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**CROSS-CULTURAL STUDIES OF STRATEGIC PLANNING**

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*Abstract*

*While a substantial amount of literature exists on the importance of strategic planning and it is generally accepted, at least in the US, that implementing and maintaining formal planning processes at the appropriate time during the development of the company is an essential element in creating and maintaining competitive advantage, research on the use and effectiveness of strategic planning in other countries, particularly developing countries, is less common and the evidence that strategic planning improves performance in those countries is less compelling.*

A substantial amount of literature exists on the importance of strategic planning and it is generally accepted, at least in the US, that implementing and maintaining formal planning processes at the appropriate time during the development of the company is an essential element in creating and maintaining competitive advantage. While the strategic planning approach is fairly well embedded with larger firms, the record is less clear about the role that planning plays in small- and medium-sized enterprises. For example, some studies of strategic planning practices in the US and the United Kingdom have concluded that only a small fraction of small- and medium-sized companies, as few as one in six, had a strategic plan and that such companies were often naïve about planning and development of strategy. On the other hand, there is evidence in other studies of successful high growth small companies in the US that almost 90% of those firms engaged in an assessment and review of their business strategies at least annually.

While there has been a large volume of empirical studies on strategic planning and its influence on competitiveness and organizational performance, most of the research and analysis has been focused on the US and other developed countries such as the Australia,

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Canada, Japan and the UK.<sup>2</sup> Research on the use and effectiveness of strategic planning has been conducted with respect to several emerging and developing countries including Turkey, Jordan, Egypt, Saudi Arabia, United Arab Emirates, Bahrain and South Africa; however, Sukle and Debarliev noted that little work had been done on the subject in emerging and developing countries in Eastern, Central or South-Eastern Europe.<sup>3</sup> Al-Shammari and Hussein have specifically noted that relatively little research has been conducted on the relationship between strategic planning and firm performance in other contexts and developing and emergent markets and that the frameworks that have been used to study strategic planning in developed countries may not necessarily be applicable in developing and emerging markets.<sup>4</sup> Greenley has echoed concerns about the universal applicability of specific paradigms for conducting and evaluating the efficacy of strategic planning by commenting: “Although the principles of strategic planning should, of course, have universal application, there may be national differences in strategic planning, country dependent influences from business culture, and influences from different national trading conditions”.<sup>5</sup>

Hoffman noted that research regarding the relationship between strategic planning and performance for firms outside of the US has rendered mixed results.<sup>6</sup> For example, researchers failed to find a consistent relationship between the level of formality of strategic planning and the performance on the firm in studies of firms conducted in Sweden<sup>7</sup>, Canada<sup>8</sup> and the UK<sup>9</sup>. On the other hand, however, other researchers claim to

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<sup>2</sup> 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.

<sup>3</sup> B. Sukle and S. Debarliev, “Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context”, *Economic and Business Review*, 14(1) (2012), 63-93, 81.

<sup>4</sup> B. Sukle and S. Debarliev, “Strategic Planning Effectiveness: Comparative Analysis of the Macedonian Context”, *Economic and Business Review*, 14(1) (2012), 63-93, 64 (citing H. Al-Shammari and A. Hussein, “Strategic Planning-Firm Performance Linkage: Empirical Investigation from an Emergent Market Perspective”, *Advances in Competitiveness Research*, 15(1&2) (2007), 15-26). Sukle and Debarliev did note that studies on strategic planning had been conducted in a small number of emerging and developing countries including Turkey, Egypt, Jordan, Saudi Arabia, United Arab Emirates, Bahrain and South Africa.

<sup>5</sup> G. Greenley, “Strategic Planning and Company Performance: An Appraisal of the Empirical Evidence”, *Scandinavian Journal of Management*, 10(4) (1994), 383-396.

<sup>6</sup> R. Hoffman, “The Strategic Planning Process and Performance Relationship: Does Culture Matter?”, *Journal of Business Strategies*, 24(1) (2007), 27-48.

<sup>7</sup> L. Rhenman, *Organization theory for long range planning* (New York: Wiley, 1973).

<sup>8</sup> G. Sheehan, *Long-range strategic planning and its relation to firm size, firm growth, and firm growth variability: An explorative, empirical investigation* (Unpublished doctoral dissertation, University of Western Ontario, Canada, 1975).

<sup>9</sup> P. Grinyer and D. Norburn, “Planning for existing markets: Perceptions of executives and financial performance”, *Journal of the Royal Statistical Society*, 138(I) (1975), 70-97.

have found support for a positive relationship between planning processes other than formality and performance in studies conducted in Australia<sup>10</sup> and Finland<sup>11</sup> and in a different sampling of firms in the UK<sup>12</sup>. These findings are consistent with those found by researchers who studied planning processes other than the formality of the system in the US and found a positive correlation between such processes and relevant measure of firm performance.<sup>13</sup>

Hoffman believed that strategic planning should enhance firm performance since planning assists firms in focusing on “salient environmental trends” and defining the firm goals, both of which would appear to be crucial in navigating the changing global environments in which firms must operate and compete today.<sup>14</sup> Moreover, he believed that strategic planning was so important to performance for multinational businesses that strategic planning processes should be positively related to performance among multinational firms representing a variety of societal cultures and, in fact, the results of his study across societal clusters—Anglo, Nordic and Germanic—confirmed that in each of these clusters there was a positive relationship between strategic planning, particularly planning system maturity and planning impact, and firm performance.

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<sup>10</sup> D. Burt, “Planning and performance in Australian retailing”, *Long Range Planning*, 14(2) (1978), 62-66.

<sup>11</sup> P. Harju, *Attitude of strategic managers toward formalized corporate planning* (Turku, Finland: School of Economics, 1981).

<sup>12</sup> G. Smith, “Planning for productivity”, *Long-Range Planning*, 13 (1980), 52-63.

<sup>13</sup> B. Boyd, “Strategic planning and financial performance: A meta-analytic review”, *Journal of Management Studies*, 28(4) (1991), 353-374; 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 B. Shrader, L. Taylor and D. Dalton, “Strategic planning and organizational performance: A critical appraisal”, *Journal of Management*, 10(2) (1984), 149-171.

<sup>14</sup> R. Hoffman, “The Strategic Planning Process and Performance Relationship: Does Culture Matter?”, *Journal of Business Strategies*, 24(1) (2007), 27-48.