

# THE FALL AND RISE OF STRATEGIC PLANNING<sup>1</sup>: A META-ANALYSIS OF THE ENVIRONMENT-PLANNING-OUTCOME LINK

**MARCEL HOFEDITZ**

Chair of Business Management, Personnel and Innovation Munster University, Munster,  
Germany

**GERHARD SCHEWE**

Chair of Business Management, Personnel and Innovation Munster University, Munster,  
Germany

## Introduction

In his Harvard Business Review article in 1994, Henry Mintzberg coined strategic planning as the mere programming, i.e. the calculation of a plan. As such “strategic planning isn’t strategic thinking”, he confined (p 107). Indeed, strategic planning may actually spoil any creative strategic thinking and, hence, the possibility to create a competitive advantage. He condemned that planning itself has decreased the commitment of executives and created a disadvantageous atmosphere spit with formalized instead of creative thinking. Now, two decades later, calculating plans has become in vogue again. Since Bigdata has entered the business world, it has been celebrated as a savior in an increasing complex economic environment. In this vein, Mintzberg’s accuse has become more relevant than ever. Especially because of the globalization and internationalization of markets, companies are increasingly facing challenging business environments. Today’s markets are characterized by fierce competition, rapid changes and increasing uncertainty and complexity where Bigdata is becoming a central determinant for executives to decide on their strategic plan. Therefore, we ask: *Does planning actually create a competitive advantage? What are the social and operational outcomes of strategic planning? Which environment actually favors the planning of strategies?*

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<sup>1</sup> The title of Mintzberg’s 1994 Harvard Business Review article has been used to honor the achievements of Henry Mintzberg.

Although strategic planning lies at the heart of the organization-environment co-alignment process (Bourgeois, 1980), there has not been so far a meta-analytic investigation that attempts to analyze the environment-planning-performance link (Boyd, 1991; Brinckmann et. al., 2010; Kellermanns et al., 2011; Miller & Cardinal, 1994; Schwenk & Schrader, 1993). Following dynamic capability theory, we argue in line with Mintzberg that the mere planning technique itself is an ordinary capability that may increase dynamic capabilities such as commitment or strategic consensus or operational capabilities such as improved product processes.

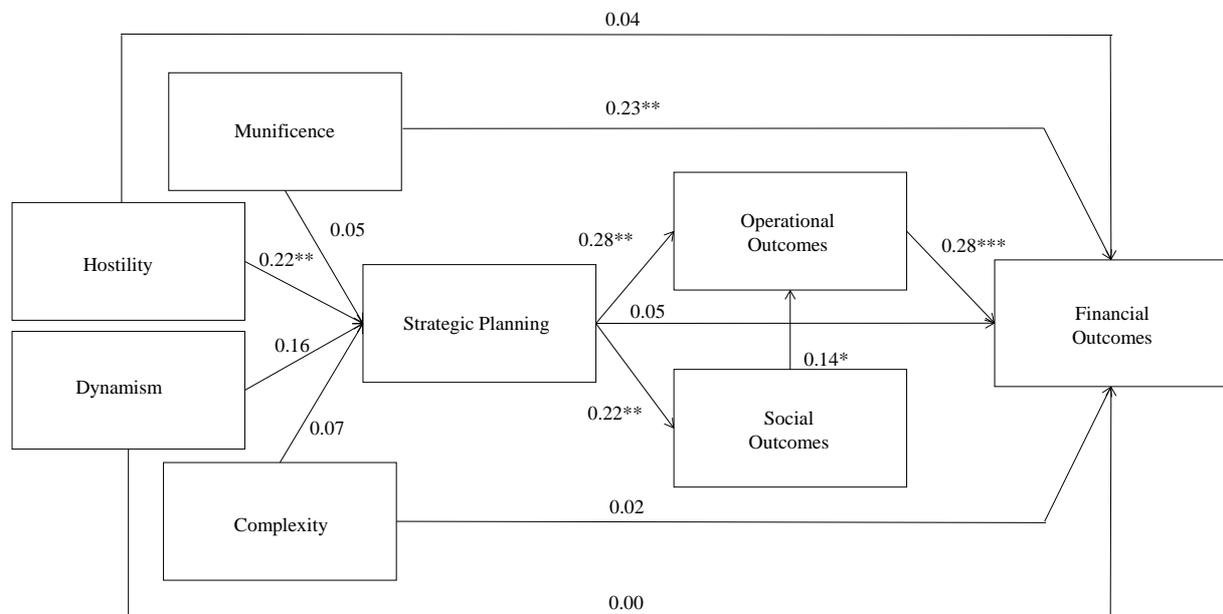
### **Methodology and Results**

Using a meta-analysis, we intent to investigate these prominent theoretical propositions. After a rigor search and filter process, our final dataset comprised 90 studies and 102 datasets and 442 effect sizes. We grouped the environmental factors into four categories, namely munificence (describing the generosity of the environment concerning availability of resources and possible alternatives), hostility (indicating intensity of competition and strength of competitors), dynamism (meaning the degree of change in the market and its frequency and impact) and complexity (referring to the crucial specific knowledge and machinery to compete in the market). Furthermore the studies were grouped according to their strategic planning outcome measure, i.e. financial (such as return on investment or cash flow), operational (such as attractiveness of products or growth in market share) and social (such as top management commitment or strategic consensus). During the entire process, we followed the Maer-Net standard guide regarding the search and coding procedure (Stanley et al. 2013).

By applying the technique of Meta-analytical structural equation modeling (Cheung & Chan, 2005), we are able to show in our final iterated model (Figure 1) that strategic planning has no direct effect on financial outcomes. Instead operational outcomes mediate these effects ( $r = .28$ ;  $p < .01$ ) since strategic planning positively relates with operational outcomes ( $r = .28$ ;  $p < .05$ ).

Social outcomes show no mediating effect for the planning-financial outcome link, but positively increase operational outcomes ( $r=0.14$ ;  $p<0.01$ ). Regarding the environment, while munificence shows surprisingly no effect on strategic planning, we are able to show that a hostile environment favors strategic planning ( $r= .22$ ,  $p < .05$ ).

**Figure 1. Final Effect Model of the Environment-Planning-Outcome Link**



**Note.** \*\*\*= $p<0.01$ ; \*\*= $p<0.05$ ; \*= $p<0.10$ ; Chi-Square= ; GFI= 0.935; SRMR=0.0772; RMSEA=0.0822; sample size (harmonic mean)= 120;

We controlled the environment-planning-outcome link with help of a meta-regression for company size, stage of development of the company (young vs. old), and the national culture the company operates in (using three of Hofstede's (1984) cultural dimensions, namely uncertainty avoidance, masculinity and long-term orientation). The full meta-regression results are going to be presented during the Maer-net conference.

## **Conclusion**

The result of this meta-analysis contributes to the strategic management literature by developing the strategic planning theory and solving the puzzle if and how strategic planning may be able to create a competitive advantage and which environmental dimension actually favor the planning of strategies. Indeed, Henry Mintzberg may have been right two decades ago. Strategic planning itself does not create a competitive advantage. But it's not all lost. Results show that planning may improve operations, increase commitment (social outcome 1) and foster a strategic consensus (social outcome 2), which may, in turn, have the potential to create a competitive advantage.

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