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## **STRATEGIC DECISIONS AS A VALUE CREATING FACTOR. EVIDENCE FROM NEWCONNECT WSE MARKET**

### **1. Introduction**

Progressive, winning corporations have long recognized that the development and implementation of consistent strategy is a critical process for future success and competitiveness. However, the global financial crisis continues to be a shock to most enterprises. The economic downturn has affected almost all sectors of the economy. As a result if negative outcomes occur which decline competitive position of the enterprise and threaten managers, it is time to consider innovative strategic actions intended to meet or outperform market expectations, thereby creating value for shareholders. Value creation is mostly determined by a firm's ability to satisfy consumers by appropriately allocating resources and strategic actions related to new ways of using existing ones<sup>1</sup>. Economic situation today is almost unprecedented. The favorite solution seems to be typical ones: the managers should develop emergency plans, focus on core competencies and reduce costs. The unspoken foremost objective is to survive. But, these remedies will not serve companies well today. The economic world has changed and the environmental conditions, also. Due to deregulation, lowering of trade barriers, rapid technological advances, demographic shifts, and greater urbanization, traditional strategies that worked a decade ago are unlikely to outperform competitors anymore. Previously, downturns often favored companies which possess economies of scale and establish perfect customer relationships. Recessions can correct industry dynamics. Well-managed companies perceive not just threats in a recession but also opportunities. Their objective is to grow so they can emerge stronger from the downturn. They grew by delivering products and services that enabled consumers to do more with the same resources and become more effective; to do the same with fewer resources, thereby improving their efficiency<sup>2</sup>.

NewConnect WSE market provides the emerging immature companies with opportunities to gain adequate financial resources. Although NewConnect has the status of an organized market, it functions outside the regulated stock market and its formula is relatively liberal. The investors can be sure of high transparency of trading, characteristic of a public market. The Warsaw Stock Exchange devised NewConnect for small start-ups with innovative ideas that seek funds for their implementation. NewConnect is a debut market where the small innovative firms get trained, preparing themselves to enter the WSE. It is addressed to new innovative companies that sometimes function in economic niches. The

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<sup>1</sup> Morrow J.L., Sirmon D.G., Hitt M.A., Holcomb T.R.: *Creating Value in the Face of Declining Performance: Firm Strategies and Organizational Recovery*, *Strategic Management Journal* 28(3), 2007, pp. 271-272.

<sup>2</sup> Williamson P.J., Zeng M., *Value-for-money Strategies for Recessionary Times*, *Harvard Business Review*, 3/2009, pp. 66-67.

NewConnect companies raise capital and sell their stocks via public or private placement. Private placement is more frequent, as its formal and legal requirements are more convenient and the time for reaping the first benefits is relatively short<sup>3</sup>.

The Initial Public Offering (IPO) is an essential event in the life of a firm. It transforms the firm from a privately held one into a publicly traded one, provides financial support for the firm to start new projects and supports firm growth<sup>4</sup>.

As mentioned above, in today's economic environment, organizations are obliged to create differentiable value. In order to deliver such value a certain synergy between strategy and value creation is required. This article outlines the importance of strategy and discusses the relationship between strategy and value creation. The article presents the WSE NewConnect stock market created for the SME firms as an alternative way due to seek funds due to finance their pioneering ventures. NewConnect market is designed for growing companies. It is the excellent choice for smaller, growing businesses as it continues to assist them raise capital at admission and throughout their time on market.

## 2. Organizational context of strategic decision

Every strategic decision is unique and context-specific. The context should consist of: external corporate environment, characteristics of the decision-makers, internal systems and structure, and the organization's past performance. Common sense suggests that formal planning has a greater role in a more stable external environment (e.g. mature technologies and markets) while a dynamic environment favors faster, more intuitive decision-making. But if understanding of the environment is not enough because evolving external trends create uncertainty. Due to such circumstances the performance of the organization could be worsen. Some environmental characteristics, such as industry growth, positively influence performance. Other environmental characteristics or changes may affect performance detrimentally, such as difficult-to-predict evolving external forces or progressively turbulent conditions. Correspondingly, multifaceted environment challenges, and if external complexity increases, firm performance may be negatively affected<sup>5</sup>.

There is a lot of evidence on the influence of top management on various general organizational dimensions: corporate strategies, innovation, performance, organizational structure, planning formality. Top management's direct role has been found to be very important, directly intervening and controlling the process, questioning assumptions, testing commitment, and setting project-specific limits and deadlines, as well as designing and managing the organizational context<sup>6</sup>.

The competitive environment is confronted by acceleration industry life cycle which goes through phases and imitates the human lifecycle. The stages of industry life cycle include fragmentation, shake-out, maturity and decline. Fragmentation is the first stage of

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<sup>3</sup> Lewandowska L., *NewConnect – an alternative platform for new innovative companies*, *Comparative Economic Research*, vol. 13, Issue 1/2, 2010, pp. 68.

<sup>4</sup> InY., Zimmerman M., Crystal J., *An Empirical Study of the Impact of CEO Characteristics on New Firms' Time to IPO*, *Journal of Small Business Management*, vol. 49, no. 2, 2011, p. 163.

<sup>5</sup> Walters B., Kroll M., Wright P., *The Impact Of TMT Board Member Control And Environment On Post-IPO Performance*, *Academy Of Management Journal*, vol. 53, no. 3, 2010, p. 575.

<sup>6</sup> Papadakis V., Barwise P.: *Strategic Decisions*, Kluwer Academic Publishers, Dordrecht, 1998, p. 275-276.

the new industry. This is the stage when the new industry develops the business. At this stage, the new industry normally arises when an entrepreneur overcomes the twin problems of innovation and invention, and works out how to bring the new products or services into the market. Shake-out is the stage at which a new industry emerges. During this stage competitors start to realize business opportunities in the emerging industry. The value of the industry also quickly rises. Maturity is a stage at which the efficiencies of the dominant business model give these organizations" competitive advantage over competition. The competition in the industry is rather aggressive because there are many competitors and product substitutes. Decline is the final stage of the industry life cycle. Some companies may leave the industry if there is no demand for the products or services they provide, or they may develop new products or services that meet the demand in the market. In such cases, this will create a new industry. Management and business strategies are a vital corporate task that has direct impact on profitability. The suitability of each strategy should depend on the life cycle stages of individual corporations and the industry as a whole. Because of on-going operation and growth, industries in different ILC have differential concerns when they make strategies. Whether management strategies effectively suit to trends and needs for both managements and investors affects performance of organizations. Successful business strategies rely in part on knowing where the industry is at in the ILC—and where it is headed next. This is a concept relating to the different stages an industry will go through, from the first product entry to its eventual decline<sup>7</sup>.

The forces that drive in innovation in an organization are quite different than those that guide strategy. The strategy process is focused on planning and control. Dependable on planning and control - strategy formulation is analytical, intuitive and based on a platform of rational instrumentalism – often forcing organizations to forecast the future based on past experiences, that lead to desired outcomes. The doctrine of strategy remain unchanged and are based upon management systems that are supported by obedience to goals and objectives, and linked with mission and vision of the company. Traditional strategies are corroded over time and it is a emerging imperative for management to find new solutions for growth and sustainability<sup>8</sup>.

In the ever changing business environment, there is a need to understand the value creation process as it is related with knowledge and shared understanding found among the members of the organization. However the concept of value creation keeps changing as the physical boundaries between organizations are quickly changing due to use of new form of communication, organizational models that encompass flow of information and knowledge are needed to enhance understanding of the evolving changes. The value creation extends around companies across the world and is related with the continuing change. Strategy could be seen as a central point of the management system, it is imperative then to envisage formulation of dynamic strategic plans that can encompass the permanent change of the

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<sup>7</sup> Huang J.H, Chu T.Y., Chen C.T., *GRA Decision Making Model for the Integrated Strategies of Life Cycle with Industrial Value Chain*, *Journal of Grey System*, 2/2009, pp. 209-211.

<sup>8</sup> Dobni B.C., *Achieving Synergy between Strategy and Innovation: the Key to Value Creation*, *International Journal of Business Science and Applied Management*, vol. 5(1), 2010, pp. 48-58.

environment conditions. Organizations have to recognize their core capabilities, develop and manage business models that will fit to such conditions<sup>9</sup>.

### 3. Corporate strategy as a delivering value factor. Shareholder context

In today's fast-changing, often confusing business environment and socioeconomic conditions, strategic planning have become one of top management's primary tools for calculating organizational (and environmental) uncertainty. Company should has adequate strategies and that these are tested against actual results. The conventional approach for evaluating the strategic plan does not, however, provide reliable answers to such fundamental issues that are related to creating value for shareholders and to provide answer to dilemma associated with alternative strategic plans that will affect shareholder value and improve company's competitive position<sup>10</sup>. Furthermore, the main activities of management in a modern corporation goes far beyond that of a simply hunt for profit. From this point of view, it is crucial that contemporary corporate managers struggle for supply products of the highest quality at the lowest possible prices through the most efficient exploitation of product. It is without a doubt the social responsibility of modern executives to serve as an effective appliance to develop a managerial system due to achieve the corporate goals and realize its mission. Furthermore, values are central to the formation of corporate philosophy and corporate strategy<sup>11</sup>.

Nowadays, it is imperative that managers develop strategies that deliver a return for investors and society at large. Companies today are under powerful pressure to be competitive in a global economy. They must engage with activists as well as analysts, cooperate as well as compete, manage social and environmental risks as well as market risks, and leverage their intangible assets as well as their financial and physical assets. Managers are faced with a complicated problem, how to deliver shareholder value. In every way, they are committed to creating value and upholding certain values. However, these new rules and constantly changing expectations of environment requires an adoption of clear business principles, and the design and successful use of new tools and management competencies. Jackson and Nelson have developed seven strategies that move the concept of corporate responsibility to become a integral part of corporate governance, strategy, risk management and reputation. Applied broadly, this values-driven approach offers companies new opportunities for value creation, benefiting not only shareholders, but employees, customers, communities, and society<sup>12</sup>.

Today's companies should improve their competitive position in the era of intense global competition and increasing commoditization that characterizes many product markets. It is possible in order to implement strategic redirections as "service transition strate-

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<sup>9</sup> Massawe P., James A., Todman A., *Critical Evaluation of Strategies for Value Creation in Knowledge Driven Organisations, Proceedings of the International Conference on Intellectual Capital, Knowledge Management & Organizational Learning, 2010*, pp. 293-301.

<sup>10</sup> Rappaport A.: *Selecting Strategies That Create Shareholder Value, Harvard Business Review, May-June, 1981*, pp. 139-149.

<sup>11</sup> Picken S.D.B.: *Values and Value Related Strategies in Japanese Corporate Culture, Journal of Business Ethics, vol. 6(1987)*, pp. 137.

<sup>12</sup> Jackson I.A. Nelson J.: *Values-Driven Performance: Seven Strategies For Delivering Profits With Principles, Ivey Business Journal, 11-12, 2004*, p. 1.

gies.” The key argument behind such point of view relies on the important benefits associated with offering services (customer loyalty, improved pricing control). These benefits derive from the natural character of services; compared with products, services make a firm’s offering more intangible, more likely to require coproduction, more difficult to standardize and more knowledge intensive. Service transition strategies reportedly can make the firm’s total offering (tangible and intangible value proposition) more unique, difficult to duplicate or imitate, and valuable to customers, which should improve firm value through higher and more stable sales, cash flows, and profits. Furthermore, resource-based-view of the firm is well suited to evaluate how and when service transition strategies can affect the value of a firm’s tangible and intangible resources and its ultimate market value<sup>13</sup>.

In order to gain competitive advantage, manufacturers normally concentrate on improving their cost position by consolidating product line, increase productivity, materials substitution, build market share to get a volume and experience advantage. Consequently, manufacturers are used to competing on the same basis, for the same reasons. However a strategic advantage based on the total value delivered to the customer could be easily replicated by competitors. Value-based strategy can be a uniquely effective way to gain better competitive position. Recognizing this, a number of industrial manufacturers have recently been experimenting with a new method of analyzing their products’ economic value of the customer (EVC). Through market segmentation, new-product development, and pricing based on EVC analysis, they have gained significant improvements both in margins and in market position<sup>14</sup>. The choice of an optimal performance measure is the main issue if the value of the company is discussed. Managerial actions are unobservable, shareholders offer contracts based on observable performance indicators presumed to be correlated with management’s actions. The most common measures of corporate performance are accounting measures and market measures. However, contrasting the traditional accounting measurement of performance, Economic Value Added (EVA) measures the value created or destroyed by deducting a capital charge from the cash generated from an invested capital. EVA can be viewed as the net operating profit less cost of capital and considers the weighted average cost of capital against the return on capital invested. EVA primarily serves as a performance measurement tool, it is also used as a valuation and a reporting tool. There are four ways to increase value under EVA system: operate (improve the returns earned on existing capital invested), build (invest as long as the returns exceed cost of funds), harvest (divest capital when returns fail to cover cost of capital), optimize (reduce cost capital by creating one optimum capital structure). An organization should focus on the ultimate objective of bringing into line of its people, the corporate mission, creating an entrepreneurial atmosphere through an authorized workforce, and building ownership with accountability. Though the suggested modifications may be different the overall goal of EVA remains the same, to better capture the economic performance of the focused unit. The management phase brings EVA plan into action to drive better decision making throughout the organization. This component includes the review of key projects and the

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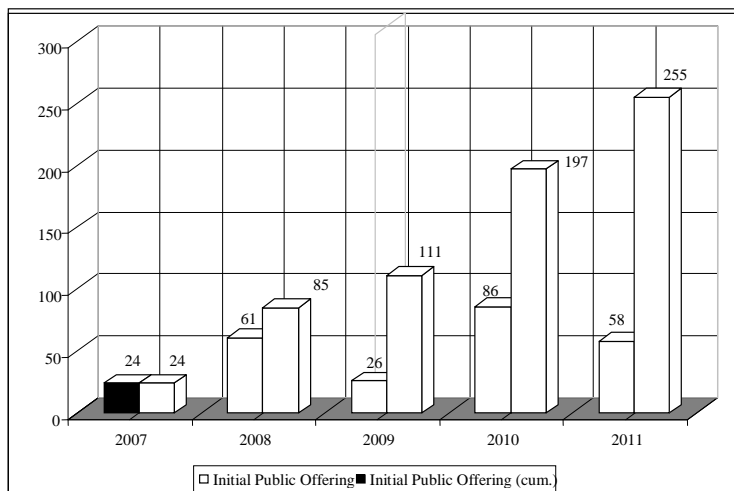
<sup>13</sup> Fang E, Palmatier R.W., Steenkamp J.B.E.M., *Effect of Service Transition Strategies on Firm Value, Journal of Marketing*, vol. 72/2008, pp. 2-3 .

<sup>14</sup> Forbis J.L., Mehta N.T.: *Value-Based Strategies For Industrial Products, Business Horizons*, vol. 24(3), 1981, pp. 32-42.

development of strategic decision to improve the analysis of business issues, consistency of decision making, documentation and approval processes throughout the organization. The key component of the EVA implementation plan is the creation of incentives that link directly to shareholder value creation. Thus, managers should be responsible for creating value to shareholders through sustainable improvements in operating performance. The value creation philosophy and its successful appliance builds is the main idea of this concept. EVA is the decisive financial performance measure that capture the accurate economic profit of an enterprise and directly links to investor value creation over time. Such approach provides managers with improved information due to make decisions that will create the maximum shareholder value<sup>15</sup>.

#### 4. The “going public strategy”. The WSE NewConnect example

Convicted to such a point of view it is crucial to the organization implement this measure in the managerial philosophy and actions. The proposed strategy is to focus on the possibility to enter the NewConnect market which benefited from stable interest of issuers, as demonstrated by the steady inflow of new listings. NewConnect issuers are typically small with a short business history and a need for capital to realize their vision (related with innovative market niches characterized by both high business risk and great growth potential). Considerable number of new listings (see Fig. 1) and a high value of trading prove that investors are also attracted<sup>16</sup>.



**Figure 1.** Initial Public Offering on the NewConnect market 2007-2011 (sit. at 10.05.2011)

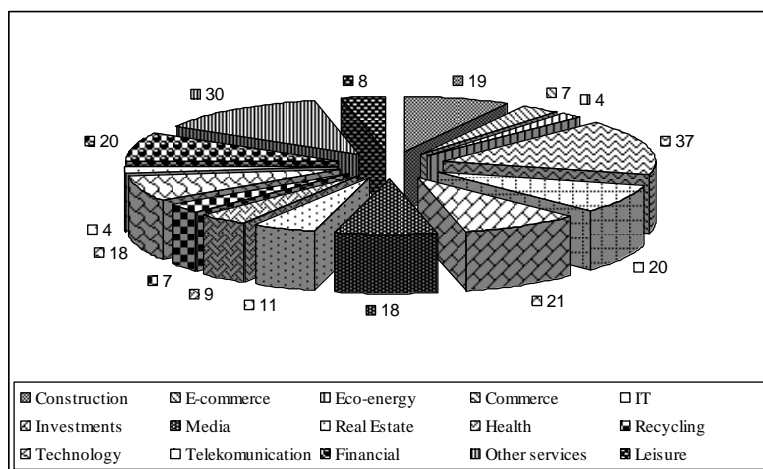
Source: WSE and author’s own elaborations.

<sup>15</sup>Ray K.K., *Value-Based Management Strategy: An Alternative Approach to Executive Compensation at TCS*, *The Icfai Journal of Business Strategy*, vol. IV, No. 4, 2007, pp. 32-43.

<sup>16</sup>*New Connect WSE Stock Market, New Connect a Year Later: Road to Maturity Report*, Warszawa 2008.

The decision to go public is one of the most important decisions made by private firms. This decision can have various motives, such as to diversify the entrepreneur's holdings, to raise capital for investment, to exploit favorable market conditions, to reveal the firm's market value or to make the firm more visible<sup>17</sup>.

NewConnect is a market dedicated to young companies with high growth potential, especially for those companies which represents innovative sectors (IT, electronic media, telecommunications, biotechnologies) (see Fig. 2).



**Figure 2.** Company's sectoral allocation

Source: WSE and author's own elaborations.

NewConnect is dedicated to companies which need financing for their business plans and further development. Furthermore, it is a market with a fast track to capital and with simplified procedures for newcomers. The company gains an opportunity for the further dynamic growth and raise capital to continue projects which have already been started. Therefore, the company's image is reinforced among its business partners, as a listed company at relatively low cost and simplified procedures of obtaining a listing. Due to better transparency of the Company's operations the trust of the clients increases. Moreover, the existing owners of the company do not lose their control over the firm, so there is a possibility of pursuing its own strategic goals and in order to further development it is possibility of becoming acquainted with the stock exchange market and moving to the regulated market.

Conventional financial instruments, as credits, are sometimes inadequate or inaccessible for entrepreneurs. The new technology sectors do not have long market tradition and are concerned as unpredictable and with highly risk investment. Due to such circumstances, NewConnect is the alternative trade system, which is created especially to fulfill the expectations of small and medium enterprises. NewConnect is a financial platform, playing role of entrepreneurship incubator for young, innovative and dynamically developing firms,

<sup>17</sup> Pástor L., Taylor L.A., Veronesi P., *Entrepreneurial Learning, the IPO Decision, and the Post-IPO Drop in Firm Profitability*, *Review of Financial Studies*, vol. 22, no. 8, 2009, p. 3005.

mainly from perspective sectors (ICT, biotechnology, advanced manufacturing, electronic media, alternative energy sources, environment protection, telecommunications, nanoscience, foreign and domestic achievements within science and technology). The projected capitalization of a firm listed on this alternative market is up to 20 million zlotys. To be listed on NewConnect an issuer is obliged to have appropriate legal status and guarantee unlimited transferability of shares. NewConnect is designated for small and medium enterprises seeking to raise between a few hundred thousand to a few million zlotys. The entry criteria, formalities and costs are more lenient than for regular stock exchange<sup>18</sup>.

Innovation is the main engine driving the growth of the world economy today. Firms taking up innovation challenges and realizing their innovative projects may hope for steady growth of their worth. The WSE is the first stock market in Europe to develop standards of reporting on intellectual capital for the public companies. The reports will provide a basis for building new products informing the potential investors about innovations in the listed companies from the perspective of their competitive advantages. This approach is expected to promote the WSE as a regional market for innovative companies. The NewConnect platform, a liberal alternative trading market, plays an important role in creating this image. It follows from the opinions expressed by several hundred investors about the broadly understood innovativeness of the NewConnect companies. It is worth noting that all NewConnect companies represent industries commonly recognized as innovative. The nature of the early growth stages of the NewConnect companies makes their investors accept higher risk, but instead they expect higher than average returns from their investments. Some of the investing entrepreneurs have noticed that by distributing their operations among different continents they can achieve unusual effectiveness, so, for instance, in the USA they deal in marketing, market surveys and customer expectations, but their new projects are developed in Poland. All these activities need capital<sup>19</sup>.

New issuers may have some nonfinancial advantage over their industry competitors and a nonfinancial advantage may make issuing firms more attractive to investors. Higher quality firms are more likely to go public than lower quality firms. One example of a nonfinancial business advantage is knowledge capital, which undoubtedly can provide organization with competitive advantage<sup>20</sup>.

Small and medium enterprises have a critical role to play in the economy, and access to correct financing options is fundamental to their development. Equity finance is essential for such firms as bank loans may often be inappropriate, for example for companies with limited cash flows. For technology firms and fast growing companies equity is also the most suitable form of capital. NewConnect allows companies to raise external finance at diverse phases in their lifecycle and suggests a regulatory agenda designed particularly for minor, emergent companies, proving less bureaucracy than for companies listing on the WSE main market. For some companies, entrance to NewConnect market is a long-term

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<sup>18</sup> Kurczewska A., *Financing Technology – Intensive Sectors in Poland. Cases of Small and Innovative Enterprises in IT Sector*, [in:] Skrzypek E., Kunasz M., (ed.) *Determinants of Innovativeness*, Instytut Wiedzy i Innowacji, Warszawa 2009, pp. 113-126.

<sup>19</sup> Lewandowska L., *NewConnect – an alternative platform for new innovative companies*, *Comparative Economic Research*, vol. 13, Issue 1/2, 2010, pp. 65-67.

<sup>20</sup> Hsu H., Reed A., Rocholl J., *The New Game in Town: Competitive Effects of IPOs*, *Journal of Finance*, vol. 65, no. 2, 2010, p. 497.



plan, while for others it serves as a first stage in the aspiration to ultimately evolution to the main market on the Warsaw Stock Exchange.

The first issuers were five companies. Digital Avenue SA, is a media holding company, operates in the Internet portal, e-commerce and online advertising, and the mobile telephony entertainment solutions markets. It offers social networking and discussion forum services, management of online photo albums, and mobile telephone applications, such as ringtones, wallpaper, and on-line flash games through various Internet portals. The Company's offers digital music, entertainment for cell phone users, radio and Internet television, online and multiplayer games, video blogs, and gambling services. S4E S.A. distributes IT solutions in the secure data storage and network areas primarily in Poland. The company distributes storage systems and professional solutions for collecting, storing, securing, and archiving data in digital form. S4E S.A. was founded in 2000 and is headquartered in Krakow, Poland. Viaguara S.A. engages in the management, production and distribution of non-alcoholic beverages under the ViaGuara name in Poland and internationally. The Company's manage the brand through activities such as: promotion and marketing, build brand awareness, search for suppliers and manufacturers products under the exclusive brand, seeking new markets for this brand and build a product portfolio. The activities of the Company's Virtual Vision SA is the production of television programs and feature films realized by computer technique. The Company seeks, in parallel with the manufacturing business - service, creating a research center creating computer programs that allow the production of films and series in real time, using simulation techniques which allow to create virtual actors for realistic appearance. The last of the first five issuers were WDM Securities as an independent, non-banking, dynamically growing financial institution. WDM is specializing in private and public offers, mergers and acquisitions, private equity investments.

*Table 1. The mission statements vs. strategy of first five companies listed on NewConnect WSE market*

Company	Mission Statement	Strategy
Digital Avenue SA	The mission of the Company consists of three basic elements: (1) consolidation of the market - investment, promotion and development of digital entertainment ventures (2) building capital group in order to combine experience in the field of digital media market as an integrator of digital content and technology, (3) to serve individual and business customers in the integration of content and technology for all media.	The aim of Digital Avenue is to be a leader of web and mobile entertainment. The company's strategy is based on exploration, consolidation and development of leaders in each category of the digital entertainment market. Future acquisitions of subsidiaries by Digital Avenue SA are conducted in a model that is based on the motivation of maximizing the joint owners of those companies. This strategy focuses on maximizing the value of the acquired firms in the future and is based on building a media group belonging to the largest media companies in the Polish Internet through the development of its assets, acquisitions of companies or portals, and implementing new projects and start-ups.
S4E SA	"Being together with our trading partners a source of professional practice and expertise in storage and networking."	The Company's strategy is to attain the market leadership in the collection, archiving and copying data. Designated strategy include: (1) continuous improvement the competence of the employees, (2) optimization the operational

		efficiency of the company and building lasting relationships with business partners (3) seek out for new producers who would eventually match company's criteria, (4) diversification of the offer by adding new product lines, (5) increase the execution of contracts with medium-sized enterprises sector.
Viaguara SA	“Building an international brand of best quality functional drinks, popular among active people. Collaboration with manufacturers and distributors are the principles of a well-conceived partnership.”	Company's philosophy is to develop and maintain the best quality products in its class, and their effective promotion. An important element of the strategy is the registration of patents and trademarks, which allow to legally protect products developed. Main strategic objective: (1) build a stable company listed on the NewConnect, (2) meet standards arranged for listed companies, (3) increasing market share, (4) introduce new products to the market, (5) continuously upgrading of a high standard of cooperation with manufacturers, suppliers and customers.
Virtual Vision SA	Virtual Vision SA main aim is to create a team who comes close to production quality and efficiency of superlative and reputable companies.	Virtual Vision SA company main goal is to establish a research center due to creating computer programs that allow the production of films and series in real time, using simulation techniques which led to create virtual actors for realistic appearance.
WDM SA	“Promoting of innovations, searching for unique investment in the private market.”	The primary objective of the is to build a strong leading diversified group related to financial activities conducted. For this purpose, the company will develop appropriate core areas of activity. The key issues of the strategy is to: (1) to achieve one of the top-ranked brokerage houses in the number and value of public offerings conducted, (2) to become the most recognizable brand in the professional investment in Poland

Source: Company's information documents and author's own elaborations.

The WSE also created a community portal in order to aid democratic community-based opinion-exchange on the NewConnect market and to maintain communication in the community of investors and other partners of the NewConnect market. The WSE arranges NewConnect Club meetings with the involvement of extraordinary guests followed by multimedia sessions.

## 5. Conclusions

The world economy has been standing in the front of an extraordinary acceleration, rapid shifts in technologies and the hypercompetitive markets changes the traditional strategies. The world today enters the new economic era. Due to such changes the organizations (especially the SME) should try to reduce the uncertainty of the environment. The fundamental idea of this work were to project the main advantages for the issuers on the WSE

NewConnect market. NewConnect has developed into a platform that offers the young and growing companies ability to develop innovative strategies. The NewConnect market is an advantage for such a firms due to mainly financial activities. There is also worth to notice that entering the public market could be an element of promotional activities in the strategy of the issuer. Consequently, it helps change and improve Polish economy also, due to creating new workplaces, encouragement of export activities, and by increasing the value of SME.

## 6. Literature

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### Summary

*The primary objective of this study was to investigate the impact of the strategic decision on the performance of the organization. Superlative strategies that recombine the firm's existing resources and access to alternative financing, to create new products, processes, or technologies have a positive effect on value creation within the organization. Correspondingly, acquiring new strategies also has positive effects on investors' reactions and expectations. Excellent and difficult to imitate strategic actions contribute the most to organizational management improvement. Firms that have failed to meet the performance expectations of investors must seek new ways of creating competitive advantage. Due to seeking the new ways of developing strategies, the creation of NewConnect was an important event for the entire SME population in Poland. The new linkage between companies and the public market demonstrated to be the best growth option and value creating factor as well as considerable strategy for SME. The proposed strategy characterized in this work is to focus on the possibility to enter the NewConnect market which benefited from stable interest of issuers, as demonstrated by the steady inflow of new listings. NewConnect issuers are typically small with a short business history and a need for capital to realize their vision.*

**Keywords:** strategic planning, strategy, value of the company, NewConnect.

### **DECYZJE STRATEGICZNE JAKO CZYNNIK TWORZĄCY WARTOŚĆ PRZEDSIĘBIORSTWA NA PRZYKŁADZIE SPÓŁEK RYNKU NEWCONNECT.**

#### Streszczenie

*W artykule zaprezentowano wpływ podejmowanych decyzji na poziomie strategicznym na funkcjonowanie i wyniki przedsiębiorstw. Strategie które korelują istniejące zasoby organizacji oraz alternatywne źródła finansowania w celu tworzenia nowych produktów, usług i rynków mają pozytywny wpływ na tworzenie wartości w obrębie przedsiębiorstwa. Takie strategie mają istotny wpływ na jakość funkcjonowania firm, jednocześnie zyskują aprobatę inwestorów. Utworzenie rynku NewConnect było istotnym krokiem w rozwoju polskiego sektora małych i średnich przedsiębiorstw. Zaprezentowano strategię zaistnienia na rynku publicznym, możliwą do wykorzystania*

*zwłaszcza przez małe podmioty, z krótką historią, ale z wysokim potencjałem wzrostu.*

**Słowa kluczowe:** strategia, decyzje strategiczne, NewConnect.

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