



The strategic planning process: evidence from Turkish firms

Omer Dincer

Beykent University, Buyukcekmece, Istanbul, Turkey

Ekrem Tatoglu

*Faculty of Business Administration, Bahcesehir University,
Besiktas, Istanbul, Turkey*

Keith W. Glaister

Management School, University of Sheffield, Sheffield, UK

Abstract

Purpose – Findings on the nature and practice of strategic planning are presented from a sample of 135 large companies based in Turkey. Attitudes towards a range of strategic planning issues and the use of a variety of tools and techniques of strategic planning are reported.

Design/methodology/approach – Economic forecasting models, strength, weaknesses, opportunities, and threats (SWOT) analysis, scenario construction and financial analysis of competitors are the most frequently used tools/techniques of analysis.

Findings – Respondents indicate a very favorable attitude towards strategic planning which is seen as important by firms in the sample. Comparison of foreign-owned firms and local firms indicates that the foreign-owned firms adopt a broader and deeper repertoire of tools and techniques of strategic planning than do local firms, and they tend to believe that the strategy process is more deliberate than do local firms.

Research limitations/implications – Need to look at the relationship between strategic planning and organizational performance.

Practical implications – Indicates a need for longer-term planning horizons and more emphases on the implementation and evaluation of strategy.

Originality/value – One of few studies to examine strategic planning of firms in a transitional economy.

Keywords Strategic planning, Strategic evaluation, SWOT analysis, Turkey, Large enterprises

Paper type Research paper

Introduction

Somewhat provocatively, in an article in long range planning, Glaister and Falshaw (1999) concluded that “despite the fluctuating popularity of strategic planning in its various guises since the 1960s, strategic planning is currently perceived to be of benefit and is still going strong”. This conclusion was based on their analysis of the extent to which tools and techniques of strategic development advocated by the classical model of strategy formulation were adopted in a sample of UK firms and the views and attitudes towards strategic planning of senior executives in these firms. Glaister and Falshaw also concluded that companies can obtain benefits from a classical approach to strategic planning and that these benefits are apparent with the use of relatively unsophisticated tools and techniques.

The purpose of this paper is to extend the previous findings by examining the nature and practice of strategic planning in a different environmental context, that of the developing transitional economy of Turkey. This will help to generalize the previous findings and will be instructive in comparing the strategic planning processes of firms in a developed market economy and those located in a transitional economy. The characteristics of the Turkish economy make it an interesting case to examine the



nature and role of the strategic planning process. Since the early 1980s, Government policies in Turkey have focused on developing a free market economy and have encouraged an outward-oriented export-led development strategy. Significant progress has been made in the liberalization of trade and investment policies and the pursuit of macroeconomic stability and economic growth. This policy stance has also contributed to a substantial increase in inward foreign direct investment to Turkey (Tatoglu and Glaister, 1998). Due to its high economic growth and rapidly growing population the US Department of Commerce placed Turkey among the ten big emerging markets (Garten, 1996). This context provides novelty to the study as most prior studies on the strategic planning process have examined evidence from firms in mature market economies.

The rest of this paper is set out as follows: The next section provides a brief review of literature relating to planning and the strategic management process. The third sections sets out the research methods of the study. The findings and discussion are in the fourth section. Conclusions are in the final section.

Literature review

The classical rationalistic approach to strategic management places an emphasis on goals, resource allocation and plans (Chandler, 1962). From the perspective of classical strategic management theory "strategy is considered a deliberate planning process (formal), initiated by top management (top-down), based on an elaborate industry analysis (rational) and aimed at designing a cohesive grand strategy for the corporation (consistency)" (Volberda, 2004). To assist in this process a number of analytical tools and techniques were developed, such as SWOT (strengths, weaknesses, opportunities, and threats) analysis, Porter's five forces industry analysis, the BCG growth-share matrix and McKinsey's 7S model. Consistent with this approach is the assumption that the chief executive officer (CEO) can design a grand strategy for the entire enterprise.

From the 1960s through the 1970s, most senior executives acknowledged strategic planning as "the one best way" to develop and implement strategies that would provide each business unit with a competitive edge (Mintzberg, 1994), with strategic planning enjoying a heyday of corporate popularity. In the early 1980s there was a reaction against strategic planning, which suffered a downturn in popularity and influence. In part, this was due to the failures of most corporate planners in foreseeing the two consecutive recessions of 1980 and 1982. More fundamentally there was an attack on the classical, prescriptive view of strategic management. Doubt was cast on the view that strategies are always explicitly and deliberately formulated. In contrast it was argued that strategies can emerge from the actions of the employees of the organization without any a priori intentions based on a grand design (Mintzberg and Waters, 1985). Also, the value of planning in turbulent environments was questioned, with the risk of planning leading to rigidity and stifling innovation (Fredrickson and Mitchell, 1984).

Confidence in the value of strategic planning was thus eroded leading many firms to reduce the size of their planning departments or to eliminate them completely. During the 1990s, however, strategy regained some of its popularity and influence that it had previously lost. In 1996, Business Week heralded the return of strategic planning. One reason for this was the view that "there is a growing feeling that practical strategic advice can be based on sound deduction and systematic observation" (Foss, 1997). The development of the resource-based view of strategy also played a major role in this resurgence of practical strategic planning (Barney, 1991; Grant, 1991).

As noted, the prescriptive strategic planning perspective builds on a number of sequential steps in the strategy development process, such as goal formulation, environmental analysis, strategy formulation, implementation and control. Central to the conventional strategic management view is that there exists a positive association between strategic planning and corporate performance with the direction of causation from strategic planning to performance (Greenley, 1986). However, prior empirical studies have produced equivocal results on the performance effects of planning. Formalization and comprehensiveness of the planning process in the form of written plans and the use of manuals indicated no performance relationship (Miller and Cardinal, 1994; Pearce *et al.*, 1987; Kukalis, 1991) and may even introduce rigidity and encourage excessive bureaucracy (Bresser and Bishop, 1983). Nevertheless, in his extensive review of the relevant literature, Armstrong (1991) concluded that formal planning systems had a positive impact on corporate performance. Other research provides further evidence that strategic planning, measured on the basis of the conventional strategic management paradigm, is conducive to higher organizational performance (Andersen, 2000). The studies noted a positive association between planning and performance, particularly in dynamic and complex industries. A strategic planning process that adheres to the key elements of prescriptive strategic management theory through the planning of a mission, the setting of objectives, and the implementation of strategies and control systems to ensure the objectives are achieved may lead to indirect improvements in performance by enhancing the effectiveness of management throughout the organization. Formal strategic planning may therefore be effective as a process of management, regardless of the performance achieved (Greenley, 1986).

An effective strategic planning system for a firm will link long-range strategic goals with both mid-range and operational plans. In order to facilitate this activity, those involved in the strategic planning process collect data, forecast, model, and construct alternative scenarios. The standard approach to strategic planning would incorporate an external environmental analysis to identify the opportunities and threats facing the organization, and an internal analysis to identify the organization's strengths and weaknesses. Such a SWOT analysis may itself involve a number of different forms of analyses, for example, an examination of the industry structure and an examination of the resource base of the organization including the identification of core competencies. Another planning system characteristic is the extent to which strategies within organizations stem from a deliberate or an emergent process. Whether strategy formulation is, or can be, a deliberate process and the extent to which strategy emerges without any formal planning has been subject to debate (Ansoff, 1991; Mintzberg, 1991). If strategies emerge within an organization, it might be expected some of the standard tools and techniques of strategic planning would not be explicitly utilized or reported by such an organization. To put the findings of this study in context, the extent to which respondents considered the formulation of strategy in their organizations to be the result of a deliberate or of an emergent process is reported.

Research method

Sample

The sample frame for the study was derived from the database of the Istanbul Chamber of Industry's 500 largest Turkish manufacturing companies and the database of companies quoted on the Istanbul Stock Exchange. After eliminating those companies listed in both databases, the sampling frame included a total of

638 companies as of 2001. The survey questionnaire was mailed to the CEO of each company with a letter requesting that the CEO, or his/her senior executive in charge of strategy development within the organization, should complete it. After one reminder 135 usable questionnaires were returned, representing a response rate of 21.2 per cent, which was satisfactory, given the seniority of the respondents, and the confidentiality and complexity of the questionnaire. No systematic differences were found between responding and non-responding companies across the main characteristics of the sample such as size, industry and ownership structure ($p > 0.1$). The sample of 135 companies had mean sales of \$131.96 million and mean number of employees of 1040. The sample is therefore composed of relatively large firms given the scale of the Turkish economy. In total, 85 per cent of the sample companies were classified as operating in the manufacturing sector and 15 per cent in the service sector. In terms of ownership structure, 22 per cent of the sample companies were classified as state-owned, 59 per cent private-owned, and 19 per cent foreign-owned. This three-fold distinction is drawn because ownership structure may play a part in the planning-performance relationship and the degree of formal strategic planning may be expected to vary across various ownership structures.

Respondents

Respondents were 39.3 per cent CEOs (e.g. Chairman and Managing Director), 14.8 per cent Vice President, 11.1 per cent planning executives (e.g. Planning Manager and Business Development Manager), 10.4 per cent finance executives (e.g. Finance Director and General Coordinator) and 24.4 per cent other senior executives (e.g. Marketing Director, Production Manager, and Human Resources Director). Given the level of respondents, the results provide a useful reflection of senior management's ideas and experience of strategic management/strategic planning and its effectiveness.

Findings

Planning characteristics

The planning characteristics of the sample are shown in Table I. Around three-quarters of the firms in the sample have a written mission statement, with over 75 per cent having a set of medium/long term objectives. As a proportion, more of the foreign-owned firms have a set of medium/long term objectives and mission statement than state-owned and private-owned firms. While there is no statistically significant relationship between ownership structure and having a written mission statement, this relationship is found to be marginally significant for the firms having a set of medium/long term objectives ($p < 0.1$). Around 57 per cent of all firms do not have a person or a group with specific responsibility for identifying opportunities and threats. Over one-third of the sample firms do not have a person or group with specific responsibility for identifying strengths and weaknesses. Over one-fourth of all firms do not have a group with specific responsibility for business/corporate and/or strategic planning. While there is relatively little or no difference between state-owned and local private-owned firms with regard to these characteristics, foreign-owned firms tend to differ from these other two groups of firms on the basis of these characteristics, particularly in respect to having a group of people with specific responsibility for business/corporate and/or strategic planning ($p < 0.05$). In general, however, it is surprising that a high proportion of firms seemingly have no one with specific responsibility for conducting basic SWOT analysis or overall planning. In part this could be because such responsibilities are diffused through the organizations with different people taking

Table I.
Planning characteristics

Does your company have	All firms				State-owned				Local-private				Foreign-owned				(χ^2)
	No.	%	No.	%	Yes	No	Yes	No	%	No.	%	Yes	No	%	No.	%	
A written mission statement	97	72.9	36	27.1	22	75.9	7	24.1	54	68.4	25	31.6	21	84.0	4	16.0	2.52
A set of medium/long term objectives	103	76.9	31	23.1	24	80.0	6	20.0	56	70.9	23	29.1	23	92.0	2	8.0	4.98*
A person or group with specific responsibility for identifying opportunities and threats in the external environment	58	43.3	76	56.7	11	36.7	19	63.3	32	40.5	47	59.5	15	60.0	10	40.0	3.63
A person or group with specific responsibility for identifying the strengths and weaknesses of your company	82	61.2	52	38.8	18	60.0	12	40.0	45	57.0	34	43.0	19	76.0	6	24.0	2.92
A group with specific responsibility for business/corporate and/or strategic planning	96	71.6	38	28.4	21	70.0	9	30.0	52	65.8	27	34.2	23	92.0	2	8.0	6.46**

Notes: * $p < 0.1$; ** $p < 0.05$

responsibility at different times. Or it may be more likely due to the fact that although such activities are carried out by the sample firms they are not performed regularly enough to warrant the identification of a dedicated group with specific responsibility.

Time periods of planning

Table II shows the longest periods for which a number of types of plans are prepared. For the sample as a whole, apart from production plans and human resource/staffing plans, relatively few companies produce no plans at all. Table II shows that it is usual for most firms to produce plans for a period of up to four years with relatively few firms planning beyond four years. The exception to this are the corporate plans and strategic plans that have a fairly long time horizon with over 32 per cent and 42 per cent, respectively of firms having such plans for four or more years. The shortest time horizons apply to planning in the areas of finance, production and sales/market forecast where over 70 per cent of the firms plan for a period of fewer than four years. Capital planning and human resource/staffing planning also do not extend beyond four years for most of the firms in the sample.

It is relatively unsurprising that the plans with the longest time horizon are in the areas of corporate planning and strategic planning, since the conventional planning view of strategy indicates a relatively long-time horizon when considering these aspects of an organization. Overall the findings reveal that most of the firms in the sample do engage in a planning process over most of the dimensions of planning, but that few firms have a planning horizon beyond four years even in those areas of planning related to the strategy of the company which would be expected to represent a relatively long-time horizon.

Planning procedures

Figure 1 indicates the nature of company planning procedures for each category of the firms with respect to ownership structure. For state-owned companies Figure 1 shows that a number of items are clearly greater than the median measure of three, indicating that planning procedures are typically characterized by strict accountability in the planning process rather than being of limited accountability; that there are regular progress reviews rather than random progress reviews; and that results are emphasized rather than the process being emphasized. The findings also indicate that there is open dialogue of the planning procedures rather than there being restricted discussion; that planning procedures are characterized by decision makers only rather than there being numerous observers; and with plans of ten pages or less rather than the planning process involving massive paperwork. Only three items are considerably

	No plan		0-4 years		5 years		Over 5 years	
	No.	per cent	No.	per cent	No.	per cent	No.	per cent
Production plan	7	5.2	99	73.9	18	13.4	10	7.5
Sales/market forecast	4	3.0	96	71.1	20	15.2	12	8.9
Human resource/staffing plan	11	8.2	88	65.2	27	20.1	8	6.0
Financial plan	4	3.0	101	74.8	21	15.6	9	6.7
Capital plan	7	5.3	91	68.9	26	19.7	8	5.9
Corporate plan	7	5.2	84	62.2	34	25.2	10	7.4
Strategic plan	15	11.1	63	46.7	41	30.4	16	11.9

Table II.
Longest period for
which plans are
prepared

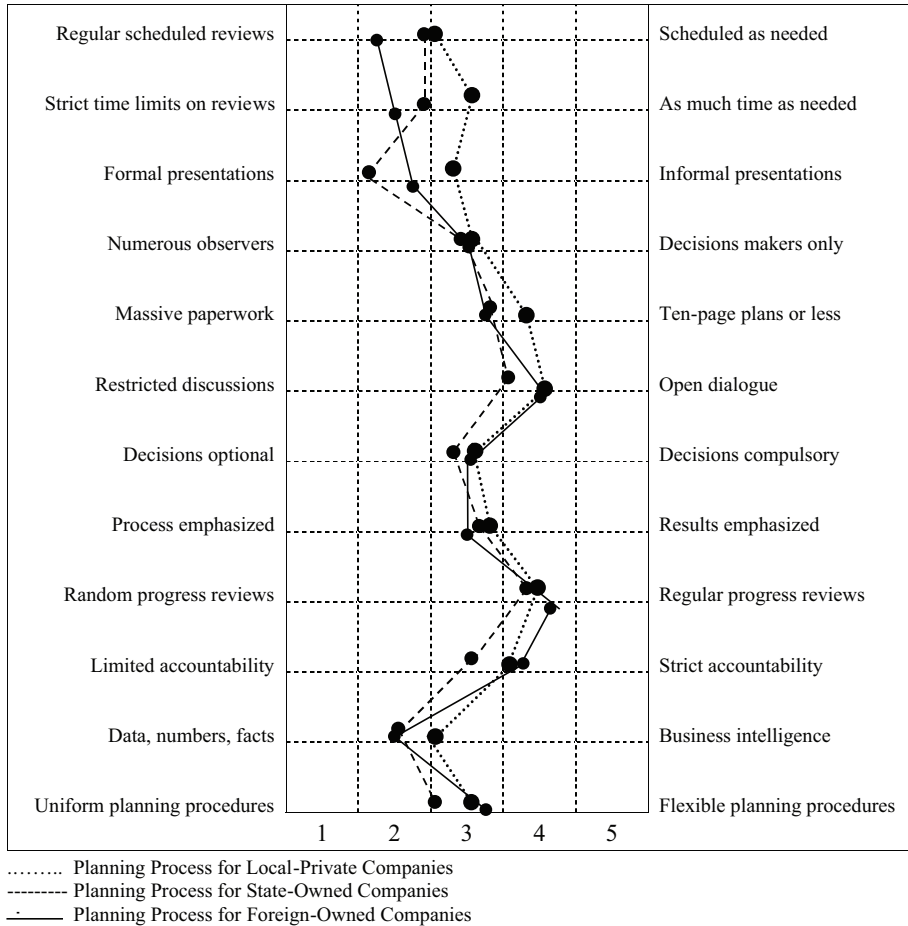


Figure 1.
Nature of company planning procedures with respect to ownership structure

less than the median, indicating that planning procedures involved regularly scheduled reviews rather than being scheduled as needed; that planning procedures are characterized by formal presentations rather than informal presentations; and with data, numbers and facts rather than business intelligence.

With the exception of two items, Figure 1 indicates a similar pattern for both local-private and foreign-owned companies in terms of company planning procedures. The findings in general indicate that the strategic planning process is a regular, formal process, carrying accountability. The two items where each group of companies differ significantly involve strict time limits on reviews rather than as much time as needed and the planning procedures characterized by open dialogue rather than restricted discussions. For the former item the group of local-private companies has a significantly higher mean score ($p < 0.01$) than that of both state-owned and foreign-owned companies indicating that local-private companies are relatively more in favor of latitude of time on reviews rather than imposing strict time limits. In contrast, for the latter item foreign-owned companies have significantly higher mean scores ($p < 0.05$) than both state-owned and local-private companies where foreign-owned companies

tend to prefer open dialogue of the planning procedures rather than favoring restricted discussion.

Commitment to strategic alternatives

The extent of the sample firms' commitment to various strategic activities is shown in Table III. For the whole sample the mean value for each of the activities is below the median measure, indicating a relatively high level of commitment for each activity. The greatest level of commitment is found with regard to specification of corporate objectives/aims and specification of business objectives/aims. While still at a relatively high commitment, the lowest ranked activities involve fostering of supportive climate/atmosphere and seeking commitment to plans from organizational members. Table III indicates that firms appear to have greater commitment to formulation aspects of strategy and relatively less commitment to the implementation and evaluation of strategy. In part, this may stem from the fact that firms find it relatively less difficult to commit themselves to aspects of formulation, such as specification of objectives, but more difficult to engage in implementation, fostering of supportive climate/atmosphere and evaluation activities. Caution must, however, be exercised with regard to this conclusion, because even with the lowest ranked activities, firms in the sample indicate an extent of commitment which is seemingly far below the median measure. Therefore, the findings should not be interpreted as indicating that firms in the sample are not committed to the lowest ranked activities, it is simply that they are somewhat less committed to these activities compared to the highest ranked activities.

Table III shows that there is very little difference in rank order of commitment to strategic activities with regard to ownership structure of sample firms. This is also confirmed by a test of difference in means that there are no significant differences between the three groups of firms ($p > 0.1$). It may be concluded, therefore, that there is no significant difference in the extent of commitment to the range of strategic activities shown in Table III between state-owned, private-owned and foreign-owned firms.

	All firms		State-owned		Local-private		Foreign-owned	
	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean
Specification of corporate objectives/aims	1	1.70	2	1.67	1	1.70	1	1.76
Specification of business objectives/aims	2	1.71	1	1.63	2	1.71	2	1.80
Monitoring of results against strategic plans	3	1.92	4	1.83	3	1.97	3=	1.88
Generation of strategies	4	1.99	6	1.93	4	2.03	5	1.96
Evaluation of strategies	5	2.02	5	1.87	6	2.13	3=	1.88
Seeking commitment to plans from organizational members	6	2.07	3	1.77	5	2.09	6=	2.36
Fostering of supportive climate/atmosphere	7	2.58	7	2.87	7	2.54	6=	2.36

Notes: The mean is average on a scale of 1 = very committed to 5 = not committed

Table III.
Commitment to strategic activities

Emphasis on areas of strategic planning

Table IV shows emphasis on particular areas of strategic planning for firms in the sample ranked by mean response. The greatest emphasis is on quantitative objectives and on internal capabilities of the company with the least emphasis on totally new markets and contingency plans. The other areas of greatest emphasis are on definition of the nature of the company and on long-term variances from prior plans. The former findings are consistent with the strong commitment the firms have to the specification of corporate and business objectives, reported when discussing Table III. The relatively greater emphasis on internal capabilities of the company contrasts with the relatively weaker emphasis on external aspects of analysis associated with the effect of social, political, and technological trends on the company, indicated in comparatively low rank for this variable.

Table IV shows that there is relatively little difference in the rank order of the areas of strategic planning between state-owned, private-owned, and foreign-owned firms. A test of difference in means shows that there are no significant differences between the three groups of firms. It may be concluded, therefore, that there is no significant difference in the level of emphasis on the areas of strategic planning between state-owned, private-owned, and foreign-owned firms ($p > 0.1$).

Tools and techniques of strategic analysis

Table V shows the extent of use by firms in the sample of a range of tools and techniques of strategic analysis ranked by regularity of use. For the full sample of firms, all of the items are clearly below the median measure, indicating relatively little use of a broad range of tools/techniques of strategic analysis. However, there appears to be occasional use of a limited set of analytical techniques. The highest ranked tools/techniques of strategic analysis are: economic forecasting models, SWOT analysis,

	All firms		State-owned		Local-private		Foreign-owned	
	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean
Emphasis on quantitative objectives	1	3.87	2	3.83	2	3.73	1	4.36
Emphasis on internal capabilities of the company	2	3.79	1	4.03	3	3.63	2=	4.00
Emphasis on definition of the nature of the company	3	3.74	5	3.53	1	3.74	2=	4.00
Emphasis on long-term variances from prior plans	4	3.43	3=	3.60	4	3.35	4	3.48
Emphasis on the effect of social, political and technological trends on the company	5	3.37	3=	3.60	6	3.27	5	3.44
Emphasis on closely related markets	6	3.17	6	3.10	5	3.29	7	2.88
Emphasis on contingency plans	7	3.02	7	2.93	7	2.92	6	3.40
Emphasis on totally new markets	8	2.75	8	2.43	8	2.90	8	2.64

Table IV.
Emphasis on areas of strategic planning

Notes: The mean is the average on a scale of 1 = little or none to 5 = a great deal

	All firms		State-owned		Local-private		Foreign-owned		F-value
	Rank	Mean [†]	Rank	Mean	Rank	Mean	Rank	Mean	
Economic forecasting models	1	2.73	1	2.50	1	2.50	4	3.52	3.40**
SWOT analysis ¹	2	2.62	7=	1.71	2	2.40	1	4.38	24.61***
Scenario construction	3	2.56	2	2.11	4	2.26	2	4.04	16.32***
Financial analysis of competitors	4	2.50	3	1.93	3	2.34	3	3.60	9.45***
Analysis of organizational culture	5	2.17	7=	1.71	5	2.08	7	3.00	6.27***
Spreadsheet what if analysis	6=	2.16	5	1.76	6	2.03	16	1.58	6.32***
Analysis of key or critical success factors	6=	2.16	13	1.46	7	2.01	5	3.42	13.84***
Corporate modelling/strategic planning software	8	2.02	4	1.90	8	1.81	8	2.87	4.97***
Stakeholder analysis	9	1.86	12	1.54	10=	1.68	9	2.76	6.49***
Core capabilities analysis	10	1.84	15	1.32	12	1.67	6	3.04	15.99***
Experience curve analysis	11	1.78	6	1.75	10=	1.68	12	2.17	1.42
Value chain analysis	12	1.77	11	1.57	13	1.65	10	2.39	3.53**
PIMS analysis ²	13	1.75	9	1.68	9	1.80	15	1.65	0.16
PEST or STEP analysis	14	1.58	10	1.61	14	1.50	13=	1.83	0.71
Portfolio matrices ³	15	1.54	16	1.29	15	1.40	11	2.38	6.58***
Porter's 5-forces/industry attractiveness analysis	16	1.37	17=	1.21	16	1.28	13=	1.83	3.55**
Delphi ⁴	17	1.28	14	1.36	17	1.17	17	1.55	2.10
SSM (soft systems methodology)	18=	1.17	17=	1.21	19	1.08	18	1.41	2.00
Cognitive mapping	18=	1.17	19	1.04	18	1.14	19	1.39	2.49*

Notes: ¹Or TOWS or “WOTS up” analysis; ²Profit impact of market strategy analysis; ³e.g. BCG: Growth-share, GE’s 9-cell industry attractiveness-competitive strength matrix; ⁴Qualitative group forecasting technique; [†]The mean is an average on a scale of 1 = not used to 5 = regular; * $p < 0.1$, ** $p < 0.05$ *** $p < 0.01$

Table V. Use of tools and techniques of strategic analysis

scenario construction, and financial analysis of competitors. The reason for the finding that economic forecasting models and scenario construction are ranked relatively highly may be associated with the volatile economic conditions of the local business environment. Turkey, for so long, has been experiencing severe economic crises and suffering from chronic inflation with a fluctuating exchange rate. In such a highly turbulent business environment, companies may be using these tools/techniques relatively frequently in an attempt to anticipate likely changes in economic conditions. Another reason for the use of these techniques may stem from the ease with which these techniques may be undertaken given the widespread availability of computers and relevant software.

The SWOT analysis and financial analysis of competitors both imply consideration of external influences on the firm, which is well reflected in the assessment of the opportunities and threats embodied in the SWOT analysis. Internal analysis, although part of the SWOT analysis involving the assessment of strengths and weaknesses, is apparently given less focus as reflected in the tenth ranked technique, core capabilities

analysis. Also, it is rather surprising that both PEST analysis and Porter's five-forces/industry-attractiveness analysis have low rankings, with means well below the value of 2. This casts some doubt on the nature of the external analysis in the SWOT analysis conducted by firms. The standard strategic analysis approach would recommend that PEST and Porter's five-forces analyses would be integral parts of the external analysis of the company, leading to a considered view of the opportunities and threats confronting the firm. It is something of a puzzle that while firms in the sample are making use of SWOT analysis, they appear not to employ PEST analysis and Porter's five-forces analysis when doing so. Little use is made of value chain analysis and portfolio matrices. The technique of cognitive mapping is also little used. This is not surprising, since this is a relatively new technique compared to many others listed, and it is likely that awareness of this technique is limited among this sample of firms.

Table V shows that there is some variation in rank order of the tools/techniques of analysis between state-owned, private-owned, and foreign owned firms. A test of difference in means between the three groups of firms indicates significant differences for the whole set of strategic tools/techniques with the exception of the Delphi technique and SSM (soft systems methodology). Foreign-owned firms have consistently a relatively higher use of a broad range of tools and techniques compared to state-owned and private owned local firms. This finding is not particularly surprising. Foreign-owned firms in Turkey are mostly the subsidiaries or affiliates of highly diversified multinational enterprises operating worldwide. Despite their firm-specific or ownership advantages such as their international experience, size, ability to differentiate their products or services, patents, and trademarks (Dunning, 1993), these companies are subject to the difficulties of coordinating multiple and geographically dispersed value-added activities and thus face the complexity of having to devise and manage so many strategies. The evidence from this sample would also confirm the view that the firms operating as the affiliates of multinational enterprises are more sophisticated in terms of the tools and techniques most regularly used for strategic analysis.

Views on strategic planning processes

Respondents' views on a number of statements concerning the strategic planning process are shown in Table VI. The higher ranked statements, which are above the median value of 3, indicate favorable attitudes towards strategic planning, with the highest ranked item being that "formal strategic planning is/would be an effective way to achieve improved financial performance". There is also broad agreement that strategic planning has been effective in achieving objectives over the past five years and the making of strategy has been effective. Consistent with this view, the negative statements regarding strategic planning achieve the lowest rank positions: "strategic planning has encouraged excessive bureaucracy" and "strategic planning has resulted in rigidity and inflexibility of response to the changing environment". The sample firms indicated little agreement with both of these statements.

It may also be noted that the statement "the strategy adopted is the result of a very deliberate process" has a greater level of agreement and is ranked somewhat higher than the statement that "the strategy adopted has emerged over time without being the result of a deliberate plan". The perception among the sample firms clearly appears to be that strategy formulation is more of a deliberate process than an emergent process.

Table VI shows that there are a number of significant differences regarding the level of agreement to the negative statements as well as the statements emphasizing that the

	All firms		State-owned		Local-private		Foreign-owned		<i>F</i> -value
	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	
Formal strategic planning is/ would be an effective way to achieve improved financial performance	1	3.81	1	3.67	1	3.76	2	4.14	1.24
Our strategic planning has been effective in achieving our objectives over the past five years	2	3.54	6	3.37	2	3.54	4	3.76	0.62
The strategy adopted is the result of a very deliberate process of formulation	3	3.43	3=	3.52	6	3.16	1	4.18	6.42***
The making of strategy has been effective	4	3.42	5	3.48	3=	3.27	3	3.86	2.07
The implementation of strategy has been effective	5	3.39	3=	3.52	3=	3.27	6	3.62	1.00
Strategic planning is seen as important	6	3.34	2	3.56	5	3.24	7	3.43	0.88
Strategic planning process achieves a good fit between the external environment and the internal capabilities of the organization	7	3.24	7	3.30	7	3.08	5	3.67	2.34*
The strategy adopted has emerged over time without being the result of a deliberate plan	8	2.58	9	2.44	8	2.85	8	1.86	6.61***
Strategic planning has encouraged excessive bureaucracy	9	2.31	8	2.96	9	2.21	9	1.81	6.80***
Strategic planning has resulted in rigidity and inflexibility of response to the challenging environment	10	2.02	10	2.22	10	2.09	10	1.52	3.22**

Notes: The mean is an average on a scale of 1 = strongly disagree to 5 = strongly agree; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table VI.
Views on strategic
planning processes

strategy process is more of a deliberate process than an emergent process. Foreign-owned firms indicate relatively more agreement to the statement that “the strategy adopted is the result of a very deliberate process of formulation” ($p < 0.01$). They also demonstrate less agreement to the negative statements on strategic planning than both state-owned and private-owned local firms.

Conclusions

This paper is one of the few studies to examine the strategic planning process in a sample of firms from a transitional economy. Despite the differences in economic setting of the firms concerned the broad findings reported in this paper for firms located in Turkey are remarkably similar to the findings reported on UK firms by Glaister and Falshaw (1999). A number of implications for management practice arise from the findings. First, firms in the sample have a relatively short time horizon across

most dimensions of planning. This may indicate a generally short-term perspective, which may not always be in the best interest of the firms. If strategy is fundamentally concerned with "the long term direction of an organization" (Johnson and Scholes, 2002), managers should be encouraged to adopt a longer time horizon when engaging in the planning process. Second, firms appear to have a greater commitment to formulation aspects of strategy and relatively less commitment to the implementation and evaluation of strategy. This finding may be a reflection of the organizational responsibilities of the questionnaire respondents who may be more concerned with formulation than implementation. The different emphasis within an organization on strategy formulation and strategy implementation may arise because different groups of managers are responsible for each of the activities. If this is the case there is a danger that this may result in the breakdown of coordination and communication between the two groups and to the strategy being implemented in an incoherent manner to the detriment of organizational performance. Each organization should be aware that strategy formulation is futile without appropriate strategy implementation and should seek a coherent interface between those responsible for the planning process and those responsible for implementation to ensure that each group is working to the same set of objectives. Third, the comparison of foreign-owned firms and local firms in the sample reported here indicates that the foreign-owned firms adopt a broader and deeper repertoire of tools and techniques of strategic planning than do local firms, and they tend to believe that the strategy process is more deliberate than do local firms. With the further development of the market economy in Turkey, and the increased competition from foreign firms as globalization proceeds, it may be necessary for the local firms to increasingly adopt the techniques and tools of strategic planning currently more commonly employed by foreign firms. In doing so, it will be interesting to observe whether the Turkish firms' views on the strategy process come to more closely resemble those of foreign firms.

While the findings of this study provide a contribution to our understanding of the nature and practice of strategic planning in Turkish companies, there are a number of potential areas for future research. First, it would be a useful contribution to investigate the relationship between firms' views on the planning process and their use of planning techniques. Another area of future research would be to examine the relationship between strategic planning and organizational performance. In doing this, the impact of various contexts on the planning-performance relationship should be taken into account, for instance, different national and societal contexts (such as developed vs emerging country), as well as ownership contexts (for example, family businesses or public sector organizations).

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Corresponding author

Ekrem Tatoglu can be contacted at: ekremt@bahcesehir.edu.tr

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