions the search for performance improvements. Leaving either horizontal coordination or vertical coordination "loose" and the other one "tight" lead to a balance between creativity and compatibility of initiatives (Sting & Loch, 2016). If both types are tightened, it suppresses creativity and if both are loose it can lead to incompatibility. Therefore, an interaction between horizontal and vertical coordination could contribute to a successful strategy implementation. However, the recent study of Sting and Loch (2016) does

not give empirical evidence for the finding that interaction between horizontal and vertical coordination contributes to strategy implementation. Based on this, it can be concluded that this finding is not an effective solution to the barrier 'ineffective coordination'.

A solution to the barrier 'distraction of attention' is to involve employees and managers in the strategy formulation and implementation process (Alexander, 1985). The commitment of affected employees and managers will tend to increase if they are involved in the strategy formulation. In this way their focus is on the firm's strategy rather than on competing activities, external factors or crises. Besides, employee commitment to strategy implementation positively influences firm performance (Kohtamäki, Kraus, Mäkelä & Rönkkö, 2012). More literature exists about the involvement of employees and managers in the strategy implementation process (e.g. Gębczyńska & Gębczyńska, 2016). This literature claims the importance of involvement but findings are only descriptive. A practical implication of how to involve employees and managers, and keep them involved, in the strategy implementation process is not provided yet.

The Resources-Based-View (RBV) can be seen as a solution to the barrier 'lack of resources'. This view argues that a firm "must acquire and control valuable, rare, inimitable, and non-substitutable resources and capabilities" (Kraaijenbrink, Spender & Groen, 2010, p. 350). Regarding the RBV, the strategy of a firm can be formulated on the basis of their available resources and therefore there will be no lack of resources during the strategy implementation phase. However, the RBV has been criticized. The general theme of critique is that the "RBV has clung to an inappropriately narrow neoclassical economic rationality" (Kraaijenbrink et al., 2010, p. 350). This means that the RBV is seen as desirable but unrealistic. The RBV is not seen as a complete theory and not only sufficient resources lead to competitive advantage (Kraaijenbrink et al., 2010). Because of this critique, the RBV is not an appropriate solution to the barrier 'lack of resources'.

Searching the solution for the barriers 'improper management team' and 'unaligned management style' is not relevant for small firms. A small firm is "run and controlled under direct supervision of the owner-manager" (Verhees et al., 2010, p. 1). So, small firms do not have a management team and therefore there will not be elaborated further on these barriers in this thesis. However, for this thesis it is relevant to notice that characteristics of the owner-manager of a small firm influence the existence of a formal strategy within that firm (Richbell, Watts & Wardle, 2006). An owner-manager with e.g. a high level of education and previous work experience in a larger firm is more likely to develop a strategy than an owner-manager without these characteristics (Richbell et al., 2006). Besides, there is a difference between a general manager and an entrepreneur who owns a firm. Entrepreneurs have a higher need for achievement, a stronger drive for independence, have to be alert to opportunities, take more risks and belief in themselves (Wijewardena, Nanayakkara & Zoysa, 2008).

Literature also does not provide an empirical solution to the barrier 'inadequate information systems'. For many years, researchers argue the importance of an adequate information system (Al Ghamdi, 1998; Arvidsson, Holmström & Lyytinen, 2014). Moreover, other research provides even information attributes that have to be taken into account at the designing phase of an information system (Curtis & Cobham, 2008). An example of one of these attributes is 'target', which means that the information has to be directed to the correct receiver (Curtis & Cobham, 2008). However, no empirical evidence exists about the practical implication of designing and implementing an adequate information system.

Literature does not give a useful solution to the barrier 'ineffective monitoring'. The Balanced scorecard is a very popular framework to measure strategy implementation performance (Smith, 2005). However, it appeared that this scorecard is not useful, because there is too much focus on common measures instead of on non-financial and unique measures. A recent

study to a new strategic performance measurement system did also not result in a fully developed system (Silvi, Bartolini, Raffoni & Vasani, 2015). Therefore there is no solution to the barrier 'ineffective monitoring'.

This paragraph showed many solutions to overcome the barriers of the strategy implementation problem. However, none of these solutions are successful, with the result that the strategy implementation problem still exists. Therefore it is useful to approach this problem from a completely different angle: approach the strategy implementation problem with the Construal level theory.

## 2.4 Construal level theory

The Construal level theory explains how people are able to make plans for the distant future. The theory says that "people construct different representations of the same information depending on whether the information pertains the near or distant future" (Trope & Liberman, 2003, p. 405). The Construal level theory proposes that people form abstract mental construals of future events and objects (Trope & Liberman, 2010). In this way people can make predictions about the future.

A prediction about the future is a mental construction that represents an object or event that is psychologically distant. This psychological distance is "a subjective experience that something is close or far away from the self, here and now" (Trope & Liberman, 2010, p. 440). People are able to cross different psychological distances by means of mental construal processes (Trope & Liberman, 2010). If events or objects take place in the distant future, they are construed at a higher level than if they take place in the near future. Individuals have less information and knowledge about the future and therefore represent these distant events with high-level construals that are abstract, simple and prototypical (Liberman, Trope & Stephan, 2007). Psychologically close events are represented by low-level construals which are more concrete, contextualized and contain detailed information (Trope et al., 2007). When crossing

psychological distance from a concrete representation to an abstract representation, someone has to retain some central features and omit features that are less relevant (Trope & Liberman, 2010). Irrelevant details, or details that are inconsistent with someone's goal are omitted at an abstract representation.

Psychological distance includes four different dimensions: temporal, spatial, social and hypothetical (Liberman et al., 2007). Temporal distance considers when an object or event is anticipated in the near or distant future. Studies found that individuals significantly represent distant activities with high-level construals whereas close events are represented by low-level construals (Liberman & Tope, 1998). Spatial distance considers where the event or object takes place: here or somewhere else. Individuals form more abstract representations about objects or events if the location is distant whereas the representation is more concrete if the location of the object or event is close (Liberman et al., 2007). Social distance is about the distance between the self and others. Higher-level construals are used to describe more distant social targets whereas lower-level of construals are used to describe close social targets (Liberman et al., 2007). So a friend is construed different than a stranger. Finally, hypothetical distance considers the difference between certain and uncertain objects or events (Trope & Liberman, 2010). If objects or events are construed on a lower level, they are more likely to happen than on a higher level of construal (Liberman et al., 2007). Literature suggests that all dimensions have the same effect on mental associations (e.g., Fujita, Henderson, Eng, Trope & Liberman, 2006; Wakslak, Trope, Liberman & Alony, 2006). This means that in every dimension people experience associations between psychological close objects and low-level construals, and between psychological distant objects and high-level construals (Bar-Anan, Liberman & Trope, 2006).

Goals can be categorized into subordinate and superordinate goals (Trope & Liberman, 2010). The subordinate goals consider the details of an action and 'how' the action will be carried

out whereas the superordinate goal has to do with 'why' the action will be performed (Trope & Liberman, 2003). High-level construals include properties of an end state and low-level construals include properties of the means needed to reach this end state (Liberman & Trope, 1998). An example here is that "passing an exam" is a superordinate goal which has to do with the 'why' aspect while "reading" a book is a means to reach this goal. Table 1 shows all the reported differences between high-level construals and low-level construals (Van Dam, 2016).

**Table 1**Differences between high and low construal level (Van Dam, 2016).

Construct	Low construal	High construal	Selected source	
Psychological distance	Proximal	Distal		
Temporal distance	Present	Remote past or future	-	
Hypothetical distance	Certain	Possible	Trope & Liberman 2010	
Social distance	Family and friends	Strangers	-	
Physical distance	Here	Far away	-	
Cognitive Factors				
Representation	Concrete, detailed, complex	Abstract, simple, coherent	Bar-Anan et al 2006	
	Idiosyncratic	Prototype and/or Stereotype	Pfeiffer et al 2014	
Reasoning	Pragmatic	Idealistic	Irmak et al 2013	
Classification focus	Differences	Commonalities	Lee et al 2010	
Categorisation	Narrow	Broad	Förster et al 2009	
Evaluation of outcomes	Feasibility	Desirability	Fujita et al 2008	
Evaluation of actions	Process focus (How)	Outcome focus (Why)	Freitas et al 2004	
Motivational Factors				
Goal focus	Situational, context-based, means	General, primary, ends	Fujita et al 2008	
Goal pursuit	Loss oriented, prevention	Gain oriented, promotion	Lee et al 2010	
Motivation	Intrinsic	Extrinsic	Freund et al 2010	

The Construal level theory is well reflected in our daily lives. The following two sections will elaborate on two practical consumer behaviour cases of the Construal level theory to explain this theory further.

The Construal level theory is well reflected in the process of losing weight. People that want to lose weight can make a strategy in order to reach their future goal. However, this is not as easy as it sounds because it is not a single action at a specific time. It is a long process that is frequently interrupted by immediate rewards. An example arises when a dieter has to make a choice between a candy bar and an apple (Fujita and Carnevale, 2012). It is commonly assumed that the dieter value weight loss over hedonism. In this case, the candy bar, which is an immediate reward, weakens the weight losing goal of the dieter. This all has to do with self-control which refers to "the successful resolution of decisional dilemmas in favour of the more valuable, distal goals despite the allure of the smaller, proximal rewards" (Fujita & Carneval, 2012, p. 248). If the dieter choses features that are linked to direct experience, which is taste (a low-level construal), he prefers probably the candy bar. If the dieter perceives the experience through high-level construals, he will probably see his long term goal of losing weight and choses the apple. The construal level influences the selfcontrol of the dieter (Fujita & Carnevale, 2012). High-level construals direct dieter's attention to goal relevant choices whereas low-level construal enhances the attention to secondary features. This direction to secondary features leads to a self-control failure (Fujita & Carnevale, 2012). So, dieters see their goal of losing weight as a high-level construal and distant object which enhances self-control. However, when the dieter comes psychological closer to the moment of choice, he bases his choice on low-level construals and therefore loses self-control. In this way the dieter choses the immediate reward and does not maintain his long-term strategy in order to reach his goal of losing weight.

Another theme of consumer behaviour research that clearly shows the Construal level theory is food choice regarding sustainability issues. Nowadays, consumers claim that sustainability issues are important regarding their food choice, but this desirable behaviour is not translated into practice (Hussain, 2000). The attributes that consumers say to be important are not in line with the attributes that really predict their product choice (Mueller, Lockshin & Louviere, 2010). This can be explained on the basis of the difference between high-level

construal situations and low-level construal situations (Trijp & Fischer, 2010). If questions are asked to consumers about sustainable development regarding consumption, they put them in a high-level construal situation. Consumers see the situation at that moment as psychological distant and base their judgement therefore on abstract factors and desirability's (Eyal, Liberman & Trope, 2008). However, when the consumers have to make the actual choice decision, their psychological distance is low. In this case, the consumers base their choice on concrete and specific factors which are feasibilities. The desirability's and feasibilities are incongruent and Construal level theory predicts that preference inversions depend on the level of construal. Answers of consumers to questions regarding a distant future situation are driven by desirable sustainability factors whereas the action in the present (choice) is driven by the practical feasibilities of the context (Trijp & Fischer, 2010). The concept time discounting arises from this, meaning that "when the low-level value of an option is more positive than its high-level value, the option should be more attractive in the near future" (Trope & Liberman, 2003, p. 407). In contrast, "when the high-level value of an option is more positive, the option should be more attractive in the distant future" (Trope & Liberman, 2003, p. 407). This concept is called time augmentation.

These two consumer behaviour cases show conflict between desired goals and proximal choices. Consumers are often focused on the proximal outcomes and this results in unreached desired end goals. The next section will elaborate on solutions to this conflict.

The Construal level theory proposes two solutions that can solve the conflict between desired goals and proximal choices (Ülkümen & Cheema, 2011). The first one is to raise the construal level of the proximal choice (Freund, Hennecke & Riediger, 2010; Malkoc & Zauberman, 2006). In this way the approach of a concrete issue gets more idealistic rather than practical. This solution proposes behaviour that is more distal focused by raising the abstraction of the proximal choice. It raises an individual's self-control to resists temptations that are not

congruent with the end goal (Fujita & Roberts, 2010; Jenkins & Tapper, 2014; Mantzios & Wilson, 2014). If the construal level of the proximal choice of the dieter, from the former example, rises, his self-control will raise as well. His behaviour becomes more distal focused and therefore he could focus on his superordinate goal of losing weight and can resist temptations. However, this solution to overcome the conflict requires a lot of effort and energy (Muraven & Baumeister, 2000). The second solution is to lower the construal level of distant goals to create a more practical approach about an abstract issue (Malkoc & Zauberman, 2006; Malkoc, Zauberman & Bettman, 2010). This approach is based on interventions that will stimulate low construal motivational factors that contribute to the ideal goal. You can reach this by stimulating intrinsic motives instead of extrinsic motives (Van Dam, 2016). Intrinsic motive means doing something because you like doing it whereas extrinsic motive means doing something in order to reach a goal (Reiss, 2012). A dieter related example here is that sports contribute to losing weight. You can stimulate the intrinsic motivation by making sports fun. In this way the dieter likes the practical activity and in the end he still reaches the weight-losing goal. However, the focus is not anymore on the weightlosing goal, but on the nice activity. The next paragraphs will elaborate further on how these two solutions proposed by Construal level theory could be used to explain the strategy implementation problem.

### 2.5 Linking Construal level theory to the strategy implementation problem

The Construal level theory can be linked to firms formulating and implementing their strategies. During strategy formulation a firm designs a strategy that is a long term plan with objectives that direct the firm towards their desirable future situation (Slack, 2015). Concrete tasks have to be defined during strategy formulation for a successful strategy implementation. So, the achievement of a firm's strategic end goal can be seen as a two phase process: formulating a complete strategy and implementing this strategy successfully afterwards.

Strategy formulation and implementation will be linked to the Construal level theory and to the two solutions proposed by the Construal level theory.

Strategy formulation focuses on a desirable future situation and is therefore idealistic and psychological distant. It is temporal distant because the end goal will be reached at a distant future moment and it is an uncertain event and therefore hypothetical distant. Whether it is also spatial and social distant depends on the situation. Strategy formulation is seen as spatial close if the owner-manager has only one location of his firm. Besides, the owner-manager is often completely involved in the strategy formulation because the strategy considers his own firm and therefore his own income. Contradictory, a manager of a large firm can delegate tasks among his many employees. Employees get the responsibility of the tasks and in this way the social distance of the manager becomes larger. So, strategy formulation in small firms is seen as social close, but in large firms as social distant. The strategic end state is a manager's superordinate goal that is psychological distant and therefore represented by highlevel construals. During the strategy formulation the end goal is very important since the whole strategy has to be based on this goal. When a manager wants to implement his strategy successfully it is important that he designs a complete and concrete strategy, meaning that tasks and responsibilities have to be well defined during strategy formulation. Therefore it is important to descend from high-level to low-level construals. By translating the desired goal to low-level construals, the strategy will become less prototypical and more proximal and certain. The means that are needed to achieve the strategic end goal will be more detailed and concrete. So for a good strategy formulation it is important to translate the strategic end goal to low-level construals.

Strategy implementation consists of daily business tasks that are proximal, certain and take place in the here and now. Strategic choices during strategy implementation are driven by practical feasibilities. Because of time discounting, the low-level value can become more

attractive than the high-level value. This could be an explanation why decisions regarding strategies will change with the result that the predetermined strategy is not well implemented. If a manager wants to reach the strategic end goal, it is important to translate these proximal tasks to the desired end goal. Sometimes he has to take a step back and think on an abstract level to keep the desired end state of the firm in mind. If the manager does not make this translation, the means to reach the end goal can become an end goal on themselves. The focus here is on the practical feasibilities more than on the desirability's. A manager has to make some 'costs' to reach his desired end goal. However, when he focuses only on feasibilities he does not know anymore why he makes these costs. If a manager loses his end goal it is attractive to stop making these costs. Therefore it is very important to focus sometimes on the abstract desired end goal instead of on proximal tasks. So for a successful strategy implementation it is important to translate low-level construals to high-level construals to keep the firm's focus on the desired end situation.

So, for a successful strategy implementation it is important during the strategy formulation to descend from high-level construals to low-level construals. Besides, during strategy implementation it is important to higher the low-level construals to guarantee that decisions are guided by the desired end goal.

# 2.6 Linking the Construal level theory to the barriers and solutions

This paragraph links the Construal level theory to the barriers of the strategy implementation problem and to the suggested solutions from literature. Every barrier will be discussed in one subparagraph. In every first section of each subparagraph the Construal level theory will be linked to the barrier. The second section will discuss the two solutions proposed by Construal level theory to show how the barrier could be solved. However, these two solutions illustrate the ideal solution to the barrier but are difficult to implement. The last section of each

subparagraph will explain the suggested solutions from literature by means of the Construal level theory.

#### 2.6.1 Implementation takes more time than expected

The Construal level theory can be linked to the barrier that implementation takes more time than expected. Strategy formulation is construed on a high level because the end goal is temporal and hypothetical distant. The end goal is seen as desirable and details are not taken into account. Because details are not taken into account there is also no time calculated for implementing these details. When time is not defined well for every tasks and every detail during strategy formulation there could be a time shortage during the strategy implementation. This is the consequence of a representation problem of reality. So, construal level theory explains that the barrier already arises during strategy formulation because managers think too much on a high construal level.

The solution proposed by Construal level theory to solve this barrier is to descend from high-level construals to low-level construals during strategy formulation. The focus in strategy formulation is often on a desired end goal. The problem is that details are not taken into account. During strategy formulation more details have to be taken into account which means that a manager has to formulate more concrete plans. Concrete plans are formulated on a low construal level and are therefore more certain, complex and feasible. So to include more details during strategy formulation it is important to descend from high to low-level construals.

The suggested solution from literature to the barrier strategy implementation takes more time than expected is the Balanced scorecard. This solution is refuted but the Construal level theory can explain why. As mentioned before, a manager should think of the strategy in more detail during strategy formulation. Strategy formulation is construed on a high level and seen as abstract, but the Balanced scorecard has to be discussed already in detail in this stage. The

Balanced scorecard is a tool that takes a lot of time to set up. Managers can have the intention to implement the Balanced scorecard but do not define this tool in enough detail, because of the psychological distance. So, managers can have the intention to implement the Balanced scorecard time after time but do not succeed because of the psychological distance.

#### 2.6.2 Weak and ineffective coordination

The Construal level theory can be linked to the barrier weak and ineffective coordination. The goal of coordination is to divide and coordinate tasks in order to reach the superordinate goal of the firm. During strategy formulation coordination is seen as far away and uncertain. The tasks that have to be coordinated are defined as abstract with the result that manager and employees do not know concretely what to do during the strategy implementation. There are two possible causes of this problem. The first one is that the complexity of reality could be underestimated. During strategy formulation managers do not see the complexity of tasks that have to be coordinated and are therefore not processed in detail. The other possible cause is that the manager who has to coordinate tasks during strategy implementation cannot see the difference anymore between the end goal and how to reach this end goal. In this way the means become a goal on themselves with the result that the desired predetermined strategic end goal will not be reached.

The two solutions proposed by Construal level theory can illustrate the ideal solution to the barrier weak and ineffective coordination. First of all, a manager has to descend from high to low level construals during strategy formulation to realize the complexity of reality better. This means that the coordination during strategy formulation has to become more concrete. The abstract end goal is the focus but the coordination has to become more proximal. This can be reached by descending from high-level construals to low-level construals to make tasks more concrete and feasible. In this way a manager will know better which detailed tasks he has to coordinate during strategy implementation. If tasks are more concrete the

responsibilities can become more concrete as well. The result is that the social distance will also become smaller. It also becomes clear which tasks have to be performed in order to reach the desired end goal. Secondly, to overcome the problem that a manager does not see the difference anymore between the end goal and the means to reach this goal, a manager should not only focus on proximal choices during strategy implementation. So, the focus should not only be on the proximal choices but the end goal has to be taken into account during strategy implementation as well. The manager has to take a step back sometimes to see the desired end goal and to realize why he coordinates the predefined tasks.

The suggested solution from literature is interaction between horizontal and vertical coordination. The Construal level theory can show that this solution is successful because it corresponds to the solutions proposed by Construal level theory. Namely, the proposed solution from literature makes tasks that have to be coordinated clear during strategy formulation and keep the desired end goal in mind during implementation. This is exactly what the solutions of Construal level theory propose. Tasks, responsibilities and collaboration are well defined on a low construal level during strategy formulation. In this way manager and employees know which tasks to perform and have their own responsibilities. The social distance becomes small. So, during strategy formulation, the abstract goal that is construed on a high level is translated to a concrete plan that is construed on a low level. Construal level theory can also explain why the solution from literature is successful during strategy implementation. Due to the interaction between horizontal and vertical coordination, managers and employees work together to achieve the superordinate goal of the firm. Every employee got his own responsibilities and tasks during strategy formulation and can implement them during strategy implementation. Every employee takes his own end goal into account and is responsible for his own tasks. When every employee of the firm does this for himself they can collaborate to reach the strategic end goal of the firm. Employees do not focus only on low-level construal tasks but have to take the end goal into account in order to fulfil their own responsibility. In this way there is a translation made from low-level construals to high-level construals which means that the focus is on the desired end goal during strategy implementation. Although empirical evidence for the suggested solution from literature does not exist, the Construal level theory proposes that this solution is effective.

#### 2.6.3 Distraction of attention

The Construal level theory can be linked to the barrier distraction of attention. If a firm designs a strategy it is commonly assumed that they strive to reach the strategic end goal. This end goal is psychological distant and therefore represented by high-level construals. During strategy implementation the psychological distance decreases and people represent tasks then on a lower construal level. People focus themselves on tasks that are concrete, certain and feasible. They focus simply on the necessary daily tasks that have to be done and do not see the desired end goal anymore or see it as less important. During strategy implementation they do not see why they have to make the 'costs' and prefer an immediate reward instead of maintaining the long-term strategy in order to reach the desired end goal. So, distraction of attention arises during the implementation phase and leads to an unsuccessful strategy implementation.

The solution proposed by Construal level theory is to higher the low-level construals during strategy implementation. Everybody in the firm has to consider the desired end goal. Proximal decisions have to be made that are guided by the desired end goal, so that everybody in the firm knows why sacrifices have to be made. If the focus is on the strategic end goal, there would be less distraction of attention caused by low-level construals.

The suggested solution from literature to the barrier distraction of attention is to involve employees more. Construal level theory can explain why this solution can solve distraction of attention during strategy implementation. If a manager wants to involve his employees more in strategy implementation he can define specific tasks and responsibilities for every employee. If every employee has his own tasks the social distance becomes smaller with the result that they feel themselves more responsible. During strategy implementation the focus has to be on the desired end goal instead of on proximal decisions. Linking rewards to achieved goals can contribute to this. It is commonly assumed that employee strives to reach their goal in order to receive the reward. In this way employees will be more involved and are more likely to resist temptations, leading to less distraction of attention during the strategy implementation process. The Construal level theory explains that this solution is effective because the low-level construals during strategy implementation are translated to high-level construals. Literature claims that findings are only descriptive but the solution is effective according to Construal level theory.

#### 2.6.4 Lack of resources

The Construal level theory can be linked to the barrier lack of resources. At the beginning of a period managers design a strategy. The end goal would be reached in a distant time, which means that temporal and hypothetical distance is large. The consequence is that the resources are also estimated on a high construal level and therefore they are seen as abstract. As psychological distance becomes smaller, resources are seen as more concrete, feasible and realistic. The manager could realize that the firm's resources are not sufficient when they become concrete and the determined strategic end goal is not achievable. So, the problem of a lack of resources arises during strategy formulation and is a consequence of underestimating the complexity of reality.

The solution proposed by Construal level theory to solve this barrier is to lower the construal level of the desired end goal. Lowering the construal level of the abstract goal means that the resources become more concrete and detailed during strategy formulation. In this way a

manager does not underestimate the complexity of reality anymore and knows which resources he needs to implement his strategy successfully.

The suggested solution from literature to the barrier lack of resources is the Resource based view. However, literature argues that this solution is ineffective. The Construal level theory can explain why the Resource based view is not working. The resources that a firm needs have to be defined during strategy formulation. However, strategy formulation is construed on a high level and it is very difficult for managers to define resources for an event that is psychological distant. Because the event is distant the danger is to see the resources still as too abstract with the result that there is still a lack of them during strategy implementation. The reasoning of the manager is idealistic instead of pragmatic. Managers can intend for their next strategy that they will estimate their resources better but Construal level theory shows that this is not going to happen because the outcome is always seen as abstract and distant. This reasoning of Construal level theory corresponds to the critique of literature which was that the Resource based view is seen as desirable but unrealistic.

#### 2.6.5 Ineffective information system

The Construal level theory can be linked to the barrier ineffective information system. During strategy formulation the focus is on the outcome instead of on how to reach this outcome. The manager has an abstract idea of what information the firm needs to reach his end goal, but do not focus on the process to gather this information. So, this information is construed at a high level during strategy formulation and is seen as abstract. As psychological distance becomes smaller, the level of construal shifts from a high level to low level. A manager realizes during strategy implementation that there is no concrete and sufficient information which leads to implementation failure. So, this problem is a consequence of thinking too abstract during strategy formulation.

The solution proposed by Construal level theory to solve this barrier is to lower the construal level of the abstract outcome. This means that a manager has to formulate a concrete information system during strategy formulation. In this way useful information can be gathered which leads to a successful strategy implementation. However, literature did not propose a useful solution to an inadequate information system. Therefore, no link can be made between the Construal level theory and a suggested solution from literature.

#### 2.6.6 Ineffective monitoring

The Construal level theory can be linked to the barrier ineffective monitoring. Monitoring is important to measure the performance of a firm and to make subsequent decisions. It is a process that has to be well defined during strategy formulation. However, strategy formulation is construed on a high level and therefore seen as abstract. The focus is on the outcome of the process and not on the process itself. So the focus is on the information that could be gathered from monitoring instead of on how to monitor the process. The consequence of a poorly designed monitoring system is that the performance implementation process is not monitored which results in no information that could contribute to decision making. This barrier arises during strategy formulation.

The solution proposed by Construal level theory is to lower the construal level of the abstract goal during strategy formulation. The monitoring system has to be more concrete and it has to be well defined what the firm wants to monitor. The focus has to be more on the process instead of on the outcome which means that the firm has to determine how they are going to monitor the strategy implementation of the firm.

The suggested solution from literature to the barrier ineffective monitoring is the Balanced scorecard. However, this solution is not successful. The Construal level theory can explain why this solution is not working. Construal level theory says that firms focus on the outcome and not on the details of the process during strategy formulation. Important critique on the

Balanced scorecard is that this tool also only focuses on the most important outcomes of monitoring, which are the common measures. This tool does not focus on the unique measures which are the details. According Construal level theory, managers only focus on the most important outcomes of the Balance scorecard because they have to design the tool already during strategy formulation, but strategy formulation is construed on a high level. Details are represented by low-level construals, but low-level construals are not included during strategy formulation. Therefore the suggested solution from literature is not working according to the Construal level theory.

#### 2.6.7 Conclusion & Hypothesis

The conclusion from this paragraph is that all the barriers with their corresponding suggested solutions from literature can be explained by the Construal level theory. The result is that people in a firm think too abstract during strategy formulation and too concrete during strategy implementation. This paragraph, as well as the Construal level theory, proposes that people in the firm have to lower the construal level of the abstract goal during strategy formulation and increase their construal level during strategy implementation. Therefore the following hypothesis can be formulated:

Firms that implement their strategy successfully use during strategy formulation more low-level construals than firms that do not implement their strategy successfully. Firms that implement their strategy successfully use during strategy implementation more high-level construals than firms that do not implement their strategy successfully.

Chapter three will discuss the method that will be used to examine if this hypothesis can be confirmed or has to be rejected.

# 3. Methodology

Empirical research is needed to examine if the Construal level theory can explain the strategy implementation problem. It is useful to focus on one specific business strategy to gather this data. Therefore the focus of this research is on the Dutch "Better Life Hallmark" (BLH) in pig farming because this can be seen as a strategy that is implemented in small firms.

#### 3.1 Better Life Hallmark

The Better Life Hallmark is introduced by the Dutch Society for the protection of Animals (DSPA) in 2007 (Van Wijk-Jansen, Hoogendam & Bakker, 2009). This hallmark is visible on animal products and gives information to consumers about the extent to which this product is animal friendly. It does this by a rating system with stars, ranging from one to three stars (Dierenbescherming, 2016; Van Wijk-Jansen et al., 2009). One star means that a firm is in the mid segment between intensive livestock farming and organic farming. The pig farmers increase the surface per pig, provide toys, do not castrate and limit the transport to reach this first star. Two stars mean that a farmer almost possesses an organic farm. To get two stars the farmer provides straw, provides a free indoor range and does not dock tails. Getting three stars mean that a farmer runs an organic farm or a farm that includes animal friendly norms which are comparable to an organic farm. A pig farm that wants to reach three stars has to include high animal welfare standards in housing, care and nutrition (Dierenbescherming, 2016; Van Wijk-Jansen et al., 2009).

To give an indication, there are around 500 million pigs, chickens and cattle in the Netherlands (NOS, 2016). In 2016, 26 million animals have the Dutch Better Life Hallmark which is only five percent (NOS, 2016). In total there are 12,4 million pigs in the Netherlands (CBS, 2016) and 2,9 million have the Better Life Hallmark (Boerderij, 2016). It could be that Dutch farmers do not strive to reach the label or it could be the case that they want to reach it but did not implement their strategy well. This thesis focuses on this second case and will

examine if this failing strategy implementation can be explained by the Construal level theory. The approach to examine this will be discussed in the following sections.

# 3.2 Research design

This research is seen as explorative, because no research exists about the relationship between Construal level theory and the strategy implementation problem. It is a non-experimental research design wherein conclusions will we drawn from interviews. These interviews will be discussed in section 3.4. This research is a case-control study that compares farmers that implemented their strategy well with farmers that failed to implement their strategy. The sample will be explained further in the next section. The case control study can help to see which factors lead to an implementation failure or succession.

# 3.3 Participants & Procedure

The Better Life Hallmark is a Dutch hallmark and therefore Dutch farmers will be included. To make this research even more specific and reliable, it is important to make the sample as homogeneous as possible. The label makes a distinction in egg-laying hens, broilers, pigs, beef cattle and veal (Dierenbescherming, 2016). In 2016, the number of pigs with the Better Life Hallmark increased with 40 percent relative to 2015 (NOS, 2016). Because of this extreme increase, and personal interest, there will be a focus on pigs in this thesis. The animal welfare organization provides some contact details of pig farmers on their website. These farmers will be approached by the provided phone numbers and will be asked if they want to participate in this research. Via these farmers the sample will be expanded. The farmers that obtained their wanted number of stars will be asked if they know other farmers that want to reach stars but did not obtain them yet. Convenience sampling will be used because in this way farmers are approached by the farmers' side. It is often not appreciated when farmers are approached by the animal welfare organization side. So, this research uses convenience sampling with the aim that farmers are more likely to cooperate.

Dutch pig farmers with different numbers of stars will be approached. The intention is to make a distinction between farmers that implemented their strategy well and farmers that fail to implement their strategy. In some cases it could be difficult to determine if a farmer has implemented his strategy well. This research considers a strategy as well implemented if a farmer has obtained the stars that he wanted to reach. So, if a farmer only has reached one star which was his predetermined goal and did not strive to reach more stars, he implemented his strategy well. This research will especially compare farmers that obtained one star to farmers that wanted one star, but failed to obtain it. The case of farmers with two stars or farmers that wanted to reach two stars is excluded because there are no Dutch pig farmers with two stars (Stichting Beter Leven Keurmerk, personal communication, January 18, 2016). Six pig farmers will be interviewed: three farmers that reached the predetermined number of stars and three that did not reach the corresponding number of stars. The group that implemented their strategy successfully consists of one farmer that reached three stars and two farmers that reached one star. Besides, three farmers with zero stars will be interviewed. Regarding the approach of the farmers, this research will be presented to the farmers as a research of a Master student of Wageningen University to gather insight in business strategies. Neither the goal to examine the relationship between Construal level theory and the strategy implementation problem nor failing or successful strategy implementation will be revealed.

The Critical incident technique (CIT) will be used to structure the interviews. This tool is very useful to gather information about someone's behaviour in a defined situation (Flanagan, 1954). So, in this case this tool can be used to gather information about the behaviour of a pig farmer regarding situations during strategy implementation of the Better Life Hallmark. Besides, it is also interesting if the farmer will formulate a new strategy in the same way as he did in the past. Therefore the following three critical incidents will be discussed in the interviews:

- 1. Formulating a plan to gain a Beter Life Hallmark star
- 2. Strategy implementation
- 3. Formulating a new plan to gain a(nother) Beter Life Hallmark star

At the first two incidents the farmer has to go back in time and think about what he did. Incident three proposes to think ahead. This incident is arranged to check if farmers will do exactly the same if they have to do it over. It can be examined if farmers make the same mistake as they did in the past since strategies are automatically formulated on a high construal level and seen as abstract. Every incident includes four or five interview questions which will be explained in the next section. The questions will be translated into Dutch because the respondents are Dutch pig farmers.

#### 3.4 Interview

The interview questions are based on the first column of table 1 (Van Dam, 2016) and the MOA-framework of Appelbaum (2000). The interviews will be held to get insight in why firms are able to successfully perform their strategy and why others are not able to do that. Therefore the interviews will be based on the MOA-framework because this framework argues that performance is based on motivation, opportunities and abilities (Appelbaum, 2000). The first critical incident is formulating a plan to reach a Better Life Hallmark star. Construal level theory suggests that strategy formulation has to be construed more on a low level. Besides, the MOA-framework suggests that performance is among others based on motivation. Therefore the first two questions will be about the farmers' motivation and objectives. First of all farmers will be asked about their motivation. This question will provide insight in the farmer's intrinsic or extrinsic motivation. Afterwards, farmers will be asked about their objectives. This question will provide insight in if the farmers's objectives are construed on a high or a low level. A question about the objectives of the farmer will be asked to see if strategy formulation is construed on a high or a low level. To make a strategy more

concrete, strategy formulating has to be construed on a lower level, according to the theoretical background. Therefore, a question about planned intermediate steps will give information about how the plan to reach a Better Life star was represented during formulation. Theory suggests that it is difficult for a manager to descend from high to low-level construals all by himself. By dividing tasks it is possible for a manger to descend to low-level construals and to make the strategy more concrete. A question regarding abilities considers if the farmer formulated the strategy all by himself or not. Regarding opportunity, a question will be asked about why it was possible to realize a star according to the farmer. These five questions will be asked in the first critical incident. Incident three is about formulating a new plan and these first five questions will be asked again but in this incident the questions will be asked about future strategies. So in the third incident the same questions will be asked in the present tense instead of in the past tense.

Incident two is about the strategy implementation phase. The question about the ability to plan everything with intermediate steps will be continued in this second incident. The question asks for the time schedule of the farmers. In this way you could see if they well implemented their strategy according to their time frame. The question about if someone helped during strategy formulation, that considers ability, will also come back in the implementation incident to see if the farmer implemented his strategy all by himself or not. In this way you can examine if the farmer descended to lower level construals or not. Furthermore, two questions will be asked about what went well and what went wrong during strategy implementation. Literature suggests that mangers are often distracted from implementing their predetermined strategy because they think too much on low-level construals instead of on high-level construals. These two questions could indicate what kind of reasoning the farmer had, his classification focus, the evaluation of outcomes and actions and what his focus and pursuit was during implementation.

Below you can find the 14 interview questions that are arranged on the three critical incidents.

Appendix A contains the Dutch translation of this interview since the respondents of this research are Dutch farmers.

# **Interview questions**

#### Incident 1: Formulating a plan to gain a Better life star

When we go back in time to the moment of strategy formulation...

- 1. What was your motivation to gain a star? Anything else?
- 2. Which objectives did you have with gaining a star? Anything else?
- 3. What intermediate steps did you plan to gain a star? Anything else?
- 4. Who has helped you by formulating the plan to gain a star? Anyone else?
- 5. Why was it possible to realize a star, according to you? Anything else?

# **Incident 2: Strategy implementation**

When we go back in time to the strategy implementation process..

- 6. What went well while gaining a star? Why did it go well according to you? Anything else?
- 7. What went wrong while gaining a star? Why did it go wrong according to you? Anything else?
- 8. Did everything go according to your time schedule?
- 9. Who has helped you while gaining a star? How did that person help? Anyone else?

# Incident 3: Formulating a new plan to gain a(nother) Better Life star

- 10. What is now your motivation to gain a(nother) star? Anything else?
- 11. What objectives do you have with gaining a(nother) star? Anything else?
- 12. Which intermediate steps do you plan to gain a(nother) star? Anything else?
- 13. Who is going to help you by formulating a plan to gain a(nother) star? Anyone else?
- 14. Why is it possible to realize a(nother) star, according to you? Anything else?

# 3.5 Data analysis

The qualitative data obtained from the interviews will be analysed with Atlas.ti, which is a computer program for qualitative research. The transcripts will be imported in this program and the codes will be assigned afterwards. The transcripts refer to the farmers with the numbers one to six since their names will not be mentioned. Farmer number one until three will be the farmers that implemented their strategy well and number four until six did not successfully implement their strategy. The coding is a mix of inductive and deductive coding. The coding, as well as the interview questions, is based on table 1. The interview questions were based on the left column of table 1 and the coding is based on the corresponding high and low level construals. An example will make this more clear.

The last row of table 1 shows the factor motivation which includes a low-level construal "intrinsic motivation" and a high-level construal "extrinsic motivation". The following question about motivation was included in the interviews: what was your motivation to gain a star? If the respondent answers "because it is more fun" the quote will be coded with the low-level construal intrinsic motivation. Contrary, when the respondent answers "for the financial value only" the quote will be coded with the high-level construal extrinsic motivation.

You can find the codebook in appendix B. The second column of this codebook shows all the codes that are used to code the transcripts. All the codes regarding high and low-level construals emerged from table 1. The third column gives a short explanation of what this code means. The last column shows the frequency of every code. All codes belong to a family. These families are shown in the first column of appendix B. In this way you can easily see, for example, which high-level construals a successful farmer used during strategy formulation.

Besides, the interviews will also give other results than only high and low-level construals.

The farmers also mentioned people that were involved in the whole process. These people are

also involved in the codebook and divided into different families. In this way you can easily see which people are involved in the different incidents at the different groups of farmers. You can compare them easily afterwards. Besides, the codebook includes striking point from both groups of farmers. Finally, the barriers that farmers mention are also included in the codebook.

It has to be clear whether the data analysis would confirm the theoretical background or not. The hypothesis proposes that a farmer who implemented his strategy successfully uses more low-level construals during strategy formulation than a farmer who did not successfully implemented his strategy. In addition, the hypothesis suggests that a farmer who implemented his strategy successfully uses more high-level construals during strategy implementation than a manager who did not implement his strategy successfully. Therefore the hypothesis will be confirmed if:

- A respondent who has implemented his strategy successfully uses more low-level construals during strategy formulation than a respondent who did not implement his strategy successfully.
- A respondent who has implemented his strategy successfully uses more high-level construals during strategy implementation than a respondent who did not implement his strategy successfully.

#### 4. Results

This chapter analyses the interviews and examines if the hypothesis can be confirmed. The hypothesis predicts that successful farmers use more high-level construals during strategy formulation than unsuccessful farmers. Besides, it predicts that successful farmers use more low-level construals during strategy implementation than unsuccessful farmers. Table 2 shows the results of this research and will be explained further in this chapter.

**Table 2.**The number of high and low-level construals used by successful and unsuccessful farmers during strategy formulation, implementation and formulating a new plan.

Incident	Factors	Successfu	ul farmers	Unsuccess	ful farmers
		Low-level construals	High-level construals	Low-level construals	High-level construals
Strategy	Representation	3	3	2	4
formulation	Reasoning	2	0	3	0
	Goal focus	1	2	0	0
	Motivation	5	0	0	3
	Total	11	5	5	7
Strategy	Classification	0	0	2	0
implementation	focus				
	Goal focus	0	0	2	0
	Goal pursuit	0	3	2	0
	Total	0	3	6	0
Formulating a new plan	Temporal distance	0	1	0	0
	Representation	0	3	2	1
	Reasoning	2	0	3	0
	Classification focus	1	0	0	0
	Evaluation of outcomes	0	0	1	0
	Motivation	1	3	0	3
	Total	4	7	6	4

The interview is divided in three critical incidents and therefore the first column of table 2 is also divided into these three corresponding incidents. The second column shows the different factors that the coding was based on. Every factor includes high and low level codes. These two groups of construals are counted for the successful farmers as well as for the unsuccessful farmers. So the numbers in the table are the number of times a code occurs. The group of successful farmers consists of farmer one until three and the unsuccessful farmers are farmer four until six. Farmer one obtained three stars, farmer two and three obtained one star and the

unsuccessful farmers did not reach any star at all. The analysis of the results is based on table 2 and will be discussed in this chapter according to the three different incidents. Every factor of the second column will be discussed. The most important goal of this chapter is to examine if the hypothesis will be confirmed. Afterwards other results of the interviews will be discussed.

# 4.1 Strategy formulation

The total scores at strategy formulation are very different for the successful and unsuccessful farmers. These scores will be discussed per factor in this paragraph. Both groups of farmers represent strategy formulation in the same way since representation and reasoning does not show big differences. Regarding the first factor representation, all farmers clearly knew which steps they had to undertake to reach their end goal. The quotation of farmer one shows this:

Farmer 1: "If I switch to organic, on this and that way, it can be adapted so and so."

The reasoning of all farmers is construed on a low level which means that it is pragmatic. All farmers knew exactly what was possible and achievable. The following quote represents this:

Farmer 5: "You want it. But it has to be achievable."

The construct goal focus does not give a clear result since the unsuccessful farmers did not use these terms at all and the scores at the successful farmers are divided. However, the construct motivation gives a striking result for both groups of farmers. The successful farmers gave the following quotes:

Farmer 1: "I saw that that way of pig farming is much more fun than we do at home."

Farmer 2: "A straw stable appealed to us".

Farmer 3: "It was a completely different market concept that appealed to me".

It appeared that all three farmers are intrinsic motivated which is a low-level construal. Besides, it was striking that this group wanted to be distinctive which is also an intrinsic motivation. Contrary, the unsuccessful farmers showed completely different answers than the successful farmers on the question: What was your motivation to gain a star?

Farmer 4: "Yes, for the financial gain in the first place anyway"

Farmer 5: "The motivation is primarily, of course, that you have an extra added value,

financially."

Farmer 6: "Yes for the financial."

The three farmers of the unsuccessful group gave almost the same answers. They are strongly extrinsic motivated which is a high-level construal. The main result of strategy formulation is that you do not see many differences between both groups during strategy formulation, except for their motivation. The hypothesis expected that the successful farmers used more low-level construals than the unsuccessful group during strategy formulation. The score of low-level construals at the successful group is 11 versus only 5 for the unsuccessful group. This is a clear result. Regarding the unsuccessful group, the number of high-level construals is even higher than the number of low-level construals which confirms that unsuccessful farmers think more on high-level construals instead of on low-level construals during strategy formulation. So the first part of the hypothesis is confirmed.

# 4.2 Strategy implementation

The first factor in table 2 at strategy implementation is classification focus and shows that the focus of the unsuccessful farmers was on the differences instead of on the commonalities. A requirement of the Better life hallmark is that you need to provide more space for your pigs. Farmer four indicated that he wanted to expand his farm, but since this took very long he could not realize his goal. He said that this was not his own fault at all but the fault from the municipality and his consultant. Striking was that farmer six gave a comparable answer. His

response to the question what went wrong during implementation was also that it was not his fault, but from the buyer of the pigs. Farmers four and six both saw themselves as a unique case. This means that their classification focus during strategy implementation was represented by low-level construals. The score of goal focus at the unsuccessful famers is 2. This number arises because farmer five focused on the means and farmer six had a situational goal focus. These two codes belong both to goal focus. However, this is not a result that you can compare since these codes did not arise at the successful farmers.

The main result of strategy implementation arises at comparing the farmers at their goal pursuit. The successful farmers are very gain oriented whereas the unsuccessful ones are loss-oriented. The following quote represents the answers of the unsuccessful farmers on the question: what went wrong during strategy implementation? This answer shows that these farmers are loss-oriented:

Farmer 5: "That was really the space for the piglets place. I have to expand so much and that is financially not feasible."

Farmer five did not talk about his end goal but only about the sacrifices he had to make to reach his goal. This also applied to farmer four. Contrary, the successful farmers are gain-oriented. A special result is that farmer one realized very well which losses he had to make to reach his gain. The quotation that shows the awareness of farmer three is the following:

Famer 1: "In the beginning you think really conventional. You want to minimize your costs, which is logical. So you think four pigs in a department have an advantage over three. So you tried that first. But on a moment you see, yes you are organic and that is why you can ask a little bit more for your meat. That is why you make more costs. So because you meet the rules you can ask more. The customer has to trust you and otherwise you fail when you do not meet the rules."

This quotation reflects the awareness that you have to make costs to reach your end goal very well. In contrast to the unsuccessful farmers, the successful farmers were very aware of the fact that they have to make sacrifices to reach their goal.

The total scores of table 2 at strategy implementation clearly show that the successful farmers used more high-level construals than the unsuccessful farmers whereas the unsuccessful farmers did not use high-level construals at all. In addition, he unsuccessful farmers used 6 low-level construals whereas the successful farmers did not use them at all. These results confirms the hypothesis that predicted that successful farmers use more high-level construals during strategy formulation than unsuccessful farmers.

### 4.3 Formulating a new plan

The constructs temporal distance, classification focus and evaluation of outcomes do not give a clear result since they are only quoted once. The construct representation shows that successful famers think more abstract about a new plan than unsuccessful farmers, but this can be explained. The unsuccessful farmers did not reach their goal but know exactly how to reach it. Besides, the successful farmers already reached their goal. They did not think about reaching another star and did not think about how they will formulate a new plan. Therefore the construct representation does not give a useful result. The construct reasoning shows that all farmers are pragmatic. The following quotation of farmer one clearly shows the mindset of all farmers.

Farmer 1: "You can always keep raising the bar. Look, you have to be realistic and the market has to exist. You can higher the cost price and every farmer likes that but if no one will pay for it, it will become different."

All the farmers did not think in desirability's at all. The focus is on what is realistic and feasible. This means that all farmers focused on low-level construals. Actually, the scores on

the factor reasoning were exactly the same for both strategy formulation and formulating a new plan. Motivation, the last construct, gave a striking result. During strategy formulation all successful farmers were intrinsic motivated. During the formulation of a new plan the successful farmers were extrinsic motivated which is a high-level construal. Only one farmer mentioned, besides the financial motivation, also his intrinsic motivation. The unsuccessful farmers were already extrinsic motivated and remained so during the formulation of a new plan. You cannot draw conclusions regarding motivation. The switch from intrinsic to extrinsic motivation at the successful farmers is a striking result. However, you cannot know if intrinsic motivation really leads to success or if it is the other way around. Success can also lead to intrinsic motivation. If a farmer successfully reached a star it could be that he looks back at the process and sees himself as intrinsic motivated. However, when a farmer did not reach the wanted number of stars it seems logical that he mentions that he was extrinsic motivated. The successful farmers were maybe also extrinsic motivated at the beginning but when they look back at a successful process they see themselves as more intrinsic motivated. You will never know this because the farmers had to think back in time and therefore no clear conclusions can be drawn here.

In total the successful farmers used during the formulation of a new plan more high-level construals than low level construals, but this was the other way around at the first incident. However, it is logical that they use more high-level construals since they did not think before about formulating a new plan and therefore see it as very abstract. The unsuccessful farmers use more low-level construals but the difference with the high-level construals is minimal. This was also the case in the first incident. The result of this third incident is that all farmers are extrinsic motivated during formulating a new plan and that their reasoning is the same. So the reasoning of all farmers is the same regarding new strategies, regardless of whether they are successful or unsuccessful.

# 4.4 Interesting findings

Every incident of the interview included a question about which people the farmers had involved in that incident or which people they will involve. The result is that the unsuccessful farmers involved the same people in every incident. Only one farmer mentioned a new person to gather more information during the last incident. On the contrary, the successful farmers involved different people in every incident. In total the unsuccessful farmers involved 6 different people whereas the successful farmers involved 9 different people. Although this is a striking result no clear conclusion can be drawn here and there is no prove that this plays a vital role for a successful strategy implementation.

The interview includes a question about the time frame of the farmers during strategy implementation. Farmer four and five indicated that their implementation did not go according to their time frame. The four other farmers said that their strategy implementation went according to their time schedule. The following quote represents the answers of these farmers:

Farmer 3: "Yes, actually everything went pretty quickly. It was actually pretty smooth."

All the farmers that implemented their strategy according to their time frame gave an answer that is in line with the answer of farmer 3. However, none of the farmers talked about a detailed time schedule. They did not have a concrete deadline in mind before implementing their strategy. So, a striking result is that none of the farmers made a concrete time frame during strategy formulation.

Five out of six barriers that were mentioned in chapter 2 are confirmed during the interviews. Farmer four confirmed the barrier implementation takes more time than expected. If you want one Better life star you have to provide more space for your pigs and therefore farmer four wanted to build a new stable. However, he had to wait very long for permission for this stable.

In the end he had to wait two more years to execute his plan and therefore did reach his goal of gaining a star. Besides, farmer one confirmed the barrier distraction of attention. He told that he was very active in a board and admits that it was maybe not a very good idea. The board took a lot of time and it was difficult to keep his focus on his firm. Farmer five confirmed the barrier lack of resources. During the whole interview his focus was on the financial constraint. His whole plan was financial not feasible. He confirmed that without money it is not possible to realize your goal. Farmer one recognized the importance of a good information system. During strategy formulation, he has studied the regulations very well and knew precisely what was possible and what not. Without good information you cannot formulate a good plan. Farmer three confirmed that effective monitoring is important. He told that the slaughterhouse helped him with monitoring the process and contributed in this way to the star realization. The farmer and slaughterhouse went through the whole process together and checked if the farmer fulfilled all requirements to gain a star and which he still had to fulfil. The barrier weak and ineffective coordination was not applicable to the respondents. The goal of coordination is to divide and coordinate tasks in order to reach the superordinate goal of the firm. However, none of the farmers had employees on their farm. Therefore it was logical that they did not spoke about the division and coordination of tasks.

# 5. Conclusion

The conclusion of this research is that the hypothesis is confirmed. The successful farmers used more low-level construals during strategy formulation than the unsuccessful farmers. All farmers formulated their strategy in the same way, but the motivation of the farmers made the difference. Besides, the successful farmers used more high-level construals during strategy implementation than the unsuccessful farmers. This outcome can be linked to the focus of this research, namely the strategy implementation problem. This research showed that small firms are able to formulate a strategy but some have difficulties with implementing their strategy successfully.

#### 6. Discussion

#### 6.1 Limitations

An important limitation of this research considers the interviews. The first critical incident required the farmers to think back to the moment that they formulated their strategy. Strategy formulation in itself is often abstract and thinking in the past is from itself psychological distant. Since farmers had to think about their past there could automatically appear more high-level construal answers. Also strategy implementation took place in the past which means that the psychological distance here is also large. Besides, the results of this research are not generalizable. Only three farmers that successfully implemented their strategy were interviewed and only three who did not. If you want to generalize the results the number of interviewed farmers has to be much higher. Another limitation is that the transcripts of the interviews were coded by only one person. This research would be more reliable if the transcripts were coded by more people and compared afterwards. Finally, the Dutch quotes of the farmers are translated into English which could mean that they are not exactly the same.

# **6.2 Managerial implications**

This research discovered that it could be possible that intrinsic motivation during strategy formulation leads to a successful strategy implementation. If this is true, a useful managerial implication is that farmers have to be intrinsic motivated during strategy formulation. They have to ensure that they enjoy the means to achieve their goal.

Besides, this research showed that the strategy implementation problem arises because farmers think too much on low-level construals during strategy implementation. An important implication for small firms is that they should not only think on low-level construals during strategy implementation. Small firms have to raise the construal level of the proximal choice. In this way they know why they have to make sacrifices in order to reach their strategic end goal. So a useful managerial implication is to keep this into mind.

### 6.3 Contribution to literature

The problem statement of this research is that it is unknown if the strategy implementation problem can be explained by the Construal level theory. The contribution of this research to literature is the confirmation that the Construal level theory can explain the strategy implementation problem. This research showed that farmers who successfully implemented their strategy used more low-level construals during strategy formulation and more high-level construals during strategy implementation than farmers who did not implement their strategy successfully. So a gap in literature is filled.

#### 6.4 Recommendations for future research

The first recommendation considers the motivation of the farmers. A striking result was the switch from intrinsic motivation during strategy formulation to extrinsic motivation during formulating a new plan at the successful farmers. Future research is recommended to confirm whether an intrinsic motivation leads to success or that success leads to an intrinsic motivation. In this research the motivation of strategy formulation was asked after the whole process of strategy implementation. In future research the motivation has to be examined before the process starts. In this way you can test if intrinsic motivation leads to success or that these farmers saw their motivation as intrinsic because they had success.

The second useful recommendation for future research is to examine how small firms can keep their focus on their strategic end goal during strategy implementation. It has been shown that firms have to raise the construal level of the proximal choice in order to implement their strategy successfully. A research on how you can prevent small firms from thinking only on low-level construals during strategy implementation could solve the strategy implementation problem.

The third recommendation considers the barriers of the strategy implementation problem. The farmers confirmed five out of six barriers during the interviews. Chapter two discussed

suggested solutions for these barriers. A new research can test if these solutions are useful in practice and how to prevent these barriers. It is better to prevent them than to find a solution for them.

The fourth recommendation considers the people that were involved in the three critical incidents. A striking result was that successful farmers involved more people than unsuccessful farmers during the whole process. Besides, unsuccessful farmers involved almost the same people in every incident whereas the successful farmers involved different people in every incident. It is a striking result but no clear conclusions can be drawn from it. Further research is needed to examine if this plays a vital role in the success of the successful farmers or that it can be seen as a cause of the strategy implementation problem.

Finally, it is useful to examine if you can generalize this research. Therefore, the number of respondents has to increase. More reliable conclusions can be drawn from a new research that includes for example 50 successful respondents and 50 unsuccessful respondents. The new research does not have to focus on the Better Life Hallmark only. It is even more reliable if the hypothesis of this research is tested at different business strategies of small firms. In addition, in this future research the transcripts have to be coded by more people. In this way you increase the reliability even more.

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# **Appendix A: Interview**

#### **Interview**

Dit interview wordt afgenomen door een master student van de Wageningen Universiteit en draagt bij aan een onderzoek dat zich richt op bedrijfsstrategieën. Het interview zal worden opgenomen met audio apparatuur. Deelname is geheel vrijwillig en het is mogelijk om te stoppen wanneer u dat wenst. Alle gegevens worden vertrouwelijk behandeld en zullen in de verwerking van onderzoeksgegevens en publicaties worden geanonimiseerd.

### Incident 1: Het formuleren van een plan om een ster te verkrijgen

We gaan terug in de tijd naar het moment waarop het plan gemaakt werd om een beter leven ster te krijgen...

- 1. Wat was de motivatie om een ster te verkrijgen? Verder nog iets?
- 2. Welke doelstellingen had u met het verkrijgen van een ster? Verder nog iets?
- 3. Welke tussenstappen had u gepland voor het verkrijgen van een ster? Verder nog iets?
- 4. Wie heeft u geholpen bij het maken van een plan om een ster te verkrijgen? Verder nog iemand?
- 5. Waarom was het volgens u toen mogelijk om een ster te realiseren? Verder nog iets?

#### **Incident 2: Strategie implementatie**

We gaan terug in de tijd naar de uitvoering van het plan om een beter leven ster te krijgen...

- 6. Wat ging er goed tijdens het verkrijgen van een ster? Waarom ging dat volgens u goed? Verder nog iets?
- 7. Wat ging er mis tijdens het verkrijgen van een ster? Waarom ging het volgens u mis? Verder nog iets?
- 8. Verliep alles volgens de tijdsplanning? Waarom wel juist of juist niet? Verder nog iets?
- 9. Wie heeft u geholpen tijdens het verkrijgen van een ster? Hoe heeft die persoon geholpen? Verder nog iemand?

# Incident 3: Het formuleren van een nieuw plan om een ster te verkrijgen.

Stel u moet een nieuw plan maken om (nog) een ster te verkrijgen ...

- 10. Wat is nu uw motivatie om (nog) een ster te verkrijgen? Verder nog iets?
- 11. Welke doelstelling heeft u nu met het verkrijgen van (nog) een ster? Verder nog iets?
- 12. Welke tussenstappen plant u voor het verkrijgen van (nog) een ster? Verder nog iets?
- 13. Wie gaat helpen bij het formuleren van een plan om (nog) een ster te verkrijgen? Verder nog iemand?
- 14. Waarom is het volgens u mogelijk om (nog) een ster te realiseren? Verder nog iets?

# Appendix B: Codebook

Families	Codes	Code explanation	Frequency
Barriers	Monitoring the process	Confirmation of that monitoring the process is important	1
	Implementation takes more time than expected	Confirmation that implementation takes more time than expected	1
	Lack of resources	Confirmation of that resources are important	1
	Information system	Confirmation of that an information system is important	1
	Distraction of attention	Confirmation of that distraction of attention is a barrier	1
High-level construals during strategy	Primary goal focus_HFS	The focus is on the end goal during strategy formulation	2
formulation at the successful farmers (HFS)	Abstract_HFS	The farmer did not formulate detailed steps during strategy formulation	3
High-level construals during strategy	Extrinsic motivation_HFU	Farmer is extrinsic motivated during strategy formulation	3
formulation at the unsuccessful farmers (HFU)	Simple_HFU	The farmer think he can easily reach his end goal during strategy formulation	2
	Abstract_HFU	The farmer does not formulated detailed steps during strategy formulation	2
High-level construals during strategy implementation at the successful farmers (HIS)	Gain oriented_HIS	The farmer focuses on the gains instead of on the losses during strategy implementation	3
High-level construals during strategy implementation at the unsuccessful farmers (HIU)	Zero codes	-	0
High-level construals during formulating a	Extrinsic motivation_HNS	The farmer is extrinsic motivated during formulating a new plan	3
new plan at the successful famers	Future focus _HNS	The farmer focuses on the future during formulating a new plan	1
(HNS)	Abstract _HNS	The farmer does not formulate concrete intermediate steps during formulating a new plan	3
High-level construals during formulating a	Extrinsic motivation_HNU	The farmer is extrinsic motivated during formulating a new plan	3
new plan at the unsuccessful farmers (HNU)	Abstract_HNU	The farmer does not formulate concrete intermediate steps during formulating a new plan	1
Low-level construals during strategy	Concrete	The farmer has concrete ideas during strategy formulation	3

formulation at the successful farmers (LFS)	Intrinsic motivation_LFS	The farmer is intrinsic motivated during strategy formulation	5
	Means_LFS	The farmer focuses on the means that he needs to reach his end goal during strategy formulation	1
	Pragmatic_LFS	The reasoning of the farmer is pragmatic instead of idealistic during strategy formulation	2
Low-level construals during strategy	Concrete_LFU	The farmer has concrete ideas during strategy formulation	1
formulation at the unsuccessful famers (LFU)	Pragmatic_LFU	The reasoning of the farmer is pragmatic instead of idealistic during strategy formulation	3
Low-level construals during strategy implementation at the successful famers (LIS)	Zero codes	-	0
Low-level construals during strategy implementation at the unsuccessful famers (LIU)	Means_LIU	The farmer focuses on the means that he needs to reach his end goal during strategy implementation	1
	Differences_LIU	The farmer focuses on the differences instead of on the commonalities during strategy implementation	2
	Loss oriented_LIU	The farmer focuses on the losses instead of on the gains during strategy implementation	2
	Situational gaol focus_LIU	The focus is situational instead of general during strategy implementation	1
Low-level construals during formulating a new plan a the successful famers (LNS)	Intrinsic motivation_LNS	The farmer is intrinsic motivated during formulating a new plan	1
	Pragmatic_LNS	The reasoning of the famer is pragmatic instead of idealistic during formulating a new plan	2
	Differences_LNS	The farmer focuses on the differences instead of on the commonalities during formulating a new plan	1
Low-level construals during formulating a new plan at the unsuccessful famers (LNU)	Feasibility_LNU	The farmer focuses on the feasibilities instead of on the desirability's during formulating a new plan	1
	Pragmatic_LNU	The reasoning of the farmer is pragmatic instead of idealistic during formulating a new plan	3
	Concrete_LNU	The farmer has concrete ideas during formulating a new plan	2

Paople involved at	Calculator_PFS	The person who calculates the	1
People involved at Calculator_PFS strategy formulation		extra costs was involved to the	1
at the successful		strategy formulation	
famers (PFS)	Feed supplier_PFS	The person who supplies the feed	1
Tamers (113)	reed supplier_rrs	for the pigs was involved in	
		strategy formulation	
	Own contribution_PFS	The farmer mentions his own	2
	Own contribution_PFS		2
		contribution during strategy formulation	
	Keten duurzam	A chain partner was involved in	1
	varkensvlees_PFS		1
D 1 ' 1 1'		strategy formulation	1
People involved in	Trader_PFU	The person who trades the pigs	1
strategy formulation		was involved in strategy	
a the unsuccessful	Committee on DELL	formulation	1
famers (PFU)	Consultancy_PFU	A consultant was involved in	1
	Orang as a taileastican DELI	strategy formulation	1
	Own contribution_PFU	The farmer mentions his own	1
		contribution in strategy	
	V 1 , DEV	formulation	1
	Varkens meat group_PFU	A chain partner was involved in	1
		strategy formulation	
People involved in	Veterinarian_PIS	The veterinarian was involved in	1
strategy		strategy implementation	
implementation at	Feed supplier_PIS	The person who supplies the feed	1
the successful famers		for the pigs was involved in	
(PIS)		strategy implementation	
	Vion_PIS	A chain partner was involved in	1
		strategy implementation	
	Control authority_PIS	A control authority was involved	1
		in strategy implementation	
	Own contribution_PIS	The farmer mentions his own	1
		contribution in strategy	
		implementation	
People involved in	Van Rooi PIU	A chain partner was involved in	1
strategy	van Kooi_i io	strategy implementation	1
implementation at	Trader_PIU	The person who trades the pigs	2
the unsuccessful	Trader_FTO	was involved in strategy	2
famers (PIU)		implementation	
rumers (Fre)	Consultancy_PIU	A consultant was involved in	1
	Consultancy_1 10	strategy implementation	1
	Own contribution_PIU	The farmer mentions his own	1
	5 wir contribution_1 10	contribution in strategy	1
		implementation	
People involved in	JLV_PNS	An organization that could be used	1
formulating a new	25.4 -1.170	to gain information will be	1
plan at the successful		involved in formulating a new plan	
famers (PNS)	Chain partners_PNS	Chain partners will be involved in	2
Tarriors (1110)	Chain partitos_1140	formulating a new plan	-
	Own contribution_PNS	The farmer mentions that his own	1
	Own continution_1 145	contribution will be involved in	1
		formulating a new plan	
People involved in	Consultancy_PNU	A consultant will be involved in	1
formulating a new	Consultancy_1 140	formulating a new plan	1
Tormanding a new		Tormulading a new plan	

plan at the unsuccessful farmers (PNU)	Feed supplier_PNU	The person who supplies feed for the pigs will be involved in formulating a new plan	1
	Buyer_PNU	The buyer of the pigs will be involved in formulating a new plan	1
	DLV/ZLTO_PNU	An organization that could be used to gain information will be involved in formulating a new plan	1
	Trade_PNU	A trader will be involved in formulating a new plan	1
Striking points at the successful farmers (SS)	Good timing in implementation_SS	Everything went according to the time frame during strategy implementation	3
Striking points at the unsuccessful famers (SU)	Good timing in implementation_SU	Everything went according to the time frame during strategy implementation	1
	Bad timing in implementation_SU	The implementation did not went according to the time frame during strategy implementation	2