ECONOMICS & Sociology

Lesníková, P., Schmidtová, J., & Novotná, A. (2022). Strategic orientation of companies: The several strategic issues in times of COVID-19 pandemic. *Economics and Sociology*, *15*(3), 186-201. doi:10.14254/2071-789X.2022/15-3/11

STRATEGIC ORIENTATION OF COMPANIES: THE SEVERAL STRATEGIC ISSUES IN TIMES OF COVID-19 PANDEMIC

Petra Lesníková
Technical University in Zvolen, Zvolen, Slovak Republic
E-mail: lesnikova@tuzvo.sk
ORCID 0000-0001-9977-0811

Jarmila Schmidtová
Technical University in Zvolen, Zvolen, Slovak Republic
E-mail: schmidtova@tuzvo.sk
ORCID 0000-0003-3985-9616

Andrea Novotná
Institute of Technology and Business in České Budějovice, České Budějovice, Czech Republic
E-mail: 27509@mail.vstecb.cz
ORCID 0000-0001-6670-1852

Received: March, 2022
1st Revision: August, 2022
Accepted: September, 2022

DOI: 10.14254/2071-789X.2022/15-3/11

ABSTRACT. Has companies' strategic orientation become more important in times of crisis due to the COVID-19 pandemic? Do companies feel the need to work strategically, and what impact can strategic management have on a company's profitability? The objective of the paper is to find out what features differ profitable companies from less profitable or loss-making companies in the current times from the view of strategic management. Features such as (1) the importance of vision; (2) orientation of strategic goals; (3) the activities of strategic plan creation were considered. The paper hides the answers to mentioned questions and the attitudes to the established research hypotheses. The research sample consists of 365 industrial companies. The Chi-square test, which measures the relationship between two categorical variables, is applied in the study. The results provide the knowledge that strategic research issues are a distinguishing element between profitable and less profitable or loss-making companies. It follows that strategic management is one of the necessary prerequisites for the company's success, even in times of crisis.

JEL Classification: L21, L26, M21

Keywords: strategic goals, strategic planning, vision, profitability, pandemic

Introduction

Try to imagine companies that have overcome this difficult crisis concerning the COVID-19 pandemic without major problems with profitability. Try to imagine companies whose activities have been restricted significantly due to the crisis. One of the following questions can be asked: what activities do companies carry out within the strategic management framework, and what is their strategic goal orientation? In general, no company runs a business in a vacuum. Companies are influenced by many business environment factors (Cherunilam, 2016). The global business environment is highly dynamic and business models need to be adapted to this (Talman et al., 2018; Roper et al., 2018). The dynamics of high-tech industries become more intense, and after COVID-19, it has become even more uncertain and unpredictable (Yang et al., 2022; Pessina, 2021; Korzeb & Niedziółka, 2020). The economic consequences of COVID-19 are apparent. The pandemic has hit enterprises the hardest, especially small and medium-sized enterprises (Karas & Režňáková, 2021). The survival of enterprises will depend on the ability to adapt to the condition, mainly in the form of a new market. The future of business is uncertain, and decision-making is crucial (Carracedo et al., 2021).

According to Foss (2020, p. 1327), *"strategy in general does not have strong frameworks for dealing with uncertainty that goes beyond standard treatments of risky decision making in various ways".* Looking at the essence of strategic management, one of its primary processes is environment scanning, which affects the company's immediate response to environmental changes. It emphasizes the need to create agile companies that will resist a volatile and uncertain world (Elali, 2021). Through this concept, the company can modify the strategy according to the changes in the business environment (Doz & Kosonen, 2008, Vasyechko, 2021).

On the strategic area research, we could look upon in the sense of general theories and approaches (the most popular are e.g., resourced-based view or positioning approach); or in sense of more concrete and partial activities of strategic management process (e.g., setting strategic goals, strategy formation, strategy implementation), etc. In this paper, we focus mainly on introductory activities of strategic management process. Pacheco (2006) the strategic management process divided into the five components: (1) the mission and corporate goals; (2) the analysis of the external environment; (3) the analysis of the internal environment; (4) the creation and selection of strategies; (5) the implementation of the strategy. Strategic planning as a management tool is not the only reason for business success. It represents the core of business which can affect and improve business effectiveness. It is not a universal formula for every business, but it provides a sense of direction and a basis for decision-making considering changes in the environment (Pérez Brito & Bojórquez Zapata, 2020).

The objective of the paper is to find out what features do the profitable companies differ from other companies in times of crisis due to pandemic from the view of strategic management. Considered features are following: the importance of vision, the orientation of strategic goals, and the activities of strategic plan creation. Emphasis is focus on the basic activities of strategic management in the Slovak industrial companies. Based on results, it can be said that strategic management activities play an important role in business world, even in times of crisis. In this way, this paper differs from the studies carried out so far. This creates a space for new knowledge within view on strategic management activities more in detail.

1. Theoretical background

Due to consequences of the crisis, companies are forced to deal with the change. The need for strategy stems from the nature of the business concept. When a change in the environment occurs, the company must respond by adapting its strategy to those changes. Generally, the strategy is the long-term goals of a company, as well the adoptions of actions, and the allocation of necessary resources for the achievement these goals (Chandler, 1962). Porter (2008) understands the strategy as the selection the set of activities in which a company stands out to create a differentiation in the market. The strategy is to do things differently than the competition.

By a classic view, according to Fuertes et al. (2020), the strategic management "offers companies to add value, create, find, reinforce, and overcome its competitive position, indicating what actions must be adopted to achieve this position". The strategic management literature contains many of strategic management process characteristics. Opinions on this issue differ slightly and overlap between the authors. According to Chang and Huang (2006), the strategic management process consists of three phases: (1) strategy formulation; (2) strategy implementation; (3) evaluation of the strategy. Similar, the phases of strategic management process perceive Whellen and Hunger (2012) and Tapera (2014), which includes the environmental scanning process, strategy formulation, strategy implementation and monitoring, evaluation of the implementation process to ensure company long-term objectives. In several literature sources (Singh et al., 2002; Pacheco, 2006) the strategic management process covers five phases: (1) organizational objectives, (2) environmental scanning; (3) strategy formulation; (4) strategy implementation; and (5) strategic control. The application of these phases is in center of attention for decision-makers in company. Moreover, the interpretation of possible consequences for company is also crucial.

Based on the above, it could be stated that strategic planning is the center of strategic management. Through the strategic planning as introductory part of the process, the members of the company's management may be able to predict the future (Pacheco, 2006). In the current dynamic changes, it is more difficult. To the strategic planning issue in business practices and its importance had paid attention the several studies (Pérez Brito & Bojórquez Zapata, 2020; Zommordian, 2017; Majama & Magang, 2017; Bryson et al., 2018). Strategic planning as a tool is not the only one reason for success of companies, but its goal-oriented framework reflects an important direction of the company into the future. According to Bain & Company, the strategic planning is among 25 of the most popular tools. Even since 2000, it is in the top four most used tools, and satisfaction with its use is relatively high (above the general mean) (Rigby & Biladeau, 2018). The strategic planning is the process of establishing a mission of company, the long-term vision, and other key components of the plan to achieve desired strategic goals. From the view of Drucker (2004) the strategic planning represents the continuous process of making decisions in systematic way as well as organizing the efforts to carry out these decisions into the practice and measuring the results against the expectations through organized feedback. It should currently consider specific challenges that companies inevitably need to cope with for their survival and high progress. Strategic planning thus plays an important role in dealing with new challenges resulting from technology, innovation, performance requirements (Zamorrodian, 2017) and sustainable development requirements and challenge. The sustainable development concept is based on the sustainability of the balance between the natural system and society, and it is understood primarily as a focus on stable and long-term business performance. On this globally-oriented concept is based the corporate sustainability concept (Androniceanu & Popescu, 2017). Businesses strive to gradually integrate sustainability into corporate strategy through strategic goals.

Strategic vision is acknowledged as an important strategic tool used by upper management to establish new direction in the future, as well as increase employee understanding of strategic objectives, and align behavior with these objectives (Wilson, 1992). Absence of statement and internalization of the company values, company mission, and vision might be negative impact of company performance (Dermol & Sachamol, 2016). An importance of a vision is emphasized by author Altiok (2011, p. 61) who claims that *"an applicable vision directs decision-making, and provides solidity, thus competitive advantage, to the company in highly uncertain transition periods, such as crisis times"*. Importance the vision in relation to sustainability issues results from the study of authors Madsen and Ulhøi (2021) which offered an *"evidence that sustainable visioning can serve the critical role of providing urgency and direction towards strategic sustainability goals during long processes of innovation and transformation"*. Small and medium-sized enterprises also have the potential to implement and develop more expensive initiatives. These enterprises can also adopt proactive environmental strategies and practices is associated with specific capabilities as shared vision, stakeholder management, and strategic proactivity (Arragón-Correa et al., 2008). To create sustainability in companies, it is necessary to: determine a vision for the company; assess the existing operations of the company; maximize growth opportunities; and measure outcomes to determine the company's level of success (Rigby & Tager, 2008). Many companies emphasize the little importance on defining the vision statement prior to defining the strategic objectives (Bora et al., 2017). In our interest is to find out and verify ***the hypothesis (H1)*** that *companies that attach high importance to their vision are more oriented towards sustainable development within the strategic goals.*

Strategic planning after setting the vision continues by setting strategic goals. Authors Whellen and Hunger (2012) explain the difference between objective and goal in a clearly way. In contrast to an objective, a goal as an opened statement of what one wants to accomplish, with no quantification of what is to be achieved and no time criteria for completion. For this reason, we use the term goal in connection with strategic orientation of company. Fotr et al. (2012) identify the strategic goals as all targets on the level of top management. They divided them on the goals to meet demand and customers (market orientation), the goals in relation to creation of an economic effect (economic orientation), the goals associated with the development of tangible and intangible assets (property orientation) and goals related to working conditions, motivation, or qualification of employees (social goals). These goals were later reconstructed to the goals focused on owners (ROA, ROE, ROCE, EVA), customers (innovations, sales conditions, delivery time, prices, and benefits), employees (qualification, motivation, activation, social program), regions (social responsibility, participation in programs of education, science, culture, sports, ecology, and health). Human capital plays an important role in strategic management. Research (Belas et al., 2020) shows that eight out of ten respondents consider human capital to be the most important for a company and its development. Strategic goals bring the balance short-term and long-term horizon. In traditional way, the company should focus on areas such as status on market, innovation, productivity, material and financial resources, profitability, performance and leadership, and attitudes of employees (Drucker, 1954). Today, companies operate in an intercultural environment. An interesting research in this social field is the design of a tool for the assessment of cultural intelligence in the workplace, which would help to develop the intercultural competencies of employees. Ultimately, the benefits can be achieved for the company in several areas: growing number of multicultural customers, increasing the company's reputation, growing employee satisfaction due to reduced anxiety related to intercultural uncertainty, or declining complaints from customers, suppliers or business partners from different cultures (Benčiková et al., 2021). Contemporary, issues such as sustainability and agility should be also considered.

There have been realized some research studies in which it has found a positive relationship between strategic level of management and company performance. Namely: the relationship strategy evaluation and performance (Hieu & Nwachukwu, 2019); strategic planning and performance (Israr & Shuhymee, 2019; Salman & Normalini, 2021; Khoshtaria, 2018; Ikoro & Nwosu, 2017; Haleem & Ullah, 2019). In the conditions of the Slovak and Czech Republic, several authors dealt with the issue of strategic planning in business practice: Skokan et al. (2013) researched the apparent positive impact of full strategic document on the business performance; Pawliczek et al. (2015) addressed to the reasonability of strategic planning with respect to dynamics and innovation necessity; Rajnoha and Lorincová (2015) paid attention on the use of strategic planning and higher business performance.

In accordance with the available studies in the field of strategic management, we have established the following hypotheses: *There is a significant dependence between the use of* *strategic management activities in the company and its profitability - in terms of: 1) goal-oriented framework* (***the hypothesis H2***); strategic analysis (***the hypothesis H3***); and 3) strategy formulation (***the hypothesis H4***).

Authors Dvorský et al. (2020) deal with the issue of strategic management in SMEs and emphasize its importance especially from the point of view of long term survival, stability, and expansion. Strategic planning by its nature helps companies better overcome resistance to change and integrate their efforts for sustainability more holistically, including technological and human changes (Lozano, 2012). Rapidly changing factors from the external environment make managers searching for new solutions and counteract risks. The process of taking decisions is complicated by the increasing role of social and political impact. However, such changes predict companies not only difficulties but also new opportunities (Bondarenko et al., 2018). For these mentioned reasons we consider the study of strategic planning practices in business world to be important and beneficial.

2. Methodology and data

The objective of the paper is to find out what features do the profitable companies differ from less profitable or loss-making companies during the pandemic from the view of strategic management. The main interest of research is the perception of vision importance, the orientation of strategic goals, and the selected activities of strategic plan creation.

We have divided the strategic management as a process (considering the theoretical background) into the activities: goal-oriented framework (setting the mission, vision, and strategic goals), strategic analysis, and strategy formulation. The perception of vision importance was measured by five-point Likert scale ranging from 1 (high importance) to 5 (low importance). The determining of strategic goals of the company is modified and based on the works of the authors Fotr et al. (2012), Drucker (1954). This paper deals with the following areas of strategic goals:

- Goals related to the company's market position (customer satisfaction, market share, product innovation).
- Financial goals (credit confidence, liquidity, self-financing capacity, capital structure, ROE, ROI, etc.).
- Social goals (job satisfaction, employee development, goals oriented to customers and employees: customer satisfaction, market orientation, qualification, motivation).
- Goal of long-term development (stability, investments, innovations, etc.).
- Goals of sustainable development (goal oriented to responsibility for own activities: environmental and social interests and performance, long-term support of community and environment).
- Survival of the company in the market - goal oriented only to survival or retain the current situation.

At analyzed features of strategic management (vision, goals, and strategic process) we looked in terms of companies' profitability. The financial performance of companies was measured by profit, and it was divided into categories (based on analysis of the financial situation of companies in Finstat database): loss, profit to €100 thousand, from € 100-500 thousand, and over € 500 thousand. We looked at the impact of the crisis due to pandemic on the companies through a decline in Return on Sales (ROS) in the scale from 5% to over 20%.

Primary data were obtained during the years 2020-2021 through a questionnaire survey on a sample of small, medium-sized, and large industrial companies. The current database of companies was provided by the Statistical Office of the Slovak Republic. According to the Statistical Office of the Slovak Republic, 2,504 companies met this condition at the time of the research. The questionnaire was distributed by individual e-mail contacts to economic managers or CEO. In the research we focused on industries denoted according to NACE (European Industry-standard classification system, section C Manufacturing). In terms of profitability, we divided companies into companies achieving a profit of up to € 100 thousand and companies reach a profit over € 100 thousand. The stratified sampling technique was performed to select a research sample.

To determine the necessary sample size, a formula for a population of the finite size according Yamane Taro (in Richterová et al., 2000) was used.

$$n = \frac{N}{1+N \cdot E^2} \tag{1}$$

With a population size of 2,504 units and the selected error E=0.05 was solved for n

$$n = \frac{2504}{1+2504 \cdot 0.05^2} = 345 \tag{2}$$

The research sample represents 365 companies (the return rate is 14.57%).

Pearson Chi-square test is designed to analyze categorical data with nominal or ordinal level of measurement (Bartók et al., 2021). In study it was used to test the null hypothesis that the two categorical variables in question are independent. The chi-square statistics $\chi 2$ compares the observed frequencies (f_o) given in the various cells of contingency table with the corresponding expected frequencies (f_e) which are calculated under the assumption of independence between two variables based on probability theory according to the formula:

$$\chi 2 = \sum \left[\frac{(fo-fe)^2}{fe} \right] \tag{3}$$

It is the chi-square distribution design with k-1 degrees of freedom, where k is the number of categories. On the base of corresponding p- value the null hypothesis is accepted or rejected. In the case of significant dependence, the strength of relationship was subsequently measured by contingency coefficient. It can assume any value from 0 to 1 graded as follows: 0-0.3 weak, 0.3-0.8 medium, and 0.8-1 strong contingency.

To test the difference in the use of strategic management activities for loss-making and profitable companies the equality test of two population proportions was used (Kohler, 1988). The null hypothesis that two proportions are equal is tested using the test statistics z. The z statistics approximates the standard normal distribution and is computed by:

$$|z| = \sqrt{\frac{n_1 n_2}{n_1+n_2}} \cdot \frac{|p_1-p_2|}{\sqrt{p(1-p)}} \tag{4}$$

where $p = (p_1.n_1 + p_2.n_2)/(n_1 + n_2)$, p_1 and p_2 are the sample proportions, and n_1, n_2 are the sample sizes.

In hypothesis testing as a decision rule the level for alpha was chosen 0.05. Statistical analysis of the experimental data was carried out using statistical software STATISTICA 12. Tabular results were processed in MS Excel editor as well as the radar charts.

3. Results

3.1. The view on vision and strategic goals in companies

From the point of company size, the researched companies attach the different importance to the vision perception. On a scale of 1 to 5, a third of small companies (32.33%) indicated an indifferent level of vision importance. Half of medium-sized companies (53.38%) rated the rather high importance of setting a vision. Most of large companies, namely 43.40%, indicated the highest importance to setting a vision.

In case of companies with domestic capital structure is evident the highest observed frequencies in form of indifferent level of the vision importance (30.65%). Companies with foreign capital structure perceive a high level of vision importance (39.80%). Similarly, for companies with a mixed capital structure, the highest share was recorded at level 2 (55.56%).

According to the classification of companies based on reported loss or profit (in case of profit was predefined 4 groups), the perception of the vision importance by companies looked as follows. Most companies that reached loss marked the indifferent importance of the vision (31.67%). The highest share of companies (29.89%) with a profit of up to € 100 thousand indicated the rather high importance. This level of vision importance also indicated the largest part of companies (49.44%) with a profit of € 100 to € 500 thousand. The most profitable companies - category over € 500 thousand - overwhelmingly 53.13% indicated the highest priority to the company vision.

Companies' managers can set different strategic goals. As we mentioned in the section 1 Theoretical background, these goals may have a various strategic orientation. *Table 1* provides an overview of the strategic goals within the individual categories of profitability.

Table 1. Strategic goals in companies at individual categories of profit

	Companies´ categories by loss / profit in thousands of €			
Strategic goals	loss	profit up to 100	profit from 100 to 500	profit over 500
Market position	45.00%	23.91%	56.18%	81.25%
Financial goals	31.67%	13.59%	40.45%	43.75%
Social goals	21.67%	19.02%	32.58%	46.87%
Goal of long-term development	30.00%	19.57%	53.93%	65.62%
Goal of sustainable development	35.00%	7.07%	34.83%	53.13%
Goal of survival	18.33%	14.13%	3.37%	0.00%

Source: *own compilation*

The *Table 1* shows that companies are most oriented towards the strategic goal of market position. Curiously, companies with loss are trying in goal of sustainable development (35.00%), and financial goals (31.67%). On contrary, profitable companies show a tendency to the goal of long-term development (53.93%; 65.62%). The strategic goal of sustainable development was identified as the third most frequently set for the most profitable companies (53.13%). Surprisingly, only a few companies have identified their strategic goal of survive.

Only 22.80% of analyzed companies direct their strategic goals to sustainable development. Most companies (32.69%) rated the importance of company vision as rather high importance (level 2). Two-dimensional distribution of data set according to variables the vision importance versus orientation of strategic goals to sustainable development is presented in *Table 2* in absolute and relative numbers.

Table 2. Contingency table – Absolute and relative frequencies

Importance of vision (scale 1-5)	Orientation of strategic goals to sustainable development					
	No		Yes		Total	
1 – high importance	34	9.34%	39	10.71%	73	20.05%
2 – rather high importance	94	25.82%	25	6.87%	119	32.69%
3 – indifferent	75	20.60%	9	2.47%	84	23.08%
4 – rather low importance	42	11.54%	8	2.20%	50	13.74%
5 – low importance	36	9.89%	2	0.55%	38	10.44%
Total	281	77.20%	83	22.80%	364	100.00%

Source: *own compilation*

A relationship between two categorical traits - importance of vision and sustainable development as a strategic goal of company - was tested in the hypothesis H1. The value of chi-square statistic with four degree of freedom was 54.03 with corresponding p-level 0.000. The null hypothesis was rejected in favor of the alternative hypothesis about existing dependency between vision importance and orientation of strategic goals to sustainable development. The value of contingency coefficient (0.36) declares a moderate dependence. The residual frequencies (*Table 3*) indicated that companies that focus on sustainable development attach the most importance to the company vision. Conversely, companies that do not focus on sustainable development attach low or indifferent importance to the vision.

Table 3. Contingency table – Residual frequencies

Importance level of vision (scale 1-5)	Orientation of strategic goals mainly to sustainable development	
	No	Yes
1 – high importance	-22.35	**22.35**
2 – rather high importance	2.13	-2.13
3 – indifferent	**10.15**	-10.15
4 – rather low importance	3.40	-3.40
5 – low importance	**6.66**	-6.66

Source: *own compilation*

3.2. The strategic management activities vs profitability

In this part we deal with the strategic management activities, and we verify established hypotheses: there is a significant dependence between the strategic management activities in the company and its profitability - in terms of: the goal-oriented framework (the hypothesis 2); the strategic analysis (the hypothesis 3); and the strategy formulation (the hypothesis 4).

At first, we investigated the possibility of a relationship between profitability and goal-oriented framework as an introductory part of strategic management process. A goal-oriented framework (setting the vision, mission, and strategic goals) is set by 12.05% of enterprises. Within the analyzed sample 16.44% of enterprises reached the loss and 83.56% reached a profit. These two variables were cross classified in a contingency table (*Table 4*). Since the computed value of chi-square (55.94) lay in the region of rejection (p=0.000), the null hypothesis was not accepted. There is significant relationship between profitability and goal-oriented framework.

Table 4. Contingency table – Absolute and relative frequencies

Profitability (in thousands of €)	A goal-oriented framework					
	No		Yes		Total	
loss	51	13.97%	9	2.47%	60	16.44%
profit to 100	177	48.49%	7	1.92%	184	50.41%
profit from 100 to 500	77	21.10%	12	3.29%	89	24.38%
over 500	16	4.38%	16	4.38%	32	8.77%
Total	321	87.95%	44	12.05%	365	100.00%

Source: *own compilation*

After the finding, the investigated enterprises were divided into the two groups according to the variable - the achieved economic result. The significant difference between these groups of enterprises in the use of goal-oriented framework was tested. The group with profit up to € 100 thousand was represented by 244 enterprises and the goal-oriented framework was set by 6.46% of them. The remaining 121 enterprises were contained in the second group with profit over € 100 thousand. Setting of the goal-oriented framework was marked by 23.14% of them – nearly one quarter of companies. In contrast, among companies with profit up to € 100 thousand it was proportion only 6.56%.

Table 5. The equality test of two population proportions

The use of goal-oriented framework		u-test	p-value
Group up to € 100 thousand	Group over € 100 thousand		
244 enterprises	121 enterprises		
6.56%	23.14%	4.58	0.000

Source: *own compilation*

Based on the results of the u-test presented in *Table 5* significant difference (p=0.000) in the use of goal-oriented framework was indicated. In profitable companies over € 100 thousand the activities are applied to a greater extent.

The strategic analysis is used by 21.64% of companies. In contingency table (*Table 6*) are presented observed frequencies based on a two-character classification – profitability and strategic analysis. The dependence of one variable on another were tested, the chi-square test statistic with 3 degree of freedom was 16.41 and corresponding p-value 0.001. The independence between the two variables was rejected. There is sufficient sample evidence of the claim that profitability and strategic analysis are appeared to be dependent.

Table 6. Contingency table – Absolute and relative frequencies

Profitability (in thousands of €)	Strategic analysis					
	No		Yes		Total	
loss	43	11.78%	17	4.66%	60	16.44%
profit to 100	160	43.84%	24	6.58%	184	50.41%
profit from 100 to 500	61	16.71%	28	7.67%	89	24.38%
over 500	22	6.03%	10	2.74%	32	8.77%
Total	286	78.36%	79	21.64%	365	100.00%

Source: *own compilation*

The observed proportions in the use of strategy analysis in the two groups of companies was 16.80% to 31.40%. The using of strategic analysis in companies over € 100 thousand was almost twice as higher. The null hypothesis of equal proportion between two different profitable groups of enterprises was rejected. The p-level of 0.000 indicates existence of significant difference between two proportions.

Table 7. The equality test of two population proportions

Strategic analysis		u-test	p-value
Group up to € 100 thousand	Group over € 100 thousand		
244 enterprises	121 enterprises		
16.80%	31.40%	3.19	0.000

Source: *own compilation*

Fifteen percent of companies from the whole sample formulate the strategy. Two-way table (*Table 8)* was used for analyzing the dependence of two variables - variable strata on variable strategy formulation. Based on the data the chi-square test statistics was computed to be 24.37 with corresponding p-value 0.000. The null hypothesis was rejected in favor of the alternative hypothesis about significant relationship between profitability and strategy formulation.

Table 8. Contingency table – Absolute and relative frequencies

Profitability (in thousands of €)	Strategy formulation					
	No		Yes		Total	
loss	47	12.89%	11	3.04%	58	16.02%
profit to 100	171	47.24%	12	3.31%	183	50.55%
profit from 100 to 500	69	19.06%	20	5.52%	89	24.59%
over 500	21	5.80%	11	3.04%	32	8.84%
Total	308	85.08%	54	14.92%	362	100.00%

Source: *own compilation*

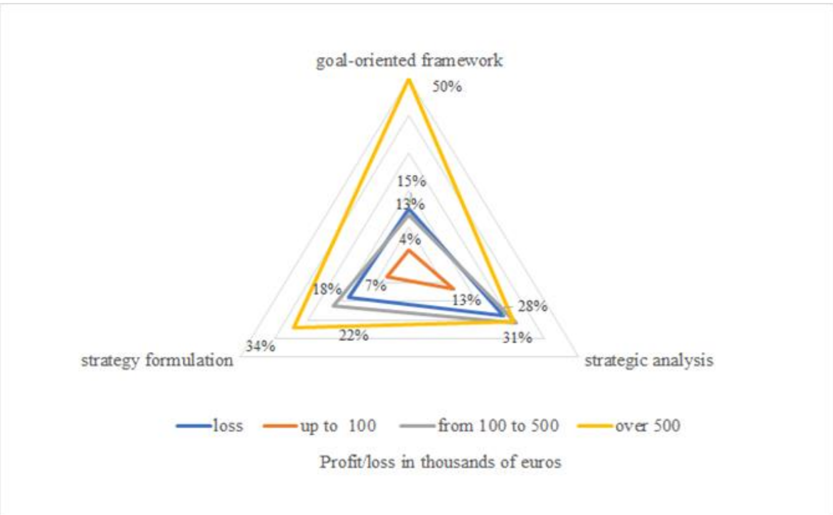
While a quarter of enterprises (25.62%) in the more profitable group indicated the application of the strategy formulation, it was only 9.43% in the group of less profitable enterprises. The results of testing are given in the *Table 9*. The null hypothesis stating that the two proportions are equal was rejected (p=0.000) and the significant difference in the use of strategy formulation is indicated.

Table 9. The equality test of two population proportions

Strategy formulation		u-test	p-value
Group up to € 100 thousand	Group over € 100 thousand		
244 enterprises	121 enterprises		
9.43%	25.62%	4.10	0.000

Source: *own compilation*

Finally, *Graph 1* describes the strategic management activities (goal-oriented framework, strategic analysis, strategy formulation) more clearly and divides these activities according to economic profit.

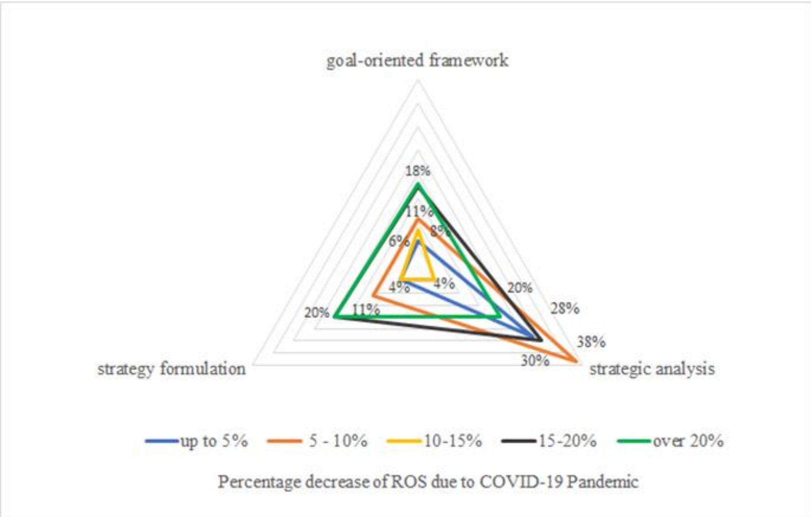


Graph 1. The strategic management activities according to economic profit.
Source: *own compilation*

Strategic management activities are applied by the group of enterprises with the highest profits to a greater extent. Half of them apply the goal-oriented framework, a third of them, the strategic analysis, and the strategy formulation. In the use of the remaining two activities, companies with a profit of € 100-500 thousand already differ significantly from loss-making companies, in strategy formulation they reach up to 28%. At the lowest rate, strategic management activities are surprisingly applied to enterprises with a profit of up to € 100 thousand, a goal-oriented framework share of 4% and the remaining two activities of around 10%, enterprises rank last.

3.3. The considering the impact of COVID-19 Pandemic

It is also interesting to look at the strategic management activities in terms of the decline on ROS indicator due to the Covid-19 in its first waves (*Graph 2*).



Graph 2. The strategic management activities according to percentage decrease of ROS.
Source: *own compilation*

In the groups of enterprises with the highest decreasing of ROS due to COVID-19 Pandemic (15%-20% and over 20%), the application of all strategic management activities is around 20%. Moreover, in this category the 30 % of enterprises with decreasing ROS level of 15-20% use the strategic analysis. For enterprises in the ROS decreasing category up to 5% and 5%-10%, the application of goal-oriented framework and strategy formulation is at the level of 11% and less, but - interestingly - the strategic analysis reaches 28% and 38%.

4. Discussion

The paper points out the strategic orientation of industrial companies. The purpose is to determine whether profitable enterprises differ from less profitable ones in terms of the basic elements of strategic planning (the goal-oriented framework, the strategic analysis, and the strategy formulation). The paper is based on the classic division of the strategic management process (Wheelan & Hunger, 2012; Tapera, 2014). The results are an extension and addition to the general analyzes of strategic planning (Majama et al., 2017; Borah & Chungyalpa, 2017). Obtained results fill the existing literature gap with a closer look at the basic elements as goal-oriented framework, strategic analysis, and strategy formulation.

The answer to the question of whether the strategic orientation of companies is important is obvious. The implemented research activities of strategic management are typical of more frequent application in more profitable companies. The problem that is still evident is that the use of these activities in companies is still insufficient. This statement is consistent with the work of Majama et al. (2017) and Haleem et al. (2019) from the point of view of small and medium-sized enterprises. In our conditions, even in the case of large companies, the use is not sufficient. The application of strategic management has great and yet untapped potential.

During the crisis due to the COVID-19 pandemic, which we looked at through the decline of ROS, we can say that even with the highest decline, companies performed strategic management activities, but in the usual way, to an insufficient extent. Compared to 2019 (before the crisis), however, there was a shift in strategic goals from social orientation (employees, customers) to market orientation. Based on the results, the analyzed strategic management activities have an impact on the financial performance of the company measured through profitability. The given result is in accordance with the previous studies (Israr, Shuhymee, 2019; Salman and Normalini, 2021; Khoshtaria, 2018; Ikoro, Nwosu, 2017).

The trend of sustainability is gradually entering into the strategic management. It can be said that industrial companies still pay little attention to sustainable development (only 21.40% of companies have it as a strategic goal). This may also be due to companies look at the business model differently - more in traditional way. On the other hand, compared to the study published in 2019 stated by Rajnoha et al. (2019), the strategic goal of sustainable development declared 20.45% of companies. We can indicate it as a slight progress. Similarly, we can evaluate the company's strategic goal of survival which is a slightly higher. While before crisis 16.82% companies indicated a survival goal, in our research it is 17.45%.

According to the results of the study, strategic analysis plays an important role in relation to the current situation. This can largely detect and prepare the company for incipient changes in the environment. The present is characterized by the fact that customers are increasingly inclined to sustainability, and we expect this situation to be even more intense in the future. Businesses that take advantage of this opportunity have a greater opportunity to gain a competitive advantage. And undoubtedly, strategic management can only help the trend and ensure higher profitability of the company. The results could be adaptive and used to related countries, especially the V4 countries which connect several similar features. However, it is likely that in other countries (not in the V4, except for the Czech Republic - as it is the most developed country with a higher GDP in this group of countries), strategic management is at a higher level and with a higher perception of its importance.

Conclusion

The aim of the paper was to find out what features do the profitable companies differ from less profitable or loss-making companies during the pandemic from the view of strategic management. The main interest of research was the perception of vision importance, the orientation of strategic goals, and the selected activities of strategic plan creation. An online questionnaire survey on a sample of industrial companies was used to obtain the necessary data.

The results showed that the company vision as one part of the strategic management goal-oriented framework is given the highest importance by large companies, foreign and mixed capital structure companies and mainly by profitable companies. Companies are most focused on the strategic goal of market position. Interestingly, the survival is relatively a little used goal which is set only 18.33% in companies with loss, even in the current crisis situation. On contrary, 53.13% of companies are focused on the goal of sustainable development. The companies which are focused on this goal are especially profitable companies. In the research, we came up with the following features that distinguish profitable companies from others:

- they attach a higher level of importance to the company vision,
- they are inclined to the goal long-term development, whereas the strategic goal of sustainable development is the third most established goal. In these companies exists a linkage between setting the vision and strategic goal of sustainable development. It could be considered as the basic premise of a sustainable enterprise, as evidenced by several studies (Madsen & Ulhøi, 2021; Rigby & Tager, 2008),
- they use frequently strategic management activities (setting a goal-oriented framework, realization of strategic analysis as well as formulate the company's strategy).

According to findings, it could be said that strategic management and its elements present an important part of company management. This is evident from the application of its individual parts (setting vission, mission and strategic goals), which is to the greatest extent among the most profitable companies. It follows that companies of any capital structure or profitability should attach higher importance and application to strategic management. In addition, to a clear direction of the company to the future, earlier detection of changes in the environment and faster response to them, can help companies with improving economic results.

The future research on this issue could include more detailed view of strategic management activities, the inclusion of implementation and control. Moreover, it would be useful to complete the analyses about the type of sustainability strategy (if available), or the setting specific indicators in terms of sustainability and performance. These possible directions of future research also represent the limitations of the paper.

Acknowledgement

This article is a part of the work on the project of KEGA 005TU Z-4/2020 "Economics, Management and Enterprising in Wood Industry Companies - University Textbooks with the Support of Visualization in Virtual Space" and project of VEGA 1/0333/22 "Business agility - the ability to effectively adapt to unpredictable changes in the environment in the context of coronary crisis management during the COVID-19 pandemic".

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