The effect of strategic planning on organizational performance in industrial estate companies of Gachsaran 2014-2015 years

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Abstract

In this research, a relevant conceptual model of the strategic planning process for small industrial organizations were developed and by surveying 102 managers (owners). The applicability of the model was evaluated. This study was conducted among small industrial companies located in the industrial area of Gachsaran. Top managers of the companies that were actively involved in the formulation of strategic planning of organization formed the study population. Since this study seeks to measure the effect of strategic planning on the performance of the organization as well as to evaluate the concept model, in order to analyze the data structural equation model and SPSS and Lisrel software were used. One of the most interesting findings of the study was that unlike previous studies, no significant linear correlation was found between the intensity of strategic planning environmental change. The findings show that 70 percent of organizations surveyed have concrete plans and no significant relationship was found between the intensity of strategic planning and the number of staff.

Keywords: strategic planning, small industrial company, strategic planning for small industrial companies.
1. Introduction

Strategic planning is one of the concepts that due to its comprehensiveness, in recent years have received more and more attention in firms and even individual programs. Everyone has an ideal point in his mind about his desired position. Strategic planning tells the individual how the move from the current existing situation to the ideal or desirable point. In fact, strategic planning is a bridge that leads the company from the status quo to the desired state (Alvani, 2007). Existence of structure is one of the main features of every company, based on different activities; there is separation and coordination between tasks. In addition, with the existence of structure, authority, responsibility, control of regulations and standards between activities and their enforcers are determined (2010, Bang). In defining the structure, it can be said that companies consciously create departments and units in their systems as sub systems. They establish communication and interaction patterns. This internal differentiation between the departments and communication models is called corporate structure (Moqimi, 2008).

This research has been conducted in the industrial park of Gachsaran with an area of 65 hectares with 36 companies and 800 to 1000 employees. One of the aspects that are of particular importance in these companies is that companies can efficiently implement their strategic management in the firm. However, unfortunately, the role of strategic management and its implementation in the industrial firms of Gachsaran is poor. Therefore, in this study, we want to study the impact of planning on the structural performance of the corporate staff in SMEs in industrial park of Gachsaran.

1. There are so many reasons for failure of the industrial firms in Gachsaran in achieving positive results of planning, it seems that not enough research in the field of planning, especially for small firms is as one of the main reasons of this failure. Of the other issues that have caused the implementation of strategic management to be fade and poor in the industrial park of Gachsaran following issues can be cited: 1-strategic planning is done solely to gain control over decisions and resources by some of the managers, 2. Strategic planning only to meet the legal requirements by some managers

3. Failure to communicate programs to staff and participants, 4. Lack of senior managers' support of the strategic planning process, 5. Inability in using the program as a standard for performance evaluation, 6. Lack of ability in utilization of key employees at various stages of strategic planning, 7. Lack of use of all managers in the process of planning, 8. Unnecessary formalities in planning in a way that flexibility and creativity disappear. Given what was said, the question is whether planning has an impact on the structural performance of the companies in industrial park of Gachsaran.

2. A review over strategic planning

For success, small industrial businesses should benefit from a program that is prospective and environment oriented, so that while determining factors and environmental changes, in long-term time determine their impact on the company and company's interaction with them. This type of planning is the strategic planning. Most managers believe that strategic planning focuses on determining the direction, goals coordination and company's adjustment to changing conditions. There is general agreement on the issue that the aim of
applying the strategic planning of industrial parks is not merely codifying a set of programs, but it also prepares the minds of executives for the right time to develop strategy in the years ahead. Successful business strategies do not come from a detailed analysis, but it stems of understanding established between operators and their ready minds for implementation of the strategy (Villa Canales, 2008).

The equipment necessary for the success of small businesses in the current situation is that these companies first form strategic thinking. Secondly, they should change their findings and understandings to effective strategies to cope with their changed environment. Finally, they have to adopt and implement their strategies and provide appropriate ground thinking. Strategic planning can assist managers to think and act in a strategic way. What is important is "strategic thinking and action" and not strategic planning (Berasion, 2002). Perhaps, today more than strategic management models, one should look for patterns to develop strategic thinking and managerial perspectives. Thus, we can witness the managers and businesses' more success in achieving strategic objectives (Ahmadi Yazdi, 2005).

3. Strategic planning process

A published article titled “Anatomy of Corporate Planning” by Gilmore and Brandenburg in Harvard Business Review in 1962 was the starting point to America's entry to strategic planning (Zayo and others, 2008). In the past, the company's external environment was not considered an important factor in the management of the company. However, in the late 1960s and early 1970s, with the development of technology, the impact of the environment on the firms was recognized more than ever. Due to developments, it is predicted that in the future companies will be successful that are able to see clearly what to do, and this clear view requires planning of strategic kind.

Although many years have passed since the formation of this management tool, strategic planning is still a widespread and affective phenomenon in the world. The final product of this process is generally a comprehensive document containing the vision, mission, long-term goals, short-term goals, strategies, tactics, internal strengths and weaknesses, opportunities and threats for the company. It also includes the details of implementation of strategies and their evaluation procedures (Stewart, 2003).

The strategic planning that they want to achieve can be clearly defined in the management process. Second, a program that is prepared correctly usually involves the formation of detailed process to achieve important goals. Finally, unlike decisions that occur on a daily basis and in response to the urgent challenges, the main purpose of strategic planning is to identify priorities and provide direction for the future of the company (Zayo and others, 2008).

4. The definitions of strategic planning

Because of the relativity of principles, laws and theories of human sciences, various different definitions of strategic planning are presented. On the one hand, this variation reflects the breadth and importance of the issue, which can be examined from different
angles. On the other hand, it reflects the dynamism of a matter that could provide the base for offering models, theories and different opinions. According to the abovementioned, a few of the different definitions given for the strategic management are mentioned:

- **Stoner and Pemberton**: strategic planning is determining the long-term goals of the company, and developing plans to achieve these objectives and allocation or diversion of the main sources for the determined objectives (Wong et al., 2006).

- **Armstrong**: strategic planning is a process to set clear long-term goals of the company, procedures for creating and evaluating different options, and a system for monitoring results of the program while running (Daisy, 2000).

- **Pfeiffer**: strategic planning is a process for the development of procedures and practices necessary to achieve the future. He differentiates between the long-term planning that is reactive and strategic planning that is active that enables the companies to create their future (Ansari and Aghazadeh, 2003).

- **Olsen and Edie**: strategic planning can be defined as a systematic effort to make decisions and attempt to take fundamental actions that leads to determining what a company (or other entity) is, what it does and how it does (Berison, 2002).

5. Research Methodology

Since this research in terms of data collection has used survey techniques, the research method used in the research is classified as descriptive study of survey kind. Given that research is carried out among small industrial enterprises in Industrial Park of Gachsaran top managers, owners or people in high levels of these firms participating actively in developing strategic planning constitute research population. To study the population in the research census methods is used and all members of the target population are chosen for study. Thus, the sample of this research will be equal to the population of the study. Sample of the study is 102 managers (owners) of small industrial organizations. So, small firms in Industrial Park of Gachsaran were chosen as samples.

Since this study seeks to validate and determine the applicability of the proposed strategic plan for the industrial structure of small organizations, to collect data, in addition to searching the Internet and library resources and studying related publications and magazines, the questionnaire tool was also used. The literature review showed that the questionnaire is a common tool for gathering information, in studies in experimental models of strategic planning for organizations.

The questionnaire consisted of four sets of questions. The first set of questions, general information about the number of employees, positions of respondents, type of industry and separation of management from ownership. In the second set, questions related to the planning of the organization, the belief in the planning, development and prospects of the respondents about these programs are asked. The intensity (the recognition) of strategic planning in these organizations is evaluated. The meaning of intensity of strategic planning is the extent of details of the strategic plan.
The details of strategic plans developed by organizations are recognized. In fact, the answers obtained from this question can determine how much small industrial organizations are involved in the strategic planning process. In this question, the intensity of strategic planning has been determined in form of a 6 option scale where the respondent should express the option that best defines the organization's strategic planning process. On one side of this range, there is the strategic planning with high recognition (the presence of coherent programs with clear goals and detailed plans that rarely change), and on the other side, we have strategic planning with low intensity (the presence of a public policy without detailed plans that often change).

The question is gotten from the questionnaire of a study entitled "Strategic planning in small and medium organizations some empirical evidence", which was done by Stone House and Pemberton in 2001.

Environment is as one of the most important elements of the strategic planning process and in the majority of research in this area questions about respondents' perception of the environment are discussed. Therefore, the third set of questions was devoted to this point. To understand the perception of respondents from the environment, three questions were asked gotten from the questionnaire of Pill and Bridge (1998) research. In the first question, respondents are asked to rate the relative change in their business environment and how they see the last five years. The second and third questions want the respondents to show how competitive the market in which they work is. Answers to these questions were designed in the form of 5 options scale from "very low" to "very high". Responses from these complex questions will help us to explore the relationship between strategic planning and change of environment.

Finally, the fourth category of questions is allocated to determine the quality of strategic planning in small industrial organizations and elements involved in this process. This collection contains 14 expressions about the implementation of the strategic planning process in small industrial organizations. Respondents in a range of 5 options determine the extent to which the terms set forth in their respective organizations are true. In fact, the responses obtained from these questions, in addition to determining the elements of strategic planning in small industrial organizations, reveal the quality of strategic planning in these organizations. Finally, by analyzing data obtained from this question, one can to test the application of strategic planning and, if necessary, effect some changes to improve it. This question obtained from the questionnaire by Richardson (1986) and Stewart (2003) to test the strategic planning model provided by them. Since this study seeks to find the influence of strategic planning on the company's organizational structure, to analyze the data structural equation model and SPSS and Lisrel software were used.
6. Findings

6.1. The relationship between the planning horizon and the number of employees:

First hypothesis: there is a correlation between the planning horizon and the number of employees.

Table 1: correlation between the planning horizon and the number of employees

According to the p-value (0.001) in the table above, as this amount is lower than the significance level 0.01, the hypothesis is confirmed. Therefore, there is a significant positive relationship between the number of employees and planning horizon and that the extent of this relationship is 0.315.

6.2. The relationship between the intensity of strategic planning and the number of employees

The second hypothesis: there is a correlation between the intensity of strategic planning and the number of employees.

Table 2: correlation between intensity of strategic planning and the number of employees

The p-value (0.153), in the table above, is higher than significance level 0.01. There is no significant linear relationship between the intensity of strategic planning and the number of employees. So the above hypothesis is rejected and there is no correlation between intensity of strategic planning and the number of employees.
6.3. The relationship between strategic planning and the planning horizon

The third hypothesis: there is a correlation between the intensity of strategic planning and planning horizon.

Table 3: correlation between the intensity of strategic planning and the planning horizon

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<thead>
<tr>
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<th>Intensity of strategic planning</th>
<th>Planning horizon</th>
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<tbody>
<tr>
<td>Intensity of strategic planning</td>
<td>Pearson Correlation 1</td>
<td>.233*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.018</td>
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<tr>
<td>N</td>
<td>102</td>
<td>102</td>
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<tr>
<td>Planning horizon</td>
<td>Pearson Correlation .233*</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.018</td>
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<td>N</td>
<td>102</td>
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</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).

According to the p-value (0.018) in the table above, as this amount is lower than the significance level 0.05, the hypothesis is confirmed. That is a positive correlation between the planning horizon and the intensity of strategic planning and the amount of this relationship is 0.233.

6.4. The relationship between environmental change and the intensity of strategic planning

The fourth hypothesis: there is a correlation between the intensity of strategic planning and environmental change.

Table 4: correlation between strategic planning and environmental change

<table>
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<tr>
<th></th>
<th>Intensity of strategic planning</th>
<th>Dynamism and lack of environmental trust</th>
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<tbody>
<tr>
<td>Intensity of strategic planning</td>
<td>Pearson Correlation 1</td>
<td>.068</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<td>.495</td>
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<tr>
<td>Dynamism and lack of environmental trust</td>
<td>Pearson Correlation .068</td>
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According to the p-value (0.495) in the table above, there is more than significant level of 0.01. No significant linear relationship between the intensity of strategic planning and environmental change can be considered. As a result, H0 hypothesis is not rejected and there is no correlation between the intensity of strategic planning and environmental change. Unlike most studies that have found a positive relationship between these two variables, the current study did not achieve a statistically significant relationship between these two variables.
7. Discussion and conclusion

In assessing the relationship between strategic planning horizon and the number of employees, the results showed that there is a significant positive relationship at (0.01) level of significance and the value of the relation is 0.315. This means that by increase in the number of employees, the expansion organization and the increase in volume of activities, the horizon of planning of organizations gets longer as well.

By evaluating the relationship between strategic planning and the number of employees, some interesting results were obtained. Results showed that at (0.01) level of significance, there is no significant linear relationship between the intensity of strategic planning and the number of employees. This means that just because an organization has more workers, it cannot be concluded that it has higher intensity of strategic planning. As previously mentioned, the researcher also discovered this relation during the investigation into this case. Some of the organizations in the study, being active in capital-intensive industries, had fewer number of staff employed. But they had wide activities and strategic planning process which were evident.

Of the other side analyses that were carried out using the collected data was investigating the relationship between strategic planning and the planning horizon. The results showed that at 0.05 significance level, there is a positive correlation between strategic planning horizon and intensity of planning. The amount of this relationship is 0.233. This means that by increase in planning horizon, the intensity and recognition of the developed programs increase.

The third set of questionnaire questions was related to the respondents' understanding of their business environment. The results showed that the respondents believed that in average, the rate of change, market competition and environmental volatility in the business environment are high. Although these results are consistent with the findings of Pill and the Bridge (1998), but the researcher believes that this difference is only apparent and the types of changes that Iranian organizations face are quite different and unique. The intention of the respondents of drastic changes in the business environment includes changes in laws, regulations, and sharp fluctuations in supply and demand and so on. The competition that Iranian organizations are facing is an unhealthy competition. For example, the illegal entry of Chinese low-quality goods or producing poor-quality goods with well-known brands' names has created an unhealthy competitive atmosphere among small industrial companies.

One of the most interesting findings of this study was gained by assessing the relationship between environmental change and the intensity of strategic planning. Although the vast majority of studies in this regard have offered a positive relationship between these two variables, the results of this study showed that at 0.01 significance level, there is no significant linear relationship between the intensity of strategic planning and environmental change.
The findings show that, 70 percent of organizations surveyed have regular planning. In addition, no significant correlation was found between the intensity of strategic planning and the number of employees. Yet the results show that, there is a significant positive relationship between the intensity of strategic planning and planning horizon.

One of the most interesting findings was that no significant linear relationship between the intensity of strategic planning and environmental change was observed. Most studies in the field of strategic planning have found a significant positive correlation between these two variables.
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