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Empirical Evaluation Test of the Strategic Planning Process on the Overall Performance of the Company

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EMPIRICAL EVALUATION TEST OF THE STRATEGIC PLANNING PROCESS ON THE OVERALL PERFORMANCE OF THE COMPANY

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I. Introduction

The search of an evidence of the positive influence of the strategic planning process on the overall performance of the company led to numerous studies, since the establishment of strategic planning assumptions * by Igor Ansoff in his famous book Corporate strategy; year analytic approach to business policy for growth and expansion (1965) [i]. In this work, Ansoff said that the strategy is the key to the whole conduct of the company's quest for openness, and in the acquisition, distribution and processing resources. Combined with a rational analysis, planning is an established procedure to produce consistent results, a procedure consisting of decomposing a process in stages. He therefore makes an elaborated, formal and fragmented mechanism, a detailed plan closely linking the strategy formation process to a series of more operational steps. Thus, strategic planning would enable companies to improve their overall performance to copewith rapid environmental changes implement organizational change, solve problems related to human resources management, including resistance to change. Theoretically, many stakeholders in industrial relations, working in an organizational setting, as a process for determining the main directions of an organization, giving businesses themeans to evolve in their environment, facing the change, have recognized Strategic planning. But what about in practice? Do the existing strategic planning processes actually lead in societies to rigorous planning allowing a company to efficientlyachieve the goals it has set?

Moreover, does the recent adoption of strategic planning in business modify significantly the performance of that company? Does strategic planning increase the amount of management effectiveness of the company? In other words, does the application of strategic planning lead, in practice, businesses to success? These questions raise the question of empirical assessment of the strategic planning process. Can you prove empirically, or highlight beyond a reasonable doubt, the influence of process on business performance? If yes, what explanations to give to any differences of opinion between theoretical models and practical models? A review of the major available empirical studies, conducted to determine the impact and usefulness of the process allows us to make an empirical assessment of the strategic planning process. Two approaches are generally found in various studies: a method based on an estimate of the impact of process on business performance, and a method evaluating the actual characteristics of the process. The present empirical evaluation will be done in two stages. Because evaluation of the characteristics of the process is a relatively more recent method and is based on a review of the alternative method, the first part of our evaluation will present and assess the main studies based on measures of corporate performance as index of the effectiveness of the process. Several studies have indeed been made to measure the impact of strategic planning on various aspects of business performance (financial, strategic change efficiency, overall performance ...). Then the second part of the evaluation will provide an overview of studies measuring the actual characteristics of the process. At first glance, the conclusions emerging from empirical studies on the usefulness of strategic planning are quite mixed.

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Global Journal of Management and Business Research Volume XI Issue II Version I

II. Theoretical Findings

Following the success since its establishment in the 1960s, strategic planning suffered a decline in popularity and influence in the late 1970s. This was due in large measure to the failure of strategic planning tools to deliver what was expected of them. However, during the 1990s, it regained some reputation and influence that it had previously lost. Strategic planning is a powerful concept used in the business community, as part of a decision to deal with strategic issues. These are defined as developments, events, directions or trends that may affect the strategy of the organization. In an enterprise, strategic issues can translate individual concerns in organizational actions. They can thus be considered as having political as well as informational consequences. These effects may in turn affect the business decision making and strategic change in the organization. In response to changing organizational conditions internal to the firm, and external environmental variables, the result of strategic planning is, in theory, a viable alternative, allowing the firm to ensure the plan continually realigns the firm's goals and strategies with the changing conditions. Thus, the identification and exploitation of future opportunities, the use of strategic planning would enable the company's major decisions to be made more efficiently and be more related to objectives. It would also allow for better allocation of time and resources to identified opportunities, and avoid wasting time and resources related to correcting erroneous or ad hoc decisions. While promoting the creation of a framework for internal communication between staff, it allows identification of priorities within the time allotted by the plan. Ultimately, strategic planning provides a competitive advantage over the firm's competitors.

Strategic planning is therefore a tool to manage environmental turbulence. The literature describes strategic planning as an effective tool in relation to its contribution to company performance, or results that the plan was originally supposed to achieve. These results are generally established at the outset by the system of strategic planning as a range of social objectives. In their research, many studies are based on the difference between formal strategic planning (or explicit) and implicit strategic planning. The formal strategic planning is an explicit and continuous organizational process, with several components (including the establishment of goals, generation and evaluation strategies). Some authors as Ansoff and Steiner suggested that a system of effective strategic planning must be inked to long-term strategic objectives with those of medium-term and operational planning. Thus, planners collect data, make predictions, model and construct alternative future scenarios. These are the activities enabling prganizations to outperform those who are not engaged n a strategic planning process. However, this view is not universally shared. Henry Mintzberg argues that strategic planning can be done objectively only in the short term, due to budgetary constraints, the inability to predict the future, and lack of objectivity schedules, generally biased towards the vision and desire their designers want them to take, and hierarchy[9]. With environmental constraints, the organization's needs change constantly. Their definition cannot be made after an assessment of strengths and weaknesses of the organization, but rather gradually. Strategic planning based on the needs of the organization must respond to these needs and must take account of their gradual evolution.

For Minztberg, the true role of strategic anning is to develop and articulate the consequences of a pre-existing strategy: planning does not create the strategy. He further argues that strategic planning is an adaptive process that evolves gradually emerging from different directions following the company's commitment to the environment. According to him, this emerging process is what will take the company to success. The company therefore has no need for explicit planning to be a barrier to its expansion. The manager should focus more efforts on the development and optimization of capacity and efficiency of the organization, rather than on planning, which is likely to be limiting. Ansoff, by cons, rather think that a place must be given to emerging strategies because they are part of the explicit planning, as unexpected expenses are included in a fixed budget. This brief overview shows a theoretical divergence of theoretical perspectives on the usefulness and relevance of strategic planning. So it is important to check whether the empirical results are more in favour of one or the other models.

III. Empirical Evaluation

1) *Models based on a measure of performance as an indicator of the effectiveness of strategic planning process*

The main question behind these studies is: 'Does a better strategic planning result in higher levels of company performance?' To answer this question, many researchers have attempted to quantify the impact of strategic planning on the success of the company. In doing so, they chose different economic or financial variables (according to studies) and quantitatively measured them. The first empirical test of the relationship between strategic planning and corporate performance has been driven by Thune and House, in 1970, who surveyed 36 companies in six industry groups. Since then tests succeed, confirming or refuting their conclusions. While some studies report a positive relationship, many do not find any quantifiable benefit, and others detect even small adverse effects and costs resulting from the strategic planning. The main studies on this research model are grouped in Annex 1. Most of these studies have been conducted in the United States or Great Britain.

2) *Studies showing a positive relationship between strategic planning and corporate performance*

The main studies proving the existence of a positive relationship between strategic planning and corporate performance are those conducted by Ansoff et al. (1970), Gershefski (1970), Thune and House (1970), Herold (1972), Karger and Malik (1975), Rhyne (1986). In addition, other studies conducted in the same vein, were reported by Gordon Greenley in his article "Strategic Planning and Company Performance: An Appraisal of the empirical evidence" (1994) [8] and divided into three groups. Although, in the first group, 9 studies lead to the conclusion that there is no association between strategic planning and corporate performance, in the second group, 12 studies support the evidence of such an association and, in the third, 9 conclude that companies making strategic planning outperform those that do not (Greenley 1994).

There is a difference of methodology, sampling techniques, as well as variables of interest among different studies. As an illustration, the study of Ansoff et al. uses 13 different variables to measure the performance of 93 manufacturing companies: sales, earnings, the ratio of earnings/share, total assets, report earnings / equity, ratio of dividend / shares, stocks value, the ratio of debt / equity, the capital base, the report gains / total assets, the ratio P / E, the efficiency dividends / earnings and price / equity. To ensure good reproducibility of measurements, each variable is measured 21 times. The values of those variables for companies with an intense strategic planning are compared with those obtained for companies with little or no strategic planning. Except for two variables (the rate of growth in equity and asset growth), companies engaged in strategic planning outperform those that don't practice it (Ansoff et al. 1970) [3]. The confidence level of the statistical tests is $\alpha < 0.1$ or $\alpha < 0.005$. The Gershefski study compares, meanwhile, sales growth in a sample of 383 companies over a period of five years before companies adopt strategic planning, and over a period of five years after the introduction of strategic planning. The results of this comparison lead the author to the same conclusion as Ansoff et al., and indicate that strategic planning is effective. With a somewhat similar methodology, Thune and House also come the same conclusion and find that the companies making explicit strategic planning surpass their own performance after the introduction of a system of explicit planning.

3) *Study highlighting the lack of quantifiable relationships between strategic planning and corporate performance.*

variables used to evaluate the performance (rate of return on equity, the assets, changes in prices and earnings, earnings per share growth unit and per sales growth unit), the study tests several hypotheses indicating a relationship between company performance and strategic planning. Finding none of these hypotheses statistically significant at $\alpha = 10\%$ confidence, the authors concluded that there was no evidence of such a relationship Many studies such as those conducted by Grinyer and Norburn in 1975 and Kulda in 1980, report the lack of quantifiable benefits from the adoption of strategic planning. Indeed, the study by Fulmer and Rue in 1973 on 386 companies and conducting a comparative analysis of four variables of financial performance (sales growth, earnings ratio, earnings growth and total capital) by distinguishing between companies planning Strategic compelled the authors to conclude that their findings call into question the most basic assumptions on which strategic planning was established. They don't deduce that strategic planning doesn't affect the final results of the company, but explain that their study shows no clear relationship between strategic planning and the variables measured. In their study published in 1980, Leontiades and Tezel analyze 61 companies over a period of 6 years. The approach used was to contact the Chief Executive and Head of Planning Department of each company in order to demonstrate the importance of strategic planning on various numeric and semantic domains, in order to provide quantifiable variables that would compare the performance of companies. Based on five variables used to evaluate the performance (rate of return on equity, the assets, changes in prices and earnings, earnings per share growth unit and per sales growth unit), the study tests several hypotheses indicating a relationship between company performance and strategic planning. Finding none of these hypotheses statistically significant at $\alpha = 10\%$ confidence, the authors concluded that there was no evidence of such a relationship.

4) *Studies exposing a negative effect and a cost associated with strategic planning.*

Although relatively a few, some studies suggest a negative relationship between strategic planning and corporate performance. Indeed, Whitehead and Gup found some negative effects. Some companies using strategic planning perform less on some measures than their competitors that don't use it. In 1983, a survey by mail of 316 companies using financial planning and 133 financial companies not using it enabled them to reach these conclusions. To ensure a representative sample, each state is represented and does not contribute to over 10% of total responses. The distinction between planners and non-planners was originally based on the respective rates of sales, earnings and rates of returns on equity. To classify firms, the authors saw as advanced planners, organizations that have explicit and written objectives. The most advanced planners were those who had specialized departments for planning and used econometric models and regression analysis to establish projects or analysis of alternative actions. Finally, the frequency of revision of strategic plans was also taken into account for purposes of this classification.

In this classification, the overall trend is clear that the use of formal planning is related to the size of the organization: 95% of institutions with assets of $ 1 trillion or more used a formal planning, while only 48% of institutions with assets of $ 50 million or less used a formal planning. For their analysis, Whitehead and Gup retained three variables to measure: the rate of return on equity and rate of return on assets to measure profit, and the absolute growth of customer deposits. Using regression analysis to isolate the impact on performance, and analysis of variance to determine whether the observed differences were statistically significant, Whitehead and Gup studied the data from their sample. They found that institutions using strategic planning showed lower rates of return of capital and assets than those institutions that don't. For the third variable, the planners didn't obtain a growth significantly higher than non-planners. The results were obtained with a confidence level $\alpha = 0.1$ (90%). To confirm their findings, the authors redefined the distinction between planners and non-planners, regard to market expansion, product development and services, social development and in relation to social, economic and political. The results obtained by evaluating the data according to this new classification were consistent with the initial results. A series of other tests, based on a redefinition of variables and criteria distinguishing institutions whether or not using strategic planning, once again confirmed these results. The authors came to the conclusion that their results indicated a negative relationship between strategic planning and corporate performance in the banking sector. Not rejecting the strategic planning, they wondered about the quality of planning and the existence of any competitive advantage it gave. They concluded that planning is negatively related to performance of the company, unless it becomes profitable in long term (longer than the duration of their study). In addition, they speculated that the absence or reduction of pressures on institutions from their environment push them to engage in strategic planning.

IV. Methodological Criticisms

Despite the variety and number of studies to evaluate the effectiveness of the strategic planning process, it was noted a lack of methodological rigor, more or less obvious in the different studies. The critical analysis conducted by Greenley (1986) allows to highlight the methodological weaknesses of each. Thus, there is a bias in the methodological rigor of the authors, a lack of statistical tests (to check if the difference is statistically significant) or at least their omission in the publication of results. In addition, variations between variables from one experience to another, between duration of experiences, between periods (given that each period is marked by a particular situation and history) and between size and origin of the samples do not allow comparison even if they allow a degree of complementarity of the results. The research parameters are fundamentally different from one investigator to another. In addition, some studies are marked by the absence of proof of reproducibility of measurements. Moreover, many investigations have relied on questionnaires (Ansoff et al. 1970, for example) mailed to companies. In this regard, Grinyer and Norburn rightly observe that because the planning process is complex, and spontaneous reactions to questions are important for proper assessment, mailed questionnaires were particularly inappropriate for an adequate response on the subject.

Lesson 1 - The first conclusion emerging from this analysis of studies based on a measure of performance as an indicator of the relevance of the strategic planning process is that evidence of a relationship and the nature of the relationship between strategic planning and company performance is still unproven. We can't comment objectively on the effectiveness or ineffectiveness of the strategic planning process as a management tool. The methodological variability characterizing the different studies limit their analysis and comparison. However, by combining different studies according to their results, one finds that those that detected a positive relationship, and cause-effect relationship between strategic planning and corporate performance, are generally older than those who found no link and those who perceived harm in using planning. This time separation is sufficient to suggest that the relationship between corporate performance and strategic planning would evolve over time? Although the history of strategic planning seems to go in the same direction (the decline in popularity followed by a resurgence of interest), lack of methodological rigor, once again, do not confirm this hypothesis. It is rather evidence of bias in most studies by the authors, and the use of arbitrary attributes or variables. It also shows the inadequacy of the variables used for an objective evaluation process, and the presence of other factors than those measured. There are, indeed, a whole range of other variables that may affect company performance or achievements, so that the changes detected in the performance of the company may not have been affected, or only partially affected or affected only by strategic planning. Higher levels in achieving results are not necessarily related to the use of strategic planning. It is also possible that improved performance gives the company the means, resources for use, or the ability to implement strategic planning in its midst. In addition, companies can adopt strategic planning in order to protect performance previously achieved without planning. To which case there would be a relationship between strategic planning and performance, but not a causal relationship. Despite the conclusions he reached with his staff, Igor Ansoff admits a subjective evaluation of results by the management doesn't differ greatly between planners and non-planners, while an objective financial measure shows a substantial difference. [3] It is therefore difficult to define specifically the consequences of the use of strategic planning. From this point of view the analysis tends to support the model of Henry Mintzberg.

However there is always a category of potential benefits resulting from the use of strategic planning. Greenley (1986) [Erreur ! Signet non défini.] recognizes in its article profits increased by the use of strategic planning, which are inherent as the consequences of its use. He refers in the concept of 'intrinsic values of planning'. So there are economic advantages to the use of strategic planning. There remains a strong a priori that strategic planning has a major effect on company performance. But does planning affect the company's performance or does performance provide it to esources for managerial attention in strategic planning? Anyway, all the problems of measuring broad performance of the company suggest that these results overstate the true relationship between planning and performance. Models based on measures of performance are not very suitable for defining the nature of such a relationship.

1) *Models based on a measurement of process characteristics as an index of efficiency of the process.*

a) Criticisms raised by these models

In contrast to studies on the effectiveness of the strategic planning process related almost exclusively to the financial performance as a gauge of the value of the planning system, these models start from the assumption that the benefits of strategic planning are related to nature of the process, and may or may not be a sufficient condition for improved performance. Strategic planning can thus be effective as a process, despite the performance achieved. Hence, the importance of developing more models not based on performance of economic dominance. It is important to take into account the characteristics of the process, and the dimensions of organizational context (including the strength and resources) in which the planning takes place. The study of V. Ramanujam and Venkatraman N (1987) establishes that the dimensions of organizational context have a dominant influence on the effectiveness of the strategic planning process. In addition, models based on the evaluation of characteristics of the process, consider the performance of the business is not look sufficiently valid to base the effectiveness of the planning process. So research conducted by Greenley in 1983 and Dyson and Foster in 1982, among others, have examined the effectiveness of the process, regard to the nature of the process itself.

b) Definition and characteristics of the trategic planning process

The strategic planning process is defined as all human interactions, formal and informal, taking place during the generation or the development of a strategic plan. This process fulfills both a symbolic and instrumental role. Symbolically, the strategic planning process is used for build a consensus in the organization, providing simplified models for communication and understanding. At the instrumental level, the strategic planning process serves as a program performance, accounting for uncertainties and reducing time and cost of searching for information faced by managers in their decision-making.

This process is characterized by clarity of planning, that is to say, a division of labour among different levels of management in the initiation, formulation, revision and implementation of plans. It is also characterized by an explicit planning. Indeed, an explicit process is a more rational system for the construction of strategic plans. The third characteristic is the diversity of the process of planning. Where diversity characterizing planning is high, there are several kinds of individuals. With this kind of strategic planning process, the multiple viewpoints and conflicting are taken into account in the identification of strategic issues and developing solutions, so that the resistance is less important. Finally, the strategic planning system must be characterized by an especially intense planning. This concept refers to the level of personal resources that the participants must devote to the process of strategic planning. It indicates the involvement of everyone and one's interest in the process.

An additional feature recognized in the strategic planning process by Falshaw and Glaister (1999) is the extent to which strategies within an organization are the result of a deliberate or emerging process. It is on these various characteristics that this class of study models based research. Dutton and Duncan (1987) hypothesized that the model of strategic planning process affects systematically the occurrence and success of efforts to change policy through its effects on the content and strategic issues form.

c) Empirical studies

Studies based on a measurement of process characteristics as an index of efficiency of the process, usually analyze a set of dimensions of the planning system and discuss possible relations with a set of dimensions reflecting the effectiveness of the strategic planning process. The results of these studies are mixed and can be grouped into two categories: those recognizing the effectiveness of those processes and those identifying malfunctions relating to the implementation of strategic planning.

February 2011
45
Global Journal of Management and Business Research Volume XI Issue II Version I

d) Studies demonstrating the effectiveness of the strategic planning process

The study by Ramanujam V. and Venkatraman N (1987) illustrates the research conducted under this model. Collecting data through questionnaires from 600 companies selected from manufactures and service companies, and collecting responses from 207 of them, the authors analyzed the characteristics of businesses and planning systems in relation to three main dimensions reflecting the effectiveness of the system (the system capacity, the objective achievements, the relative competitive performance). Following a statistical analysis, the authors came to the conclusion that there is clearly a strong relationship between the multivariate system size and dimensions reflecting the efficiency of the system. However they were unable to determine the relative importance of the contribution of the dimensions of the planning system to the observed relationship, that is to say the link between cause and effect.

In addition, Greenley showed in 1986 that it may affect non-financial strategic planning, that could provide a substantial benefit to the organization. Such benefits include the advantages of the process, such as the ability to identify and exploit future market opportunities, personal benefits, such as encouraging a positive attitude to change, and perspective that keeps the strategic planning company synchronized with the external environment so that it can cope with changes. Planning can thus be an effective management process, despite the performance achieved. Also, the study and Falshaw Glaister (1999) [Erreur ! Signet non défini.] conducted among 500 manufacturing and service companies in Great Britain, of which 113 sent their responses, has noted that the statement "the adopted strategy is the result of a very deliberate process" has a higher incidence and is more in tune with the reality of companies that 'the strategy has emerged over time without being the result of a deliberate plan" (Appendix 2). The perception among the evaluated sample clearly indicates that the strategy formulation comes in practice more from deliberate process, than the emerging and adaptive process supported by Henry Mintzberg. Similarly, the responses lead to concluding that for the sample considered dysfunctions caused by strategic planning as little or not present. Few studies in this category, however, develop an impact of strategic planning with the long or short term.

e) Studies identifying dysfunctions associated with strategic planning

In their 1983 study, Bresser and Bishop [13] argue that explicit strategic planning can be dysfunctional if it introduces rigidity and encourages excessive bureaucracy. In these cases the planning results in rigidity and inflexibility of responses to the changing environment. Strategic planning tends to increase the need for coordination and control of the process of forming strategies, usually fluid, flexible and informal. The process tends to halt the creative thinking and promote the maintenance of old patterns or models that have proved successful. In other words, in order to maintain some control, strategic planning tends to be an exaggerated extrapolation of past and present, in the future, rather than seeking to reinvent the future. Policy makers usually assume that the future is a linear progression from the past. They set the strategies taking into account a future more or less corresponding to what one knows, or some development allowed. Strategic planning creates the illusion of ce inty in a world of uncertainty, risk and constant change, without taking into account the contingencies of the environment. In relatively safe environments, free from control systems and counter democratic power allowing play of market forces, or in case of monopolies or duopolies (like the field of manufacture of civil aircraft dominated globally by Airbus and Boeing companies), this illusion doesn't pose any problems. We note thus a lack of application of processes in companies. In addition to the challenges posed by the involvement of human resources, communication and dissemination of a common culture of the company and the adaptation of organizational structure, lack of flexibility in the planning and the limited vision of the future that it implies prevent the efficient implementation of the strategies it has itself helped develop. These, when implemented are sometimes inadequate and lead to unexpected results. Strategic planning is currently unable to take into account the range of possible futures, and therefore doesn't allow establish a certain plan for the long term.

Lesson 2 - Studies based on an assessment of the strategic planning process, while taking more account of the nature of strategic planning, and the nature of the consequences of planning within an organization, also come to mixed results. They confirm the existence of a link between strategic planning and business success, but does not specify whether or not a relationship of cause and effect. Strategic planning, when adequately used, is associated with non-economic benefits that can confer or enhance the competitive advantage of a firm, but it sometimes leads to dysfunctions (including inflexibility and rigidity) that can limit a firm in its expansion and development. It is thus clear from these studies that strategic planning is a complex tool that cuts both ways, whose effective use is not granted.

The main criticism that can be made to models measuring the characteristics of the system to evaluate its effectiveness rests once again in the methodology. Mainly based on mailed questionnaires in view of the nature of research, these studies don't record spontaneous answers

of respondents, and obtain relatively low response rate (over 600 companies, 207 responded to the study of V.

Ramanujam and Venkatraman N, is therefore 34.5% response, and 113 out of 500 companies responded to the study of Glaister and Falshaw, and thus an overall response rate of 23%). The result is a poor sample representation, since, as the different authors note, the majority of responses came from large corporations, or performers of strategic planning. The samples are therefore biased in favour of this category of respondents.

V. Explanation of Differences Between Theoretical Models and Practical Models

How to explain the differences between theory and practice? In other words, how is that, contrary to what is claimed in the literature, strategic planning doesn't always lead companies to success, and is sometimes associated with malfunctions? Although some companies are favoured by the use of strategic planning, others do not recognize the benefits. Two categories of problems related to the concept may explain these differences.

1) *Problems related to the nature and definition of the concept*

The concept of strategic planning, as theoretically developed, takes little account of the cognitive limitations of human rationality, which may in turn limit the effectiveness of the process in practice. What makes it a flawed concept that can be inefficient on certain occasions. A major problem is the lack of a consistent and meaningful definition of what constitutes a strategic planning, meaning elements of strategic planning. This problem is reflected in the various studies by the complexity and heterogeneity of preferred definitions to distinguish businesses conducting strategic planning and those that don't. We notice in fact that requirements vary widely from study to study to classify firms by their practice of strategic planning, as well as the variables selected to measure the intensity of strategic planning within a company. All companies are involved in planning, but they differ greatly in the extent to which they are implementing the plans, grow gradually as the environment changes, and use planning tools. Also, the definition of planning varies from one company to another. It is thus unclear whether the definition adopted by a particular company at a given moment in a given context, agrees or disagrees with the theoretical definition of the elements of strategic planning. The different degrees of planning partly explain the variability of results obtained by empirical studies.

2) *Practical issues related to the development and use of the concept*

Effective planning depends on the involvement and participation of all actors involved in the life of the organization, including officers, employees, shareholders, customers and potential strategic partners to identify priorities for the organization, its strengths and weaknesses, and to avoid prejudicing a sector for the benefit of another, and avoid conflicts. But strategic planning is still too often the result of a small group of people. The needs (in terms of financial resources, technical, appropriate architecture, procurement, human resources, information, management of the organization ...) and business priorities are defined only by this group. Also planning doesn't include a number of factors (the real needs of consumers, potential, capacity for innovation and creation of employed staff, workers' interests ...), lacks objectivity and remains focused on expectations of some individuals in the organization. It is therefore incomplete and often inadequate, with a lack of sufficient guidance on the relative priority of the basic activities, especially in organizations divided into multiple sectors (e.g. regional governance). Moreover, being a long and meticulous process, strategic planning requires a high expenditure of energy and time for its implementation. Moreover, despite efforts, the process doesn't always lead to expected results. In practice it is difficult to mobilize resources (especially human) necessary for its implementation.

The structure, as well as technology, doesn't always fit a new strategy. The general structur of firms is not suitable for the use of strategic planning. Still structured according to the needs of proven traditional activities (and taking place in relatively stable environments), companies experience structural resistance to any planning. In addition, sufficient information and collected as part of the traditional business, with competitive behaviour, is inadequate for the development of strategic alternatives needed to plan strategically. Companies don't have complete information necessary for effective strategic planning. Information available to the company affect the way they are implemented: the more information is incomplete (which come in most cases), uncertain and unreliable, the less the company will be tempted to incur the risks in these implementations. Moreover, in organizations divided into sectors or compartment, the structure can create barriers between different sectors if it is inadequate. And, restructure a company, or adapt structures in response to changes in strategic planning is not always easy, especially if the company has a considerable size.

Strategic planning introduced rational elements that break with the cultural history of the company and threaten the political process. So a conflict often arises

February 2011

Global Journal of Management and Business Research Volume XI Issue II Version I

in the workplace, between activities traditionally profitable and innovative activities. This results in resistance, sometimes followed by an abandonment of the strategic planning, which limits the effectiveness of the process. Moreover, there is a failure of leaders to formulate and implement the strategy. To be effective, must involve strategic planning and leadership skills planning and managing the overall process of strategic change, as stated Igor Ansoff (1965). However, numerous studies attempting to establish the relationship between strategic planning and firm performance doesn't illuminate the efforts of planning skills and strategic change management, consider strategic planning in isolation. So we can't decide on the actual intensity of strategic planning in business. If in practice, this planning is carried out in isolation, the firms have incomplete tool that explains the discrepancy between the theoretical and practical models.

Another explanation for the discrepancy lies in the frequency of compilation and revision of plans. Strategic planning requires constant revision of plans and re-issues of new strategies, since these are useless whenever the historical dynamics of an organization leads where it wants to go, or the targets are proving inadequate. These revisions are necessary to ensure the flexibility of the process. Strategic planning therefore requires constant attention no matter the company's situation (crisis or win-win situation), i.e. time and energy. However, in practice, firms tend to relax their attention, or devote the energy needed by planning to other activities under the conditions of the firm. In their article, Bresser and Bishop (1983) show, based on work done previously, that not very supported planning, as well as too intense planning, lead to inter-organizational contradictions and threaten the viability of the firm. Indeed, an intense planning tends to increase the new organizational products. However they often conflicts with existing ones, and result in an increase of conflicting activities within an organization. These problems illustrate the fact that strategic planning and intensity of its use in a business largely depends on its size, its resources and its sphere of activity.

VI. Conclusion

To conclude, it is important to note that the true nature of the relationship between corporate performance and strategic planning is still unproven. Numerous empirical studies tend to confirm one or the other theoretical models. However, the bias introduced by the methodology limits the consideration of these different studies. Models based on an assessment of corporate performance as an indicator of the effectiveness of the strategic planning process seems particularly inappropriate for such an assessment taking into account non-financial consequences arising from the application of strategic planning. Although more recent models based on an assessment of the actual characteristics of the strategic planning process somewhat compensate for this deficiency, they are also constrained by their methodology preventing them from getting a sample and responses sufficiently representative of reality. However, incorporating the dimensions of the planning system and the internal organizational environment, these models provide a better representation of reality. Although many studies in this context tend to support the theoretical model of Igor Ansoff, some turn away again. Many authors of empirical studies have highlighted the fragility of the strategic planning process. Indeed, on one hand it is quite difficult to demonstrate clearly the benefits, and secondly, these studies have shown that despite the considerable effort made by several companies to prepare and develop coherent strategies, few of them are actually implemented and lead to expected changes. The use of strategic planning is not acquired, and the process does not always lead to expected results. The opinions regarding the contribution of the strategic planning process to the success of the company remain fairly divided. Although there is a link between planning and success, it is unclear whether the firm planning leads to success, or if it is success that gives the company the means to implement a strategic planning, which, as Mintzberg says, would then serve to articulate the consequences of an existing strategy. However, it was demonstrated that strategic planning doesn't always lead companies to success, and it doesn't provide a systematic comparative advantage over companies that didn't adopt strategic planning. In other words, the adoption of strategic planning doesn't always lead to careful planning. Although some studies lead to believe it, others have demonstrated the existence of more or less perverse effect of the adoption of strategic planning. The question of empirical assessment of the strategic planning thus remains important because, if it has been demonstrated that strategic planning equips the company some advantages, it wasn't possible to prove beyond a reasonable doubt, the cause-effect relationship between the strategic planning process and the success of the company. However, the results obtained allow limiting the validity of theoretical models proposed in the literature to certain companies and certain time periods in history. For example, the adoption of strategic planning could lead enterprises large in the 1990s to success. But a generalization of the principle to any kind of business at any time and in any country couldn't rightly be issued, for the moment.

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