

**The effect of Strategic planning on organizational performance in the hospitality  
industry: a survey of selected firms in the Central Region of Ghana**

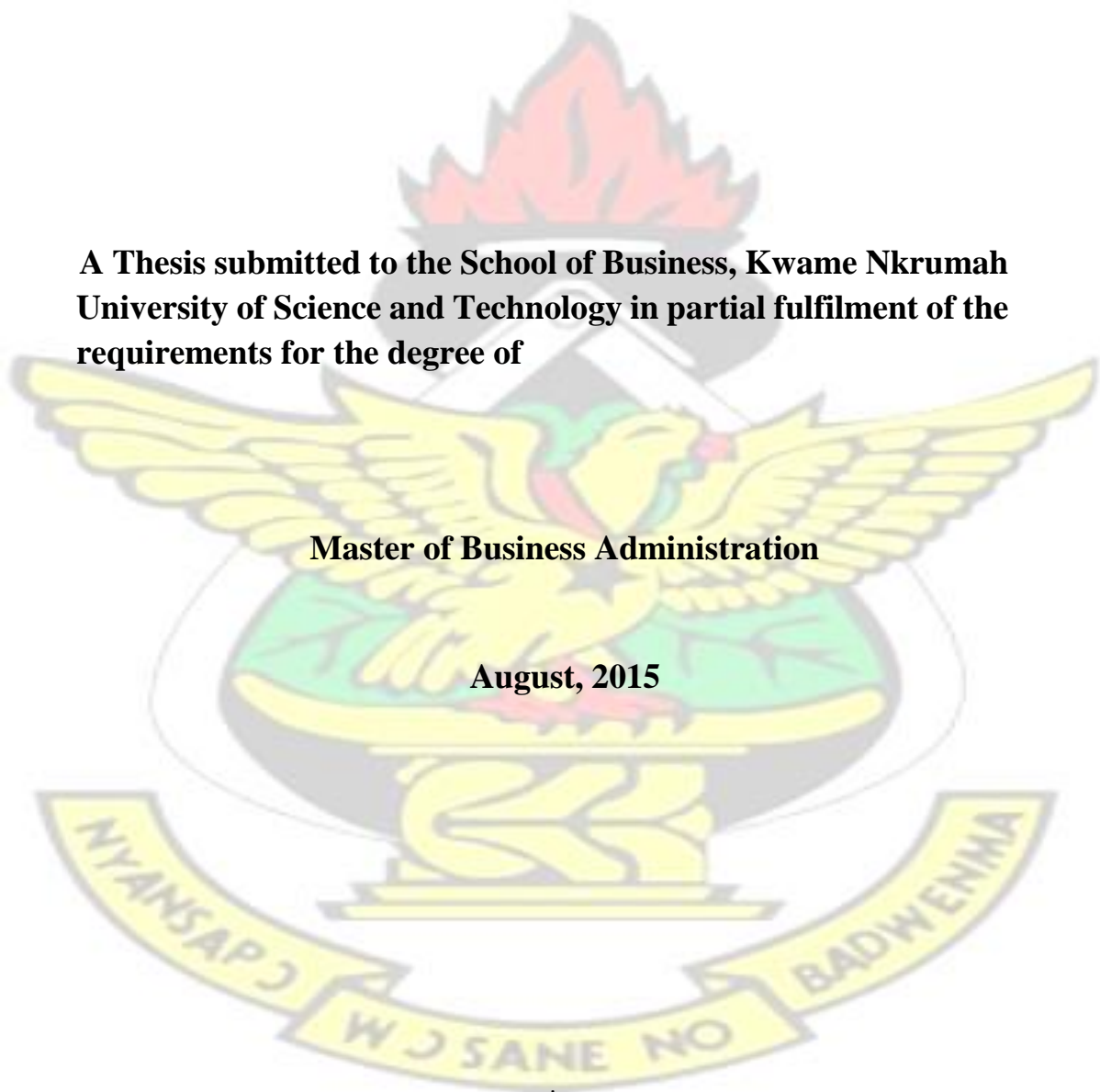
**By**

**Kobina Osam-Duodu**

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University of Science and Technology in partial fulfilment of the  
requirements for the degree of**

**Master of Business Administration**

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## DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

KOBINA OSAM-DUODU.....  
(PG7622212) Signature Date

Certified by  
MARIAMA ZAKARI.....  
(Supervisor) Signature Date

Certified by  
DR. AHMED A. AGYAPONG..... (Head  
of Department) Signature Date

## DEDICATION

This work is dedicated to my parents; Mr. T. E. Osam-Duodu and Mrs. Juliana Osam-Duodu.

# KNUST



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I thank the Almighty God for having made it possible for me to complete this thesis successfully. To my supervisor Madam Mariama Zakari, a lecturer at the KNUST School of Business, I express my profound thanks for her invaluable comments and guidance at every stage leading to the successful completion of this study.

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In all, while the above take all the credit, any shortcomings and inadequacies of this study are my sole responsibility.



## **ABSTRACT**

To truly survive as a business organization, a firm must take its strategy or set of strategies as vital weapons of protection for the very life of the corporate entity. That is why this study sought to ascertain the impact of strategic planning on the performance of Hospitality organizations in the Central Region of Ghana. The study was both descriptive and explanatory, through the use of a survey strategy. The population comprised all the two hundred and twenty-six (226) hospitality firms in the Central Region. Through the simple random technique, fifty (50) hospitality firms were selected for the study. Data used in the analysis was basically primary through the administration of structured and delivery and collection questionnaires. After the study, it was concluded that; strategic planning had no significant effect on the performance of the hospitality firms. There also existed a weak correlation between the two variables, although the relationship was positive. Almost all the firms had a strategic plan that was in use for over five (5) years. The main contents of the strategic plans developed by the firms were staff development and training, staff appraisal, mission/vision statements, business level objectives, cost targets, departmental or divisional objectives, and sales targets. Managerial behaviour, resource allocation, reward management, and organizational policy did influence the implementation of strategic plans. Over the years, there had been an improvement in occupancy percentage, average room rate, growth in sales per room, number of successful new services or products introduced, and the percentage of sales accounting for new services or products. The study realized that the organizational structure was a vital part for successful strategic plan implementation; therefore, there was a need for a proper alignment of the organizational structure with the strategic plan.

Organizational structures hence have to be adjusted to correlate with strategic plans.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND TO THE STUDY**

To truly survive as a business organization, a firm must take its strategy or set of strategies as vital weapons of protection for the very life of the corporate entity. This is the state of affairs of all business organizations the world over because all firms do possess weaknesses that must be managed as much as possible in order to minimize their adverse effects, while also responding effectively to the threats of the external environment. Fortunately, firms also do have strengths that can be well developed to take advantage of opportunities that are presented by their external environment for the total benefit of the entire organization. Strategy, be it at the corporate, business or operational level has at its core the potential and capability to harness the requisite resources in their appropriate configurations in a systematic and orderly manner so as to progressively guide the performance of the business organization. Strategy facilitates this progress by way of employing strategic planning as the catalyst to the overall sturdy performance of the business organization. In the light of strategic management theory, that emphasizes the planning of an organizational mission, setting of objectives and the implementation of strategies and control systems so as to achieve the stated objectives, strategic planning tends to be the bridge between strategic management and company performance as it assumes the very framework to achieve positive business results in organizations. Despite the seemingly contrasting views of experts and scholars on the nature of strategic planning as in whether it is borne out of deliberate and planned strategies or from emergent and learned strategies; it is generally accepted by both groups now that the substance of the matter is that strategic planning is a necessity for all organizations if they are to survive, grow, develop and maintain that performance in the competitive work environments in which they find themselves. Thus, Heracleous, (1998) argues that strategic thinking (which is directly related

to emergent strategies) and strategic planning (which is directly related to deliberate strategies) are unique but complimentary thought processes in the strategy-making process that will have to be harnessed together in order to achieve the optimum performance organizations seek. Although strategic planning has many laudable prospects for a firm, Noble (1999) asserts that the ineffective implementation of strategic planning programmes in many organizations is the major reason for failure to achieve projected performance. Therefore, the successful implementation of strategic planning can be facilitated by assessing potential barriers to implementation and their likely causes (Beer and Eisenstat, 2000). Strategy in itself when molded into strategic plans, possess content as well as process. This content implies the actual substance and detail of the strategic plan while the process denotes the procedure through which the plan will be executed. These two dimensions of content and process inherently have a determining factor to the successful implementation of strategic plans; hence, an incompatible content or process or both to the organization will ultimately lead to failure. Echoing this reality, Mintzberg (1990) argued that while both content and process were separate constituents of strategy formulation, they were highly interdependent. Therefore, in considering the bottom line, it can be argued that the eventual positive performance of a firm seems to be the end of all approaches of strategic planning be it a SWOT analysis, deliberate/emergent strategies or considering the content and process of a strategy, all which are means by which to improve organizational performance.



## 1.2 STATEMENT OF THE PROBLEM

The prescriptive strategic management literature puts forward that there is a positive correlation between strategic planning and firm performance, with the direction of causation from strategic planning to performance. Empirical evidence in this regard has however proved to be ambiguous. Early studies on strategic planning by Thune and House (1970) indicated that formal strategic planning enhanced firm performance; other studies in line with this view were conducted by Karger and Malik (1975) and Rhyne (1986). In a study conducted by Glaister and Falshaw (1999) on 113 UK companies to assess the use of the tools and techniques of strategic planning among other objectives, although it was revealed that the sample showed less commitment to the implementation and evaluation of strategies, they perceived that strategy formulation was more of a deliberate process than an emergent one, hinting at formality in planning, whiles Rogers *et al* (1999) point out that strategic management theory predicts that successful organizations will foresee and tackle environmental turbulence via strategic planning. Furthermore, a major study of small firms in the U.S.A. conducted by Lyles *et al.* (1993) indicated that formal strategic planning had benefits such as effective goal formulation, potent distinctive competencies and proper monitoring of strategy implementation. On the other hand, some of the consequent research conducted after the early ones by Thune and House and others revealed no clear relationship or quantifiable benefit between strategic planning and firm performance (Shrader *et al.* 1984, Scott *et al.* 1981); also in a study conducted by Falshaw *et al.* (2006) to examine the relationship between formal strategic planning and company performance using a sample of 113 UK companies, it was observed that no relationship existed between formal strategic planning and company performance. In a related study, Stonehouse and Pemberton (2002) investigating strategic planning in 159 firms, it was contended that the theories and frameworks of strategic planning as well as its tools of analysis largely remained in the domain of academics, in that, a greater

proportion of their study sample did not employ strategic planning. Thus, managers were either unaware or unconvinced of the practical benefits of using strategic planning frameworks. Firms rather seemed to emphasize the shortterm business planning instead as they mostly focused on financial analysis, profit targets and short-term planning horizons.

It should be noted however that the content as well as process of a strategy directly determine its success or failure in practical terms. Mintzberg (1990) buttresses this point when he expounds that though content and process are separate elements of strategy implementation, they are highly interdependent. Hence, a strategy in its totality goes beyond just its written contents, to also include the processes required in its formulation and deployment.

On the situation of poor firm performance, Noble (1999) asserts that the ineffective implementation of strategic planning is the major culprit. Furthermore, Beer and Eisenstat (2000) also argue that strategic planning implementation can be facilitated by assessing the potential barriers to implementation and their likely causes.

Delving into the area of the hospitality industry, Fevzi Okumus (2002) asserts that critically assessing the current level of strategy literature in the industry indicates that it has hardly contributed to the mainstream strategic management literature.

In the light of the drawbacks to strategic planning highlighted above, this research is intended to delve into the extent to which the frameworks, tools and techniques of strategic management are utilized by businesses in the hospitality industry, the barriers to strategy implementation in hospitality firms as well as the effect of strategic planning on organizational performance in hospitality organizations.

### **1.3 RESEARCH OBJECTIVES**

The general objective of this study is to assess the effect of strategic planning on organizational performance in the hospitality industry. The specific objectives that the study seeks to examine are as follows:

1. To examine the extent to which the frameworks, tools and techniques of strategic management are utilized by businesses in the hospitality industry.
2. To evaluate the challenges/barriers to the implementation of strategic plans in hospitality firms.
3. To ascertain the effect of strategic planning on organizational performance in hospitality organizations.

### **1.4 RESEARCH QUESTIONS**

1. What is the extent to which the frameworks, tools and techniques of strategic management are used by hospitality organizations?
2. What are the challenges/barriers to strategy implementation in hospitality firms?
3. What is the effect of strategic planning on organizational performance in hospitality organizations?

### **1.5 SIGNIFICANCE OF THE STUDY**

From the point of view of academia, this aspect of strategy research has not been adequately examined, in that, sufficient research has not been conducted with respect to the hospitality industry, hence the need for more qualified enquiry by researchers to further probe its dynamics. Furthermore, the limited number of studies into this area of strategy tends to be restricted to American and European cases. Conducting this study in Ghana will shed more light on the similarities or differences or both between the African perspective and those of the Americans and Europeans. The business world and the world of academia will also benefit



from this study as it will add to their store of practical and conceptual knowledge respectively. Last but not least, this study will also serve as a guide to interested researchers who will seek to further probe into the field of strategy.

### **1.6 SCOPE OF THE STUDY**

This research study is conducted to assess the effect of strategic planning on the performance of organizations with specific concentration on the hospitality industry of Ghana narrowing on the Central Region of Ghana. The study borders on a sample of fifty (50) selected hotels in the Central Region of Ghana.

### **1.7 LIMITATION OF THE STUDY**

This research focuses on the effect of strategic planning on organizational performance with specific interest in the hospitality industry of Ghana citing the Central Region as the case study.

As a result of the nature of the study, an obvious limitation pertains to the generalisability of its findings to the national discourse in terms of strategic planning in the hospitality industry as the country consists of ten (10) regions; hence the findings of this study cannot be assumed to be applicable to all other nine (9) regions of the country due to demographical and cultural differences among others with respect to the populace affected by the hospitality businesses.

Secondly is the constraint of time, in that the time period within which this research is to be completed is not suitable enough to conduct a more in-depth study such as undertaking a longitudinal study; hence this study only focuses on the cross-sectional aspect of the research.

Finally is the constraint of cost; in that, the cost to be incurred in order to undertake a more representative study is beyond the capabilities of the researcher. This led the researcher to settle for a more reasonable sample in order to effectively complete this research.



## **1.8 ORGANIZATION OF THE STUDY**

The entire research is sequenced into five (5) chapters. The first chapter introduces the entire research in summary; it borders the statement of the problem, research objectives, research questions, significance of study as well as the scope and limitation of the study. Chapter two is dedicated to the review of related literature where conceptual issues of the study are examined as per the thoughts and ideas of scholars, academicians and practitioners. The third chapter is concerned with the methodological approaches utilized and the methods used to gather data for the research. Chapter four deals with the analyses of the data gathered and also produces valid interpretations of the data. Chapter five, which is the final chapter presents the findings of the study, draws conclusions and suggests vital recommendations.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

## **2.0 INTRODUCTION**

Corporate strategy and its resultant strategic planning have since their advent in the late 1960s invaded and fascinated both the corporate world of practitioners as well as the theorists of academia. To this day, critical debates about fundamental issues of strategy and strategic planning seem to linger in both arenas of the business world and the academic world. In this chapter, a critical literature review will be undertaken to unveil the intricacies of strategy and strategic planning. Major highlights of this review will include deliberate strategy vs. emergent strategy and strategic planning vs. strategic thinking.

## **2.1 DEFINITION AND NATURE OF STRATEGIC PLANNING**

### **2.1.1 Definition of Strategic Planning**

Pearce et al (1987) define formal strategic planning as a process of establishing the mission, main objectives, strategies and policies that govern the attainment and distribution of resources to achieve organizational aims (Glaister and Falshaw, 1999). Hewlett (1999) also suggests that strategic planning focuses on the direction of the organization and the actions necessary to improve its performance (Hewlett 1999 cited by O'Regan and Ghobadian 2002). An effective strategic planning system synchronizes long-term strategic goals with both midterm and operational plans. To facilitate this process, organizational members who are directly in charge of strategic planning collect data, forecast, model and construct alternative future scenarios. This approach correlates with that of Wack (1985) of the strategic planning school of thought that stresses on scenario planning.

### **2.1.2 Features of a Strategic Planning System**

The requisite ingredients of strategic planning however will incorporate an external environmental analysis to map out the opportunities and threats facing the organization and an internal analysis to identify its strengths and weaknesses (Glaister and Falshaw 1999). SWOT

(strengths, weaknesses, opportunities, threats) analysis such as in this illustration may itself constitute numerous analyses such as the critique of the industry structure as spearheaded by Porter (1980), as well as an examination of the resource base of the organization (Grant 1991). Another feature of the planning system is the extent to which strategies in an organization are produced or discovered via a deliberate or emergent process; drawing on the thoughts of Mintzberg (1994). This state of affairs in the field of strategy has been subject to intense debate (Mintzberg 1990; Ansoff 1991).

## **2.2 STRATEGY TERMINOLOGY PUT IN THEIR PROPER CONTEXT**

In the field of strategy, some terms are used ambiguously and interchangeably in related literature, which has led to a failure in properly distinguishing between the concepts of strategic management, strategic thinking, strategic learning and strategic planning. Distinctions in these concepts are vital to facilitate the understanding of issues discussed and research data, which are related to them. Strategic management can be captured as a set of theories and frameworks assisted with tools and techniques, formulated to support managers of organizations in thinking, planning and acting strategically. Simply put, it borders on the long-term success of the entire organization and serves as a vehicle through which managers can plan for the future. Strategic thinking on the other hand concerns a vision for the future conceptualized by the leaders of an organization, which requires managers to think beyond routine organizational operations so as to develop a long-term “strategic intent” for the business (Stonehouse and Pemberton 2002). In the absence of such intent, the business practically stagnates. Accordingly, strategic learning also deals with the processes by which organizations learn about themselves and their environment, and in the process formulate demanding but achievable long-term goals aided by appropriate strategies to make achievement possible. Strategic learning is crucial to the development of strategic knowledge which is the bedrock of competitive advantage

(Stonehouse and Pemberton 2002). It entails the gathering and analysis of information to support the development of vision and strategy. And lastly, strategic planning emphasizes the setting of long-term organizational objectives, and the development and implementation of plans designed to achieve them. Though the uncertainty of the modern-day business environment begs little need for detailed and prescriptive strategic planning, some form of broad long-term planning related to strategic thinking and vision is needed if strategic intent is to be converted into action; thus, such planning naturally involves strategic thinking based on strategic learning whose outcome is a continuously emergent process (Stonehouse and Pemberton 2002).

### **2.3 A BRIEF HISTORY OF STRATEGIC PLANNING IN BUSINESS ORGANIZATIONS**

At the end of the 1970s strategic planning endured a slump in popularity and influence. This was mainly as a result of the failure of strategic planning tools to come to the rescue of firms in the economic downturn of the 1970s. At a more basic level, the classical rationalistic approach to planning and strategy implementation was questioned by critics such as Mintzberg and Quinn. In the course of the 1990s though, strategy regained some of its lost reputation and influence. One reason for this was the growing feeling that practical strategic advice could be based on sound deduction and systematic observation (Glaister and Falshaw 1999). It should however be noted that a major factor in this resurgence of practical strategymaking is the development of the resource-based view (RBV) of strategy (Grant 1991 cited by Glaister and Falshaw 1999). The fundamental managerial implication of this view is that firms may secure a strong performance through the attainment of certain endowments in terms of resources (Glaister and Falshaw 1999).



## **2.4 THE ROLE OF STRATEGIC PLANNING IN ORGANIZATIONS**

Mintzberg (1994) argues that strategic planning should serve as strategic programming, since it is a means to programme the consequences of strategies already created. Planners have the time and the prowess for analysis when it comes to the issues of strategy making; though they do not have the authority as managers do to take actions. Managers for the pressures of their work usually do not have enough time for reflection and mostly favour action when it comes to decision making; which prevents them from considering analytical inputs critical to the strategy making process. That said, planners should be willing to adapt their own approaches to that of managers in order to make their compatibility possible. This is done through a process known as Soft Analysis; whereby the focus is on asking the right questions than finding the precise answers by integrating soft data analysis alongside hard data analysis where judgment is juxtaposed with formal procedure.

### **2.4.1 The Role of Planning in Organizations**

Strategic planning is carried out in organizations to operationalize formally the consequences of the strategy making process; hence in the absence of strategy will there be no need for formalized strategic planning. Therefore given feasible strategies, the role of planning then becomes to programme them by way of implementation rather than formulation.

#### **Planning as Strategic Programming**

To put planning (which also involves strategic programming) in the right context then, it entails codification, elaboration and conversion of strategies.

Codification deals with clarifying and expressing strategies in meaningful terms to make them practical hence make their outcomes forecastable. Planning therefore puts strategy in order so as to convey it in a suitable form to the entire organization. The codification of strategy though will lead to major hurdles if not properly conducted; such as the loss of vital information in the

process of strategy articulation as general thoughts would have to be compressed to specific directives. Planners are therefore urged to proceed cautiously in this process.

Elaboration also borders on breaking down the codified strategies into sub strategies and overall action plans; that is the specification of the steps to be taken to achieve strategies.

Conversion also involves the evaluation of the effects of the strategic changes on the operations of the organization. At this point, organizational objectives have to be restated and budgets reworked, whereas policies and standard operating procedures have to be reassessed, all as a way of scenario-building process weighing the consequences of specific changes in action. Although planning in the form of strategic programming has the best intentions for the progress of an organization, it must be stressed here that it is not a 'one-size fits all' approach to organizational success as it is placed in its proper context only when feasible strategies are available.

#### **2.4.2 The Role of Plans in Organizations**

Plans tend to be sub sets of the planning process in the form of programmes, schedules, budgets among others and serve as basic media to communicate strategic intentions as well as a sort of code of conduct and job specification in the form of roles that sub units and individuals in the organization must perform to the realization of specified strategies. Organizational plans as communication tools tend to possess internal as well as external value as the vital information being carried not only benefits the internal stakeholders such as the Board of Directors, management and staff; but also outside or external stakeholders such as financiers, suppliers, government agencies among others whose inputs are needed by the organization to realize those plans.

Plans also do serve as control devices for the strategies in that, they make rather explicit the various activities and actions expected of specific departments and individuals to make those

strategies possible. It is hereby also noteworthy that influential external stakeholders may also impose plans on an organization as a means of external control; such as performance plans required by a head office that defines profit and growth targets for its divisions or branch offices. In the case of the state, government can also impose specific directives on its agencies through action plans, so as to couple those action plans with its own.

### **2.4.3 The Role of Planners in Organizations**

To begin with, a strategy can be deliberate, whereby specific intentions of senior management have been subsequently realized more or less; but can also be emergent through a pattern formed among different actions without conscious intention of the senior management at least (Mintzberg 1994). As a point of caution, it is to be noted here that both forms of strategies can at any point in time be viable and not necessarily one type being better than the other. In relation to planners, their invaluable duties they assume in business organizations are as follows.

#### ***2.4.3.1 Planners as Emergent Strategists***

A critical role therefore of planners who are willing to think beyond planning will be to assist in finding emergent strategies in their organizations as well as probing the strategies of competitor organizations. The mainstay viewpoint of strategic planning is that strategies are handed down from senior management to planners as ‘finished products’ all set for programming. However, research evidence makes the point that successful strategies are not that easily produced. In most cases, top management only comes up with vague ideas or intentions; the difficulty here is that in complex and decentralized organizations such as hitech companies and professional service institutions, the dense hierarchy of such firms can simply miss the opportunity to capture certain strategies through the organizational learning process. It is in such a situation that planners come in to study the possibility of finding emerging



patterns that will eventually turn out to be emergent strategies. Upon finding emergent strategies, planners can then put in place a broader sense of strategic control by way of assessing the viability of these emergent strategies alongside the deliberate strategies.

#### ***2.4.3.2 Planners as analysts***

Planners also tend to serve as analysts to their organizations. This is so because a careful study of the portfolio of planners indicates that effective planners utilize most of their work time delving into analysis of specific issues of organizational importance on an ad hoc basis rather than planning. In this context, these activities can be referred to as strategic analyses. It is however noteworthy that some of these analyses will of necessity be time-bound when required within the timelines of managers. Strategic analysis here also involves the scrutiny of strategies and not only the evaluation of strategies that denotes a formal and somewhat quantitative process; but scrutiny that extends to the assessment of the overall viability of strategies.

#### ***2.4.3.3 Planners as Catalysts***

A third role of planners in organizations is their duty as catalysts. Planners are expected to encourage any form of strategic behavior that fits an organizational situation most naturally. Assuming their role as catalysts in this manner, planners avoid the field of strategy making that should necessarily be manned by active line managers. Serving in the catalyst role requires skills relatively different from the more conventional roles of planners. As catalysts, planners rather facilitate the questioning of conventional wisdom by other organizational members. Non-conventional planners at times employ provocation to achieve this by raising difficult questions and challenging conventional assumptions.



## **2.5 STRATEGIC PLANNING AND STRATEGIC THINKING**

Some years back, Mintzberg argued that strategic planning as a term had an ambiguous meaning, and that there was a need for a clear understanding of that term (Heracleous 1998). In recent years however, the field of strategy has been made more complex with the introduction of the term 'strategic thinking'. The relationship between these two ideas of strategic planning and strategic thinking have still not been made clear explicitly in the strategy literature. That notwithstanding, strategic planning is often referred to as a programmatic, analytical thought process, whereas strategic thinking refers to a creative divergent thought process. The bone of contention however stems from the fact that though there are numerous referrals to the terms as explained above, other authors still use these terms in fundamentally different ways (Heracleous 1998).

### **2.5.1 Strategic Thinking versus Strategic Planning**

For the most part, strategy is conceived as a plan, consciously intended course of action which is deliberate; and such planned strategies are either general or specific. On the other hand, strategy can also be perceived as a pattern in a stream of actions taken by members of an organization. The rational, planning approach views strategic decision making as a precise, systematic process. The flaw in this hypothesis is that, though the rational model presents a clear, understandable and orderly approach to strategic planning, it harbours some assumptions that are not sustainable in reality (Graetz 2002). This position asserts that the strategic management process is always deliberate and that strategies are conceived as planned; a view well seated in Porter's school of thought. In reality though, an organization may commence a rational plan that evolves into an outcome relatively different from the original intention. This approach to strategy making as a creative, dynamic, responsive and usually intuitive process within the confines of a predominantly unpredictable environment correlates closer with the

concept of strategic thinking. Eisenhardt and Brown (1998) postulate that while the classical view of strategy involved long-term defensible positions or sustainable competitive advantage, modern-day strategy must emphasize continuous adaptation and improvement. Unpredictable, highly volatile and competitive marketplaces seek the capacity for innovative, divergent strategic thinking at multiple organizational levels which will be key to creating and sustaining competitive advantage.

## **2.5.2 Schools of Thought on the relationship between Strategic Planning and Strategic Thinking in the Strategy Literature**

### ***2.5.2.1 Strategic Planning and Strategic Thinking are two distinct thinking modes; with Strategic Thinking preceding Strategic Planning***

With this viewpoint, it is conceived that planning cannot produce strategies as a result of its programmatic, formalized and analytical process; that planning rather takes place after strategy. And this view is associated with Henry Mintzberg, a noted critic of planning; he sought to limit the theoretical scope of strategic planning by suggesting that it is based on certain misconceptions. First is the misconception of prediction, the belief that planners can predict the happenings in the marketplace; secondly is the misconception of detachment based on the premise that effective strategies can be brought forth through formalized processes by planners who are detached from the business operations and market context and; third and finally, the misconception of formalization, which denotes that formalized procedures can in fact produce strategies, although their proper function is to operationalize already existing strategies (Mintzberg 1994 cited by Heracleous 1998). Other authors within this group of literature have even asserted to find no place for planning in organizations, arguing that strategic planning should be scrapped completely and replaced by strategic thinking instead (Heracleous 1998). This School of Thought therefore questions strongly the prominence and promise accorded to

strategic planning, seeking to limit planning to the implementation of existing strategies rather than the generation of new and creative strategies.

#### ***2.5.2.2 Strategic Thinking is (and should be) analytical***

This view is the mainstay of Michael Porter whose analytical blueprints of the five forces analysis, the value chain, the diamond model of national competitive advantage and strategy as activity system, are valuable contributions to the field of strategic management. Porter notes that; ‘strategic thinking involves asking two critical questions. First, what is the structure of your industry, and how is it likely to evolve over time? , and second, what is your own company’s relative position in the industry?’(Heracleous 1998). Others also indicate well-defined analytical approaches as constituents of strategic thinking: for instance Zabriskie and Huellmantel suggest a sequential, well-defined six-step process to enable strategic thinking (Heracleous 1998). Porter and the others hence use the term strategic thinking not as a synthetic and divergent thought process, but as a convergent and analytical one; as in the way the first group view strategic planning.

#### ***2.5.2.3 The real purpose of Strategic Planning is to improve Strategic Thinking***

This viewpoint suggests that strategic planning facilitates strategic thinking in which process structured planning tools are used to aid creative thinking. This view is stated concisely by former senior managers of Royal Dutch/ Shell in a series of Harvard Business Review articles (Heracleous 1998). The strategic tool associated with this view is ‘scenario planning’, a process of extracting appropriate responses to reasonably possible futures, designed to question managers’ guiding assumptions, and sensitize their thinking to potential competitive arenas substantially different from current ones. In describing the scenario planning process at Shell,



Wack emphasized that scenarios served two main purposes; that the first was protective: which involved anticipation and understanding of risk, while the second was entrepreneurial: discovering strategic options which were initially unknown; thus scenarios give managers something priceless: the ability to re-perceive reality (Heracleous 1998).

#### ***2.5.2.4 Strategic Planning has overtime evolved into Strategic Thinking***

It has been asserted that strategic planning has changed significantly since its beginnings in the early 1970s. Surviving its initial design flaws, it has metamorphosed into a viable system of strategic management or strategic thinking (Heracleous 1998). The major changes according to this school of thought include the shift of planning responsibility from staff to line managers, the decentralization of planning to business units, more attention to environmental shifts, more sophisticated selection of planning techniques and more attention to organization and culture as critical implementation factors (Heracleous 1998). In line with this viewpoint is the literature that argues that strategic planning is beneficial if carried out in appropriate manner - involving line managers, defining business units correctly, having clear action steps and integrating the plan with other organizational controls (Heracleous 1998). These processes progressively favour a shift in the traditional practices of planning that the proponents of this viewpoint forge for. Therefore with this school of thought, strategic planning and strategic thinking are defined more in terms of organizational practices that they entail rather than the thought processes involved. Strategic thinking here nevertheless is seen as the evolution of strategic planning.

#### **2.5.3 Scenario Planning in Strategic Thinking**

Scenario planning is one tool that many organizations committed to redesigning their strategic planning processes are utilizing with some level of success (Graetz 2002). Scenario planning overtime has been recognized as a tool for arousing strategic thinking as it outspans the domain



of traditional financial and forecast-based planning approaches. Scenario planning is most practically useful in periods of relatively higher uncertainty and complexity as it serves to challenge the status quo. In highlighting patterns and uncertainties in an organization's macro environment, scenario planning:

- Provides a tool for sketching possible futures
- Attempts to capture a range of options
- Stimulates thinking about alternatives that might otherwise be ignored
- Challenges the prevailing mindset (Schoemaker 1995, cited by Graetz 2002).

#### **2.5.4 Strategic Thinking as Double-loop learning and Strategic Planning as Single-loop learning**

Single-loop learning occurs when there is a match between an organization's design for action and the actual outcome, or when such mismatches are corrected by changing actions, but without critical examination of the governing variables for action. Double-loop learning on the other hand occurs when the correction of mismatches is arrived at by examining and altering the governing variables for action and then the actions themselves. For illustration, an organization that is faced with deteriorating performance may respond by being preoccupied with typical actions such as cost-cutting, de-layering or re-engineering which are actions already taken in the past by the organization in question, which typifies single-loop learning. Such an organization responds to challenges by falling on remedies that have worked in the past; therefore it takes action from a pre-programmed set of action alternatives and fails to consider other new and potentially more appropriate and creative action alternatives, such as innovating new products to expand its markets or forming alliances to compete globally, which would amount to double-loop learning. Strategic planning in this context is seen as an activity carried out within the parameters of what is to be achieved without questioning those

parameters, hence resulting in single-loop learning. Strategic planning usually assumes the position of an already determined strategic direction and helps strategists on deciding organizational configuration and resource allocation in the realization of that strategy. Strategy-making which entails re-inventing of the future, creation of new competition as opposed to struggling over slow-growth or shrinking markets, is referred to as strategic thinking. Strategic thinking questions the strategic parameters themselves, and thus likened to double-loop learning. The desired outcome of the strategic thinking/planning cycle is not me-too strategies but distinct positioning, supported by unique activity systems (Porter 1996 cited by Heracleous 1998).

#### **2.5.5 Dialectical View of Strategic Thinking and Strategic Planning**

After a rigorous dissection of both strategic planning and strategic thinking, it can be clearly placed that the first two schools of thought regarding the relationship between strategic planning and strategic thinking, which were pioneered by Henry Mintzberg and Michael Porter respectively will be more feasible to consider in a dialectical approach of the two concepts. Mintzberg and his supporters reason that strategic thinking and strategic planning involve distinct thought processes, with the former being creative while the latter is analytical; Porter and his proponents on the other hand assert that strategic thinking is achieved via analytical tools. The implicit tension associated with these two views seems to be a focus on different aspects of strategy. Mintzberg perceives strategies as patterns in a stream of decisions and actions, which may be deliberate, emergent or mixed and most often based on managerial intuition and creativity (Heracleous 1998). Porter, otherwise, sees strategies as particular configurations of the value chain which are ideally unique and sustainable, providing strategic positions which cannot be easily copied by competitors (Porter 1996 cited by Heracleous 1998). Porter emphasized the need to understand both the cross-sectional problem and the longitudinal

problem; where the cross-sectional problem deals with the causes of superior performance at a given point in time, and, the longitudinal problem is concerned with the dynamic process by which strategies are arrived at

(Heracleous 1998). Porter's contributions have focused on the cross-sectional rather than the longitudinal problem, while, Mintzberg's contributions have rather focused on the longitudinal than the cross-sectional problem. Overly emphasizing on terminology, that is, what each author means by 'strategic thinking' or 'strategic planning', may put one in the tricky position of missing the salient point; that since these two terms pertain to two distinct thought processes, they are both necessary and neither is adequate without the other. Creative, ground-breaking emergent strategies via strategic thinking still have to be operationalized through convergent and analytical thought, that is, strategic planning; and though planning is essential, it cannot produce unique strategies which can challenge industrial boundaries and redefine industries (Heracleous 1998). Hence, the tools one uses at each stage of the strategic management process are not overly important in themselves, but as a means of encouraging either the creative or analytical mindset. There is therefore the necessity for the co-existence of a dialectical thought process of being able to diverge and then converge, being creative and seeing real-world implications, and being synthetic but also analytical (Heracleous 1998).

#### **2.5.6 Research on Strategic Thinking**

Based on research into strategic thinking, Liedtka (1998) outlined five major attributes of strategic thinking:

- i. Strategic thinking reflects a systems or holistic view that appreciates how the different parts of an organization influence and impinge on each other as well as their different environments.



- ii. Strategic thinking embodies a focus on intent. In contrast to the traditional strategic planning approach, which focuses on creating a “fit” between existing resources and emerging opportunities, strategic intent intentionally creates a substantial “misfit” between these.
- iii. Strategic thinking involves thinking in time. Strategic thinkers understand the interconnectivity of past, present and future.
- iv. Strategic thinking is hypothesis-driven. Hypothesis generating and testing is central to strategic thinking activities.
- v. Strategic thinking invokes the capacity to be intelligently opportunistic, to recognize and take advantage of newly emerging opportunities (Liedtka 1998 cited by Graetz 2002).

## **2.6 PLANNING-PERFORMANCE RELATIONSHIP**

Empirical evidence produced through literature on planning-performance relationship seem to be mixed, in that, while some of the research indicate a positive association between strategic planning and firm performance, others argue that formal strategic planning may be dysfunctional if it allows for rigidity and encourages excessive bureaucracy (Glaister and Falshaw 1999).

### **2.6.1 Strategic Planning and Company Performance**

Prescriptive strategic management literature suggests that there is a positive relationship between strategic planning and firm performance, with directional causality from strategic planning to performance (Falshaw *et al.* 2006). The classical theory of strategic management emphasizes the planning of mission and objectives, which include company performance, the implementation of strategies to achieve these objectives, and control to ensure that the



objectives are achieved. Falshaw *et al.* (2006) also note that the whole focus of strategic management revolves around the attainment of sets of objectives representing goals for future performance. In the midst of all the presumed positive correlation between strategic planning and company performance in the prescriptive literature, Boyd (1991) highlights that after decades of research; the effect of strategic planning on firm performance is still not definite. Some studies have found substantial benefits from planning, while others have found no relationship or even minor negative effects in some cases.

### **2.6.2 Non-financial benefits of Strategic Planning**

Despite this tug-of-war, it is well conceived that there may be non-financial consequences of strategic planning which organizations gain from (Glaister and Falshaw 1999). Greenley outlines certain basic reasons of the need for strategic planning in companies. First, it leads to the improvement in performance of companies; in that, strategic management theory emphasizes the planning of a mission, the setting of objectives (including performance objectives), and the implementation of strategies and control systems to ensure that the objectives are achieved. Second, strategic planning could usher in indirect improvements in performance by improving the effectiveness of management throughout the organization; these benefits include process advantages such as the aptitude to identify and take advantage of future marketing opportunities, personnel advantages such as the encouragement of a favourable attitude to change and the acknowledgement of the suitability of strategic planning to the external environment in that planning aids the company to adapt to changes in the external environment. Strategic planning may therefore be effective as a managerial process independent of performance achieved.

### 2.6.3 Research on Planning-Performance Relationship

The first empirical study of the planning-performance relationship was conducted by Thune and House (1970), whose findings suggested superior economic performance by groups of formal planners as compared to non-planners. Ever since these particular findings were published, numerous other studies conducting similar analyses of empirical tests of the planning-performance relationship have been published. This body of research tends to be rather ambiguous as compared to that of Thune and House; in that some studies have reported strong benefits of planning (Karger and Malik 1975, Rhyne 1986), numerous report no quantifiable benefits (Grinyer and Norburn 1975, Kudla 1980), while others found that planners perform worse on some measures than their non-planning colleagues (Fulmer and Rue 1974, Whitehead and Gup 1985). In a review of this body of research in an effort to integrate their findings, Greenley (1994) identified twenty-nine relevant and published empirical studies related to the planning-performance relationship. He classified these studies into three groups: the first consisting nine studies that concluded that there was no association between strategic planning and company performance; in the second group of twelve studies, their findings supported a correlation between strategic planning and company performance; while in the third group of eight studies, it was concluded that firms with strategic planning outperform those without strategic planning (Greenley 1994, cited by Falshaw *et al.* 2006). A basic flaw associated with prior research is that of the direction of association (Mintzberg 1994, cited by Falshaw *et al.* 2006). Despite the reports of some studies showing a correlation between strategic planning and firm performance, this correlation does not necessarily denote causation. Superior performance levels may result in strategic planning, as greater performance enables the allocation of resources for planning; and as such the relationship between planning and performance may not be strictly one-directional as in “planningperformance” but also “performance-planning”.

## 2.7 APPLICATION OF STRATEGIC PLANNING IN FIRMS

In a study conducted by two researchers, Glaister and Falshaw (1999), on 113 United Kingdom (UK) companies to examine the extent to which they used tools and techniques of strategic development in strategy formulation and examine their views and attitudes towards the classical strategic planning approach, it was found out that spreadsheet “what if” analysis, analysis of “critical” success factors, financial analysis of competitors and SWOT analysis ranked highest among set of tools and techniques of analysis used by firms in the sample. The study also highlighted a very positive attitude towards strategic planning as of a critical value to firms.

Other findings stipulated by the study indicated that planning procedures were typically distinguished by strict adherence to accountability in the planning process, in which there are regular progress reviews and results emphasized instead of process. Also, the heightened level of commitment to strategic activities indicates that firms have a greater commitment to the formulation aspects of strategy, while they show less commitment to the implementation and evaluation of strategy; a situation that imperatively calls for the need of strategic planning by way of programming and scenario planning in most of the firms. The general perception of the research sample also indicated that strategy formulation is more of a deliberate process than an emergent one; a divergent view from that of Mintzberg (1994). Rather ironically, another study conducted by Stonehouse and Pemberton in 2002 on the state of strategic planning in small and medium firms highlighted that despite the sizeable majority of respondents claiming that their organizations highly regarded the use of strategic planning, there was little evidence of practical strategic planning, as a considerable number of these organizations had no long-term business objectives and rarely used the tools of strategic analysis (Stonehouse and Pemberton 2002). This state of affairs though is consistent with the



Mintzberg school of thought on strategy, in that strategy was emergent and learning-oriented rather than deliberate or planning-oriented. It must be stressed however that the research conducted by Stonehouse and Pemberton was based on small and medium-sized enterprises (SMEs) while that of Glaister and Falshaw was based on larger organizations. Ultimately though, managers are either unaware of the existence of strategic planning frameworks and tools or they do not perceive them to be essential in their planning processes.

## **2.8 RELATIONSHIP BETWEEN FLEXIBILITY, STRATEGIC PLANNING AND PERFORMANCE**

Strategic management theory predicts that successful organizations will foresee and tackle environmental turbulence via strategic planning (Rogers *et al.* 1999, cited by Rudd *et al.* 2008); it also forecasts that such organizations will exhibit flexibility in strategically planning decision alternatives with regards to adaptation in the face of environmental changes (Rudd *et al.* 2008). Hence through flexibility organizations are better positioned to manage environmental turbulence, improving strategic planning influence on performance. Notwithstanding the several years of empirical studies, evidence with regards to the relationship between strategic planning and performance has been assessed as equivocal (Mintzberg 1994, Grant 2003). Undeniably, a well-known and on-going debate in the “planning-performance” literature borders on efficacy as regards formalized strategic planning versus non-formalized strategic planning (Ansoff 1991, Mintzberg 1994). Promoters of non-formalized strategic planning argue that formalized strategic planning is rigid and inflexible (Mintzberg 1994); while proponents of formalized strategic planning argue that non-formalized strategic planning is without structure hence without direction (Steiner 1979). In spite of their declaration, advocates of non-formal strategy development note that the planning school, largely embedded in the formal approach to planning, is vital to strategy literature (Mintzberg and Lampel 1999).



### **2.8.1 Flexibility**

Flexibility is the degree to which new and alternative decisions are produced and assessed in strategic planning, enabling positive organizational change and adaptation to environmental turbulence (Rudd *et al.* 2008).

### **2.8.2 Types of flexibility**

The chunk of theoretical deliberation on flexibility can be categorized into four types: operational flexibility (Tang and Tikoo 1999), financial flexibility (Mensah and Werner 2003), structural flexibility (Harris and Ruefli 2000) and technological flexibility (Harris 2002). That notwithstanding, a probe into their impact on performance in the strategic planning framework is missing from the literature. By way of strategic planning, firms predict environmental turbulence so as to allocate resources appropriately. Flexibility as a catalyst enables the appraisal of alternative decision points which can be utilized should there be the need as responses to particular opportunities or threats arising in the environment. The anticipatory and preparatory nature of this process which occurs prior to the impact of turbulence indicates the unique feature of flexibility. Accordingly, flexible organizations will adapt swiftly to environmental change as it takes place, by exploiting the appropriate alternative decision option.

#### **2.8.2.1 Operational Flexibility**

Operational flexibility is the firm's ability to rapidly adjust market offerings, product/service mix and production capacity. Organizations with the means to offer such service in response to environmental pressures outperform their counterparts that do not. (Rudd *et al.* 2008).

Organizations aspiring to take advantage of the benefits of operational flexibility must by necessity strategically plan resources in order to maximize financial gains.

#### **2.8.2.2 Financial Flexibility**

Financial flexibility is firm's ability to swiftly gain access to, and organize financial resources. Empirical evidence in the literature notes that organizations endowed with this capability perform better than those that do not (Mensah and Werner 2003, cited by Rudd *et al.* 2008). Moreover, firms strategically planning for financial flexibility are likely to avoid the inefficient and unproductive financial resource allocations of their competitors who do not plan this particular flexibility (Rudd *et al.* 2008).

#### **2.8.2.3 Structural Flexibility**

Structural flexibility is the organization's ability to rapidly re-structure (Rudd *et al.* 2008). Research indicates that firms that possess the ability to swiftly adjust structural design in response to competitive pressures perform well (Rudd *et al.* 2008). Large to medium sized firms that are structurally flexible usually possess a flattened or delayed structure, have effective communication across departments as well as a reduced bureaucracy.

#### **2.8.2.4 Technological Flexibility**

Technological flexibility refers to the firm's ability to alter technological capacity in relation to competitive requirements (Miller 2002). Hence, organizations utilizing outmoded technology or operating customized software have relatively little opportunity to change.

### **2.8.3 Research on Flexibility**

In a research study conducted by Rudd *et al.* (2008) to investigate the mediating effects of flexibility on the strategic planning-performance relationship, a sample of over three hundred large to medium-sized organizations from the manufacturing sector in the United Kingdom was used. In their findings, they put across the following outcomes: that both operational and financial flexibility mediated the influence of strategic planning on financial performance, while structural and technological flexibility mediated the influence of strategic planning on non-financial performance; which implied that where as strategic planning was a process for anticipating environmental turbulence, a logical sequential process though was not sufficient to influence performance. Hence, flexibility in decision-making was vital in changing operational issues, such as products and services offered, and to change financial issues such as capital and gearing, so as to impact on financial performance. In addition, flexibility in decision-making with regards to structural issues such as managerial style and expertise, and technological issues such as production technology and software, was needed to impact on non-financial performance (Rudd *et al.* 2008).

## **2.9 BARRIERS TO DEPLOYMENT OF STRATEGIC PLANS IN BUSINESS ORGANIZATIONS**

Noble (1999) argues that the ineffective application of strategic planning in many firms is the major source of failure to achieve projected performance (Noble 1999, cited by O'Regan and Ghobadian 2002). Meanwhile, it is contended that strategic planning deployment can be facilitated by the examination of potential barriers and their likely causes (Beer and Eisenstat 2000). The systematic approach at the heart of the strategic development process raises the reasoning that potential barriers to the effective implementation of strategic plans may occur. This is the situation, when variables and influences that can arise in a dynamic and

unpredictable operating environment are assessed. Porter in 1994 embarked on a journey to refocus the discussion on strategic planning when he sought to probe why some companies succeeded while others failed, and suggested the need for further corporate education to enable businesses understand strategic planning. The success or failure of a strategy is highly dependent on both its content and implementation process. This point is further buttressed by Mintzberg when he proposed that while both content and process were separate elements of strategy formulation, they were highly interdependent, that the consideration of one without the other meant only a limited scope was obtained (Mintzberg 1990, cited by O'Regan and Ghobadian 2002). Pettigrew and Whipp (1991) also put across that strategic planning is not just a matter of formulation and implementation of strategy, but also includes how people interpret and deploy the strategic plan (O'Regan and Ghobadian 2002). A 1992 report published by Deloitte and Touche suggested that eight out of ten companies failed to deploy their strategies effectively; which highlights a drawback in the implementation of firm strategy. Furthermore, it could be argued that there is little need in having a set of visions, goals, aims, objectives among others when their implementation is not well assessed.

### **2.9.1 Research on barriers to Strategic Plan implementation**

In a study conducted by O'Regan and Ghobadian on the barriers to the implementation of strategic plans, eight distinct barriers were enumerated, with the first five being internal or firm related while the last three were externally induced:

- i. Inadequate communication
- ii. Strategy deployment duration longer than anticipated
- iii. Insufficient employee capabilities
- iv. Goals of strategy not holistically understood by staff



- v. Ineffective co-ordination of strategy implementation vi. Economic crises a distraction to implementation vii. Unanticipated external problems viii. Impact of external factors on implementation (O'Regan and Ghobadian 2002).

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## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 INTRODUCTION

This chapter focuses on the methods that were employed in the study, the target population, sample size and sampling techniques along with the various and appropriate sources of data as well as how the data were collected and analyzed. The methodology includes the theoretical and philosophical assumptions upon which the research is based and the implications of these for the method or methods adopted. The methods specifically refer to the techniques and procedures used to obtain and analyze data.

#### 3.2 RESEARCH PURPOSE

Research purpose is mostly classified into three (3) categories: exploratory research, descriptive research and explanatory research. However, just as the research question can be both descriptive and explanatory, so also can a thesis have more than one purpose; as Robson (2002) affirms that the purpose of the research enquiry may change over time.

An exploratory research is engaged to seek new insights into phenomena. It is especially essential in situations where the researcher seeks a clearer understanding of a particular problem. Exploratory research is flexible and adaptable to change because the introduction of new data and new insights may result in a change of direction of the research. That

notwithstanding, Adams and Schvaneveldt (1991) point out the flexibility inherent in exploratory research does not imply the absence of direction to the enquiry; rather, the research focus is initially broad and progressively becomes narrower as the research progresses.

Descriptive research on the other hand highlights an accurate profile of persons, events or situations. It usually serves as an extension of, or a forerunner to a piece of exploratory research or mostly a piece of explanatory research.

Explanatory research also establishes causal relationships between variables. It emphasizes the study of situations or problems in order to explain the relationships between variables. The purpose of this study was to conduct a descriptive and explanatory in order to acquire as much viable information as possible on the subject matter in question.

### **3.3 RESEARCH STRATEGY**

Saunders *et al* (2009) categorize research strategy into seven distinct groups: experiment, survey, case study, action research, grounded theory, ethnography and archival research.

Experiments study causal relationships between variables; whether a change in one independent variable causes a change in another dependent variable (Hakim 2000). Surveys facilitate the collection of a large amount of data from a sizeable population in a highly economical way. The survey strategy allows the collection of quantitative data that can be analyzed quantitatively using descriptive and inferential statistics. Robson (2002) defines a case study as a research strategy that involves an empirical investigation of a particular contemporary phenomenon in its real life context using multiple sources of evidence. This research uses the survey strategy as the data collected could be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships by way of using a questionnaire administered to a sample.

### **3.4 RESEARCH DESIGN**

The research design of this study is a descriptive and explanatory one, which seeks to enquire about the effect of strategic planning on the organizational performance of hospitality firms and evaluate the challenges or barriers they face in the implementation of strategic plans; with specific emphasis on the Central Region of Ghana. Extensive data was gathered from the owners/managers of hospitality firms. The study involved the use of the cross-sectional design to collect data on relevant variables, in a specified time once only, from numerous respondents. Accordingly, a questionnaire entailing the objectives of the research was prepared and used to collect data from the respondents of all the sampled firms.

### **3.5 POPULATION OF THE STUDY**

The target population of this study was hospitality organizations in the forms of hotels and guest houses which are located in the Central Region of Ghana. This population was drawn from the database of the Ghana Tourism Authority's Central Regional Office as the registered and licensed hospitality organizations for the 2015 business year. Their number totaled two hundred and twenty-six (226) firms; of the which the researcher selected one hundred and twenty-one (121) as the feasible population for the study, which were organizations five (5) years old and beyond, taking into consideration the focus of the research which had to do with strategic planning; hence organizations five years old and above. A representative sample of fifty (50) organizations was then selected from the population by the researcher.

### **3.6 SAMPLING TECHNIQUE AND SAMPLE SIZE**

The sampling method chosen for this study was simple random sampling, which is a probability sampling technique. Simple random sampling implies that the researcher selected the sample at random from the sampling frame. In the case of this research, the sample is the fifty (50)

hotels that were selected whereas the sampling frame is the total number of hotels in the Central Region of Ghana. The choice of the simple random technique was to ensure that all hotels in the chosen geographical location had an equal chance or probability of being selected for the study; and this technique also suggests a fair and credible representation of respondents.

### **3.7 DATA COLLECTION**

Data collected for the study constitutes both primary and secondary data. The data type, their sources and the instruments used in gathering them are discussed below.

#### **3.7.1 Primary Data**

Structured interviews as well as delivery and collection questionnaires were administered in the data collection process. The interviewer-administered questionnaires were employed in order to ensure the designated respondents were selected for the study as well as to facilitate a high response rate. These data collection instruments made it convenient for respondents to provide the data needed for the analysis. This method was used to gather definite answers to specific questions related to the area of study as well as to seek the opinions and views of respondents on specific areas of the study. In all, the researcher distributed fifty (50) questionnaires to Chief Executive Officers (CEOs), Managing Directors and other management level staff of the fifty (50) selected hospitality firms. Categories of questions used were close-ended questions, list questions, category questions and rating questions. The list and category questions were used to ensure that respondents had considered all possible responses to the questions so as to choose the most appropriate, while the rating questions which employed 5-point Likert-scale (1=lowest, 5=highest) formats were used to discover respondents' views and opinions. This method enabled the researcher to have a clear insight into issues of strategic planning in the sample organizations. The Chief Executive Officer



(CEO) of each organization selected assisted in this study.

### **3.7.2 Secondary Data**

The secondary data were sourced from related journals, articles, textbooks among others. This category of data was both in quantitative and qualitative form. Access to the data was not overly stressful as these were published regularly in the print and electronic media for public consumption.

## **3.8 DATA ANALYSIS**

The primary data collected were grouped and coded using SPSS. They were then further coded and analyzed using Statistical Package for the Social Sciences (SPSS). Tables and statistical aids also aided in the data presentation. The primary data were presented via statistical tools as well as by way of narration. Presentation of data through statistical tools made the analysis relatively easy. The statistical tools used conveyed the meaning of the figures captured, hence making analysis easy to assess.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF RESULTS**

## 4.1 INTRODUCTION

The study was to ascertain the effect of strategic planning on organizational performance in the hospitality industry in the Central region of Ghana. 50 questionnaires received from the industry players were used for the analysis. Mean, standard deviations, percentages, t-test and a linear regression were used in the analysis. The analysis was done with the aid of SPSS (v.17).

## 4.2 DEMOGRAPHICS OF THE RESPONDENTS

Demographics enable the researcher to determine whether the target audience is reached and whether or not the information gathered is what is effectively being sought after. Furthermore, aiming for a representative sample of a population, it is imperative to know whether the distribution of the demographic characteristics of the respondents will help in determining how close the sample replicates the population. If sample sizes are large enough, demographics enable one to differentiate between different sub-groups. This segmentation might offer the researcher insights that would have been missed by only looking at the aggregate data.

**Table 4.1 Demographics**

Demographics	Responses	Frequencies (N)	Percentages (%)
Position	Owner	33	66.0
	Manager	17	34.0
	Total	50	100.0
Gender	Male	47	94.0
	Female	3	6.0
	Total	50	100.0
Educational background	Masters' degree	20	40.0
	First degree	26	52.0
	HND	4	8.0
	Total	50	100.0
Age of respondent	20 - 30yrs	1	2.0
	31 - 40yrs	9	18.0
	41 - 50yrs	27	54.0
	Over 50yrs	13	26.0
	Total	50	100.0

Age of business	5 - 10yrs	15	30.0
	11 - 15yrs	13	26.0
	Over 15yrs	22	44.0
	Total	50	100.0
Years of service	Less than 1yr	1	2.0
	1 - 5yrs	22	44.0
	6 - 10yrs	18	36.0
	11 - 15yrs	5	10.0
	Over 15yrs	4	8.0
	Total	50	100.0
Type of organization	Joint Venture	20	40.0
	Limited Liability Company	5	10.0
	Sole Proprietorship	25	50.0
	Total	50	100.0

*Source: Field work, 2015.*

In each institution, only one respondent was selected to respond to the questionnaire. The respondents sampled for the study comprised the managers and the owners of the hospitality firms. From table 4.1, 66% of the respondents were owners of the respective institutions, and 34% were managers. These people were purposively selected because of the nature of the study; which borders on strategic planning.

The gender distribution indicates that, male respondents comprised 94%, and females 6%.

The male overwhelmingly dominated the study. 40% of the respondents were Masters' degree holders, 52% were first degree holders, 8% were HND holders. The nature of the respondents sampled does not make it surprising as all respondents held a tertiary certificate, with about 92% holding either a masters degree or a first degree.

The age of respondents shows that 2% were aged between 20-30 years, 18% were aged between 31-40 years, 54% were aged between 41-50 years and 26% were aged over 50 years. From the analysis, most of the respondents were aged over 40 years. The age of the hospitality organizations was also a very important demographic feature, as it could affect their

performance in the area of the strategic plan and policies. From the analysis, 30% of the institutions had been in business between 5-10 years, 26% had been established for the past 11-15 years, and 44% (the majority) has been in business for over 15 years. The analysis indicates that, the least age of the institutions selected for the study was 5 years, meaning each of them had some level of experience in business operations so as to provide vital information needed for the study.

Just as the number of years in business, the number of years the respondents were attached to the organizations was crucial at determining the reliability of the data or information provided. 2% of the respondents had been with their respective institution for less than one year, 44% had been with the business for 1-5 years, 36% had been with their organization as a manager or owner for between 6-10 years, 10% had been with their firms for between 11-15 years, and 8% had been with their respective institution for over 15 years. The number of years these respondents have spent with the various institutions indicates a high level of experience with those institutions. From table 4.1, 40% of the businesses sampled were joint ventures, 10% were Limited Liability Companies and 50% sole proprietorships.

### **4.3 EXTENT OF USE OF FRAMEWORKS, TOOLS AND TECHNIQUES OF STRATEGIC MANAGEMENT**

#### **4.3.1 Company Characteristics Table**

#### **4.2 Company Characteristics**

<b>Company Characteristics</b>	<b>Yes (%)</b>	<b>No (%)</b>
A set of medium/long term objectives	98.0	2.0
A person or group responsible for the identification of either opportunities or threats in its external environment	96.0	4.0
A person or group responsible for the identification of either strengths or weaknesses of your organization	96.0	4.0
A written mission statement	92.0	8.0
A group responsible for strategic planning	28.0	72.0
A group responsible for business planning	14.0	86.0

*Source: Field work, 2015.*



Prior to determining the extent to which the hospitality businesses used the tools of strategic management, the researcher considered the company characteristics. From the analysis, there existed a set of medium/long term objectives for the hospitality institutions in Ghana. 98% of the organizations had medium to long term objectives. Strategic planning emphasizes the setting of medium to long-term organizational objectives, and the development and implementation of plans designed to achieve them. There is always a need for some form of broad long-term planning related to strategic thinking and vision, if strategic intent is to be converted into action (Stonehouse and Pemberton, 2002).

From table 4.2, 96% of hospitality institutions had a person or group responsible for the identification of either opportunities or threats in its external environment. Within the selected institutions, 96% had a person or group responsible for the identification of either strengths or weaknesses of their organization. According to Glaister and Falshaw (1999), the requisite ingredients of strategic planning however will incorporate an external environmental analysis to map out the opportunities and threats facing the organization and an internal analysis to identify its strengths and weaknesses.

There existed a written mission statement at 92% of the hospitality organizations in Central region of Ghana. Pearce et al (1987) define formal strategic planning as a process of establishing the mission, main objectives, strategies and policies that govern the attainment and distribution of resources to achieve organizational aims. The study realized that, there was no group responsible for strategic planning or business planning. This was evident in most of the institutions.

#### **4.3.2 Time periods of planning Table**

##### **4.3 Time periods of planning**

<b>Plan</b>	<b>No plan</b>	<b>Under 5yrs</b>	<b>Over 5yrs</b>
Strategic plan	4.0	12.0	84.0
Capital plan	4.0	72.0	24.0
Financial plan	4.0	86.0	10.0

Business plan	6.0	86.0	8.0
Sales forecast	6.0	88.0	6.0
Staffing plan	24.0	72.0	4.0
Production plan	86.0	10.0	4.0

*Source: Field work, 2015.*

The output presented in table 4.3 indicates that, most of the institutions having a strategic plan have it for over 5 years. 4% of the institutions have no strategic plan, 12% have it but for less than 5 years, and 84% have it for over 5 years. Although the firms had other plans, the strategic plan had the longest time period. This confirms a study conducted by Glaister and Falshaw in 1999. From the analysis, 4% have no capital plan, 72% have it for under 5 years, and 24% have it for over 5 years.

Most of the institutions had their financial plan, business plan, sales forecast, and staffing plan developed for less than 5 years. Firms planning for financial flexibility are likely to avoid the inefficient and unproductive financial resource allocations of their competitors who do not plan this particular flexibility (Rudd et al., 2008). The majority of the hospitality firms selected for the study indicated they had no production plan. This was so because they were into the provision of services and not tangible products.

#### **4.3.3 Use of strategic analysis techniques**

From table 4.4 to 4.8 (except 4.5), analysis was done using mean, standard deviation, and ttest. These sections of the questionnaire sought to give respondents the opportunity to show by indicating on a five point Likert scale their level of agreement with the statement provided. They were to use a scale of 1=never used, 2=rarely used, 3= sometimes used, 4=normally used, and 5=always used.

A statistical test of the mean was done to determine whether the population considered a particular variable to be important or not by employing a t-test. The one sample t-test was used

to ascertain the relative significance of the variables. For a single sample test, the hypothesis was set as  $H_0: U < U_0$ ,  $H_a: U > \text{or} = U_0$ . With  $H_0$  representing the null hypothesis,  $H_a$  representing the alternative hypothesis and  $U_0$  representing the hypothesized mean (in this case 2.5). The mean ranking (in descending order) of each criterion was compiled in order to articulate the decisions that the respondents expressed. Moreover, the mean for each variable with its corresponding standard deviation are presented.

Standard Deviation (SD) provides an indication of how far the individual responses to a question vary or “deviate” from the mean. SD tells how spread out the responses are; are they concentrated around the mean, or scattered far and wide? SD generally does not indicate “right or wrong” or “better or worse”, so a lower SD is not necessarily more desirable. In a normal distribution, 68.26 percent of all scores will lie within one standard deviation of the mean; 95.34 percent of all scores will lie within two standard deviations of the mean; and 99.74 percent of all scores will lie within three standard deviations of the mean.

**Table 4.4 Use of strategic analysis techniques**

Use of strategic analysis techniques	Test Value = 2.5			
	Mean	Std. Deviation	t-score	Sig.
Financial analysis of own business	4.6200	.85452	17.543	.000
Core competence analysis	4.0200	.95810	11.218	.000
SWOT Analysis	3.8400	.88893	10.659	.000
Benchmarking	3.8200	.84973	10.984	.000
Critical success factor analysis	3.6400	1.02539	7.861	.000
Organizational culture analysis	3.4600	.81341	8.345	.000
PEST analysis	3.4000	.98974	6.430	.000
Investment appraisal	3.2400	.93808	5.578	.000
Experience curve analysis	2.7600	.79693	2.307	.025
Stakeholder analysis	2.6800	.89077	1.429	.159
Scenario planning	2.1600	1.07590	-2.235	.030
“What if” analysis	1.8400	1.13137	-4.125	.000
Financial analysis of competitors	1.8000	1.03016	-4.805	.000
Porter’s 5- forces analysis	1.6600	1.11776	-5.314	.000

**Source: Field work, 2015.**



But for stakeholder analysis, the t-test for all the items were statistically significant at 0.05. The analysis presented in table 4.4 showed that, the institutions always conducted financial analysis of own business. The mean was 4.6, approximately 5 (always used). The hospitality institutions normally conducted core competence analysis for their businesses. This analysis involves businesses identifying their areas of strength in order to capitalize on them. They normally also conducted a Strengths Weaknesses Opportunities Threats (SWOT) analysis. In this analysis, the internal strengths and weaknesses of the organization are identified; after which the external opportunities and threats are also identified. This analysis is to help the institutions know their current state and how to position themselves amidst these four dimensions.

The mean score of benchmarking also indicates that firms normally conducted a benchmarking analysis. Benchmarking deals with setting a standard against which actual performance is measured. This standard could be the performance of some players in the same industry or comparing to an internal target set. It may be in the form of customer complaints rate, sales, employee turnover, clientele base, etc.

Critical success factor analysis entails identifying the core elements that aid in making an organization a success. Based on the mean score, that was also used among the selected hospitality institutions.

Organizational culture analysis was also conducted sometimes but not always. This is to help the institutions to know how their culture affects organizational performance. Political Economic Socio-cultural and Technological (PEST) analysis helps the organization to know the macro environmental factors that positively or negatively affect business operations. This analysis was also conducted sometimes.

Investment appraisal is an approach to ascertain the viability or profitability of a firm's investments. An existing hospitality firm could decide on adding on other branches, extending



physical structures, buying certain modern equipment, etc., and before conclusion is made on this, the firms sometime conduct an investment appraisal analysis.

Overtime, firms get to know how to perform certain activities efficiently due to the experience accumulated over the years. This usually gives them an advantage over the new entrants, however, new entrants could also learn from the existing ones so as to avoid certain mistakes they committed. The study indicated that most of the hospitality institutions sometimes conducted experiential learning curve analysis.

Every organization has multiple stakeholders in the form of employees, shareholders, creditors, customers, government agencies, environmental protection agencies, etc.; and all these stakeholders must be satisfied somehow, it is therefore prudent for organizations to conduct stakeholder analysis. This informs the organization of the needs and demands of each of them, and how to meet those demands. This item was however not statistically significant at 0.05. Scenario planning, “what if” analysis, financial analysis of competitors, and Porter’s 5- forces analysis were rarely used by the hospitality firms in the Central region.

#### **4.3.4 Content of strategic plan Table**

##### **4.5 Content of strategic plan**

<b>Content of strategic plan</b>	<b>Yes (%)</b>	<b>No (%)</b>
Staff development	98.0	2.0
Staff training	98.0	2.0
Staff appraisal	96.0	4.0
Mission/vision statement	94.0	6.0
Business level objectives	94.0	6.0
Cost targets	92.0	8.0
Departmental/divisional objectives	90.0	10.0
Sales targets	84.0	16.0
Profit targets	38.0	62.0
Production/output targets	14.0	86.0
Market share targets	12.0	88.0

**Source: Field work, 2015.**

All the items presented in table 4.5 indicate the major components of a standard strategic plan. The study sought to ascertain the extent to which an emphasis was laid on these dimensions in the strategic planning process. For the organizations that had a strategic plan, 98% agreed to have had a section for staff development and training. Staff appraisal, mission statement, vision statement, business level objectives, cost targets, departmental or divisional objectives, and sales objectives were all key components of the strategic plan of the hospitality institutions. Profit targets, production or output targets, and market share targets were not prominent features of the strategic plan.

#### 4.3.5 Extent of emphasis on the characteristics of strategic planning

The respondents were asked to indicate the extent of emphasis on the items presented in table 4.6 below, using a scale of 1=not emphasized at all, 2=rarely emphasized, 3=sometimes emphasized, 4= normally emphasized, and 5=strongly emphasized. **Table 4.6 Extent of emphasis on the characteristics of strategic planning**

Extent of emphasis	Test Value = 2.5			
	Mean	Std. Deviation	t-score	Sig.
<b>Departmental co-operation</b>				
Departmental co-ordination	4.5200	.70682	20.208	.000
Understanding of all functions by employees	4.0400	.66884	16.281	.000
Cross-departmental support	3.6400	.66271	12.164	.000
<b>Resources for strategy</b>				
Willingness to seek outside assistance	3.1200	.59385	7.382	.000
Relevant/adequate information	2.8800	.98229	2.735	.009
Ad hoc working groups	2.0800	.92229	-3.220	.002
Involvement of line managers	1.9000	1.12938	-3.757	.000
Involvement of consultants	1.8600	.90373	-5.008	.000
Other physical/financial resources	1.5000	.93131	-7.593	.000
<b>Staff creativity</b>				
Coping with surprises/crises	4.0800	.63374	17.629	.000
Adapting to unanticipated changes	4.0600	.73983	14.910	.000
Identifying new opportunities	2.8600	.85738	2.969	.005
Identifying key problem areas	2.7600	.95959	1.916	.061
Anticipating barriers to strategy implementation	2.3200	.79385	-1.603	.115
Generating new ideas	2.0800	1.12195	-2.647	.011
Generating/evaluating strategy alternatives	1.8200	1.02400	-4.696	.000

***Source: Field work, 2015.***

From the output presented in table 4.6, there was generally high departmental cooperation among the hospitality firms. The firms strongly emphasized on departmental coordination (mean score equals 4.5, approximately 5). The firms normally emphasized understanding of all functions by employees, and cross-departmental support; all these factors thus to ensure strong departmental cooperation within the firms.

Under resources for strategy, the firms sometimes emphasized the willingness to seek for resources outside the organization. This is to enable the firms tap from the great pool of resources that are not available within the firm. Information is very important for the performance of every activity. The study indicates the firms sometimes emphasized on relevant and adequate information.

The firms rarely emphasized on ad hoc working groups, involvement of line managers, involvement of consultants, and other physical/financial resources. This indicates a poor emphasis on innovation as a dimension of organizational culture.

For the items under staff creativity, firms normally emphasized on coping with surprises or crises, and adapting to unanticipated changes. Inasmuch as you could plan towards the future, it must be borne in mind that there are certain occurrences that one has no control over. This is why the firms emphasized on coping with surprises or unanticipated changes.

The firms also sometimes emphasized on identifying new opportunities, and identifying key problem areas (which was statically significant at 0.05). This is an analysis conducted to match the firm's abilities to take over new opportunities.

The firms however rarely emphasized on anticipating barriers to strategy implementation (which was statically significant at 0.05), generating new ideas, and generating/evaluating



strategy alternatives. This confirms the response to the issue of innovation under the resources for strategy section. The culture of innovation was found out to be generally low.

#### 4.3.6 Essential Attributes of the Strategic Planning process

Under this section, managers and business owners were asked to indicate the frequency with which their respective firms emphasized the essential attributes of the strategic planning process and are presented in table 4.7. They were to indicate their responses using 1=never, 2=rarely, 3=sometimes, 4=frequently, and 5=always.

**Table 4.7 Essential attributes of the strategic planning process**

Essential Attributes of the Strategic Planning process	Test Value = 2.5			
	Mean	Std. Deviation	t-score	Sig.
Involvement of senior managers	4.8800	.59385	28.339	.000
Involvement of general manager(s)	4.8000	.72843	22.327	.000
Seeking commitment to the strategic plan	4.3600	.89807	14.645	.000
Assigning implementation responsibilities to specified individuals/groups	4.2400	.74396	16.538	.000
Setting explicit goals	4.1600	.71027	16.526	.000
Use of knowledge and experience from different functions within the organization	3.8400	.79179	11.967	.000
Use of knowledge and experience from different levels of staff	3.0200	.62237	5.908	.000
Use of a variety of motivational factors to encourage good planning	3.0000	.53452	6.614	.000

**Source: Field work, 2015.**

The items under this section were all statistically significant at 0.05. The respondents indicated that, their firms always emphasized on the involvement of senior managers and general managers. The mean scores were approximately 5 (always emphasized).

The respondents stated their firms frequently emphasized seeking commitment to the strategic plan, assigning implementation responsibilities to specified individuals/groups, setting explicit goals, and the use of knowledge and experience from different functions within the organization. The firms sometimes emphasized the use of knowledge and experience from



different levels of staff, and the use of a variety of motivational factors to encourage good planning.

#### 4.4 BARRIERS TO THE IMPLEMENTATION OF STRATEGIC PLANS

Noble (1999) argues that the ineffective application of strategic planning in many firms is the major source of failure to achieve projected performance. Meanwhile, it is contended that strategic planning deployment can be facilitated by the examination of potential barriers and their likely causes, and that is what this section seeks to address. Under this section, respondents were supposed to respond to the items using a scale of 1=strongly disagree,

2=disagree, 3=neutral, 4=agree, and 5=strongly agree. *Table 4.8 Barriers to the implementation of strategic plans*

Barriers to the implementation of strategic plans	Test Value = 3.5			
	Mean	Std. Deviation	t-score	Sig.
<b>Organizational structure</b>				
The organizational structure is a vital part for successful strategic plan implementation	4.2400	.62466	8.377	.000
There is a need for a proper alignment of the organizational structure with the strategic plan	3.9800	.55291	6.139	.000
The organizational structure will have to be adjusted when not in correlation with the strategic plan	3.9400	.54995	5.657	.000

*Source: Field work, 2015.*

The mean score of the analysis presented in table 4.8 indicates that, the organizational structure of the various firms was a vital part for successful strategic plan implementation. It becomes therefore a challenge when there exist unnecessary bureaucracy in the organizational structure.

Respondents agreed there was a need for a proper alignment of the organizational structure with the strategic plan. This was because, currently, there is no effective coordination between the organizational structures and the strategic plans of the hospitality firms in the Central

regions of Ghana. The organizational structure will therefore have to be adjusted to be in correlation with the strategic plan.

Considering the output presented in table 4.9, it is realized that there was no much hindrance to the implementation of strategic plan. The firms did not lack consensus, understanding and transparency regarding meaning of organization's mission and vision. They didn't lack relation between strategic content and strategic process. There wasn't any lack of coherence between strategic planning and resource allocation. There existed a strategic feedback.

**Table 4.9 Barriers to Strategy Implementation process**

<b>Barriers to Strategy Implementation process</b>	<b>Yes (%)</b>	<b>No (%)</b>
Lack of consensus, understanding and transparency regarding meaning of organization's mission and vision	2.0	98.0
Lack of relation between strategic content and strategic process	2.0	98.0
Lack of coherence between strategic planning and resource allocation	2.0	98.0
Lack of strategic feedback	2.0	98.0

**Source: Field work, 2015.**

The four main critical success factors identified as presented in table 4.10 were 1) managerial behavior, 2) resource allocation, 3) reward management influence the implementation of strategic plans, and 4) organizational policy. All these factors influenced implementation of strategic plans positively or negatively depending on how it was managed.

**Table 4.10 Critical Success Factors of strategic plans**

<b>Critical Success Factors for strategic plans</b>	<b>Yes (%)</b>	<b>No (%)</b>
Does managerial behavior influence the implementation of strategic plans	100.0	-
Does resource allocation influence the implementation of strategic plans	100.0	-
Does reward management influence the implementation of strategic plans	98.0	2.0
Does organizational policy influence implementation of strategic plans	96.0	4.0

**Source: Field work, 2015.**

## 4.5 PERFORMANCE OF HOSPITALITY FIRMS

*Table 4.11 Performance indicators (% increase in indicators)*

Performance indicators	Less than 10%	10-20%	21-40%	41-50%
Revenue	24.0	34.0	38.0	4.0
Cash flow	22.0	52.0	22.0	4.0
Net Profit	28.0	48.0	20.0	4.0
Return on investment	38.0	50.0	10.0	2.0
Capital	50.0	38.0	6.0	6.0
Sales revenue	58.0	32.0	6.0	4.0
Return on assets	42.0	50.0	4.0	4.0
Return on capital	46.0	48.0	4.0	2.0
Return on equity	94.0	4.0	-	2.0
Dividends	98.0	-	-	2.0
Market share	96.0	2.0	-	2.0
Earnings per share	96.0	2.0	-	2.0

*Source: Field work, 2015.*

The results presented in table 4.11 indicated that, 24% of the firms had their revenue increased for less than 10% over the past year. 34% of the firms have increased their revenue with a margin of between 10 and 20. 38% had seen 21-40 percent increment in revenue over the previous year. 4% have also seen an improvement in revenue for about 41-50%.

The cash flow of the firms also increased by less than 10% in 22% of the firms. 52% of the firms have increased their cash flow from between 10-20%. 22% of the firms have also increased from 21-40%, and 4% increasing from 41 to 50%.

Considering the net profit, 28% of the firms have seen an increase of less than 10%, 48% have seen an increase of between 10-20%, 20% have seen an increase of between 21-40%, 4% have seen an increase of 41-50%. Under return on investment, there was less than 10% increment in



38% of the firms, 10-20% increment in 50% of the firms, 21-40% of the increment occurred in 10% of the institutions, and 41-50% increment among 2% of the firms.

Sales revenue had increased by less than 10% in 58% of the firms, 10-20% increment among 32% of the firms, 21-40% increment in 6% of the firms selected, and 41-50% increment among 4% of the firms.

The working capital of 50% of the firms increased by less than 10% of the previous year, 38% of the firms' had an increment of between 10-20%, 6% of the firms increased working capital for between 21-40%, and finally 6% of the firms also increased between 41-50% of capital over the previous year of operation.

Return on assets for 42% of the hospitality firms increased for less than 10% over the previous year, 50% of firms' increased between 10-20% over the previous year, 4% of firms increased between 21-40%, and 4% also increased in return on assets between 41-50%.

The firms' return on capital also increased by less than 10% for 46% of firms selected for the study. 48% of the firms increased in return on capital by 10-20%, 4% of firms increased in return on capital of between 21-40% over the previous year, and 2% of firms increased of between 41-50%. Return on equity, dividends, market share, and earnings per share, increased over the previous year by mostly less than 10%.

From table 4.12, it was realized that strategic planning has improved employee satisfaction, customer satisfaction, service quality, and enabled the firms to identify and exploit future marketing opportunities.

**Table 4.12 Returns to Stakeholders**

<b>Returns to Stakeholders</b>	<b>Yes (%)</b>	<b>No (%)</b>
Has strategic planning improved employee satisfaction	96.0	4.0
Has strategic planning improved customer satisfaction	100.0	0
Has strategic planning improved service quality	100.0	0



Has strategic planning enabled your company to identify and exploit future marketing opportunities	94.0	6.0
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*Source: Field work, 2015.*

**Table 4.13 Level of business performance indicators (% increase in indicators)**

Performance indicator	Less than 10%	10-20%	21-40%	41-50%	51-100%
<i>Effectiveness</i>					
Occupancy percentage	30.0	30.0	24.0	12.0	4.0
Average room rate	42.0	46.0	8.0	4.0	-
Growth in sales per room	34.0	36.0	22.0	6.0	2.0
<i>Adaptability</i>					
Number of successful new services/products introduced	84.0	10.0	2.0	2.0	2.0
Percentage of sales accounting for new services or products	84.0	10.0	2.0	4.0	-

*Source: Field work, 2015.*

From table 4.13, the occupancy percentage of 30% of the hospitality firms were less than 10%. 30% of firms were between 10-20%, 24% of the firms increased between 21-40%, 12% of firms increased between 41-50%, and 4% has increased between 51-100%.

There were 42% of the firms whose average room rate increased by less than 10% over the previous year. 46% of firms increased between 10-20%, 8% of firms increased between 21-40%, and 4% of firms increased in average room rate between 41-50%.

The growth in sales per room figure indicates that, 34% of the firms increased by less than 10% over the previous year. 36% firms increased between 10-20%, 22% of firms increased between 21-40%, 6% of firms increased between 41-50%, and 2% of the firms increased between 51-100%.

Under the dimension of adaptability, 84% of firms have successfully introduced new services by less than 10%. 10% of the firms introduced between 10-20% of new products and services, 2% each of the firms increased between 21-40%, 41-50%, and 51-100%.

The analysis indicates that 84% of the firms had increased the percentage of their sales accounting for new services by less than 10%. 10% of the firms increased in the percentage of sales accounting for new products between 10-20%, 2% of firms increased between 21-40% and 4% of firms increased between 41-50%.

#### 4.6 THE IMPACT OF STRATEGIC PLANNING ON THE PERFORMANCE OF HOSPITALITY FIRMS

*Table 4.14 Regression showing the impact of Strategic planning on the performance of Hospitality firms*

Dependent Variables	R	R Square	Constant	B	t	Sig.
<i>Effectiveness</i>	.104	.011	2.399	-.112	-.725	.472
<i>Adaptability</i>	.200	.040	1.804	-.164	-1.413	.164

**Independent Variable: Strategic Planning**

*Source: Field work, 2015.*

**Note:**

*R* represents the correlation or relationship between the dependent and the independent variables

*R<sup>2</sup>* represents how much of the dependent variable can be explained by the independent variables.

*B* represents the coefficients of the independent variables.

*Sig.* represents the statistical significance level of the model (the acceptable level of significance for this research was 0.05).

The study sought to ascertain the impact of strategic planning on the performance of firms in the hospitality industry. A linear regression analysis was conducted using two latent variables to represent organizational performance, viz. *Effectiveness* and *Adaptability*. The independent variable was the use of *Strategic Plans*. Because there were two dependent variables, separate analyses were conducted. Effectiveness comprised three observed variables, namely; Occupancy percentage, Average room rate, and Growth in sales per room. The Adaptability comprised two observed variables, namely; Number of successful new services/products introduced, and Percentage of sales accounting for new services or products.

The analysis indicated that, strategic planning had a weak correlation between both effectiveness and adaptability. The R-values were all between 0 to .3, and as a rule of thumb, any correlation value that falls within 0-.3 is considered weak.

The analysis further indicated that, strategic planning had no significant impact on the performance of the hospitality firms within the Central region of Ghana. The two outputs all had a p-value of greater than 0.05.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

This chapter presents the summary of findings of the study and focus on the findings, conclusions drawn from the findings and recommendations.

#### **5.2 SUMMARY OF FINDINGS**

##### **5.2.1 Extent of Use of Frameworks, Tools and Techniques of Strategic Management**

From the study, it was realized that, almost every hospitality firm within the Central region of Ghana had a set of medium to long term objectives; had a person or group responsible for the

identification of either opportunities or threats in its external environment; had a person or group responsible for the identification of either strengths or weaknesses of your organization; and also had written mission and vision statements.

The firms had not only strategic plans, but also working capital plans, financial plans, business plans, sales forecasts, and staffing plans. However, only strategic plans had been used by the firms for over five years. The majority of the firms had used the remaining types of plans for less than 5 years.

The main content of the strategic plan developed by the hospitality firms were staff development and training, staff appraisal, mission or vision statement, business level objectives, cost targets, departmental or divisional objectives, and sales targets.

The firms usually conducted financial analysis, core competence analysis, SWOT Analysis, benchmarking analysis, critical success factor analysis, organizational culture analysis, PEST analysis, investment appraisal, experience curve analysis, and stakeholder analysis.

### **5.2.2 Barriers to the implementation of Strategic Plans**

The study realized that the organizational structure was a vital part for successful strategic plan implementation. And therefore there was a need for a proper alignment of the organizational structure with the strategic plan. The organizational structures will have to be adjusted to correlate with the strategic plan.

Managerial behaviour, resource allocation, reward management, and organizational policy influence the implementation of strategic plans. The firms however did not lack consensus, understanding and transparency regarding meaning of organization's mission and vision. They also did not lack relation between strategic content and strategic process. There wasn't any lack of coherence between strategic planning and resource allocation. There existed a strategic feedback.



### **5.2.3 Performance of Hospitality Firms**

The respondents indicated that, it was realized that strategic planning had improved employee satisfaction, customer satisfaction, service quality, and enabled the firms to identify and exploit future marketing opportunities.

Over the years, there has been an improvement in occupancy percentage, average room rate, growth in sales per room, number of successful new services or products introduced, and percentage of sales accounting for new services or products.

**5.2.4 The Impact of Strategic Planning on the Performance of Hospitality Firms** The regression analysis conducted showed that, strategic planning had no significant effect on the performance of the hospitality firms within the Central region of Ghana. There is also a weak correlation among the two variables, although the relationship was positive.

## **5.3 CONCLUSIONS**

The study sought to assess the impact of strategic planning on the performance of hospitality firms in Central region of Ghana. A thorough review of literature was conducted, to have a better appreciation of concepts under study. After the study, it was concluded that, strategic planning had no significant effect on the performance of the hospitality firms. There was also a weak correlation between the two variables, although the relationship was positive. The firms had not only strategic plans, but also working capital plans, financial plans, business plans, sales forecasts, and staffing plans. However, only strategic plans had been used by the firms for over five years. The majority of the firms had used the remaining types of plans for less than 5 years. The main content of the strategic plans developed by the hospitality firms were staff development and training, staff appraisal, mission or vision statement, business level objectives, cost targets, departmental or divisional objectives, and sales targets. The study realized that the organizational structure was a vital part for successful strategic plan implementation. And therefore there was a need for a proper alignment of the organizational

structure with the strategic plan. The organizational structures will have to be adjusted to correlate with the strategic plan. Managerial behaviour, resource allocation, reward management, and organizational policy influence the implementation of strategic plans. Over the years, there has been an improvement in occupancy percentage, average room rate, growth in sales per room, number of successful new services or products introduced, and percentage of sales accounting for new services or products.

## **5.4 RECOMMENDATIONS**

After undertaking the study, the following recommendations were made;

### **5.4.1 Preparation of Strategic Plan**

The study indicated that, although majority of the hospitality firms had a strategic plan in place, most of them indicated they didn't have a team responsible for its planning. This invariably means that, the individual managers or owners single handily prepare the strategic plan. This is not in line with best practice in business firms and would be recommended to be amended. A strategic plan stands a greater chance of quality when different people from the various units or departments come on board to prepare it.

### **5.4.2 Alignment of Organizational Structure with the Strategic Plan**

Respondents agreed there was a need for a proper alignment of the organizational structure with the strategic plan. This was because, currently, there is no effective coordination between the organizational structures and the strategic plans of the hospitality firms in the Central Region of Ghana. The organizational structure will therefore have to be adjusted to be in correlation with the strategic plan.

### **5.4.3 Resource Allocation**

The study showed that, resource allocation within the organization had an influence on the success or otherwise of the strategic plan implementation. It was recommended therefore that, management allocate the necessary resources to the various units as per their expectation stipulated in the strategic plan. Management must not give less but demand more.

### **5.4.4 Reward Systems**

Management must also take into consideration the reward systems within their firms. This also affects the implementation of strategic plans.

## **5.5 RECOMMENDATION FOR FURTHER STUDY**

The current study found no significant effect of strategic planning on hospitality firms' performance in the Central Region of Ghana. It is hereby therefore proposed that another study be conducted on the same topic but in a different region of Ghana. In that direction, generalizations could be made, as to the effect of strategic planning on hospitality firm performance as pertaining to Ghana.

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## APPENDIX

### QUESTIONNAIRE

Dear Sir/Madam, you have been selected to respond to this questionnaire as a result of your managerial perspective and capabilities.

The data collected and information required for this exercise are strictly for academic purposes and any information provided would be treated with utmost confidentiality. All data and data reports will be presented only in a statistical format; therefore an analysis of a particular organization is not possible. Your candid opinion is highly solicited. Please select the most appropriate answer(s).

Thank you for your participation.

**TOPIC: “The effect of strategic planning on organizational performance in the Hospitality Industry: a survey of selected firms”**

**Please tick (✓) where appropriate and supply brief answers where spaces are provided.**

### SECTION A. BACKGROUND OF RESPONDENTS

This section focuses on demographic information which is used for statistical control purposes. The information requested here will ONLY be used to study the effect of such background factors. It will NOT be used to identify individuals or companies. CONFIDENTIALITY IS GUARANTEED.

1. Gender
  - a. Male [ ]
  - b. Female [ ]
2. Highest Educational Level
  - a. PhD [ ]
  - b. Masters Degree [ ]
  - c. First Degree [ ]
  - d. HND [ ]
  - e. SSSCE/MSLC [ ]
  - f. Others; please specify.....
3. Age group
  - a. 20 - 30 yrs [ ]
  - b. 31 – 40 yrs [ ]
  - c. 41 – 50 yrs [ ]
  - d. Over 50 yrs [ ]
4. How long has your organization been in operations since its establishment?
  - a. 5 – 10 yrs [ ]
  - b. 10 – 15 yrs [ ]
  - c. Over 15 yrs [ ]
5. How long have you worked in your current position?

- a. Less than 1 year ☐
- b. 1 – 5 yrs ☐
- c. 6 – 10 yrs ☐
- d. 11 – 15 yrs ☐
- e. Over 15 yrs ☐
6. What is your position in the organization?
- a. Owner/Manager ☐
- b. Manager ☐
7. How many people are working for this organization?
- a. 1 – 10 ☐
- b. 11 - 29 ☐
- c. 30 -100 ☐
- d. Over 100 ☐
8. What are the principal activities of your business? (multiple responses apply)
- a. Accommodation & lodging ☐
- b. Food and beverage ☐
- c. Entertainment ☐
- d. Other; please specify.....
9. What type of organization do you have?
- a. Joint venture ☐
- b. LLC ☐
- c. Single owner (sole proprietorship) ☐
10. Name of your organization .....

**Section B: Extent of use of frameworks, tools and techniques of strategic management (please tick [√] where applicable)**

**1. Company Characteristics**

Does your organization have (*multiple responses apply*):

- a. A written mission statement? Yes ☐ No ☐
- b. A set of medium/long term objectives? Yes ☐ No ☐
- c. A person or group responsible for the identification of either strengths or weaknesses of your organization? Yes ☐ No ☐
- d. A person or group responsible for the identification of either opportunities or threats in its external environment? Yes ☐ No ☐
- e. A group responsible for business planning? Yes ☐ No ☐
- f. A group responsible for strategic planning? Yes ☐ No ☐

**2. Time Periods of Planning (please tick [√] where applicable)**

Time Period	No plan	Under 5yrs	5yrs	Over 5yrs
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<b>Plan</b>				
Production plan				
Sales forecast				
Staffing plan				
Financial plan				
Capital plan				
Business plan				
Strategic plan				

### 3. Use of techniques of strategic analysis (*multiple responses apply*)

Please choose the best option from the scale below:

**5= ALWAYS USED 4= NORMALLY USED 3= SOMETIMES USED 2=**

**RARELY USED 1= NEVER USED**

Strategic Technique	5	4	3	2	1
“what if” Analysis					
Critical Success Factor Analysis					
Financial Analysis of own business					
Financial Analysis of competitors					
SWOT Analysis					
Core Competence Analysis					
Organizational Culture Analysis					
Stakeholder Analysis					
Scenario Planning					
Porter’s 5- forces Analysis					
PEST Analysis					
Experience Curve Analysis					
Benchmarking					
Investment Appraisal					

### 4. Content of strategic plans (issues addressed in the strategic plan)

**Multiple responses apply**

- a. Mission/vision statement Yes ☐ No ☐
- b. Business level objectives Yes ☐ No ☐
- c. Departmental/divisional objectives Yes ☐ No ☐
- d. Production/output targets Yes ☐ No ☐
- e. Profit targets Yes ☐ No ☐
- f. Sales targets Yes ☐ No ☐
- g. Cost targets Yes ☐ No ☐
- h. Market share targets Yes ☐ No ☐
- i. Staff appraisal Yes ☐ No ☐
- j. Staff development Yes ☐ No ☐
- k. Staff training Yes ☐ No ☐

**5. Extent of emphasis on the characteristics of strategic planning (kindly tick[√] where applicable)**

Please choose the applicable option from the scale below:

**5= STRONGLY EMPHASIZED 4= NORMALLY EMPHASIZED 3= SOMETIMES EMPHASIZED 2= RARELY EMPHASIZED 1= NOT EMPHASIZED AT ALL**

Characteristic	5	4	3	2	1
<b>a. Departmental co-operation</b>					
i. Understanding of all functions by employees					
ii. Cross-departmental support					
iii. Departmental co-ordination					
<b>b. Resources for strategy</b>					
i. Ad hoc working groups					
ii. Relevant/adequate information					
iii. Involvement of consultants					
iv. Other physical/financial resources					



v.	Involvement of line managers					
vi.	Willingness to seek outside assistance					
<b>c. Staff creativity</b>						
i.	Coping with surprises/crises					
ii.	Adapting to unanticipated changes					
iii.	Identifying new opportunities					
iv.	Identifying key problem areas					
v.	Generating new ideas					
vi.	Generating/evaluating strategy alternatives					
vii.	Anticipating barriers to strategy implementation					

## 6. Essential Attributes of the Strategic Planning process

Please select the best option from the scale below:

**5= ALWAYS 4= FREQUENTLY 3= SOMETIMES 2= RARELY 1= NEVER**

Attribute	5	4	3	2	1
a. Use of knowledge and experience from different functions within the organization					
b. Use of knowledge and experience from different levels of staff					
c. Use of a variety of motivational factors to encourage good planning					
d. Setting explicit goals					
e. Assigning implementation responsibilities to specified individuals/groups					
f. Seeking commitment to the strategic plan					
g. Involvement of general manager(s)					
h. Involvement of senior managers					

## Section C: Challenges/Barriers to the implementation of Strategic Plans

Kindly answer with a tick [√] the extent to which you agree or disagree with the following statements where applicable to you:

**5= STRONGLY AGREE 4= AGREE 3= NEITHER AGREE NOR DISAGREE  
2= DISAGREE 1= STRONGLY DISAGREE.**

### 1. Organizational Structure

Statement	5	4	3	2	1
a. The organizational structure is a vital part for successful strategic plan implementation					
b. There is a need for a proper alignment of the organizational structure with the strategic plan					
c. The organizational structure will have to be adjusted when not in correlation with the strategic plan					

## 2. Organizational Culture

Statement	5	4	3	2	1
a. The culture facilitates employee participation and open discussion					
b. The culture empowers workers to act					
c. The culture emphasizes human relations, teamwork and cohesion					
d. The culture facilitates flexibility and decentralization					
e. The culture advocates innovation and change					
f. The culture encourages stability, continuity and order					
g. The culture emphasizes task focus and goal achievement					
h. The culture advocates quality of output					

## 3. Critical Success Factors for strategic plans

- Does managerial behavior influence the implementation of strategic plans?  
Yes [ ] No [ ]
- Does resource allocation influence the implementation of strategic plans?  
Yes [ ] No [ ]
- Does reward management influence the implementation of strategic plans?  
Yes [ ] No [ ]
- Does organizational policy influence implementation of strategic plans?      Yes  
[ ] No [ ]

## 4. Barriers to Strategy Implementation process

- Lack of consensus, understanding and transparency regarding meaning of organization's mission and vision  
Yes [ ] No [ ]
- Lack of relation between strategic content and strategic process  
Yes [ ] No [ ]
- Lack of coherence between strategic planning and resource allocation  
Yes [ ] No [ ]
- Lack of strategic feedback  
Yes [ ] No [ ]

**Section D: Effect of Strategic Planning on Organizational Performance Please tick (✓) the appropriate response where appropriate**

**1. State of Financial Performance over the past year (% increase in indicators)**

Performance indicator	Less than 10%	10-20%	21-40%	41-50%	51-100%	Over 100%
a. Sales revenue						
b. Net Profit						
c. Revenue						
d. Dividends						
e. Market share						
f. Capital						
g. Cash flow						
h. Return on assets						
i. Return on capital						
j. Return on equity						
k. Return on investment						
l. Earnings per share						

**2. Returns to Stakeholders**

- a. Has strategic planning improved employee satisfaction? Yes [ ] No [ ]
- b. Has strategic planning improved customer satisfaction? Yes [ ] No [ ]
- c. Has strategic planning improved service quality? Yes [ ] No [ ]
- d. Has strategic planning enabled your company to identify and exploit future marketing opportunities? Yes [ ] No [ ]

**3. Level of business performance indicators over the past year (% increase in indicators)**

Performance indicator	Less than 10%	10-20%	21-40%	41-50%	51-100%	Over 100%
a. Effectiveness						
i. Occupancy percentage						
ii. Average room rate						
iii. Growth in sales per room						
b. Adaptability						
i. Number of successful new services/products introduced						
ii.						

Percentage of sales accounting for new services or products						
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KNUST **THANK YOU**

