Environmental Forces and Strategic Planning

A Guide for Sustainable Entrepreneurs

SUSTAINABLE ENTREPRENEURSHIP PROJECT

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About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) engages in and promotes research, education and training activities relating to entrepreneurial ventures launched with the aspiration to create sustainable enterprises that achieve significant growth in scale and value creation through the development of innovative products or services which form the basis for a successful international business. In furtherance of its mission the Project is involved in the preparation and distribution of Libraries of Resources for Sustainable Entrepreneurs covering Entrepreneurship, Leadership, Management, Organizational Design, Organizational Culture, Strategic Planning, Governance, Corporate Social Responsibility, Compliance and Risk Management, Finance, Human Resources, Product Development and Commercialization, Technology Management, Globalization, and Managing Growth and Change. Each of the Libraries include various Project publications such as handbooks, guides, briefings, articles, checklists, forms, forms, videos and audio works and other resources; management tools such as checklists and questionnaires, forms and training materials; books; chapters or articles in books; articles in journals, newspapers and magazines; theses and dissertations; papers; government and other public domain publications; online articles and databases; blogs; websites; and webinars and podcasts.

About the Author

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Environmental Forces and Strategic Planning

§1 Introduction

Entrepreneurs, managers, and their firms do not operate in a vacuum. Instead, each of their activities, including strategic business planning, must be undertaken and understood in the context of the specific demands and requirements of the environment in which the company conducts its business activities. Among other things, the environment determines the resources that will be available to the company, including capital, human resources, raw materials, and technology. In turn, the environment also determines the success of the company as measured by acceptance of its products and services, profitability, and satisfaction. In fact, the environmental feedback on the outputs of the company's activities can be used to evaluate and change the mix of resources that the company must look to gather in the future from the environment. As such, for companies to achieve their goals of producing and successfully selling high quality products and services, it is essential to establish a strong capability for environmental analysis as part of the overall strategic planning process.

There are several different ways to look at a company's environment, often referred to as the "organizational environment." For example, this environment can be thought of as consisting of two distinguishable, albeit often related, layers—the specific environment, which includes the forces (e.g., stakeholders) that can be expected to have a direct impact on the ability of the specific company to obtain the scarce resources required for the company to create value for its owners and other stakeholders; and the general environment, which includes the forces that typically will have an impact on the shape and design of all companies, including the company and other companies who may be part of the stakeholder network of the company. Companies do have some options in the way that they structure their specific environments based on the decisions made by management regarding the desired "organizational domain" of the company.[1] Probably the most important choices that a company makes will be the scope of the goods and services that the company will produce or otherwise make available and the customers that the company expects to serve, since that will largely determine the stakeholders, in addition to the customers, who will be in a position to influence the pursuit of scarce resources by the company (i.e., the specific environment)—suppliers, distributors, employees, unions, special interest groups, governmental agencies and competitors. General environmental factors may be more difficult for companies to control, although they certainly can and must anticipate changes relating to those factors that will impact future strategic business planning. Examples of general environmental factors, which are discussed in more detail below, include economic forces; technological forces; political and environmental forces; and demographic, cultural and social forces.

[1] For detailed discussion of the concept of the "organizational domain" and the way that companies adapt to, and cope with, environmental forces, see J. Thompson, Companies in Action (New York: McGraw-Hill, 1967).

Another approach to analyzing strategic planning processes focuses on how managers cope with three distinct, yet related, organizational environments—the internal environment, the task environment, and the macro-environment. The "internal" environment includes its resources, capabilities and core competencies. The resources are the firm's assets, including its personnel and the goodwill associated with its activities, and include all of the various inputs into the processes of developing, producing and selling the company's products—capital equipment, technology, working capital and human "know how." Resources can be tangible (i.e., financial, physical, technological and organizational) or intangible (i.e., human, innovation or reputation). Organizational capabilities are the means chosen for deploying and managing the available resources to achieve the desired goals and objectives established by the senior managers of the company. Core competencies are the resources and capabilities that afford the company a valuable and sustainable competitive advantage. While acquisition and control of resources depends on forging relationships with a wide range of stakeholders, the first challenge for the senior managers of the company is dealing with the key internal stakeholders--employees, directors, and outside investors. Each of these groups is a "member" of the company and will impose its own demands on the activities and conduct of management and will often have goals and objectives that differ from management and other internal stakeholders. Accordingly, management of the internal environment can be a time-consuming, and sometimes frustrating, exercise for senior managers. The process is made even more difficult by the fact that interests of members of the management group itself will often diverge. The "task" environment includes each of the stakeholder groups outside of the internal company that have an immediate impact on the company's ability to perform its primary task of meeting the requirements of its customers including the customers themselves and suppliers, lenders, labor unions, public entities (i.e., the media, governments, and special interest groups), associations (i.e., consumer groups, religious groups, etc.), and the public. In fact, the internal and task environments, taken together, are similar to the specific environment referred to above. The macro-environment includes the general economic, technological, socio-cultural, and political forces that impact the company and each of the other stakeholders in the internal and task environments. These forces can emerge at both the regional and international levels and generally perceived as being largely out of the immediate control of most individual economic actor, particularly small- and medium-sized enterprises. The macro-environment is similar to the general environment referred to above.

The relationship between the "environment" and strategic business planning is not a new idea and, in fact, it is common for management to integrate some form of environmental analysis into the strategic business planning process.[2] The usual approach was to determine where the business activities of a particular company stood along a continuum that spanned from very stable (i.e., predictable) at one extreme to very unstable (i.e., unpredictable and risky) at the other end. Companies that operated in a stable environment typically enjoyed the benefits of a loyal customer base, limited and stable

[2] For further discussion of how environmental analysis should be integrated into the strategic business planning process, see the chapter on "Strategic Planning Processes" in "Strategic Planning: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

competition, slow and infrequent changes in the technology underlying their basic products and services and a predictable body of laws and regulations. Ironically, the environment for US car manufacturers, and many manufacturers of consumer goods, could be characterized as stable for most of the first part of the 20th century and the same can be said for service industries such as banking and securities. In contrast, companies that entered new and uncharted fields such as computers and software, telecommunications and biotechnology found themselves in unstable and rapid changing environments that were difficult to navigate and predict. Certainly, many well-known companies—IBM, Microsoft, Hewlett Packard, Intel, Apple and Genentech—overcame the challenges of an unstable environment to become some of the major economic players in recent years; however, many, many more companies with promising business ideas failed, at least in part, because of their inability to navigate the choppy waters of the modern global business environment.

Obviously, if they had their choice the managers of any new business would choose a stable business environment provided that they could reasonably expect to realize a sufficient return on the company's investment in resources to meet or exceed the expectations of their stakeholders. Unfortunately, there is now little doubt that more and more businesses, including small businesses looking to operate in a limited market niche, must deal with and attempt to manage an unstable business environment. The developments behind this change are well documented and publicized—improvements in information processing, telecommunications and transportation; rapid changes in technology; growth and development of markets in foreign countries; and growing discernment in consumer tastes that have caused customer loyalty to almost disappear. The Internet, for example, has created thousands of potential niche markets and enabled a number of new strategies for creating customer relationships. As a result, companies are now compelled to be part of an international marketplace in which competition can emerge suddenly from anywhere in the world and the search for the resources that are necessary for competitive advantage—raw materials, technology, low-cost manufacturing—must be conducted globally. The dramatic, and likely permanent, turn toward instability in the business environment places makes strategic business planning an even higher priority for companies of all sizes.

§2 Specific environment and designing the organizational domain

Two of the most important goals of the business planning process for any company are defining the organizational domain of the company and devising and executing strategies to continuously expand that domain in a way that creates additional value for the company's key stakeholders. The organizational domain consists of a number of different elements and constituencies. In addition to the products and services that the company products or otherwise makes available for sale, the organizational domain includes various stakeholders with a vested interest in the inputs and outputs of the business and in the way that the business operations—customers, suppliers, distributors and employees as well as governmental agencies, unions, special interest groups and other firms competing with the company in the same markets. These stakeholders, taken together, define the "specific environment" in which the company must operate.

The specific environment is sometimes broken down into various subcategories. For example, it may be useful to distinguish between the "input" environment, which includes the markets where the company seeks the scarce resources that will be used to create the company's products and services (e.g., raw materials, technology, skilled human resources, working capital); and the "output" environment, which includes the markets into which the company proposed to distribute its products and services (i.e., customers). Still another approach, as noted above, focuses on how managers deal with internal and task environments. The "internal" environment includes employees, outside investors, and the members of the board of directors if the company is organized in the corporate form. The "task" environment includes each of the stakeholder groups outside of the internal company that have an immediate impact on the company's ability to perform its primary task of meeting the requirements of its customers including the customers themselves and suppliers, lenders, labor unions, public entities (i.e., the media, governments, and special interest groups), associations (i.e., consumer groups, religious groups, etc.), and the public.

In any event, all of the activities associated with the various segments of the company's specific environment (e.g., establishing, coordinating and controlling stakeholder relationships) will create transaction costs for the company and the senior management of the company must develop strategies to manage and influence these environmental factors in a way that allows the company to maximize its ability to successfully identify, obtain and maintain the resources necessary to launch the company and continuously grow its business and eventually expand its organizational domain. The issues in this area are crucial since every company is dependent on the relative stability of its specific environment and each of the stakeholders has the ability to exert significant influence on the company, its managers and other stakeholders to act in certain ways.

Companies and their managers must be adept at several different types of analytical and strategic tools in order to successfully define their organizational domain and the relevant specific environmental factors. For example, one of the first steps in establishing the organizational domain is determining the initial products and/or services of the company and identifying the first group of potential customers that the company intends to serve offering those products and/or services. The choice of products and services depends on a number of factors, most notably the background and technical and business skills of the founders of the company. It is essential, however, to remember that any product or service, regardless of its novelty or assumed utility, will only be valuable to the company if it attracts the essential scarce resource—a loyal customer base that can grown to expand the company's organizational domain. Accordingly, when developing the initial business plan for an emerging company the management team must zealously pursue information about the company's target customer base and the steps that must be taken in order to satisfy customer needs. Note, of course, that the challenge for emerging companies, given their goal of rapid growth, is even more difficult since the business plan must anticipate in advance introduction of follow-on products and services and expansion of the customer base beyond the initial group.

Another important aspect of building the organizational domain is accessing certain key inputs necessary for development and commercialization of the chosen products and/or services. For example, companies must decide on the best strategies for obtaining necessary raw materials and technologies. While it may be possible to create these inputs internally, companies often turn to external sources. All companies, regardless of their size, are dependent in some way on the acquisition and use of products and services from suppliers. Among other things, the firm may look to an outside vendor for raw materials, equipment, consulting services, or manufacturing. As such, one of the keys to success for any firm is its ability to consistently locate and select the best suppliers offering the required products and services at the right prices, quality, location, and time. This issue has become even more important as globalization and increased competitiveness in the marketplace have created significant pressures on managers to streamline their supply chains. As customer demand higher levels of quality, and shorter delivery times, businesses have become much more reliant on their supplier relationships. A variety of supplier strategies are now in use, including the use of long-term contracts with supplier to ensure availability of needed products and even backward integration through acquisition of control of key suppliers. Companies are also making use of breakthroughs in information technology and communications as the basis for “just-in-time” procurement strategies, rather than stockpiling supplies in inventory. In any event, companies must carefully evaluate the supply function to identify the optimal sources of supply and establish supply relationships that suit the requirements of the company with respect to quality and reliability, pricing and terms of payment, and delivery. Moreover, these relationships must be carefully nurtured and managed as key supplier inevitably become fixtures within the company’s organizational domain.

Companies must also enter into acceptable arrangements with outside dealers and distributors to make the products and services available for sale to customers and must also establish relationships with banks and other financial institutions, as well as investors, in order to obtain working capital on acceptable terms and conditions. While we discuss elements of the organizational domain separately there are obvious connections that will require managers to go back and forth between various issues. For example, before settling on the design elements and pricing characteristics of a new product or service the company must be sure that its suppliers can deliver inputs (i.e., components and/or finished goods) with the desired features and at an acceptable cost level. Similarly, the company’s selection of a customer base and customer satisfaction strategy must be aligned with the resources of the company’s distribution network.

In addition to customers, suppliers and distributors, companies must decide the best way to manage access to, and relations with, other important stakeholder groups in their organizational domain—employees, unions, governmental agencies and special interest groups. With respect to employees, companies must be able to recruit and retain skilled workers, including managers and technical specialists, who can build and maintain a competitive advantage for the company while still allowing the company to operate at a competitive level with respect to salaries and the costs of employee benefits. In order to effectively manage employees, managers must be mindful of the motivations and goals of the workers and the organizational culture. In most parts of the world, employees rely on their positions within the firm to earn a wage and the compensation they receive from their employers is generally their primary source of income and means of livelihood. In many cases, the income received by workers is also used to support their extended family. However, motivating workers is not simply a matter of compensation and managers must learn to understand the basic individual needs of employees, which will vary depending on the circumstances and change continuously as time goes by and employees go through different stages of their careers, and then must create and implement programs that align the needs of employees with the strategic goals and objectives of the company. This process, challenging enough in industrialize countries, is even more difficult in developing countries because workers in many of those countries remain loyal to traditional affiliations, such as religious and ethnic ties. As a result, managers must be able to appreciate and understand how these affiliations create important informal networks within the company. In addition, managers must strive to create a workplace culture that accommodates and respects local norms and values while promoting the effective use of new productivity tools and practices.

Labor unions, through the collective bargaining process, can have a significant impact of working conditions, wages, hours, and other issues that are important in determining the specific environment of the company. If labor unions are involved the company must be prepared to engage in vigorous, often heated, negotiations regarding wages, benefits and protection for union workers against reductions in force. Labor unions in developing countries are often part of a broad network of groups that can exert significant political leverage at national and regional levels. In addition to collective bargaining negotiations, representatives from labor unions in foreign countries may become more involved in internal matters through service of company committees, including those responsible for hiring and promotion decisions.

Companies deal with applicable laws and regulations by developing compliance programs and ensuring that their manufacturing activities and their workplace environment meets or exceeds the basic requirements established by labor, health and safety laws. It is well known that business regulation in the US is extensive in scope and touches upon on all aspects of the employment relationship—recruiting, compensation, evaluation and discipline. In many cases the products and services developed and offered by technology-based companies must be vetted and approved by regulatory agencies (e.g., the federal Food and Drug Administration in the case of pharmaceutical products) and companies in that situation must be sure they understand and adhere to specific regulatory guidelines and concepts of best practices in the relevant industry. In developing countries the same role is played by medical and pharmacy boards, which regulate the development and local sale of medicines and other pharmaceutical products. Regulation can also come in the form of oversight by sectoral associations, such as accounting boards and associations, which regulate financial reporting practices, and marketing associations.

Special interest groups include social activists dedicated to environmental protection, consumer rights, and advancement of women and/or ethnic groups. For example, consumer advocates may apply pressure on companies to refrain from engaging in certain practices such as importing raw materials from specific foreign countries or utilizing manufacturing processes that might reduce the safety or quality of the company's products. At a minimum, activists may increase the level of scrutiny of the manner in which firms conduct their businesses. Increasingly, social activism has led to the adoption of laws and regulations that clearly impact the manner in which firms must operate. This phenomenon has even been spreading to developing countries as they begin to realize the importance of protecting their vast natural resources and create property rights to provide real incentives for conservation and reduction of pollution. Consumer protection laws are being adopted in developing countries to protect the health and safety of users and encourage companies to use high quality manufacturing and quality assurance practices. Some developing countries are also beginning to cast aside traditional male-oriented values in favor of new guidelines to increase employment opportunities for women.

Finally, it should not be forgotten that competitors are also part of the organizational domain designed by a company. The selection of products and services and customer markets, as well as the identification of the human and technological resources necessary for the business to operate, will determine which firms the company will need to compete with in order to gain access to, and control over, scarce resources including customers, suppliers, distributors, talented workers and capital. While it used to be that competition generally came from domestic firms it is now the rule, rather than the exception, that companies can expect challenges from US firms and from companies based overseas. It is well known that many emerging companies are launched "under the radar" with a focus on niche markets that are too small or unorganized to garner interest from established incumbents. In this way the new company can reduce and manage the impact of competition on its activities. Companies can also attempt to manage competition by tying up scarce resources, such as by entering into exclusive supply arrangements with key vendors for raw materials. Another way to deal with competitors is to forge alliances, either directly with a competitor or with other small firms to create a critical mass of resources that can compete with larger firms on the basis of economies of scale.

§3 General environmental factors

Each company, regardless of its specific business activities and related organizational domain, must also operate and survive within a broad general environment that includes forces that will eventually impact the ability of every company within that environment to obtain the resources required for their activities. The strategic business plan for the company should take into account relevant trends that can be expected to have a major impact on the company's activities over the planning period. Examples of issues to consider include demographic changes, economic policies and conditions, technological developments, the emergence of new competitors, regulatory changes, and the activities of special interest groups. The following is a brief description of some of the more important and common general environmental forces:

Economic forces, which might include interest rates, exchanges rates, wage levels, GDP, per capita income, unemployment rates, and other indicators of the general health and condition of the economy have a direct and significant impact on the demand for the products and services of companies and the prices that must be paid in order for companies to obtain necessary resources (e.g., raw materials and personnel). Differences between countries with respect to certain of these key economic indicators can have a dramatic impact on choices that companies make when designing their organizational domains. For example, it is now common for US companies of all sizes to outsource manufacturing and other activities to foreign countries where the relative costs of labor and/or raw materials are lower and, in fact, outsourcing to reduce costs has become an essential strategy for remaining competitive in global marketplaces.

Technological forces, which might include development of new technologies that will ultimately lead to new products and services, more efficient production techniques, and new methods for accelerating communications and exchange of data, will always have a significant and often sudden impact on how companies operate. A complicating factor for US companies is that more and more new technologies are being developed outside of the US and US companies must learn how to identify breakthroughs in foreign markets and transfer them into their own companies so that they can be used to remain competitive.

Political and environmental forces, which might include laws and regulations, politically-driven governmental policies, and pressure from special interest groups, may impact how companies will need to interact with governmental agencies. A simple example is how companies have been forced to address concerns raised by environmental interest groups regarding how certain products may adversely effect the environment. In many cases, companies have been forced to invest significant amounts in redesigning products or packaging to reduce pollution or solid waste and this has typically required modifications in the relationships that these companies have with key stakeholders such as customers and suppliers. In some instances the need to respond to special interest groups has caused companies to join forces, albeit temporarily, with competitors in an effort to counterbalance the resources that the interest groups might be using to influence public policymakers. Political forces are obviously relevant to companies as they expand globally since foreign countries may regulate inbound foreign investment and/or establish and enforce import and export controls in order to manage the impact of foreign investment on their local economies.

Demographic, cultural and social forces, which might include age, level of education, customs and values, lifestyle, and religious beliefs within a particular country or geographic territory, will determine the business methods and practices in the country or territory and impact how a company must relate to key stakeholders—customers, employees, suppliers, distributors and regulators—in those countries and territories. These forces will determine what products and services might be most popular in a particular country and the attitudes of customers regarding products and services that are imported from the US and other foreign countries. With respect to how business is conducted in foreign countries, US companies must be mindful of how local culture, customs and values shape attitudes toward business practices that might be considered corrupt in the US yet are seen as acceptable in the foreign country. Culture may also impact how local companies comply with financial reporting requirements and will also influence the role that local labor unions play in relations between managers and employees.

While the general environmental forces described above will ultimately impact every element of a company's specific environment they are particularly relevant to the selection of products and services and the target customer base. Since emerging companies are typically launched to create and exploit some type of technology-based competitive advantage their business models are particularly sensitive to technological forces. As a result, it is not surprising to see that emerging companies tend to make technology-related activities a priority in the business planning process and are more likely to dedicate resources to technology planning and forecasting at a very early stage of the company's development. Economic, demographic and cultural forces are also important factors for emerging companies looking to launch new products and services in dynamic industries such as communications and entertainment. Finally, if the founders believe that a potential product or service will have a global market they must carefully consider cultural and political factors in key foreign markets before the initial design of the product or service is completed to ensure that it can be easily and efficiently rolled out with minimal additional expense and effort to localize the product or service for successful entry in foreign markets.

While general economic forces present significant challenges for firms primarily active in industrialized countries, managers of companies in developing countries face an almost overwhelming task in coping with the turbulent economic and political forces that are continually in play in their domestic markets. Among other things, managers in developing countries must deal with rapid and frequent fluctuations in interest rates and inflation, devaluation of national currencies, constantly changing regulatory and industrial policies, and unstable markets and prices for raw materials and other inputs. An area of particular concern is the political environment, which can impact business conditions in developing countries in several important ways:

- The level of political stability in the country has a substantial impact on the climate in which managers must operate and directly impacts the new business opportunities that might be available to local firms. Unfortunately, political conditions in many developing countries remain unstable, and are often defined by lengthy periods of civil unrest and struggles among various interest groups. The increased political risk often causes foreign investors to look elsewhere for markets and business relationships.
- The government establishes the economic and industrial policies, laws and regulations, and incentive programs that can promote or restrict business activities. For example, government registration requirements for business licenses, export activities, and import of raw materials can be quite costly and time-consuming. On the other hand, the government may provide needed funding for product development and tax deferrals and exemptions to encourage export activities. The impact of the government's legal authority extends to all parts of the business company: labor laws influence how the company operates its human resources function; consumer

protection and competition laws must be taken into account in product development and marketing; and the finance department must comply with accounting rules and financial disclosure requirements.

- Even in industrialized countries, governments remain significant consumers of products and services generated in the private sector. In fact, for many companies that are engaged in the development and manufacture of military equipment, the government is their primary, if not sole, market. As such, managers must learn to evaluate government procurement offices in the same way as any other customer and, if appropriate, develop the necessary expertise to understand the detailed procedures for bidding on government contracts.
- While privatization has become an important part of industrial policy in many developing countries, a substantial number of state-owned firms remain in existence. As such, the government, through these “parastatals,” may be directly involved in market activities and provide substantial competition to private sector firms.

International and regional economic and political factors are becoming increasingly important for firms in industrialized and developing countries. Rapid improvements in technology and communications have created global marketplaces where goods can be sold quickly and easily. The World Trade Organization, the latest in a series of efforts to build a permanent and viable multilateral trade institution, has created additional rules and regulations for international trade and market access that supersede the domestic policies of member nations. Finally, the rise of regional trade companies throughout the world, including the industrialized areas of North America and Europe, promises to have a significant impact on marketing strategies.

Internationalization is already having several significant effects on the day-to-day activities and concerns of managers in the developing countries. First of all, firms may initially suffer from the loss of preferences previously afforded to developing countries under prior treaties and conventions. Second, companies in developing countries are also likely to experience increased competition in their home markets as tariffs are liberalized around the world and their governments are forced to discontinue protectionist policies. Third, the required skill base for managers must evolve to include the tools necessary for analyzing and understanding foreign markets, each of which have their own unique set of environmental factors.

§4 Sources of uncertainty in the organizational environment

One of the primary tasks of management is to ensure that the company is able to successfully navigate within its organizational environment to secure a steady and predictable flow of all of the scarce resources that the company needs in order to successfully complete its operational activities and product and distribute its products and services to its target customer group. Unfortunately, as noted above, the organizational environment in which most companies now operate is never totally stable and changes in that environment, often unforeseen, may raise the level of uncertainty that management must deal with in order to control the flow of necessary resources to the company. The choices made by the senior managers of any company with respect to the scope and boundaries of its organizational domain necessarily expose the company to different levels of uncertainty, complexity and restrictiveness which, in turn, have a significant impact on the decisions that managers must make regarding the organizational design of the company and the strategies that are followed in order to achieve the company's overall goals and objectives. In order to better understand the relationship between organizational domain and strategy it is useful to understand the concepts of environmental complexity, restrictiveness, dynamism and richness.[3]

§5 --Environmental complexity

The level of "environmental complexity" for a company is determined by the strength, number, and interconnectedness of the specific and general environmental forces that impact the company and thus must be managed by the company.[4] As the number of forces, and differences between them, increase the organizational environment becomes more unpredictable and more difficult and challenging for management to control and the number of transactions that management needs to oversee increases the costs associated with operation of the business of the company. One example of environmental complexity is the situation that occurs when a company substantially increases the number of stakeholders from which they procure the inputs necessary for the production of the company's goods and services (i.e., suppliers). There are obviously strategic reasons for maintaining a large supplier network include a desire to avoid dependence on a single supplier and diversify the risks associated with possible shortages of inputs; however, a large supplier network is generally much more difficult to manage and environmental complexity is increased due to the need to spend substantial additional time collecting and evaluating information in order to establish and maintain relationships with all of the supplier. In fact, many large companies have made a purposeful choice to reduce the number of vendors they work with in order to decrease the level of environmental complexity.

Environmental complexity also increases when companies broaden their line of products and services, launch sales efforts toward new customers, or attempt to enter new lines of business. In each case, the company must make fundamental, and often substantial, changes in its organizational domain and must be prepared to collect and evaluate a large volume of additional information in order to understand and successfully complete the large volume of new transactions associated with these strategic initiatives. For example, adding a new product to be sold in a market that is unfamiliar to the company will require negotiations with a number of stakeholders including suppliers, distributors and customers and often requires recruitment of additional human resources with skills that are specific to the new products and markets. Entering a new line of business is obviously even more challenging given the need to deal with new regulators and competitors and convince skeptical participants in financial markets to provide the necessary capital. In addition, increased diversification within the company's organizational domain will likely impact the design of its organizational structure. Since

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[3] See J. Thompson, Companies in Action (New York: McGraw Hill, 1967).
[4] J. Child, "Organizational Structure, Environment, and Performance: The Role of Strategic Choice," Sociology, 6 (1972).

senior managers have a limited capacity to simultaneously oversee and consciously manage different functional and business activities the tendency for growing companies is to create small, autonomous business units focused on a particular goal or objective and then place them within market- or function-based divisions. This approach has advantages from the perspective of specialization; however, it obviously creates significant managerial challenges at the top of the organizational structure with respect to coordination and reconciling the different goals and cultures of the various business units at times when it is necessary for them to collaborate for the greater good of the entire company. As time goes by managers and employees within the divisions tend to develop and act in accordance with their own divisional norms and identify with divisional goals. This obviously makes it easier to make decisions and resolve problems with divisions; however, increased environmental complexity typically is accompanied by higher levels of strife and disagreement between divisions that must be managed by the senior executives at the parent company level.

Increases in environmental complexity also occur when specific and general environmental forces become interconnected and unforeseen changes in the general environment create uncertainties with respect to related specific forces.[5] For example, a dramatic change in technology may make existing products or manufacturing processes obsolete and create havoc with long-standing, and heretofore stable, relationships with various key stakeholders. First of all, relationships with customers will be jeopardized if they refuse to buy products that do not incorporate the new technologies or products that have become too expensive in light of the availability of new manufacturing processes that can substantially reduce production costs. The need to deploy the new technology in the company's business will trigger new transactions with banks and investors to obtain the necessary capital. In addition, supplier relationships will likely be impacted as the company seeks vendors that can provide resources that are specific to the new technology. Finally, changes in relationships with employees and labor unions may be required if the new technology reduces the number of required workers and/or changes the skills necessary to produce the company's products.

§6 --Environmental restrictiveness

The concept of "environmental restrictiveness" refers to both the structure of the markets in which the company has elected to operate and certain company-specific factors such as its internal flexibility of technologies, surplus of resources and the specificity with which the company has defined and constructed its organizational domain. Market-based factors that are relevant in determining the level of environmental restrictiveness include the degree of governmental regulation and economic competition, barriers to entry and the importance of labor unions in determining the availability of labor and the terms of employment. As the level of restrictiveness increases companies will be forced to take certain actions to attempt to manage the level of uncertainty associated with continuous access to critical scarce resources. These actions can be broken out into two different categories—strategies that are calculated to change the structural factors in the markets in

[5] F. Emery and E. Trist, "The Causal Texture of Organizational Elements," Human Relations, 18 (1965), 21-32.

which the company operates and internal strategies that reduce the level of uncertainty with respect to a scarce resource or change the organizational domain of the company in a way that reduces the level of environmental restrictiveness confronting the company.

Market structure has typically been broadly defined to include the various factors that determine the nature, level and extent of competition in an industry or market, including the size and number of firms and establishments; the concentration of production or sales in the hands of industry leaders; cost, demand and technological conditions; the ease of entry and exit conditions; and the extent of vertical coordination. Companies may adopt several different types of strategies to influence market structure in a way that is favorable to their interests; however, the scope of action is constrained by antitrust and competition law principles. One approach that companies can take is to form inter-organizational structures with other parties active in the market (i.e., competitors) and these may include participation in trade associations, joint ventures or cartels. Not surprisingly, companies must proceed with great caution when using this approach and certain activities, such as cartels, are generally illegal in United States and other industrialized countries. A second approach is to merge with other firms in the market in order to achieve vertical or horizontal integration or diversify the company's product line in order to reduce the overall level of risk and uncertainty. Once again, antitrust and competition laws relating to merger transactions must be considered and the attitude of courts and regulators toward interpretation and enforcement of those laws will influence the efficacy of this approach for specific companies. Finally, companies may undertake proactive strategies to actually change the rules and norms that apply to a particular industry or market included concerted action, often through trade associations, to change the applicable laws and regulations and/or the way that are interpreted and enforced. In addition, while antitrust and competition laws do constrain certain actions that companies might take it is also possible to use those laws as a tool to undermine what might be unfair advantage maintained by a competitor. Changing structural factors in the marketplace can be difficult, particularly since cooperation from competitors and other stakeholders is required, and it is not surprising that companies generally rely more heavily on one or more of the internal strategies for resource management described below. Certainly this is a more reactive approach to changes in the environment, as opposed to proactively seeking to influence the environment by transforming structural elements; however, it is a necessary part of coping with the world in which the company must operate.

§7 --Environmental dynamism

The level of "environmental dynamism" for a company refers to the rate and volume of change in the specific and general environmental forces that impact a company.[6] If the organizational environment for a company is relatively stable the company will be able to predict the availability and cost of scarce resources and thus will be subject to a much lower level of uncertainty. On the other hand, if the company is active in a general or specific environment that is relatively unstable (i.e., dynamic) it becomes much more challenging for management to predict future changes in environmental forces and how

[6] H. Aldrich, Companies and Environments (Upper Saddle River, NJ: Prentice Hall, 1979).

they will impact the organizational domain of the company. A common example of a highly dynamic and unpredictable environment is the computer industry since participants are constantly vulnerable to sudden and extreme changes in technology that will impact their products and services and their stakeholder networks. The move toward global markets has also tended to increase environmental dynamism since the number of forces that could potentially impact a company has risen correspondingly. For example, while the availability of certain inputs, such as raw materials and/or skilled low-cost labor, from foreign countries has opened new options for companies in their quest to cope with their environment it also means that those companies are vulnerable to a great number of unforeseen changes including adverse turns in the political, economic and social forces that are at play in the foreign countries where the inputs are being purchased.

§8 --Environmental richness

The level of "environmental richness" for a company is determined by the volume of necessary resources that are readily available to the company for use in creating, sustaining and building the organizational domain of the company.[7] The relevant continuum runs from rich to poor. A rich environment is one in which a particular resource is so plentiful that companies need not deal with uncertainty in obtaining the resource are expend additional time and money in competing with other companies for the resource. A good example is the plentiful pool of scientists and engineers in Silicon Valley due to its proximity to major universities. In that situation companies are able to quickly find the talent they need for development of new products and other innovative activities. On the other hand, when the environment is poor, as might be the case when the company is not located in the right location or the amount of competition for a resource is extremely high, companies must deal with elevated levels of uncertainty.[8] For example, a company that operates in a poor environment will have more problems attracting customers and will need to work harder to import technology and human resources needed to pursue its competitive objectives.

§9 --Managing environmental factors

Each company has its own unique environment and thus is subject to different pressures with respect to the company's specific environmental complexity, restrictiveness, dynamism and richness. In general, companies that operate in an environment that is relatively complex, restrictive, unstable and poor should expect to be confronted with much higher levels of uncertainty and significant issues with respect to identifying, obtaining and maintaining the scarce resources necessary for them to be successful. In turn, companies that operate in an environment that is relatively simple, unrestrictive, stable and rich should be less burdened by resource acquisition issues and better situated to predict how the environment will look over any particular planning period.

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[7] W. Starbuck, "Companies and Their Environments," in M.D. Dunnette (Ed.), Handbook of Industrial Psychology (Chicago: Rand McNally, 1976), 1069-1123; and G. Dess and D. Beard, "Dimensions of Organizational Task Environments," Administrative Science Quarterly, 29 (1984), 52-73.

[8] H. Aldrich, Companies and Environments (Upper Saddle River, NJ: Prentice Hall, 1979).

The problem, of course, is that the level of environmental uncertainty can change dramatically and often without advance warning. This often occurs when new technologies become available that change the way that companies must compete with one another and the expectations that customers have with respect to performance and delivery of products and services. Other events that typically increase environmental uncertainty include entry of new competitors, changes in economic conditions, and implementation of new laws and regulations. Moreover, management itself will be pushed by competitive factors to reconfigure and expand the organizational domain of the company as the original windows of opportunity close, new opportunities emerge, and unforeseen threats begin to loom on the horizon. For example, as customer tastes and requirements change the company must make changes in its products and services in order to retain customers and continuing growing and execution of these changes may require adjustments in certain parts of the company's stakeholder network—new suppliers and/or distributors. Management may also come under pressure to grow the company's existing business or enlarge its organizational domain when there is excess capacity with respect to inputs (e.g., raw materials, working capital, human resources etc.), processing (e.g., production) and outputs (e.g., inventory of finished products). When the company has excess capacity in one or more of these areas it must either grow its existing business or enlarge its company domain to the point where the excess capacity is fully utilized.

Also, as the domestic market for the products and services of a company begins to mature the company must typically look to foreign markets to expand its pool of the most valuable scarce resource—customers—and take advantage of its core competencies in order to continue to create new value for its owners and other stakeholders. At that point the original network of stakeholders will be transformed to include new distributors and suppliers that can execute the design changes necessary for the company's products to meet different expectations of foreign customers. Changes will also occur in the employment area as the company recruits foreign employees who understand the company's new markets and can provide services at lower costs to allow the company to remain competitive on a global basis. In addition, expanding business activities of any type (e.g., manufacturing, sales or information technology) into a foreign country means that management in the US must learn to understand and respect the vagaries of new legal and regulatory systems and local business practices.

Company managers must understand the concept of the specific environment and the roles that external stakeholders will play in designing and strengthening the company's organizational domain. During the business planning process managers should explicitly consider each of the key stakeholder groups and incorporate strategies for relating to those groups into the company's overall business plan. In addition, however, managers should anticipate in advance the need to execute changes in the organizational design as time goes by in order to ensure that the company is able to continue growing in the future and take advantage of opportunities to reduce costs and increase production efficiencies. One example of how this might be done is in the design of the product development process. If the managers know there will be a need at some point in the future to expand manufacture and sale of products into foreign markets they can design those products so that it is relatively simple to make any additional changes or enhancements that may be necessary in order to customize the products for new foreign markets. Managers should also consider when and how changes might be made in manufacturing and distribution strategies. For example, a company may start by manufacturing all of its products in order to retain control over costs and quality; however, as volumes increase and products need to be delivered on a timely basis to customers in foreign countries it may become more efficient to rely more heavily on outside suppliers and manufacturing partners. Similarly, reliance on direct sales communications with end users in the early days of the company may eventually give way to creation of a network of outside dealers and distributors. Finally, outsourcing of many other functions, including management of internal communications networks and customer service operations, has become a common business strategy and created an entirely new group of external stakeholders.

Recognition during the business planning process that the company will need to change its organizational domain in the future and address new environmental challenges does not mean that the company will be successful in adapting when the time actually comes to make changes. Whenever there is a need to change the size and scope of the organizational domain management must be prepared to identify the transactions that must be completed with various stakeholders in order to move forward and have the skills necessary to negotiate the best terms and conditions for the company and its various stakeholders. As noted above, one way in which companies change their organizational domain is by reaching out to attract new customers. In order to be successful in these efforts the company must be prepared to negotiate the terms of engagement with those customers and realign its network of suppliers and distributors in order to provide these new customers with products and services that meet their requirements. Interactions with key external stakeholders have been so important that companies are beginning to emphasize transactional skills and experiences as essential characteristics for candidates for senior manager positions. Of course, the ability of the company to successfully negotiate with external stakeholders depends on a variety of factors. For example, US companies certainly will be better placed to exert influence on local and national governmental agencies in the US than on foreign governments. Similarly, leverage with customers, suppliers and distributors will depend on the volume of business and how important the relationship with the company is to those stakeholders.

Management of environmental factors is a challenging proposition that involves all of the members of the senior management team and requires cooperation and understanding from every employee. It is for this reason that companies should heed the commonly given advice about involving all interested parties in the strategic planning process. It is essential for there to be agreement among the senior managers and stakeholders of the company regarding the overall goals and objectives of the company and the strategies and tactics that will be used in order to achieve those goals and objectives, including the desired boundaries and elements of the company’s organizational domain. If all of the involved parties are in agreement regarding goals and strategies of the company then the process of resolving problems that may arise with respect to the company and its business should proceed more rationally and smoothly. On the other hand, if there is no agreement regarding the goals and objectives of the company or the path that needs to be taken to achieve those goals then it is most likely that problems will be resolved, and decisions made, through costly and inefficient bargaining, negotiating and internal politicking.

§10 Strategies for managing resource dependencies

Once the company has decided upon the boundaries of its organizational domain and established internal processes and procedures for creating its products and services—sometimes referred to as the core technologies—management must implement strategies for protecting the core technologies against environmental forces that may cause unexpected problems with respect to the availability of scarce resources. One method that might be used is referred to as "buffering," which involves protecting core technologies by making sure that the company is able to continue operating at a constant rate regardless of changes in the environment. This can be accomplished by stockpiling raw materials so that price variations and shortages with respect to those materials in the market have little or no immediate impact on the company. Regular maintenance of key equipment and other assets is another way to make sure that operational activities flow smoothly. Another strategy is called "smoothing," or "leveling," and focuses on achieving and maintaining a level flow of work. In addition, companies concerned about a possible shortage of a scarce resource at some point in the future may preemptively "ration" usage of the resource for a specified period of time. Finally a company can try to manage fluctuations in environmental forces by implementing sophisticated forecasting tools to reduce surprises and anticipate in advance where changes in the environment might occur so the company can create effective contingency plans.

All companies rely on the above-described strategies from time-to-time; however, unfortunately they can be costly to implement and are usually no better than a short-term solution to coping with environmental forces. Accordingly, companies are strongly advised to consider more proactive approaches to managing their specific environment through the creation of linkages with other companies in their organizational domain that have control over, or compete for, the scarce resources needed to achieve strategic goals and objectives. One option seeks to reduce dependence on a particular resource by identifying one or more alternative sources (e.g., additional suppliers, customers or revenue-generating products) and entering into new market transactions with them. While this strategy should reduce environmental restrictiveness and the associated uncertainty with respect to access to resources, its will simultaneously increase environmental complexity. A second option is for the company to take pro-active steps to increase the level of control that it can exert over other parties in its chosen organizational domain through cooption (e.g., inter-locking directorships, long-term contracts, personnel transfers, etc.) and strategic alliances, including joint ventures. Finally, companies can expand their organizational domain by adding new products or entering new markets through internal development, licensing and/or mergers and acquisitions. All of these options can, and should, be accompanied by devoting additional resources to collecting and analyzing information regarding the environment so that the company can react more quickly to unforeseen problems and opportunities. Companies that are already operating in a complex environment may be using all of these strategies to some degree since they will be breaking their activities down into different market segments and then adopting strategies that are appropriate for the level of environmental restrictiveness in that segment.

§11 --Types of resource dependencies

Companies can and do attempt to manage resource dependencies through the way in which they interact with other companies that either provide necessary resources (inputs) or create competition for scarce resources. If Company A is dependent on the output of Company B as an input for the operational activities of Company A then there is a symbiotic interdependency between Company A and Company B that Company A must be prepared to monitor and manage in order to reduce uncertainty with respect to the availability of the input provided by Company. For example, companies have symbiotic interdependences with their suppliers and distributors that must be carefully managed. If Company A competes with Company C for scarce resources (inputs or outputs) then there is a competitive interdependency between Company A and Company C that will obviously create uncertainties for Company A that must be considered as part of the strategic business planning process. Competitive interdependencies can arise when companies battle over customers and scarce inputs such as human resources and raw materials.[9]

Companies can attempt to manage and control both symbiotic and competitive resource interdependencies by creating linkages with the other involved companies; however, in order for these linkages to be effective there must be coordination between the parties and this may reduce the ability of the parties to act independently and in their own best interests. For example, a company may enter into an exclusive supply relationship with a vendor in order to guarantee a steady stream of raw materials. Under the terms of such a contract the company would agree that the vendor would be the sole source for the company's requirements of the raw materials and, in turn, the vendor would agree to guarantee that all of the company's requirements would be satisfied at mutually agreeable price levels. There are obviously advantages to such a relationship to the extent that it reduces the uncertainty associated with ensuring that an adequate level of the particular raw material will always be available for product requirements; however, if another vendor should announce that it has a substitute product available at a lower price than the company would suddenly find itself disadvantaged by its existing exclusive supply contract since it would be obligated to continuing paying the higher prices even though that is no longer in the best interests of the company. Before forging any type of linked relationship the company must carefully consider and balance the ability to reduce and manage resource uncertainty on the one hand against the loss of freedom to make different choices and change strategies at some future point during the term of the contract governing the linked relationship.

§12 --Managing symbiotic resource interdependencies

[9] J. Pfeffer and G. Salancik, The External Control of Companies (New York: Harper and Row, 1978), and H. Greve, "Patterns of Competition: The Diffusion of Market Position in Radio Broadcasting", Administrative Science Quarterly, 41 (1996), 29-60.

Companies can follow one or more basic strategies for managing and controlling symbiotic resource interdependencies. The least formal strategy is making a concerted effort to improve the company's reputation, or increase its level of "prestige," in the eyes of important providers of symbiotic resources such as suppliers and customers. Companies that enjoy a good reputation are respected and trusted by others because of the way that they have implemented and maintained fair and honest business practices. For example, companies develop a good reputation with their customers by providing high quality products and services at fair prices and timely support and service. Companies also impress their suppliers by paying their bills on time and dealing honestly with respect to other issues that may arise during the course of the relationship. A company with a good reputation is more likely to become a preferred business partner and have access to concessions that are unavailable to others such as having their orders filled by a supplier during periods when a particular resource is scarce and the supplier is forced into rationing when allocating between several customers.

A second strategy for guarding against the costs and risks associated with sudden resource shortages is for the company to maintain relationships with a number of alternative sources for the particular resource. For example, companies may create a network of several suppliers for specific raw materials and scatter their orders throughout the network in order to avoid becoming too dependent on a particular supplier. Similarly, a company may seek to diversify its risks with respect to its customer base by avoiding having any one customer account for too large a proportion of sales of a particular product. The downside to this approach is that it increases the complexity of the company's organizational domain and such a strategy is only viable in situations where there are a number of viable alternatives in the company's environment from which it can choose or the level of environmental restrictiveness is low.

A third strategy for managing symbiotic resource interdependencies is referred to generally as "cooption" and is based on reducing or eliminating potential problems with an important stakeholder group by forging a relationship with that group that causes the group to have a vested interest in the success of the company. For example, a company may invite a senior executive of one of its key business partners to serve on the company's board of directors. By serving as a director the senior executive will have a greater opportunity to work closely with the company's own management team and the anticipated exchange of information and personal communications will hopefully result in stronger linkages between the two parties that will work to their mutual advantage in the future.

A fourth strategy for managing symbiotic resource dependencies, which can be carried out in a number of different ways and is also used in dealing with competitive resource dependencies, is the creation of strategic alliances that involve the sharing of resources between the participants in order to achieve some mutually beneficial business objective.

Examples of various categories of strategic alliances, listed in ascending order of formality, include the following[10]:

- The least formal type of strategic alliance is a long-term contract pursuant to which the parties attempt to reduce the costs associated with a particular activity, such as research and development, by sharing resources for a finite period of time. In this scenario, the only linkage between the two parties is contractual and the area of cooperation is tightly focused.
- Another form of strategic alliance takes the form of a network structure and involves three or more different companies who forge a contract-based relationship to share resources and information to achieve a specific business objective. For example, a group of companies may establish a consortium to pool their function-specific skills and resources in areas such as research and development, manufacturing or marketing with the understanding that all participants would be free to use the results as they wish in their own business activities. A company may also take the lead in putting together a cluster of companies that would work together on various aspects of developing and delivering a new product that would be owned and controlled by the company. A company may also rely on a network of suppliers with whom they continuously share information so that they network can be quickly tapped when new parts or components are needed by the company.
- Companies may elect to go beyond purely contractual arrangements to a formal relationship in which minority ownership interests are created between business partners. For example, a company may enter into a long-term supply contract with a vendor and also acquire a minority interest in the vendor in exchange for investment of capital that the vendor can use to upgrade its entire business and acquire resources that will ultimately be used to undertake projects that strategically significant for the investing company. The parties to a strategic alliance may also exchange shares so that each has a minority investment position in the other. The driving force behind minority ownership is building a strong link between the parties that will increase cooperation and encourage each of the parties to act in the best interests of the other party.
- A strategic alliance may also take the form of a joint venture, which occurs when the parties agree to form a separate business entity that will be jointly owned, supported and managed by the parties. A joint venture is typically created for a specific business purpose and may or may not involve non-cash resources contributed by the parties (e.g., personnel, technology, real and personal property). Joint ventures with foreign partners are often used to enter new geographic markets and may include research and development, manufacturing and sales and marketing. If the joint venture is successful and grows it may eventually become self-supporting and have its own management team.

Each type of strategic alliance is essentially an attempt to achieve and maintain some degree of power and control over other actors in the company's organizational domain that might be in a position to jeopardize the access of the company to scarce resources.

[10] G. Jones, Organizational Theory, Design, and Change (5th Ed) (Old Tappan, NJ: Pearson Prentice Hall, 2007), 69-72.

This type of approach is generally used in situations where there are fewer alternatives and control over the specific resource is relatively concentrated (i.e., high environmental restrictiveness and low environmental complexity). The specific type and form of strategic alliance will typically be dictated by the level of instability in the environment. For example, in a relatively stable environment a company may depend on long-term contracting. As instability increases to a highly unstable level the company may be more willing to select coalescing (e.g., entering into joint ventures).

The final, and most formal, strategy for managing both symbiotic and competitive resource interdependencies is the expansion of the company's organizational domain through a merger or acquisition transaction that allows the company to assume total control over the availability of a necessary resource. The type of merger and acquisition activity will depend on the circumstances and specific transactions may be entered into in order to achieve vertical integration, obtain a presence in new markets or obtain full control over activities that may have previously been managed through one of the cooperative strategies described above (e.g., buy out the interest of a joint venture partner). For example, a merger or acquisition with a key supplier may be the best way to insulate the company from the possibility that the supplier might disrupt the availability of important raw materials and/or raise the price of the materials to the point where the company's profitability targets become unattainable. A merger or acquisition with an important customer might be pursued in order to stabilize the demand for the company's products. A merger would involve a take over of the entire business of the other party; however, it is also possible to focus simply on the particular resource that is of interest to the company and structure the transaction as an acquisition of specified assets. Mergers and acquisitions are generally given serious consideration in situations where the company is engaged in a highly restrictive environment (i.e., many constraints and few alternatives) and at risk of being negatively impacted by uncertainties with regard to factors that are outside of its current organizational domain.

The choice of which strategy to use for managing and controlling symbiotic resource interdependencies will be determined by a number of factors and each area where the company is involved in an exchange transaction for a key scarce resource should be carefully evaluated; however, as a general rule a company will opt for a more formalized strategy (i.e., minority investment or merger/acquisition) when the level of uncertainty regarding the availability of a scarce resource is relatively high. Companies may also change strategies over a period of time—generally moving from less formal to more formal--as they become more familiar with the other party and/or environmental factors change. For example, the initial relationship with a supplier may be structured as a long-term contract; however, as time goes by the parties may enter into a more formal strategic alliance with the ultimate goal of an outright merger at such time as the company is ready and able to absorb all of the business activities of the supplier. A shift toward a more formal relationship should be carefully considered, however, since the company's freedom of action and ability to shift directions will generally become more constrained.

§13 --Managing competitive resource dependencies

The strategies for managing competitive, as opposed to symbiotic, resource interdependencies are somewhat more limited and the level of cooperation and communication between competitors is heavily constrained by antitrust and competition laws and the need to exercise caution in sharing information with parties that are aggressively seeking the same resources. At the one extreme, competitors may attempt to collude with one another, either informally or formally through the creation of a cartel, for their mutual benefit and in a manner that may be harmful to consumers and other market participants that are not a party to the collusion. Examples of collusive activities include price fixing, market division, division of profits, and output restrictions. While it is obvious that these sorts of activities can be beneficial to the participants in reducing uncertainties and stabilizing their competitive environment, collusions and cartels are generally forbidden under antitrust and competition laws. However, competitors may be given some leeway to share information and coordinate certain activities through trade associations, which are formed to serve as a voice of the companies active in a certain industry in communications with certain important stakeholders in their environment—regulators and public interest groups.

Subject to limitations established by antitrust and competition regulators, as well as the courts, competitors may also attempt to manage their resource independencies by entering into strategic alliances or merger/acquisition transactions. For example, competitors may share resources—cash, technology, personnel and tangible assets—in a joint venture in order to more efficiently develop new products and technologies that each would be free to use in their own businesses to compete with one another. A merger with a competitor may be pursued as a way to stabilize prices by eliminating the competitor from the market and may also be an efficient way to quickly expand a company's organizational domain by adding new products, customers and sources of supply. However, horizontal mergers will not be a viable option in the United States and other developed countries if they would create a monopolistic situation in the eyes of regulators.

§14 Cross-cultural studies of strategic planning

Researchers have found indications that the relationship between strategic planning and firm performance may be mitigated to some degree by contextual factors relating to the firm including, among other things, societal culture.[11] Research has been carried out on the relationship of strategic planning to all of the most widely recognized dimensions of societal culture and a number of researchers have argued that societal culture does have an impact on organizational processes relating to planning and decision making and on perceptions of strategic strengths and weaknesses.[12] Hoffman, for example, believed that

[11] P. Brews and M. Hunt, "Learning to plan and planning to learn: Resolving the planning school/learning school debate", Strategic Management Journal, 20(10) (1999), 889-913; C. Miller and L. Cardinal, "Strategic planning and firm performance: A synthesis of more than two decades of research", Academy of Management Journal, 37(6) (1994), 1649-1665; and I. Goll and A. Rasheed, "Rational decision-making and firm performance: The moderating role of environment", Strategic Management Journal, 18(7) (1997), 583-591.

[12] P. Haiss, Cultural Influences on Strategic Planning (1990); D. Brock, D. Barry and D. Thomas, "Your forward is our reverse, your right, our wrong: Rethinking multinational planning processes in light of

there were several different ways that societal culture might influence the strategic planning process.[13] First of all, since culture shapes the way that people within an organization think, behave and evaluate it is reasonable to assume that culture would influence the processes used to make plans and the decisions that form the foundation for those plans.[14] Second, variations among culture with respect to critical values and beliefs can be expected to have an impact on a variety of management processes including strategic planning. This chapter is intended as an introduction to the scholarship on commentary on how societal culture influences strategic planning processes.

While the strategic planning approach is fairly well embedded with larger firms and has been heavily studied with respect to firms in the US and other developed countries, the research work is less abundant and clear about the role that planning plays in small- and medium-sized enterprises and in developing and emergent markets. A large part of the chapter is devoted to summaries of key issues relating to strategic management and formal strategic planning in various developing countries as well as discussions of specific external environmental issues in those countries that are likely to influence the direction and focus of strategic planning efforts in years to come. Many of the developing countries are emerging from a long history of governmental control over production decisions in key business sectors and firms in those countries, particularly those that were formerly owned by the state, are not used to setting and pursuing goals and objectives determined by market conditions based on qualitative measures of profitability and efficiency. Other factors commonly seen among the countries profiled below include a societal cultural aversion to long-term planning based on the fundamental belief that the future cannot be controlled, a situation which partially explains the reluctance to recognize planning periods longer than a year; extremely turbulent political, economic and social environments that make forecasting and planning quite challenging; a tendency toward hierarchical organizational structures and autocratic leadership styles that are inconsistent with broad-based planning processes incorporating input from all levels of the organizational hierarchy; and a lack of technical training in the qualitative tools that are typically used by strategic planners working in developed countries.

§15 --Societal culture and strategic planning

Societal culture is such an important contextual influence on strategic planning. A number of researchers have argued that societal culture does have an impact on

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national culture", International Business Reviews, 9(6) (2000), 678; G. Hofstede, Culture's Consequences (2nd Ed.) (2001); R. Hoffman and W. Hegarty, "Top Management Influence on Innovations: The Effects of Executive Characteristics and Social Culture", Journal of Management, 19(3) (1993), 549; S. Schneider and A. De Meyer, "Interpreting and Responding to Strategic Issues: The Impact of National Culture", Strategic Management Journal, 12(4) (1991), 307; and R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27.

[13] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27 (citing D. Brock, D. Barry and D. Thomas, "Your forward is our reverse, your right, our wrong: Rethinking multinational planning processes in light of national culture", International Business Reviews, 9(6) (2000), 687).

[14] Id. (citing S. Schneider and J. Barsoux, Managing Across Cultures (2nd Ed.) (2003); and G. Hofstede, Culture's Consequences (2nd Ed.) (2001)).

organizational processes relating to planning and decision making and on perceptions of strategic strengths and weaknesses.[15] However, while theories abound, and a good deal of research on strategic planning processes and the relationship between strategic planning and performance has been undertaken, particularly in the US, Hoffman observed that only a few comparative cross-national studies of strategic planning have been completed. For example, one researcher examined management practices in Europe and found evidence that firms from Germany and UK were more likely to engage in long-range planning activities than French firms.[16] Another researcher found variations among banks from ten different countries with respect to various characteristics of their planning process (e.g., planning horizon, use of quantitative methods, types of plans, etc.) and planning content (e.g., objectives and forecasts) and speculated that those variations could be attributed, at least in part to differences in the societal cultures in which the banks operated.[17] A study of smaller firms by Rauch et al. indicated that societal culture moderated the relationship between detailed planning and non-financial success among those firms.[18] While the empirical evidence was limited, Hoffman nonetheless believed it was sufficient to “suggest that the strategic planning process and the planning performance relationship do differ among cultures”.[19]

A number of attempts have been made to define societal culture.[20] For his part, Hoffman noted that “[a] culture represents assumptions, values, and behaviors that have enabled people to successfully adapt to their external environment” and speculated that “[s]ince strategy is the means by which firms seek to adapt to their environments, a link between culture and strategy appears likely”.[21] Hoffman believed that there were several different ways that societal culture might influence the strategic planning process.[22] First of all, since culture shapes the way that people within an organization think, behave and evaluate it is reasonable to assume that culture would influence the processes used to

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[15] P. Haiss, Cultural influences on strategic planning (Heidelberg, Germany: Physica-Verlag, 1990); D. Brock, D. Barry and D. Thomas, “’Your forward is our reverse, your right, our wrong’: Rethinking multinational planning processes in light of national culture”, International Business Reviews, 9(6) (2000), 687-701; G. Hofstede, Culture's consequences (2nd Ed.) (Beverly Hills, CA: Sage, 2001); R. Hoffman and W. Hegarty, “Top management influence on innovations: The effects of executive characteristics and social culture”, Journal of Management, 19(3) (1993), 549-574; and S. Schneider and A. De Meyer, “Interpreting and responding to strategic issues: The impact of national culture”, Strategic Management Journal, 12(4) (1991), 307-320.

[16] J. Horovitz, Top management control in Europe (London: MacMillan, 1980).

[17] P. Haiss, Cultural influences on strategic planning (Heidelberg, Germany: Physica-Verlag, 1990).

[18] A. Rauch, M. Frese and S. Sonnetag, “Cultural differences in planning/success relationships: A comparison of small enterprises in Ireland, West Germany, and East Germany”, Journal of Small Business Management, 38(4) (2000), 28-41.

[19] R. Hoffman, “The Strategic Planning Process and Performance Relationship: Does Culture Matter?”, Journal of Business Strategies, 24(1) (2007), 27-48.

[20] For discussion of definitions of societal culture, see “Globalization: A Library for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[21] R. Hoffman, “The Strategic Planning Process and Performance Relationship: Does Culture Matter?”, Journal of Business Strategies, 24(1) (2007), 27-48 (citing S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003)).

[22] Id. (citing D. Brock, D. Barry and D. Thomas, “’Your forward is our reverse, your right, our wrong’: Rethinking multinational planning processes in light of national culture”, International Business Reviews, 9(6) (2000), 687-701).

make plans and the decisions that form the foundation for those plans.[23] Second, variations among culture with respect to critical values and beliefs can be expected to have an impact on a variety of management processes including strategic planning.

Hoffman collected information on strategic planning and performance from an international sample of firms in multiple countries to identify potential influences of societal culture and relied on two well-known assessments of societal culture: Ronen and Shenkar's cultural clusters, which grouped countries based on similarities of goals, values and norms in work settings derived from a number of major multi-country studies and comparisons[24]; and Hofstede's value dimensions of power distance, uncertainty avoidance, assertiveness (masculinity-femininity) and self-orientation (individualism-collectivism), which Hoffman noted had been often used in management research but not as often in research relating to planning.[25] His study included firms from several of the cultural groups identified by Ronen and Shenkar: Anglo (US and UK), Germanic (Germany and Switzerland) and Nordic (Denmark, Finland, the Netherlands, Norway and Sweden) and his goal was to test the validity of various hypotheses formulated in advance based on the prior work of various researchers and results suggested by theory. Further explanations of these hypotheses are included in the sections below and Hoffman's overall conclusion was that general planning and performance was relevant across all of the societal cultures sampled and that while there appeared to be little direct relationship between culture and planning, culture did moderate the planning-performance relationship and there was also evidence that specific cultural values accounted for some of the cross-cultural differences in the planning-performance relationship.[26]

Nauheimer also observed that the strategic planning processes used by firms are likely subject to influence by the societal cultures in which they operate and conducted a multi-country study of strategic planning processes in large companies using case studies based on information collected from nine large companies headquartered in the US, Switzerland and Germany, operating on a global basis and concentrating on three different categories

[23] Id. (citing S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003); and G. Hofstede, Culture's consequences (2nd Ed.) (Beverly Hills, CA: Sage, 2001)).

[24] S. Ronen and O. Shenkar, "Clustering of countries on attitudinal dimensions: A review and synthesis", Academy of Management Review. 10(3) (1985), 435-454. For discussion of cultural clusters in general, and the work of Ronen and Shenkar specifically, see "Globalization: A Library for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[25] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27-48 (citing K. Leung, R. Bhagat, N. Buchan, M. Erez and C. Gibson, "Culture and international business: Recent advances and their implications for future research", Journal of International Business Studies, 36(4) (2005), 357-378; and K. Sivakumar and C. Nakata, "The stampede toward Hofstede's framework: Avoiding the sample design pit in cross-cultural research", Journal of International Business Studies, 32(3) (2001), 555-574; and P. Haiss, Cultural influences on strategic planning (Heidelberg, Germany: Physica-Verlag, 1990)). For detailed discussion of Hofstede's dimensions of societal culture, see "Globalization: A Library for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[26] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27-48. On average, the firms in Hoffman's sample produced durable goods, generated $6.1 billion in sales, employed about eighteen thousand people, had been in existence for almost a century, and tended to pursue more proactive "analyzer" and "prospector" strategies. Id.

of activities: international conglomerates, automotive suppliers and regional banks.[27] Nauheimer wanted to learn more about the formal processes of strategic planning in these companies and compare what she found to the assumptions described in the following sections regarding the influence of various dimensions of societal culture suggested by Hofstede on strategic planning. At the end of her study she found partial support for proposition that "[s]trategic planning systems are subject to cultural differences" and that "[c]ompanies based in Anglo-American societies will exhibit flexible, non-formalized strategic planning systems and short term strategic plans . . . [while] . . . [c]ompanies based in Germany and/or Switzerland will tend to have a more formalized and structure planning process resulting in long-term strategic plans."[28]

§16 ----Uncertainty avoidance

Based on the discussion above, it should be clear that planning is a widely prescribed strategy for managers around the world; however, it is reasonable to think that perhaps the feelings of managers regarding the efficacy of planning will diverge depending upon the level of uncertainty avoidance in the society where the manager is operating. For example, in high uncertainty avoidance countries such as Germany managers have been found to believe that detailed planning is linked to success in the small business context; however, there is evidence that in low uncertainty avoidance countries such as Ireland planning is perceived as having a negative influence on success. Managerial attitudes regarding planning also appear to be linked to differences in managers' beliefs regarding expectations of customers that correlate with the level of uncertainty avoidance—researchers found that in Germany managers believed that customers focused on "on-time delivery", which requires a high level of planning, while in Ireland managers believed that that customers were more concerned about the ability of their vendors to be flexible and able to respond rapidly to unforeseen changes in their requirements.[29] Other researchers, such as Schneider and Barsoux, have argued that the overall planning process is influenced by the level of uncertainty avoidance in the societal culture.[30]

Hoffman observed that the attitudes of individuals in different societies regarding their ability to "control" their environment are likely to influence their perceptions regarding value and effectiveness of strategic planning. For example, researchers who had examined managerial practices among managers from different cultural clusters had found that in those cultures that perceived a greater control over their environments and where there was a higher tolerance for ambiguity firms tended to "use a more

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[27] M. Nauheimer, On studying the strategic planning process in large companies: Theoretical perspectives and evidence (University of St. Gallen, Germany, PhD Dissertation, 2009), http://www1.unisg.ch/www/edis.nsf/SysLkpByIdentifier/3429/$FILE/dis3429.pdf

[28] Id.

[29] A. Rauch, M. Frese and S. Sonnentag, "Cultural differences in planning/success relationships: A comparison of small enterprises in Ireland, West Germany, and East Germany," Journal of Small Business Management, (38) (2000), 28-41.

[30] S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003).

rational/analytical, top down approach to strategy making".[31] In contrast, managers operating in societal cultures where it was believed that individuals had less control over their environment, and where high uncertainty avoidance prevailed, were predicted to take a "less methodical approach" to strategic planning and decision making.

According to various researchers high uncertainty avoidance leads to increased planning activity, a higher perceived importance of planning and a longer planning time horizon while firms operating in low uncertainty avoidance cultures prefer to use more flexible, short-term planning processes.[32] Hoffman cited Schneider and Barsoux for their observation that, in comparison to the Germanic culture cluster where uncertainty avoidance is high, "'[m]anagers from Nordic and Anglo countries are less likely to see environments as uncertain' and more likely to believe environments can be analyzed and known through rational processes such as strategic planning".[33] Hoffman went on to hypothesize that managers from Anglo and Nordic cultures would place a stronger emphasis on various strategic planning processes than those from Germanic cultures and, in fact, his survey results provide some confirmation for this hypothesis although the support was characterized as "marginal" at best.

Hoffman also argued that because strategy is a tool that firms can use to try and adapt to their external environment, the attitudes of managers derived from the societal culture in which they live and work regarding uncertainty avoidance ought to be relevant to their processes of strategic planning. There is evidence from studies conducted among managers of firms in Anglo and Nordic cultures, which both believe that the external environment can be analyzed and known, that they are prone to selecting and using analytical approaches to strategic planning.[34] However, differences between strategic planning processes in Anglo firms and German firms, which operate in a societal culture with a different attitude toward uncertainty avoidance, have been identified in other studies. For example, when compared to German firms British firms have been found to use planning that was more strategically oriented as opposed to operationally oriented, use a longer time horizon and place more emphasis on performance.[35] In a comparison of the overall planning process used in US and German firms Haiss concluded that the approach taken in the US was "rational and analytical" while German firms followed a

[31] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27-48 (citing S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003)).
[32] G. Hofstede, Culture's consequences (2nd Ed.) (Beverly Hills, CA: Sage, 2001); P. Haiss, Cultural influences on strategic planning (Heidelberg, Germany: Physica-Verlag, 1990); and D. Brock, D. Barry and D. Thomas, "'Your forward is our reverse, your right, our wrong': Rethinking multinational planning processes in light of national culture", International Business Reviews, 9(6) (2000), 687-701.
[33] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27-48 (citing S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003), 122).
[34] Id. (citing S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003) (Denmark and Sweden) and S. Schneider, "Strategy formulation: The impact of national culture", Organization Studies, 10(2) (1989), 149-168 (United States)).
[35] J. Horovitz, Top management control in Europe (London: MacMillan, 1980).

more "political" process.[36] Based on these studies, Hoffman hypothesized that the strategic planning processes of Anglo and Nordic firms appear to be similar to each other while the processes within German firms appear to differ from the rational/analytical planning model and that strategic planning processes will be positively related to performance within the Anglo and Nordic cultures while having a weaker relationship to firm performance within the Germanic culture. Hoffman's results provided only partial support for the presence of strong planning-performance relationships among the Anglo and Nordic cultures.[37]

Nauheimer noted that since countries with low uncertainty avoidance such as the US have a higher tendency to take risks and are less accepting of rules and conformity it might be assumed that organizational planning systems in that country would be less formal and structured than those of firms based in countries such as Germany where uncertainty avoidance is high.[38] As noted above, the results of her survey appeared to confirm these predictions by providing evidence that the US-based companies that she sampled preferred flexible, non-formalized strategic planning systems while the companies based in Germany and/or Switzerland that she sampled relied on more formalized and structured planning processes.

§17 ----Power distance

Hofstede has observed that the manner in which the strategic planning process is structured is likely to be influenced by the level of power distance in the societal culture.[39] In that regard, Schneider and Barsoux argued that managerial relationships among those involved in the planning process are influenced by self-orientation[40] and Brock et al. concluded that a top-down highly structured planning approach will be preferred in high power distance cultures.[41] Hoffman hypothesized that formal strategic planning processes will be positive related to firm performance given higher levels of power distance, a hypothesis that was confirmed in his study involving Anglo, Nordic and Germanic societal cultures. Nauheimer hypothesized that in the US, where power distance was low and democratic values in the workplace were celebrated, planning would be more dynamic with greater communication flow and active inputs from employees at the divisional level. In contrast, in Germany and Switzerland, where power distance was higher and people accepted orders from managers and were extremely

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[36] P. Haiss, Cultural influences on strategic planning (Heidelberg, Germany: Physica-Verlag, 1990). As for specifics, Haiss found that, compared to US firms, German firms planned on a less regular basis and conducted planning more as a staff versus a line function.
[37] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27-48.
[38] M. Nauheimer, On studying the strategic planning process in large companies: Theoretical perspectives and evidence (University of St. Gallen, Germany, PhD Dissertation, 2009), http://www1.unisg.ch/www/edis.nsf/SysLkpByIdentifier/3429/$FILE/dis3429.pdf
[39] G. Hofstede, Culture's consequences (2nd Ed.) (Beverly Hills, CA: Sage, 2001).
[40] S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003).
[41] D. Brock, D. Barry and D. Thomas, "'Your forward is our reverse, your right, our wrong': Rethinking multinational planning processes in light of national culture", International Business Reviews, 9(6) (2000), 687-701.

uncomfortable challenging those orders, Nauheimer expected that strategic planning would be very transparent albeit smooth.[42]

Another study provided support for the relationship between cultural values and the preferred level of subordinate involvement (i.e., "participation") in decisions that managers are required to make regarding strategy and operations. Specifically, managers were more likely to tap into the experience of subordinates and allow them to participate in decisions when the societal cultural values included high individualism, cultural autonomy, egalitarianism, low power distance, harmony and femininity; however, supervisorial authority and formal rules played much bigger roles in the making of decisions—and subordinate participation was minimal or non-existent—in societies characterized by collectivism, cultural embeddedness, hierarchy, power distance, mastery and masculinity.[43] Ruigrok et al. found differences between societal cultures with respect to the degree to which their firms pursued decentralization in the strategic planning process, specifically observing that the highest pace of decentralization in their studies of European firms could be found among German-speaking and Northern European firms.[44]

§18 ----Individualism-collectivism

Schneider and Barsoux argued that the intensity of individualist values in the societal culture influences both managerial relationships during the planning process and the overall comprehensiveness of the planning system.[45] Brock et al. observed that there is more variety and flexibility in the planning processes used in in individualistic cultures while cooperation and conformity to the same process is expected when planning is conducted in collectivist cultures.[46] Hoffman hypothesized that formal strategic planning processes will be positive related to firm performance given higher levels of individualism; however, there was not sufficient support for this hypothesis in his study involving Anglo, Nordic and Germanic societal cultures. Nauheimer speculated that in individualist countries, such as the US, individual, as opposed to group, goals would play a larger part in formulation and execution of strategic plans while the opposite would be true in collectivist countries.[47]

§19 ----Masculinity-femininity

[42] M. Nauheimer, On studying the strategic planning process in large companies: Theoretical perspectives and evidence (University of St. Gallen, Germany, PhD Dissertation, 2009), http://www1.unisg.ch/www/edis.nsf/SysLkpByIdentifier/3429/$FILE/dis3429.pdf

[43] P. Smith, M. Peterson, S. Schwartz, A. Ahmad, D. Akande, J. Andersen et al., "Cultural values, sources of guidance, and their relevance to managerial behavior—A 47-nation study," Journal of Cross-Cultural Psychology, 33(2) (2002), 188-208.

[44] W. Ruigrok and A. Pettigrew, "Corporate Restructuring and New Forms of Organising: Evidence from Europe", Management International Review, 2 (1999), 41-64.

[45] S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003).

[46] D. Brock, D. Barry and D. Thomas, "'Your forward is our reverse, your right, our wrong': Rethinking multinational planning processes in light of national culture", International Business Reviews, 9(6) (2000), 687-701.

[47] M. Nauheimer, On studying the strategic planning process in large companies: Theoretical perspectives and evidence (University of St. Gallen, Germany, PhD Dissertation, 2009), http://www1.unisg.ch/www/edis.nsf/SysLkpByIdentifier/3429/$FILE/dis3429.pdf

According to Steensma et al., tight, structured planning processes are preferred in competitive, masculine culture because they are more likely to achieve desired results.[48] In turn, flexible and bottom-up planning processes are more popular in feminine cultures.[49] Hoffman hypothesized that formal strategic planning processes would be positive related to firm performance given lower levels of masculinity; however, there was not sufficient support for this hypothesis in his study involving Anglo, Nordic and Germanic societal cultures. Nauheimer suggested that differences among societies with respect to masculinity and femininity might come into play when disagreements arose during the planning process.[50]

§20 ----Time orientation

Variations between societies with regard to their long term orientation might be expected to influence the length of planning horizons and Nauheimer noted that US organizations tended to have a short-term orientation with respect to planning as opposed to the long-term orientation among German and Swiss firms due perhaps to differences in ownership structures of firms in the US, Germany and Switzerland.[51] Hofstede argued that business strategies differed significantly between long-term oriented societies and short-term oriented societies: business strategies and actions in long-term oriented societies focus on future market position and long-term relationships while profits and quick results are more important for strategists working in short-term oriented societies.[52]

§21 --Dimensions of strategic planning

Researchers have analyzed strategic planning with the help of a variety of dimensions such as formality[53], the level of sophistication[54], the length of the planning horizon[55] and

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[48] H. Steensma, L. Marino and R. Weaver, "Attitudes toward cooperative strategies: A cross-cultural analysis of entrepreneurs", Journal of International Business Studies, 31(4) (2000), 591-609.

[49] D. Brock, D. Barry and D. Thomas, "'Your forward is our reverse, your right, our wrong': Rethinking multinational planning processes in light of national culture", International Business Reviews, 9(6) (2000), 687-701.

[50] M. Nauheimer, On studying the strategic planning process in large companies: Theoretical perspectives and evidence (University of St. Gallen, Germany, PhD Dissertation, 2009), http://www1.unisg.ch/www/edis.nsf/SysLkpByIdentifier/3429/$FILE/dis3429.pdf

[51] Id.

[52] For detailed discussion of Hofstede's dimensions of societal culture, including time orientation, see "Globalization: A Library for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[53] P. McKiernan and C. Morris, "Strategic Planning and Financial Performance in UK SMEs: Does Formality Matter?", British Journal of Management, 5 (1995), 31-41. See also Al-Shammari and Hussein, who divided firms into three classes based on the level of formality with respect to strategic planning: non-strategic planners, incomplete strategic planners and strategic planners. H. Al-Shammari and A. Hussein, "Strategic Planning-Firm Performance Linkage: Empirical Investigation from an Emergent Market Perspective", Advanced in Competitiveness Research, 15(1&2) (2007), 15-26.

[54] R. Robinson and J. Pearce, "Planned Patterns of Strategic Behavior and Their Relationship to Business-Unit Performance", Strategic Management Journal, 9 (1988), 43-60.

[55] L. Rhyne, "The Relationship of Strategic Planning to Company Performance", Strategic Management Journal, 7 (1986), 423-436.

the specific strategic planning tools and processes[56]. Many of these approaches have been criticized as being too limited and confined to a "unidimensional perspective".[57] In response, more complex models of strategic planning dimensions, with multiple dimensional variables, have been suggested and used. For example, Kraus et al. examined the contribution of strategic planning formalization, time horizon, strategic instruments and control to firm growth and Rudd et al. investigated the relationship between strategic planning and both financial and non-financial performance of firms using measures of four types of flexibility: operational, financial, structural and technological.[58] In other cases an attempt was made to integrate other factors—environmental turbulence and organizational characteristics (e.g., firm size and/or age, organizational structure and specialization rate)—into the analysis along as determinants of how strategic planning is implemented with various characteristics of the strategic planning process itself such as "intensity".[59]

After their own extensive review of the relevant literature from both developed countries and emerging markets, Sukle and Debarliev argued that the preferred approach was to use a wider list of strategic planning dimensions, along with both financial and nonfinancial measures of organizational performance, and created a model for their study of strategic planning that included the following dimensions: the formality of strategic planning, the use of strategic planning techniques, the management participation in strategic planning, the employee participation in strategic planning and the barriers to the strategic planning implementation.[60] Each of these dimensions is explained briefly in the following paragraphs along with the hypotheses Sukle and Debarliev used with respect to each dimension in their actual survey of firms and managers in the Republic of Macedonia.

§22 ----Formality

With respect to their first dimension of strategic planning—formality—Sukle and Debarliev mentioned that "[m]any guidelines for implementing effective strategic planning suggest that the planning process should be comprehensive, flexible, adaptable, efficient, realistically, focused to the objective, and maybe the most important, it should be formalized in written form"[61] and noted that Pearce et al. had observed that the

[56] K. Meers and C. Robertson, "Strategic Planning Practices in Profitable Small Firms In The United States", The Business Review, 7(1) (2007), 302-307; and G. Baker and J. Leidecker, "Does It Pay to Plan?: Strategic Planning and Financial Performance", Agribusiness, 17(3) (2001), 355-364.
[57] See, e.g., P. Phillips and L. Moutinho, "The Strategic Planning Index: A Tool for Measuring Strategic Planning Effectiveness", Journal of Travel Research, 38(4) (2000), 369-379, 370.
[58] S. Kraus, R. Harms and E. Schwarz, "Strategic Planning in Smaller Enterprises: New Empirical Findings", Management Research News, 29(6) (2006), 334-344.
[59] See, e.g., W. Hopkins and S. Hopkins, "Strategic Planning-Financial Performance Relationship in Banks: A Causal Examination", Strategic Management Journal, 18(8) (1997), 635-652; K. Glaister, O. Dincer, E. Tatoglu, M. Demirbag and S. Zaim, "A Causal Analysis of Formal Strategic Planning and Firm Performance Evidence From an Emerging Country", Management Decision, 46(3) (2008), 365-391; and P. Risseeuw and E. Masurel, "The Role of Planning in Small Firms: Empirical Evidence From a Service Industry", Small Business Economics, 6(4) (1994), 313-322.
[60] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 70.
[61] Id.

formality of the strategic planning process refers to, and includes, “detailed formats, quantification of all inputs and rigid calendar of events”.[62] They noted, however, that O’Regan and Ghobadian had analyzed previous empirical studies on the relationship between the formality of strategic planning and organizational performance and found mixed results, meaning that while some studies had identified benefits other than had found no relationship between a formal strategy and the financial performance.[63] Nonetheless, Sukle and Debarliev believed that there were sufficient indications in the prescriptive literature to support testing of the hypotheses that formal strategic planning processes lead to both improved strategic planning effectiveness and better organizational performance.[64]

In order to assess the overall formality of strategic planning, Sukle and Debarliev asked their respondents to provide information on the following measures using a five-point bipolar phrase: flexible planning procedures (value 1) or uniform planning procedures (value 5); results emphasized (value 1) or process emphasized (value 5); ten pages plans or less (value 1) or massive paperwork (value 5); time horizon less than 3 years (value 1) or time horizon more than 3 years (value 5); and random progress review (value 1) or regular progress review (value 5).[65] They eventually found that formal strategic planning processes led to both improved strategic planning effectiveness and better organizational performance, financial and non-financial, in the Republic of Macedonia.[66]

The results achieved by Sukle and Debarliev in the Republic of Macedonia were similar to the strong and positive relationship between formal strategic planning and firm performance that was found by Glaister et al. in Turkey and researchers in Jordan also found support in that country for the conclusion that firms that elected to implement formal strategic planning performed better than firms that did not. Interestingly, the Jordanian researchers found that not only did the strategic planners in that country enjoy higher returns on assets and better growth rates in revenue they also achieved valuable non-financial advantages such as being better able to adapt to their external environment, more able to attract a high quality labor force, higher levels of job satisfaction among

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[62] J. Pearce, E. Freeman, R. Robinson, “The Tenuous Link between Formal Strategic Planning and Financial Performance”, Academy of Management Review, 12(4) (1987), 658-675, 658.

[63] N. O’Regan and A. Ghobadian, “Formal Strategic Planning: The Key to Effective Business Process Management”, Business Process Management Journal, 8(5) (2002), 416-429, 419.

[64] B. Sukle and S. Debarliev, “Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context”, Economic and Business Review, 14(1) (2012), 63-93, 70. See also Greenley regarding the weight of authority in the prescriptive strategic management literature supporting a positive directional causality from strategic planning to performance. G. Greenley, “Strategic Planning and Company Performance: An Appraisal of the Empirical Evidence”, Scandinavian Journal of Management, 10(4) (1994), 383-396.

[65] B. Sukle and S. Debarliev, “Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context”, Economic and Business Review, 14(1) (2012), 63-93, 77 (noting reliance on measures suggested by K. Glaister, O. Dincer, E. Tatoglu, M. Demirbag and S. Zaim, “A Causal Analysis of Formal Strategic Planning and Firm Performance Evidence From an Emerging Country”, Management Decision, 46(3) (2008), 365-391, 390).

[66] B. Sukle and S. Debarliev, “Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context”, Economic and Business Review, 14(1) (2012), 63-93, 81.

their employees and being more able to retain their current human resources.[67] In contrast, a study conducted in the United Arab Emirates found that strategic planning in that country was low and that even among those firms that did report making use of strategic planning there was little in the way of documentation or quantified objectives. Respondents to the survey in the United Arab Emirates also felt, in general, that planning would not be effective in improving firm performance.[68] After reviewing the results of their own survey and the other surveys mentioned above, Sukle and Debarliev concluded that "although there is a small reservation regarding the effectiveness of the formalization of strategic planning [in developing countries], still the . . . results from emerging and developing countries tend to confirm most of the empirical evidence and arguments of the prescriptive strategic management literature about the positive relationship between formal strategic planning and organizational effectiveness".[69]

An interesting question relating to formality of strategic planning processes is just what factors, if any, drive firm decisions toward investing the time and effort associated with formal planning. Sukle and Debarliev mentioned the possible influence of contingencies such as environmental turbulence, organization structure, firm size, business control, interest in making changes to operations and business flexibility.[70] In addition, they noted that each of Turkey and Republic of Macedonia were both candidates for membership in the European Union at the time they were surveyed and thus presumably firms in those countries felt more pressure to find ways, such as formalized strategic planning rather than improvised and ad-hoc attempts at planning, to improve the competitiveness of their products and services domestically and internationally. As for Jordan, Sukle and Debarliev attributed the interest in formal strategic planning to a desire for competitiveness and the perceived need to transition business operations from colonial ways to "modern capitalism".[71]

§23 ----Use of strategic planning tools and techniques

The second dimension used by Sukle and Debarliev looks at whether or not strategic planners are taking advantage of strategic planning tools and techniques.[72] Sukle and

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[67] H. Al-Shammari and A. Hussein, "Strategic Planning-Firm Performance Linkage: Empirical Investigation from an Emergent Market Perspective", Advanced in Competitiveness Research, 15(1&2) (2007), 15-26.

[68] F. Al-Shaikh, "Strategic Planning Process in Developing Countries: The Case of United Arab Emirates Business Firms", The International Journal of Applied Strategic Management, 1(2) (2005), 286-295, 293.

[69] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 82.

[70] K. Glaister, O. Dincer, E. Tatoglu, M. Demirbag and S. Zaim, "A Causal Analysis of Formal Strategic Planning and Firm Performance Evidence From an Emerging Country", Management Decision, 46(3) (2008), 365-391.

[71] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 82-83.

[72] Id. at 71. Sukle and Debarliev discussed the debate as to whether the use of strategic planning tools should be analyzed as a separate and independent variable apart from "formality" and supported their decision to do so by pointing out that many firms create formal written strategic plans without relying extensively on strategic planning tools and instruments while other firms go in the opposite direction and use some strategic planning tools while dispensing with a written strategic plan. See S. Elbanna, "Planning

Debarliev surveyed the relevant literature and found both theoretical support for the propositions that planning tools and techniques help to increase the planning efficiency and effectiveness and are associated with firms with higher levels of overall performance[73] as well as studies that either failed to confirm the existence of benefits from using strategic planning tools[74] or could only confirm a positive influence for selected strategic planning tools[75]. Sukle and Debarliev suggested that the mixed results may be caused by inconsistencies regarding the list of strategic planning tools that were being investigated as well as the influence of contingency factors and argued that there was sufficient support for testing the hypotheses that the use of strategic planning techniques leads to improvement of the effectiveness of strategic planning and to better overall organizational performance.[76]

Sukle and Debarliev survey and analyzed the use of a wide array of strategic planning techniques that might be used during some phase of the strategic planning process (i.e., external and internal analysis, strategy formulation and strategy assessment and control) including both qualitative and quantitative techniques. Examples of the techniques that were identified included value chain analysis, experience curve analysis, critical success factor analysis, scenario planning, "What if" analysis, benchmarking and gap analysis.[77] After reviewing their results for the survey they conducted in the Republic of Macedonia they found no relationship between any of the techniques and strategic planning effectiveness.[78] This lack of strong interest in using strategic planning techniques was mirrored in studies undertaken in Turkey and Saudi Arabia.[79] However, Sukle and Debarliev noted that Elbanna had found a positive relationship within a survey of Egyptian companies between the practice of strategic planning, as indicated by the use of

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and Participation as Determinants of Strategic Planning Effectiveness", Management Decision, 46(5) (2008), 779-796. In addition, they noted that other researchers had looked at both variables simultaneously and found, for example, that while formalization had a positive influence on organizational performance a similar relationship could not be found between use of strategic instruments and performance. See S. Kraus, R. Harms and E. Schwarz, "Strategic Planning in Smaller Enterprises: New Empirical Findings", Management Research News, 29(6) (2006), 334-344.

[73] V. Ramanujam and N. Venkatraman, "Planning systems characteristics and planning effectiveness", Strategic Management Journal, 8(5) (1987), 453-68; L. Rue and N. Ibrahim, "The Relationship between Planning Sophistication and Performance in Small Businesses", Journal of Small Business Management, 36(4) (1998), 24-32; and G. Baker and J. Leidecker, "Does It Pay to Plan?: Strategic Planning and Financial Performance", Agribusiness, 17(3) (2001), 355-364.

[74] S. Kraus, R. Harms and E. Schwarz, "Strategic Planning in Smaller Enterprises: New Empirical Findings", Management Research News, 29(6) (2006), 334-344.

[75] G. Baker and J. Leidecker, "Does It Pay to Plan?: Strategic Planning and Financial Performance", Agribusiness, 17(3) (2001), 355-364.

[76] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 71-72.

[77] Id. at 77-78.

[78] Id. at 83.

[79] See O. Dincer, E. Tatoglu and K. Glaister, "The Strategic Planning Process: Evidence from Turkish Firms", Management Research News, 29(4) (2006), 206-219 (survey results indicated relatively little use of a broad range of tools and techniques for strategic analysis); and S. Al Ghamdi, "The Use of Strategic Planning Tools and Techniques in Saudi Arabia: An Empirical study", International Journal of Management, 22(3) (2005), 376-395 (among 72 Saudi organizations studied only 10% of the planners regularly used strategic planning tools and techniques and almost half of the planners replied that they do not use planning tools and techniques in their planning activities).

strategic planning techniques, and strategic planning effectiveness[80] and that there was a significant relationship between the use of strategic planning tools and overall strategic planning and corporate performance in a study of small Jordanian industrial publicly quoted firms.[81] Sukle and Debarliev commented that the lack of interest in strategic planning techniques, or the ineffectiveness of those techniques when used, might be traced to the need to provide better training on those techniques to managers, planners and other employees engaged in the planning processes.[82]

§24 ----Management participation

The third dimension of strategic planning identified by Sukle and Debarliev focused on management participation in the planning process, a factor they believed should include not only managers at the higher levels of the organizational structure, including the senior executives responsible for setting the overall strategic direction and positioning of the firm, but also other managers at lower levels in the hierarchy who often have specific roles in developing and executing strategic plans.[83] As a means for measuring managerial participation, or involvement, in strategic planning Sukle and Debarliev observed that it was useful to look both at the roles that managers played in formulating, understanding and communicating the firm's strategic plans and the extent to which managers within the firm actually believed that their ideas and suggestions were taken into account during the process of making strategic choices and made a different in the choices that were actually made.[84]

Sukle and Debarliev observed that '[t]here is empirical evidence of the management participation importance in the strategic planning process and effectiveness, as well as wide theoretical support".[85] From an empirical perspective, for example, both Elbanna and Van de Ven have found that management participation increases the effectiveness of strategic planning and implementation[86]; however, they conceded that empirical studies on middle management participation such as the one conducted by Wooldridge and Floyd had uncovered moderate support for a relationship between middle management

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[80] S. Elbanna, "Planning and Participation as Determinants of Strategic Planning Effectiveness", Management Decision, 46(5) (2008), 779-796.

[81] J. Aldehayyat and N. Twaissi, "Strategic Planning and Corporate Performance Relationship in Small Business Firms: Evidence from a Middle East Country Context", International Journal of Business and Management, 6(8) (2011), 255-263.

[82] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 84.

[83] Id. at 72.

[84] Id. (citing D. Gerbing, J. Hamilton, E. Freeman, "A Large-Scale Second-Order Structural Equation Model of the Influence of Management Participation on Organizational Planning Benefits", Journal of Management, 20(4) (1994), 859-885).

[85] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 72.

[86] S. Elbanna, "Planning and Participation as Determinants of Strategic Planning Effectiveness", Management Decision, 46(5) (2008), 779-796; and A. Van de Ven, "Problem solving, planning and innovation. Part 1: test of the program planning model", Human Relations, 33 (1980), 711-740.

involvement in the formulation of strategy and the financial performance of the firm.[87] As to the theoretical support for the importance of top management participation, Sukle and Debarliev noted that there are several reasons that such participation has been projected as being important to the effectiveness of the strategic planning process including the signal that it sends regarding the importance of strategic planning and the extent to which participation by top managers builds their level of commitment to implementing the results of the planning process.[88] With regard to middle management participation in strategic planning, Wooldridge and Floyd argued that such participation should improve performance by improving the quality of strategic decisions and increasing the level of consensus about strategy.[89] In their survey, Sukle and Debarliev hypothesized that management participation in strategic planning should lead to improved strategic planning effectiveness and to better organizational performance.[90]

Sukle and Debarlieve measured and assessed management participation in their study in the Republic of Macedonia by collecting information on who participated in the strategic planning process (e.g., executive board/board of directors and other top management committees, mid-level sector and divisional managers and low-level departmental managers) and the extent of their participation.[91] They found, as they had expected, that when managers from different management levels and with different management functions participated in the strategic planning process with joint efforts this led to improvements in the effectiveness of the strategic planning process.[92] This result contrasted sharply to findings following research in Egypt that indicated no significant relationship between management participation and strategic planning effectiveness in that country.[93] In Jordan there was little in the way of broad management participation in strategic planning, even though managers in that country showed a strong and positive attitude toward the importance and necessity of strategic planning, and the Jordanian researchers noted that broad management participation in strategic planning in Jordan would likely be inhibited by the preference for the "traditional Arab management styles" that featured centralized authority and a reluctance to empower and involve employees at lower levels of the managerial hierarchy.[94] Low participation in strategic planning by management outside the highest levels was also the case in the United Arab Emirates although the researcher did emphasize that participation by mid-level managers should presumably improve the outputs of strategic planning by injecting more realism into the

[87] B. Wooldridge and S. Floyd, "The Strategy Process, Middle Management Involvement, and Organizational Performance", Strategic Management Journal, 11(3) (1990), 231-241.
[88] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 72.
[89] B. Wooldridge and S. Floyd, "The Strategy Process, Middle Management Involvement, and Organizational Performance", Strategic Management Journal, 11(3) (1990), 231-241, 232.
[90] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 73.
[91] Id. at 78.
[92] Id. at 84.
[93] S. Elbanna, "Planning and Participation as Determinants of Strategic Planning Effectiveness", Management Decision, 46(5) (2008), 779-796.
[94] H. Al-Shammari and A. Hussein, "Strategic Planning in Emergent Market Organizations: Empirical Investigation", International Journal of Commerce and Management 18(1) (2008), 47-59.

plans and building commitment to the plans by mid-level managers.[95] Looking at the results in these countries led Sukle and Debarliev to suggest that participation by larger numbers of managers at lower levels of the organizational hierarchy is likely to increase as the level of power distance in the societal culture declines.[96]

§25 ----Employee participation

The fourth dimension of strategic planning selected by Sukle and Debarliev focuses on a factor that clearly would be influenced, to some extent, by societal culture: employee participation in the strategic planning process. They noted that many managerial consultants, particularly those from the US and other developed countries, have often argued for providing employees with a stronger role in decision making as a means for building a healthy cooperative relationship between managers and employees. Among the tools for including employees that have often been touted are "participative management", "total quality management" and "management by objectives" and predicted benefits include "increased productivity, improved quality, reduced costs and improved overall effectiveness".[97] Relatively few studies have included employee participation as a potential factor in strategic planning effectiveness[98]; however, Sukle and Debarliev speculated that employee participation would increase their level of motivation since they would believe in the goals and objectives of the strategy and understand what is expected of them, would strengthen their skills and capabilities and thus make them more productive and would make them more accountable for achieving the results targeted during the planning process. Sukle and Debarliev also believed that the benefits from having mid-level managers involved in the planning process would also apply to employees and all of this led them to propose hypotheses that employee participation in the strategic planning process leads to improving strategic planning effectiveness and better organizational performance.[99]

Sukle and Debarlieve measured and assessed employee participation in their study in the Republic of Macedonia by using a five-point Likert scale to collect information on the following items: assignment of implementation responsibilities to specified individuals/groups; use of a variety of motivational factors to encourage good planning;

[95] F. Al-Shaikh, "Strategic Planning Process in Developing Countries: The Case of United Arab Emirates Business Firms", The International Journal of Applied Strategic Management, 1(2) (2005), 286-295 (finding that in 43% of the companies survey the top management team is usually involved in setting strategic plans and that in a little more than ¼ of the countries the plans are set by the general manager).

[96] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 85. Sukle and Debarliev reported that the power distance index for both Egypt and Jordan on the Hofstede scale was high (80) while the index for the Republic of Macedonia was likely lower (65). Id.

[97] Id. at 73.

[98] P. Phillips and L. Moutinho, "The Strategic Planning Index: A Tool for Measuring Strategic Planning Effectiveness", Journal of Travel Research, 38(4) (2000), 369-379.

[99] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 73 (noting reliance on measures suggested by P. Phillips and L. Moutinho, "The Strategic Planning Index: A Tool for Measuring Strategic Planning Effectiveness", Journal of Travel Research, 38(4) (2000), 369-379).

and seeking commitment to the long-term plan.[100] They found evidence that employee participation in the strategic planning processes leads to improvement of the strategic planning effectiveness and noted that among the firms in their study the extent of employee participation was "moderate to considerable".[101] The researchers in Jordan, while arguing at the outset that involvement of employees from different levels of the organization was critical to the success of strategic planning efforts, failed to specifically ask the managers of the companies that they surveyed in Jordan about employee involvement and found, as mentioned above, that the strategic planning process in Jordan was highly centralized with the primary participants being the CEO, board of directors and a special planning committee staffed by top management.[102] As was the case with participation by mid- and lower-level managers in the strategic planning process, employee participation in planning was found to be low in the United Arab Emirates.[103] Similar to their assessment described above when looking at the breadth of management participation in the strategic planning process, Sukle and Debarliev argued that "[t]he main reason for higher employee participation in the strategic planning and positive relationship with organizational effectiveness, unlike the results in Arabic countries, again is due to lower score of power distance index in the Republic of Macedonia compared to those of Arabic countries".[104]

§26 ----Barriers to strategic planning implementation

The final dimension that Sukle and Debarliev wanted to study was the impact of what they referred to as "barriers to strategic planning implementation".[105] They noted that researchers had often found a correlation between difficulties in overcoming barriers to strategic planning implementation and low firm performance[106] and quoted Kargar and Blumenthal for the proposition that "firm performance is not so much a result of a company's strategy, but of its capacity to implement that strategy effectively".[107] The difficulties of overcoming barriers to strategic planning effectiveness were illustrated by the results of a study done by Deloitte and Touche, which found that 8 of 10 companies were not successful in effective implementation of their strategies.[108] Given this

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[100] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 78.
[101] Id. at 85.
[102] H. Al-Shammari and A. Hussein, "Strategic Planning in Emergent Market Organizations: Empirical Investigation", International Journal of Commerce and Management 18(1) (2008), 47-59.
[103] F. Al-Shaikh, "Strategic Planning Process in Developing Countries: The Case of United Arab Emirates Business Firms", The International Journal of Applied Strategic Management, 1(2) (2005), 286-295.
[104] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 86.
[105] Id. at 74.
[106] N. O'Regan and A. Ghobadian, "Formal Strategic Planning: The Key to Effective Business Process Management", Business Process Management Journal, 8(5) (2002), 416-429, 417.
[107] J. Kargar and R. Blumenthal, "Successful Implementation of Strategic Decisions in Small Community Banks", Journal of Small Business Management, 32(2) (1994), 10-22, 11 (analyzing research conducted by Lawless et al and described in M. Lawless, D. Bergh and W. Wilsted, "Performance Variations among Strategic Group Members: An Examination on Individual Firm Capability", Journal of Management, 15(4) (1989), 649-661).
[108] See Deloitte and Touche, Building Global Competitiveness: Imperatives for the 21st Century (Research Report) (London: Deloitte and Touche, 1992).

background, Sukle and Debrliev hypothesized that difficulty overcoming barriers to strategic planning implementation lead both to a decline of strategic planning effectiveness and to worse organizational performance.[109]

Given their specific interest on strategic planning in emerging countries, areas where planning had clearly been slow to develop, it is not surprising that Sukle and Debrliev suggested a number of potential barriers for measurement. In their survey in the Republic of Macedonia they asked respondent to assess each of following barriers to strategic planning implementation by using a five-point Likert scale: crises distracted attention from implementation; inadequate leadership and direction by departmental managers; overall strategic goals were not well enough understood by the staff; insufficient employee training and instruction; employees without appropriate skills; implementation much longer than anticipated; inadequate communication; ineffective coordination of implementation; and inadequate information systems for control activities.[110] In addition, based on their own anecdotal experiences with the Republic of Macedonia, they mentioned that strategic planning in that country would likely be adversely impacted by external factors such as frequent political crises, legal inconsistency and economic uncertainty and by internal factors such as inadequate management capabilities of Macedonian managers and the absence of suitable management education and training for the improvement of their knowledge relating to factors that would improve strategic planning effectiveness.[111] Much to their surprise, however, Sukle and Debarliev did not find evidence in their study to support the hypothesis that barriers to strategic planning implementation lead to decline of strategic planning effectiveness and noted that this finding was not in line with most empirical studies or correlated with strategic planning theory.[112]

§27 --Strategic planning in developing countries

The introduction of formal strategic planning programs among firms in developing countries has been slow. The best candidates for planning are those companies that recognize that they are under pressure to improve their performance, either from the government or from their customers and other business partners. Unfortunately, however, the general economic and political environment in many developing countries has often stymied the ongoing development of strategic planning. For example, senior managers in government-owned or controlled firms are hardly secure in their position, with changes anticipated whenever a new administration assumes control. As a result, these managers cannot be blamed if setting long-term goals and objectives, and

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[109] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63-93, 74.
[110] Id. at 78 (noting reliance on measures suggested by N. O'Regan and A. Ghobadian, "Formal Strategic Planning: The Key to Effective Business Process Management", Business Process Management Journal, 8(5) (2002), 416-429).
[111] Id. at 74.
[112] Id. at 86. Sukle and Debarliev pointed out that barriers to strategic planning implementation had not been extensively studied in other emerging and developing countries and thus it was not possible for them to make comparisons as they had done with the other strategic planning dimensions covered in their study. Id.

establishing strategic plans to attain them, is not a high priority in relation to their other day-to-day activities and responsibilities. Moreover, attempts to implement industrial policy are often marked by frequent restructuring of enterprises, thereby destroying the continuity necessary for the planning process to be accepted and successful.

One fundamental area of concern is ensuring that managers in developing countries obtain the necessary skills and training to enable them to successfully conduct the planning process. For example, managers must develop the capacity to identify various alternative options and then select those options that are most suitable for the firm and its resources. This requires training in decision making techniques, including cost-benefit-analysis and computation of risk-adjusted return on investment. Managers in developing countries must also receive training and experience in planning techniques, including opportunities to actually implement their plans in their companies. The later element is often missing in current training programs, which are largely limited to lectures that are not tied to actual planning projects back at the firms of the participants.

Another factor that often influences the planning process in developing countries is that many locally-owned firms lack experience in formal strategic planning. For example, it has been noted that African enterprises tend to simply produce budgets and forecasts of future revenues and use this information as a basis for requesting the funds thought to be necessary to cover operating expenses. What is lacking in this approach is any detailed research on environmental factors, market trends, or the activities of competitors. Also, efforts to introduce strategic planning in developing countries are often hampered by the traditional cultural beliefs that the future is best left to fate and that planning is just futile. Moreover, the high levels of economic and political instability in developing countries tend to frustrate attempts to create reliable forecasts. Finally, while large foreign firms in developing countries are used to sophisticated planning systems, often extending out for a number of years in the future, parastatals and locally-owned firms are rarely able to move beyond the most basic planning sequence.

A related problem in this area is the historical tendency among firms in developing countries to rely on outside consultants in whatever planning process that may be used. Under this scenario, consultants come to the firm, interview the managers, and return with a completed plan for approval. This approach misses important opportunities for managers to be involved in the planning process and apply knowledge and information they may have collected during training and lectures. Moreover, if the managers are not intimately involved in the process of creating the plan, it is less likely that the plan will be implemented due to a lack of real emotional commitment to a plan that is largely the work of outsiders.

Successful planning in developing countries will also require some changes in the management style and organizational culture. Planning is a collaborative exercise and requires that managers must be open to innovation, change, and new ways of doing business and communicating. Specifically, managers in developing countries must abandon their traditional notions of their relationship with their subordinates and be willing to accept and embrace employee participation and set up a whole set of procedures and practices that support the employee involvement in the planning process. For example, if the plan includes performance targets, appropriate changes in the incentive and reward systems in the firm may be required.

One of the first steps that managers in developing countries can take to create and continuously improve their strategic planning processes is to focus on gaining a better understanding and appreciation of the impact of environmental factors on their businesses. This means establishing procedures for collecting information about the firm's environment, analyzing that information and using the relevant information to create and implement a strategic plan for the firm. While the importance of environmental analysis is well-known and understood in large companies, it is a foreign concept for many local businesses in the developing world. The first step is to launch informational programs inside the company to educate other managers and key employees about each relevant environment and the effect that they might have on the firm. Once the appropriate level of aware has been achieved, managers in developing countries should implement a relatively simple process of environmental scanning and analysis that includes the following:

- Develop a plan for collecting relevant information on environmental factors on a continuous basis. The idea at this point is not to create an overly complex or sophisticated system such as the ones deployed by companies in developed countries. Instead, the emphasis is on demonstrating to others how important information can be and how it can be applied in solving day-to-day problems. In order to create the system, all relevant sources of information should be identified, including trade publications, government reports, financial information and business reports published by competitors, and online publications. Business and financial information generated by the company through its regular activities should not be overlooked, nor should data and feedback from customers and suppliers.
- Carefully analyze the collected information to identify and forecast major forthcoming environmental changes. Special emphasis should be placed on changes that will either create new opportunities for, or significant threats to, the firm. While conducting the analysis, representatives from all of the functional areas in the firm should be involved. This not only facilitates education of environmental analysis, it also builds a sense of participation and teamwork.
- Integrate the opportunities and threats analysis into the firm's current assessment of its current strengths and weaknesses. This is the well-known process of "SWOT" analysis that has become common practice for businesses all around the world. The goal, of course, is to hopefully find one or more opportunities that match the company's current strengths. If the opportunities that have been identified do not match the strengths of the firm, consideration should be given to eliminating or reducing weaknesses. Also, threats on the horizon that might endanger one of the company's strengths may require a change in strategy or focus.
- Develop mission and strategy statements, and accompanying operational plans and strategies, to address required changes in the firm's strengths and weaknesses to cope with environmental factors. Once again, when developing plans and strategies, each

of the functional areas of the firm should be involved in order to build a sense of commitment to the projected outcomes.

- Implement procedures for monitor and evaluating the company's performance in relation to the agreed plans and strategies, including a feedback system.

While the procedures outline above are similar to those followed by many companies, regardless of location or size, there are certain issues that are likely to be more important for firms in developing countries. For example, it usually takes new businesses in developing countries a certain amount of time to identify and develop unique strengths—core competencies—which can be leveraged to differentiate themselves from competitors. A more likely focus of the initial strategic plan for those companies is overcoming barriers or bottlenecks that currently exist in their own internal environment that are making it difficult for them to achieve their long-term goals and objectives.

Common issues for firms in developing countries include problems obtaining timely access to spare parts or raw materials, inadequate capital, and shortages of skilled labor and experienced managers. Establishing a reliable supply chain, daunting for any company, is made more complicated for companies in developing countries since the domestic market is generally not large or sophisticated enough to provide a full selection of suppliers, meaning that managers must look to other countries for necessary inputs. The shortage of capital available to entrepreneurs and managers in developing countries means that they must be particularly attentive to their relationships with banks and other financial institutions. The financial sector in many developing countries remains relatively underdeveloped and is often heavily regulated by the government. Moreover, domestic savings rates in developing countries are generally quite low, thereby depriving local financial institutions of the capital required for lending to businesses. Special programs to provide loans for small businesses and business operating in specific sectors may be available; however, managers need to be attentive to the requirements that must be satisfied to obtain support. New opportunities for capital may also be created through branches of foreign bank that establish operations in developing countries. In many developing countries, relationships between management and workers have traditionally tended to be hierarchical and authoritarian. However, as companies begin to appreciate the need to compete through delivery of high-quality service to customers, managers in the developing world will realize the important role that employees play in creating positive experiences for customers. Once this occurs, emphasis can be placed on creating and maintaining employee satisfaction, since satisfied employees are more likely to deliver good service to customers and increase sales and profitability.

Competition is often a new, and imposing, environmental factor for companies in the developing world. Changes in government policies, including import liberalization and widespread privatization, have significant increased the level of competition in domestic markets. In addition, companies in developing countries, mindful that their domestic marketplace may be too small or immature to support the level of activity necessary for the company to achieve economies of scale, are forced to enter more competitive foreign markets. As a result of these factors, managers of firms in developing countries must be able to identify actual and potential competitors and monitor their marketing activities.

Several interesting factors are at play in developing countries with respect to analysis of the competitive environment. First, managers may unwittingly reduce the scope of the analysis by focusing only or primarily on generic or brand competition. In fact, given the low levels of disposable income in many of these countries, managers may find that they are competing with a wide range of alternative products and services. For example, while a soft drink vendor in a wealthier market might focus on competition from other beverage suppliers such a vendor in a developing country may find itself competing with other "luxury goods," including other foods and leisure activities. Second, a significant part of competitive analysis is the ability to look into the future; however, cultural norms in many developing countries, such as Africa, ignore or discount future events in favor of an emphasis on the present.

§28 ----Challenges for strategic planning in developing countries

Strategic planning, to the extent that it is done and formalized, has largely been clustered in the US and other developed countries. For example, Al-Shaikh set out to investigate the use and characteristics of strategic planning in the United Arab Emirates ("UAE") and found that strategic planning was "still in its infancy" among the UAE firms that were surveyed and that just 10% of the respondents used strategic planning and many more of the respondents appeared to have a poor and incomplete understanding of strategic planning practices.[113] For example, among those companies that did engage in some sort of strategic planning there was poor usage of documentation and even when plans were formally documented they generally did not include specific and measurable goals and objectives. Some scholars have argued that the apparent disinterest in strategic planning among firms in developing countries such as the UAE could be attributed to the fact that economic environments in those countries are less intense and firms are more likely to be smaller and family-owned, thus reducing the importance of strategic planning as an issue. Al-Shaikh pointed out that those characteristics did not necessarily exist in a country such as the UAE which had attracted a substantial amount of foreign investor interest, including large multinational companies; however, strategic planning in the UAE was nonetheless rejected by local firms for other reasons such as the view the planning would not improve the company's performance because, as one respondent put it, "everything is in the hand of the God. I don't think that planning will change God's wills . . . [n]o matter whether we plan or not."[114] Other respondents explained that they didn't need to worry much about planning because they enjoyed exclusive status as a distributor of certain foreign-made products.

Sukle and Debrliev suggested a number of potential barriers to strategic planning implementation in developing and emerging countries including inadequate leadership and direction by managers; a lack of understanding of overall strategic goals among managers and employees at levels below the executive team; insufficient education and training for managers and employees to overcome their lack of appropriate skills for

[113] F. Al-Shaikh, "Strategic Planning Process in Developing Countries: The Case of United Arab Emirates Business Firms", International Journal of Applied Strategic Management, 1(2), 286.
[114] Id. at 286.

effective strategic planning; unexpected delays in strategic planning implementation; inadequate communication and ineffective coordination of implementation; inadequate information systems for control activities; and challenges raised by external factors commonly found in developing and emerging countries such as frequent political crises, legal inconsistency and economic uncertainty.[115]

Anchor and Dehayyat pointed out that companies in developing countries may experience difficulties in implementing and scaling up strategic planning processes simply because of their size. In many cases companies in developing countries are much smaller than their counterparts in developed economies and because of their size these firms often "tend to forgo formal strategic planning because their environments are comprehensible and their internal operations manageable by a single person or small team, without the need for systematic formal scanning, extensive internal analysis, or detailed, written long-range plans".[116] Owners and managers of smaller firms may also be relatively uninterested in strategic planning due to fears that planning will simply divert valuable limited human and financial resources into an "unnecessarily extensive planning process".[117] As companies in developing countries get larger, however, they must cope with increased complexity and contingency research relating to organizational size regularly predicts that "size is associated closely with formalization, and is a strong predictor of reliance on paperwork and the use of formal procedures", which means that formal strategic planning is more likely to occur in larger firms in developing countries as they struggle to achieve coordination, standardization and control.[118]

Fahmi described several challenges for strategic planning and management in developing countries including the following[119]:

- Companies operating in developing countries typically find it extremely difficult to gain access to comprehensive and reliable data about markets and competitors that is needed in order for planning processes to be effective. Fahmi noted that many firms in developing countries are generally reluctant to share financial information and that market research is difficult because consumers are not used to talking about their preferences for products and services.
- Business owners, managers and employees in developing countries often fail to understand the value of, and need for, strategic planning and believe that planning is a waste of time and an activity reserved for firms in developed countries. Fahmi

[115] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63, 74, 78 (and noting reliance on measures suggested by N. O'Regan and A. Ghobadian, "Formal Strategic Planning: The Key to Effective Business Process Management", Business Process Management Journal, 8(5) (2002), 416).
[116] J. Anchor and J. Dehayyat, "Organisational Characteristics and Strategic Planning in an Emerging Economy: The Case of Jordan" (2010), 7.
[117] Id.
[118] Id.
[119] S. Fahmi, Challenges for Strategic Planning in Developing Countries, http://sameh.wordpress.com/2006/06/07/challenges-for-strategic-planning-in-developing-countries/ The author of this chapter has provided additional commentary on many of the points in the list of issues created by Fahmi.

commented that business owners in developing countries tend to ignore the possibility that competition will arise for their firms or that changes in the environment may occur that require modifications to their business models.

- Managerial skills and experience in developing countries tend to be in technical areas and developing country managers often lack training, and interest, in general management areas including strategic planning. A related problem is that developing countries managers grounded in technical expertise do not have the requisite education background in quantitative analysis and forecasting that would enable them to easily understand and use strategic planning and budgeting techniques. Sukle and Debarliev also commented that the lack of interest in strategic planning techniques in developing countries, or the ineffectiveness of those techniques when used, might be traced to the need to provide better training on those techniques to managers, planners and other employees engaged in the planning processes.[120]
- Managerial attitudes in developing countries inhibit strategic planning in several different ways. For example, Fahmi argues that managers may not want a widely publicized company strategy in order to retain their autonomy to make decisions and give orders without being challenged on the basis that his or her directive are counter to company strategy. Developing country managers also may believe that their "intuition" is sufficient for making decisions and that there is no need to engage in extensive and time-consuming analysis that may involve consultation with others.
- Business owners may lack the time and patience to impose the necessary discipline on managers and employees which is necessary to implement strategies and continuously monitor activities of everyone in the company to be sure that the strategies are being followed and that they are achieving the desired results.
- External pressures for strategic planning are often lacking in developing countries and thus companies have less incentive to implement planning techniques. For example, formal strategic planning is less important for companies that do not have to justify their performance to unaffiliated outside investors.
- Business owners in developing countries are often extremely sensitive about sharing information about the business internally with employees, particularly employees who are not related to the owner, and this penchant for secrecy inhibits the development of strategic plans that are based on broad input and which can garner internal support because of the participative manner in which they were developed. In their study of strategic planning in Jordan Anchor and Dehayyat recommended that companies in that country needed to pay more attention to the involvement of line managers in the strategic planning process, especially in relation to the choice of a strategic proposal.[121]

§29 ----Assistance for strategic planning in developing countries

Due in large part to the challenges relating to implementation of strategic planning in developing countries the introduction of formal planning programs among firms in those

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[120] B. Sukle and S. Debarliev, "Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context", Economic and Business Review, 14(1) (2012), 63, 84.
[121] J. Anchor and J. Dehayyat, "Organisational Characteristics and Strategic Planning in an Emerging Economy: The Case of Jordan" (2010), 4.

countries has been slow. While strategic planning would appear to be increasingly important for companies in developing countries as they come under increasing pressures from globalization of markets and inbound foreign investment the general economic and political environment in many of those countries has often stymied the ongoing development of planning. For example, senior managers in government-owned or controlled firms are hardly secure in their position, with changes anticipated whenever a new administration assumes control. As a result, these managers cannot be blamed if setting long-term goals and objectives, and establishing strategic plans to attain them, is not a high priority in relation to their other day-to-day activities and responsibilities. Moreover, governmental attempts to implement industrial policy are often marked by frequent restructuring of enterprises and entire industries, thereby destroying the continuity necessary for the planning process to be accepted and successful.

As mentioned above, one fundamental challenge for the effective adoption of strategic planning in developing countries is making sure that managers in those countries obtain the necessary skills and training to enable them to successfully conduct the planning process. For example, managers must develop the capacity to identify various alternative options and then select those options that are most suitable for their firm given its available resources. This requires training in decision making techniques, including cost-benefit-analysis and computation of risk-adjusted return on investment. Managers in developing countries must also receive training and experience in planning techniques, including opportunities to actually implement their plans in their companies. The later element is often missing in current training programs, which are largely limited to lectures that are not tied to actual planning projects back at the firms of the participants.

Another factor that often influences the planning process in developing countries is that many locally-owned firms lack experience in formal strategic planning. For example, companies often simply produce budgets and forecasts of future revenues and use this information as a basis for requesting the funds thought to be necessary to cover operating expenses. What is lacking in this approach is any detailed research on environmental factors, market trends, or the activities of competitors. Also, as mentioned above in the discussion of the relationship of societal culture to use of formal strategic planning techniques and programs efforts to introduce planning in certain developing countries, particularly those in Africa and the Middle East, are often hampered by traditional cultural beliefs that the future is best left to fate and that planning is just futile. Moreover, the high levels of economic and political instability in developing countries tend to frustrate attempts to create reliable forecasts. Finally, while large foreign firms in developing countries are used to sophisticated planning systems, often extending out for a number of years in the future, parastatals and locally-owned firms are rarely able to move beyond the most basic planning sequence.

A related problem in this area is the historical tendency among firms in developing countries to rely on outside consultants in whatever planning process that may be used. Under this scenario, consultants come to the firm, interview the managers and then return with a completed plan for approval. This approach misses important opportunities for managers and employees to be involved in the planning process and apply knowledge and information they may have collected during training and lectures. Moreover, if the managers are not intimately involved in the process of creating the plan, it is less likely that the plan will be implemented due to a lack of real emotional commitment to a plan that is largely the work of outsiders, usually persons who are not even local residents and lack a good understanding of the specific nuances of the local societal culture. However, caution about excessive reliance on outside consultants should not prevent managers of firms in developing countries from tapping into the expertise of outside resources with specialized skills and experience (e.g., bankers or accountants) that might benefit and improve strategic planning provided their roles are clearly understood.[122]

Successful planning in developing countries will also require some changes in the management style and organizational culture. There is a growing body of evidence that supports the notion that effective strategic planning should be conducted as a collaborative exercise involving a wide range of personalities within the enterprise and this requires that managers be open to innovation, change and new ways of doing business and communicating. Specifically, managers in developing countries must abandon their traditional notions of their hierarchical relationship with their subordinates and be willing to accept and embrace employee participation and set up a whole set of procedures and practices that support the employee involvement in the planning process. For example, managers must be willing to solicit ideas from employees and allow employees to review proposed production targets and processes in advance to ensure that they are understood and accepted by the employees. In addition, the implementation of strategic plans with performance targets should be accompanied by appropriate changes in compensation and reward systems to ensure that employees have the proper incentives to pursue the planned targets.

Managers in developing countries often need help in understanding and implementing certain basic steps relating to strategic planning that are well-known and understood in larger companies in developing countries but completely new and foreign to firms in developing countries. For example, managers in developing countries often need assistance in "environmental scanning and analysis" including guidance on establishing procedures for collecting information about the firm's environment, analyzing that information and using the relevant information to create and implement a strategic plan for the firm.[123] Another thing that needs to be considered is the inexperience of developing country managers in identifying and developing unique strengths—core competencies—which can be leveraged to differentiate themselves from competitors. A more likely focus of the initial strategic plan for those companies is overcoming barriers or bottlenecks that currently exist in their own internal environment (e.g., problems obtaining timely access to spare parts or raw materials, inadequate capital and/or shortage of skilled labor and experienced managers) that are making it difficult for them to achieve their long-term goals and objectives.

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[122] Id. at 23.

[123] For further discussion of the steps that managers in developing countries might take with respect to environmental scanning and analysis, see the chapter on "Environmental Forces and Strategic Planning" in "Strategic Planning: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

Another unique and challenge aspect of the strategic planning process for companies in many developing countries is the need to develop a plan that is suitable for the type and level of competition confronting those companies. Competition is often a new, and imposing, environmental factor for companies in the developing world and, in fact, the basic concept of "competition" must be carefully assessed in developing countries. Managers in developing countries may, particularly when guided by outside consultants from developed countries, unwittingly reduce the scope of their competitive analysis by focusing only or primarily on generic or brand competition. In fact, given the low levels of disposable income in many of these countries, managers may find that they are competing with a wide range of alternative products and services. For example, while a soft drink vendor in a wealthier market might focus on competition from other beverage suppliers such a vendor in a developing country may find itself competing with other "luxury goods," including other foods and leisure activities.

Changes in government policies, including import liberalization and widespread privatization, have significant increased the level of competition in domestic markets. In addition, companies in certain developing countries find themselves in a domestic marketplace that is too small or immature to support the level of activity necessary for the company to achieve economies of scale and thus are forced to enter more competitive foreign markets, a situation that calls out for a globalized strategic plan and process. An extensive discussion of globalization among firms in developing countries is beyond the scope of this chapter[124]; however, suffice to say that exporting by companies from developing countries puts added pressure on their managers to collect information regarding potential foreign markets and invest the necessary time and effort in developing marketing and distribution strategies in countries where the societal culture and market characteristics may be quite different than what those managers are used to dealing with in their home market.

§30 --Research relating to strategic planning processes

There has been growing interest in research relating to strategic planning processes. Large global consulting firms such as McKinsey & Company have an extensive history of identifying, describing and evaluation strategic planning processes at big multi-national corporations and rely on extensive internal access to review documents and interview executive and managers involved in the planning process. This has led to the creation of databases that can be used to formulate metrics and tests of the effectiveness of strategic planning initiatives. Case studies of the strategic planning processes of real and hypothetical companies in the US, Europe and Asia have also become staples of business school programs and academic articles on strategic planning have increased in volume over the last three decades. Another important trend is the use of sophisticated mathematical tools to generate scenarios that strategic planners can explore to develop plans that take into account environmental turbulence and complexity. Government agencies have published reports on strategic planning for small- and medium-sized

[124] See "Globalization: A Library for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

businesses and some information, albeit often anecdotal and undocumented, is available on strategic planning among technology-based emerging companies. Finally, the largest companies typically found in developing countries are wrestling with organizational issues relating to strategic planning such as creating planning offices and adding senior strategy executives to the upper echelons of the organizational hierarchy.

References and Resources

The Sustainable Entrepreneurship Project's Library of Resources for Sustainable Entrepreneurs relating to Strategic Planning is available at https://seproject.org/strategic-planning/ and includes materials relating to the subject matters of this Guide including various Project publications such as handbooks, guides, briefings, articles, checklists, forms, forms, videos and audio works and other resources; management tools such as checklists and questionnaires, forms and training materials; books; chapters or articles in books; articles in journals, newspapers and magazines; theses and dissertations; papers; government and other public domain publications; online articles and databases; blogs; websites; and webinars and podcasts. Changes to the Library are made on a continuous basis and notifications of changes, as well as new versions of this Guide, will be provided to readers that enter their names on the Project mailing list by following the procedures on the Project's website.

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