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**BUSINESS STRATEGY
AND ORGANIZATIONAL STRUCTURE
OF AN ENTERPRISE. THE OUTCOMES OF EMPIRICAL
RESEARCH IN POLISH CHEMICAL COMPANIES**

The aim of the article is to present the results of an empirical research held as an attempt to verify the hypotheses formulated by the author on interdependence between strategy and structure in an organization. The presentation of the outcomes is preceded by a theoretical introduction synthetically showing a model image of the interdependence between business strategy and organizational structure which, in the author's opinion, should characterize those organizations which gain market success. Such a model is thus of a normative character, and not of an obligatory one. The aim of the author was therefore to present, within the frame of this model, a rational pattern that should encourage the effectiveness of functioning of an organization rather than a model describing every factual relation between strategy and structure together with its explanation. For this reason those organizations were chosen to study, which function efficiently in the market and win the competition. The appearing theoretically efficient pattern of the interdependence between strategy and organizational structure is the largest in such organizations. The survey research resulted in data coming from 24 companies of chemical industry in a wide sense. The model was based on one of the organization theories, called *organizational ecology*.

1. INVESTIGATIVE ASSUMPTIONS

All the firms acting in the market can be characterized by so-called organizational inertia or, in other words, limited ability to introduce basic changes, e.g. of activities' profile or of organizational structures justifying the present distribution of power in the organization. This causes the fact that firms function in so-called niches (they are understood here broadly – and often differently from some authors' interpretations – as developing numbers of firms utilizing similar resources and being subject to similar outer limitations) the exchange among which is made difficult. For example, a pharmacy will not become a car factory, and a wholesale firm will not become a bank, as they belong to different market niches. One of the basic factors positively connected with inertia are investments into durable means and also engaging employees of certain qualifications or knowledge of the owner or manager of the company

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(Hannah et al. 1993, p. 55). Particular groups of firms though, make their different niches in the market. Examples could be the niche of artificial fertilizers, petrochemical niche, the niche of firms producing domestic chemistry, the niche of the new generation cosmetics and many others.

The above mentioned niches are developing. Their functioning begins with introducing an innovative product in the market. Such a product were, then, elastomeres, artificial fabrics, cosmetics with liposomes etc. We should notice here, that at the beginning of such a market niche only a small number of companies have the possibility to enter the market with this type of products, as they do not possess enough knowledge to produce them (Kieser 1995, p. 245). The number of firms acting in such a market is thus very small. If the market accepts the innovative idea, the niche develops. Other firms join it, as the possibilities of investments open here. The number of companies increases together with the good's supply in the market. This way the product become more popular and more consumers start to realize the advantages of buying it. Numerous variations of the product also develop. The number of firms in a niche however, does not increase interminably, as there exists the so-called capacity limitation i.e. the number of firms which can be contained in a given market at a defined efficient demand. Then the number of firms is very big, and the same is the supply. Thus the prices of a given good have to decrease, while at the beginning of the niche's development they can be very high. Such a growth of a niche is shown in Figure 1.

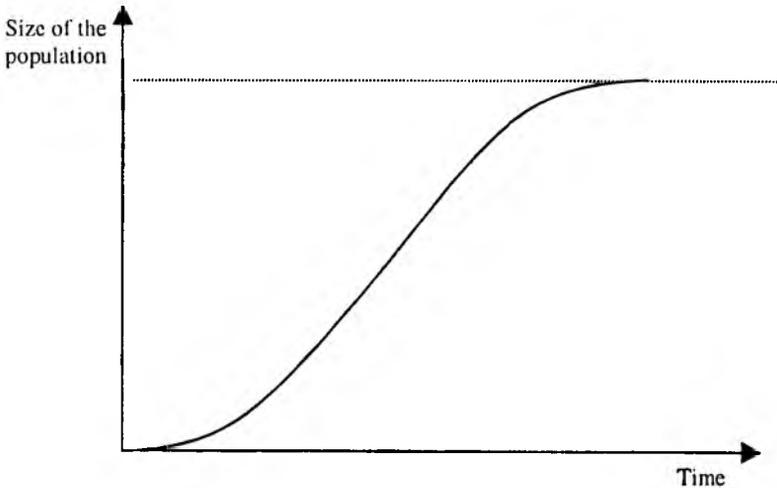


Fig. 1. Evolution of the population of firms within a market niche

Source: Kieser 1995, p. 245.

So, what can we infer about strategies which should be performed by efficient organizations in particular stages of the development of their market niche? Because if a manager is able to assess how mature the market niche is in which he functions, he should also be able to choose an adequate strategy.

A comparatively small number of companies functioning at the initial stage of the niche's development makes competition very weak. If the firm possesses an innovative product, then it should not engage in competition by lowering the price, but try to control the market instead, as it is not filled yet. At this stage firms should therefore invest primarily in market development and sell the innovative product as broadly as possible, on many different markets. Creating local agencies is more essential than investing in expensive and efficient production lines. Although the latter lower unit cost, an innovative product need not be cheap (and, most often, is not cheap). At this stage broadening and changing of an assortment is important, since the uncertainty as to the acceptance of a new product is rather high. The strategy of success in such conditions should therefore be the strategy of accomplishing innovations and territorial expansion. This is often referred to as the r-type strategy (the name of bioecological provenience) (Brittain et al. 1980).

The situation changes along with the niche's maturing. The market becomes stabilized and more competitors enter. There exist then many variations of the product that are accepted by the market, which brings about relative stabilization. But still there appear new products which are the improved versions of the ones already existing. Such a situation emerges, for example, in the cosmetic industry or in some niches of the pharmacological industry. Here the strategy of success is possessing comparatively stable, broad range of product offer i.e. diversification. Aiming at high quality and effectiveness of production understood mainly as gaining low unit cost is essential. The lowering of costs is important in the presence of growing competition. Therefore investments in efficient production lines and managing staff gradually become more and more important. On the other hand, broad range of products results from the uncertainty still existing as to the product's sales in the market. At this stage firms often make analyses of their competition's movements and, instead of creating innovations themselves, they efficiently imitate the product-market strategies accomplished by others. Therefore the broadness of the product range, continuous monitoring of the competitors and imitating them, and also lower and lower production costs are important. Such a strategy can be defined as a K-type strategy of a broad domain (Zamutto 1988, p. 109).

When the density of a niche is very high and it is mature e.g. in artificial fertilizers or the petrochemical sector, the low price of the product becomes, in the face of very intense competition, very important. Innovations, on the other hand, are not important, as the market is price-sensitive. In such a situation, in an intensive competition and mature market niche, first of all the price counts, which means the importance of achieving low costs. The strategy of success here is investing in the

interior of the organization, efficient production lines and limiting the assortment of the products offered. Although in the range of the product offered there should be distributed in all its variations, the producer should not engage in manufacturing radically different items, as it increases the costs which play a key part here. Offering the maximally broad gamut of variations of a given product is important in order not to allow the competitors to dominate the market. The strategy of success in such a stage of a niche's development is investing in the spheres of manufacturing and controlling, low unit costs, market offer limited to one product with a maximal number of its variations. Such a strategy can be described as a K-type strategy of a narrow domain.

The system of organization managing, including organizational structure, should be adjusted to the strategy accomplished.

At the initial stage of a market niche's development it must support innovativeness and enable strategic flexibility. This flexibility means that the firm has to have the possibility to change the product range and the market or the group of clients served, if the market innovation offered by it will not succeed. Such structures include functional structures with task teams and matrix structures, not very common in Polish companies' practice. In search for innovations and simultaneously limiting inevitable investments in this sphere of the activities, worldwide companies more and more often use an organizational solution called social network (Liebeskind et al. 1996). Social networks function on the basis of traditional organizational hierarchy with functional departmentalization, but at the third level of managing there are employed in the organization research workers recruited from research centres and universities. Their task is not only to coordinate work in the R&D area, but also establishing cooperation with research workers working outside the company and leading the research collectively. This group thus plays the role of a linking element between organizations and outer sources of innovation, as they know the aims of the organization on one hand and share notion apparatus with the research workers from outside of the organization on the other. The solution lately more and more often applied to this stage of a niche's development is also outer contracting to develop the technology of production, distribution or even production itself. All these solutions are hardly recognized in Polish conditions.

At the second stage of a market niche's development, in which most of the investigated firms can be found, divisional structures efficiently support accomplishing strategies of imitating efficient product-market strategies (the effect of a broad and relatively steady product range) and gradual reducing unit cost. Their substitutes are functional structures with separated profit centres applied in our conditions. They are especially adequate in respect to the flexibility obtained thanks to the module composition of such organizations, the limited horizontal connections between profit centres and the opportunities to specialize within the framework of

such independent internal units. The high economic capacity and opportunity to obtain low cost with simultaneous high technical specialization characterize such structures. They prove efficient especially in the conditions of differentiated production, uncertainty existing in the market and competition (the conditions of the second stage of a market niche's development). An adequate organizational solution in conditions of the second stage of a niche's development are also the so-called interorganizational networks (Hannsen-Bauer et al. 1996). These are structures within the framework of which the whole chain of values accomplished traditionally by one organization becomes divided and distributed among a few (more than two) independent firms. The coordinative role within this system is fulfilled by the so-called broker. A broker could be one or more companies from the network or some institution of a financial character, e.g. a bank. So, for instance, an interorganizational network in a tourist industry can consist of partners performing respectively: land transportation, hotel service, and tourist information. Each of these partners in this structure can be the broker for the rest of the network's elements' services. This lowers every partner's investment cost, broadens the product range, and, consequently, the possibility to specialize in their own area of activities. Within the framework of interorganizational networks efficiency, innovativeness and flexibility at the domain level are combined.

At the third stage of a market niche's development, reducing costs and performing mass production are enabled by vertically integrated structures. This means that the firm owns not only its suppliers of raw or production materials, but also the distributors of the main product. However, we can decide on such a solution only in conditions of high environmental stability expressed in the predictability of demand and clients' preferences (they prefer a low price). These forms are very stable and characterized by high inertia (little chance for changing branch or strategy). Nevertheless, they give an opportunity to standardize activities, synchronize them and obtain low costs with simultaneous high quality. Functional structures, common in our economy, are also a good organizational solution in such conditions.

2. THE RESULTS OF THE RESEARCH

The results of the research are based on the survey including multiple choice questions without any so-called open questions. In the introduction the author asked them to declare if the company is explicitly innovative, creating new market products and searching for new groups of clients, or rather conservative in the sense of traditionally accomplished product and a well-defined, stable group of consumers. Such a preliminary selection was aimed at obtaining the possibility to ask questions relevant for particular groups of firms. The author followed here the

intuition that this kind of “filter” allows the assembling companies that could be recognized as functioning in niches of the first and at the beginning of the second stage of development in the group of innovative firms, and those which represent late second or third stage of a market niche’s development in the group of conservative firms. Preliminary analysis of research materials however, makes us state that in both groups can be found many companies rather representing an intermediate stage of a market niche’s development. Such a situation caused the blurring of results of a quantitative kind for both groups. Instead of the expected striking differences there were obtained small differences. In the group of innovative firms there occurred firms representing, in the author’s understanding, the first stage of a market niche’s development, but they did not predominate this group. Likewise, in the group of conservative firms there appeared all the identified examples of companies representing the last stage of a market niche’s development, but these were not companies prevailing in this group. This made the author decide to additionally present the results of a qualitative character, i.e. describing the most characteristic cases of companies representing all three stages of a market niche’s development. From among the examined companies four defined their activities as both innovative and conservative at the same time (differentiating the areas of activities is probable). This fact influenced including information acquired from these firms in the results from both groups – the innovative and the conservative firms.

2.1. The results for the innovative firms

The author based the results for the group of innovative firms on the data coming from the following companies: Polfa Poznań, Labofarm from Starogard Gdański, Sanofi-Biocom from Rzeszów, Polchem from Toruń, Torf Corporation, Interrokita from Brzeg Dolny, Dr Irena Eris S.A., Soraya S.A., Metal-Chem from Gliwice and Z. Ch. (Chemical Plant) Hajduki from Chorzów. The results obtained are as follows:

- In the investigated group there are a few examples of firms (only two in ten) which correspond to the forecast of the model connected with market behaviour and organizational solutions for firms functioning in the earliest stage of a market niche’s development; this situation seems to reflect the fact concerning Polish chemical industry, that research institutes completely give up research of, for instance, the cosmetic branch (Morka 1997), as these firms are not interested in cooperating with them; they purchase technologies from abroad or are totally or partially owned by foreign subjects and they naturally acquire their technologies from them.

- Two companies, i.e. Interrokita and Torf Corporation, which can be considered by the author as a good example of organization from the earliest stage of a market niche's development, reveal a lot of similarity in the features of the strategies applied to the features of proper r-type strategies; adjusting organizational solutions is less clear, but some symptoms of applying task solutions that can, according to the model, characterize this type of organizations, are really observed; strategic adjustment seems to be more noticeable than organizational one – perhaps the insufficient education of the Polish management staff is to be blamed; additionally, in the examined group, these were the youngest firms and their profile of activities can be considered innovative in a strict sense (elastomeres and their versatile utilization and preparations based on turf extract).

- Nine out of ten corporations who declare themselves innovative simultaneously claim that the source of their market success is much more innovativeness than the low prices of their products; only one company from this group (Soraya S.A.) claims that to gain market success you need both these features.

- To a similar proportion there predominates the belief that for innovative firms gaining a market is more important than investing in capital assets and administration (interior of firm).

- Eight out of ten innovative firms aim at a broad product range thus answering, in the author's opinion, bigger dynamics and uncertainty of the environment in new innovative niches.

- A frequent phenomenon in firms from the described group is the search for outside distributors of their own products instead of costly investments in their own sales network (half of the examined firms).

- Ordering technologies outside is also frequent (four out of ten firms); two above statements can be interpreted as a search for minimizing investments by innovative firms in the market that has not verified its potential yet and is quite unpredictable; one should thus limit investments and remain flexible.

- The outside manufacturing of the product is rare (one company from the whole group); Polish chemical firms seem to lack experience and models in this respect.

- Innovative firms often describe their activity as "filling market gaps left by big economic entities" (four out of ten firms); it might be a signal that these firms do not treat their innovative activity with a full consciousness of creating new markets; it might be fundamental development barrier in respect to the probable lack of activity in the sphere of innovations management.

- Five innovative firms that could be considered those accomplishing K-type strategy of a broad domain perform the policy imitating verified product-market strategies; their area of activity is broad but fuzzy and, generally, still evolves together with the evolution of new technologies and clients' preferences.

- There definitely prevails an evaluating of own technological process as being efficient and stable, and not unstable and costly (eight firms to two). We must remember, however, that totally variable and costly manufacture processes should characterize only organizations acting at the very beginning of the first stage of development of a market niche, and we can consider only two out of ten examined companies as such. The rest of them perform, in the author's opinion, strategies approximate to K-type strategies of a broad domain, and in such a case innovativeness and effectiveness should co-exist. Prevailing K-type strategies of a broad domain in the group of innovative firms in Polish conditions seems entirely natural. Most firms will choose the process of imitating others, mainly foreign companies, instead of the risky process of creating market innovations. In foreign firms certain innovation has been gone through while certain technological obsolescence means that the product has not still been known in our country. Such conduct thus seems rational and resembles the history of other economies which started from copying foreign solutions in their own, still not supplied market.

- In the examined group of ten innovative companies there are quite commonly applied structural techniques of coordination other than organizational hierarchy. Four out of ten firms employ task teams, the role of manager-coordinator is present in six companies, and both these devices simultaneously in two of them. Eight out of ten firms defining themselves as innovative do not limit themselves to traditional organizational hierarchy in the field of action coordination. It can be interpreted as a fact convergent with forecasts in this sphere.

- In three out of ten innovative companies matrix solutions are applied. Simultaneously we learn, however, that as many as nine out of ten innovative firms have functional departmentalization. Constructing the question about matrix structures the author assumed that even if the inquired do not understand what matrix solutions are, it would not negatively influence the quality of their answers, as in such a situation the choice of positive answer should not take place. We can hardly suspect that, in the face of not understanding the term, the inquired apply this solution in practice. But, perhaps, in face of the above revealed inconsistency, it was otherwise. Or these three firms apply matrix solutions in which one of the criteria is a functional criterion and the second, for instance, a projective one. In the case of the Sanofi-Biocom company such a solution was signalled. However, this result was somewhat unexpected, as matrix structures belong to organizational solutions rather less commonly applied in organizational reality. Considering the forecast of the model we can regard this fact as positive.

- Three out of ten innovative firms state that within the organizational framework there function units of a high level of autonomy, whereas five out of ten report existing units responsible for obtained financial results. This fact may be particularly significant for the group of firms that, in the author's opinion,

constitutes of organizations acting in environmental conditions congenial to the second stage of a market niche's development, and which reveal many features of market behaviour characteristic to the K-type strategy of a broad domain. We can say that as many as a half of firms from the examined group tends, more or less consciously, to a solution of divisional character. Such was the assumption made in the research model and it was confirmed in the case of the examined group.

- Two companies out of ten report existing ties of mutual trust basic for market cooperation with other subjects. Considering the above mentioned cooperation in the area of distributing (five firms) and production (one firm) we may infer that, maybe not totally consciously, our firms create solutions which have some features of interorganizational networks. It could be an optimistic statement in the light of the research model's assumptions. However, we must remember that to adequately identify a solution of this kind one should ask more better operationalized questions.

- In the examined group there prevail, though not distinctively, young companies. Firms that can be compared to those performing r-type strategy recruit from this group. It seems that innovativeness and strategic flexibility in the examined group is related to the company's age, and, what can be inferred, with the age of the niche in which these firms function.

2.2. The results for the group of conservative firms

The author based the results for the group of conservative firms on the data coming from the following companies: Jelfa Jelenia Góra, Z. Ch.(Chemical Plant) Rokita from Brzeg Dolny, IXO Neuber from Kędzierzyn Koźle, Metal-Chem Gliwice, Foton Bydgoszcz, Z. Ch. (Chemical Plant) Alwernia, Adipol Chorzów, Zakłady Azotowe (Nitrogen Plant) Kędzierzyn, Viscoplast Wrocław, Z. Ch. (Chemical Plant) Blachownia, Inco-Veritas Borów, Z. Ch. (Chemical Plant) Hajduki from Chorzów, Dr Irena Eris S.A., Z. Ch. (Chemical Plant) Emichem from Poznań, Organika Zachem, Galena Wrocław, Polchem Toruń and Prodryn from Chorzów. The obtained results are as follows:

- All the firms from the described group explicitly define their technology as thoroughly worked out and efficient.

- As many as two thirds of the conservative firms describe their market environment as stable and characterized by a very high intensity of competition. This fact seems to be in opposition to the common view that the market environment of the late 20th century is indispensably and dominantly changeable and dynamic. It seems that this stereotype is not true. The result acquired in this question can be, though small, still a contribution to the statement that market environments of different firms vary. Some of them

possess the attributes of stability and high intensity of competition. In addition to the fact that eighteen examined firms defined themselves as “rather traditional”, the result can be a kind of hint that, at least for the examined group of firms, stabilization appears together with the maturing of the market niche in which these companies act.

- Creating narrow range of product is reported by five out of eighteen companies. Taking into consideration the number of firms that could be regarded examples of organizations acting in conditions similar to the ones from the third stage of a market niche’s development, the result is almost adequate. Narrow but specialist product offer is most probably the factor enabling progress in the area of reducing costs.

- Twelve out of eighteen conservative companies report stability in their contacts with cooperators. This result is consistent with the explicit defining of their own production as stable and technologically complete. The above question could prove a lot of predictability of market environment. This fact can also be interpreted in categories of organizational inertia. Then it would play a big role in the examined group.

- The firms from the examined group are characterized by high investment intensity. It seems that its derivative is, observed in thirteen cases out of eighteen, describing one of their main goal as obtaining low unit costs of production at simultaneously applying new production lines and constant progress in this area. The role of effectiveness seems therefore to be additionally proved in the examined group.

- In the examined group there can be observed comparatively few relations of a vertical integration type (four out of eighteen firms). These four examples prove however that in at least some cases cooperative relations are of a significantly stable and durable character. They concern these firms which can be described as converging, for the sake of the type of their environment and features of market behaviours, the model picture of a firm functioning in the conditions of the third stage of a market niche’s development. In the light of this model’s forecasts this fact can be thus received with satisfaction.

- Two out of eighteen conservative firms reveal some features of so-called interorganizational networks or, in other words, virtual organizations (a structure of more than two independent companies sharing a set of values and cooperating on long-term conditions).

- In the examined group there prevail simple functional structures enriched in some cases with task teams (ten out of eighteen firms).

- Matrix solutions were not observed in the examined group.

2.3. First stage of a market niche's development

Two companies out of ten from the innovative group, i.e. Interrokita from Brzeg Dolny and Torf Corporation from Wrocław, seem to share numerous features and they constitute as if they were a separate segment of examined economic entities. It can be noticed that the profile of their responses relating to the elements of strategy or, in other words, market policy, are close to the forecasts enclosed in a research model.

First of all, both firms indicate innovativeness and advancing of the product as the feature qualities which decides about market success more than low price. This statement can be considered as consistent with the forecasted insignificant role of effectiveness in young, dynamically developing market niches. In both cases we also note statements about rather little durable property in this segment of market that was described as young and innovative. We can, of course, consider that in the face of the young age of both corporations this situation is natural, as they have not managed to gather enough capital to equip themselves technically, but in the face of the statement that firms prefer investments in market conquering than in material property or administration, it seems to be a conscious policy. This can be proved by Interrokita's expansion to the Russian market.

Small durable property can be therefore treated in both cases as an effect of consciously limiting material investments for the sake of stabilizing their own situation in the market or, which can only be speculation, gaining flexibility in the market share level. Thus small durable property can be interpreted as conforming to suggestions included in the research assumptions. This is simultaneously a contribution to consider r-type strategy as justified in this market niches which are at the initial stage of their development.

The question which significantly differentiates Torf Corporation and Interrokita from other companies is the question concerning production process characteristics. Both firms answered that their production is rather changeable and costly than stable. This is a statement consistent to a high degree with the rest of the responses. If the device of competition is innovativeness, then the technology of production must be subject to numerous changes, so it is also expensive. This question may indicate the significant role of innovativeness in the market politics of both forms.

An important element of the model is defining the scope of the range. Both companies indicate broad product range. In connection with high uncertainty of market performance resulting from its innovativeness this seems to be a natural consequence of such a situation.

It seems that the age of both firms (they are the two youngest companies among ten innovative companies; 6 and 8 years of market experience), related to the profile of market behaviour generally coinciding with r-type strategies which allows to preliminarily identify both companies as examples fully conforming to the model for organizations acting in young and innovative market niches.

From the point of view of structural solutions the results obtained look less optimistic. In both organizations the outer coordination of neither the innovation creating process, nor distribution and production is applied. In such a situation we cannot even talk about the elements of applying so-called social networks or searching methods of obtaining capital extensiveness. However, it seems that in Polish conditions these solutions have not been known so far, and that can be the cause of the obtained results of the research.

The fact that both firms indicate applying such structural devices of coordination as the role of a manager-coordinator or task teams can consist, together with the question which denotes functional departmentalization occurring in Polish firms, the basis to define their structures as at least temporarily, if not permanently, task-oriented. This statement can be treated as compatible with the forecasts of the model. The questions about the source of authority in the organization reveals that the features of solutions applied in both firms are close to organic resolutions. The low accumulation of managing also seems to conform with this way of perceiving both organizations. Neither firms applies matrix coordination to its activity.

It seems that the above analysis and conclusions prompt to consider Interrokita from Brzeg Dolny and Torf Corporation firms that could make a good example of fulfilling interrelations between the type of environment, strategy and organizational structure that are postulated in the research model for the first stage of a market niche's development. The market behaviour of these companies has features of r-type strategy. Even if in these firms there are not applied sophisticated organizational solutions like social networks or outer coordination of productions, then identifying structures of task-oriented character is contained in the forecasts included in the research model.

2.4. Second stage of a market niche's development

A group of firms of comparable features are constituted by Dr Irena Eris S.A. and Soraya S.A. These firms are related not only by a shared market niche in which they both function, but also their market experience, respectively 15 and 14 years and signalized indicators of market behaviour.

In contrast to Interrokita and Torf Corporation the two implied companies signal high or medium value of capital assets engaged in the market niche accounted to as innovative. The characteristics of the production process are formed differently, too, as it is described as stable and efficient. In the case of Dr Irena Eris S.A. an important factor of activity are, besides gaining market share, investments in administration and material property. On the other hand, in Soraya S.A. there prevail investments related to gaining market share. The firm probably mainly concentrates on the domestic market, as in no question was there indicated foreign activity. Dr Irena Eris S.A. is engaged in acting in the German market which may be a manifestation of thinking about geographic expansion of its own sale market. Both firms likewise indicate the broad product range they accomplish.

The data coming from both analysed firms consistently indicate the bigger importance of innovativeness than low price of a product. In the author's opinion, however, in respect to the above revealed features of performed market policy, these firms should be located in some other place on the curve indicating a market niche's development that the two firms described within the framework of the first group. Dr Irena Eris S.A. and Soraya S.A. are rather firms which perform a strategy approximate to the K-type strategy of a broad domain. Very high efficient ness of functioning is essential and they accomplish it by consciously investing in capital assets. Simultaneously they do not neglect the market domain (territorial expansion into the German market) and innovations. At the beginning of the questionnaire sent in by Dr Irena Eris S.A. company we can read that "there appear new segments of the branch and in each case there occurs competition's fast response". It seems to be an easy understandable symptom of performing a policy comparable to the K-type strategy of a broad domain. Most probably it was noticed and signalled by Dr Irena Eris S.A. because of market behaviour similar to the company's competition. Copying efficient product-market strategies is a strategy of success here. We may recall that, additionally, Dr Irena Eris S.A. described its activity as conservative. This extra signal of performing by the company diversification strategy and functioning within the framework of different domains can be simultaneously perceived as benefiting from existing heterogeneous demand. Thus the place of both analysed firms on the curve of a market niche's development can be indicated at the turn between the first and second stage, or even in its second stage. The features of market behaviour indicate growing meaning of effectiveness at the still essential role of innovation and heterogeneous character of the demand.

In the scope of structural solutions in both firms the author does not find features characteristic for the solutions made in the second stage of a market niche's development of interorganizational networks' type. Both firms indicate lack of informal and based on mutual trust forms of cooperation with other subject in the market that could suggest solutions of this type. Also in the scope of creating innovations and production, both companies can rely only on themselves. The accumulation of management amounting in one case 3 and in the other 4 grades can confirm better development of an organization than it was in the case of Interrokita and Torf Corporation qualified as companies of the first stage of a market niche's development performing r-type strategy. This fact, in author's opinion, additionally proves the statement from Dr Irena Eris S.A. about simultaneously stressing gaining market share and investing in material sphere and, what is important here, in administration.

Especially important, in the light of the theoretical assumptions of this paper, are the statements from both firms concerning existing relatively independent internal units responsible for financial results. Both companies, Dr Irena Eris S.A. and Soraya S.A., confirm wholly or partially (Soraya S.A.) existing organizational solutions of this type. This may suggest functioning in this companies centres of responsibility, e.g. profit centres (if a financial result is a proved criterion) that bring an organization of this type closer to divisional solutions of this type. In both case high autonomy of the managers of such units is characteristic in the scope of making decisions on an operational, and even tactical level. However, we must not claim that these are full divisional solutions, as the functional criterion is an indicated criterion applied at the second grade of management. Appearing *quasi* divisional solutions can be interpreted as at least partially in accord with the predictions included in the research model.

It seems that the above conclusions give the basis to consider Dr Irena Eris S.A. and Soraya S.A. as examples of shaping environment-strategy-structure relations which are generally consistent with the postulates included in the research model for the firms representing the second stage of a market niche's development.

2.5. Third stage of a market niche's development

As the background of all the conservative firms we can distinguish Zakłady Azotowe (Nitrogen Plant) Kędzierzyn S.A. and Viscoplast from Wrocław. These firms alike indicate narrow product range and big and relatively stable number of competitors in the market serviced by the

company. If we relate this fact to the statement reported in the case of Zakłady Azotowe Kędzierzyn S.A. that one of the most important aims of the corporation is to obtain low unit costs of production, and in the case of Viscoplast with indicating the product addressed to a mass customer, at first there emerges a quite clear vision of both firms. These statements seem to be very characteristic for firms functioning according to the research model in the conditions of the third stage of a market niche's development. The evaluation of the market made by both firms is also consistent with the forecast. Again we twice meet the statement about stability of the long-term contacts with cooperators. In the author's opinion this is possible only when the stability of a market is significant. In the case of both, Zakłady Azotowe S.A. and Viscoplast S.A., there does not occur the phenomenon of vertical integration predicted for firms representing third stage of a market niche's development. Definitely, both firms describe their capital assets as big and the production process as stable. What seems to be characteristic for the late stage of a market niche's development, is that the two analysed companies do not seek their destination market, but they know it well and are conservative in this respect. We can remind here that stable functioning in "healthy" market segments verified in course of their development, characterized by high demand, is a characteristic feature of K-type strategy of a narrow domain, in other words the defender's strategy which is characteristic to the third stage of a market niches development.

Organizational solutions of both firms are as conservative as their market activities. Organizational hierarchy is in both cases the only instrument of coordination, and its accumulation is significant (four and more than four grades). It can confirm a big demand for administration activity whose meaning grows considerably together with the growth of formalization as a tool of management. However, it can be recommended as a basic management tool only in conditions of high stability and predictability of environment. In the company there do not appear autonomous units responsible for financial results, either, as in the conditions of a narrow market offer it is not reasonable. The picture of both organizations seems to be supplemented by an important role of formalization and long market practice (50 and 51 years), probably related to the age of market niches in Polish conditions which are represented by the analysed companies. It seems that both firms could make good examples that in the economy of Polish reality we may observe companies that are close to the model picture of an organization functioning in conditions of a late stage of a market niche's development, simultaneously in respect to the features of market behaviour, organizational solutions and environment's characteristics.

3. CONCLUSIONS

We may conclude that innovative and young companies accomplish strategies approximate to the model description of r-type strategy or of K-type strategy of a broad domain (characteristics of the indicated types of strategies is in the theoretical part of the paper). These companies also shape organizational solutions that can be included in either functional solutions (mainly of task structures features) or (subordinately) matrix structures.

Companies described in the work as conservative (without the pejorative meaning) perform K-strategies of a broad domain, too, but appearing details characteristic, from the point of view of theoretical base of the article, for performing K-type strategies of a narrow domain, is symptomatic. This group of firms shape organizational solutions approximate to divisional solutions or to purely functional ones. Examples occurring in this group of vertical integration coincides with the forecast concerning structural solutions.

The above observations may constitute a contribution to verifying the suggested in the work interdependence between strategy and structure in the context of changeable environment, at least in the domestic chemical industry.

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