

# Strategic Planning Process Formality and Institutional Performance

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## Abstract

The relationship between strategic planning and the performance of organizations has been debated over the years. Some have specifically argued on the level of formality required in a strategic process to realize strategic outcomes. Based on various findings, some studies have recommended purposefully formalized strategic planning processes (deliberate strategies) while others have favored emergent strategies. Consequently, this study examined the relationship between strategic planning process and performance. It also focused on determining the degree of strategic planning process formality that influences the performance of businesses. Descriptive survey design was adopted. Twenty-six accredited private universities in Ghana which had strategic planning committees in place were selected using the stratified and purposive sampling techniques. Linear regression was used to determine the effects of strategic planning process on performance. Post hoc, One Way ANOVA was employed to determine significant differences between the degrees of strategic planning process formality and their corresponding performance levels. The study found that performance within the sector was low. Several recommendations to assist institutions wobble out of the current situation toward appreciating the importance of formality in the formulation of strategies have been proposed.

**Keywords:** Strategic planning process formality, performance

## 1. Introduction

In spite of the increasing interest in strategic planning, there has not yet been any consensus on what actually constitutes 'formality' (Boateng et al., 2014) and the extent of it that may generate expected outcomes. This challenge has contributed to some theoretical and practical pluralism (O'Regan & Ghobadian, 2007; Glaister et al., 2008). Formality has been diversely defined by various researchers. A formal strategic planning has been viewed as a technique which involves the identification of future trends, threats, opportunities, and analysis of competition and diversification which may change organisational perceptions based on historical trends (Ansoff, 1977; Porter, 1991). Dutton and Duncan (1987:106) define strategic planning formality as one that is more rationalized for the construction of strategic plans. Strategic planning is considered by other scholars as a long-term, deliberate set of planned actions (O'Regan & Ghobadian, 2007). Bryson (2011:74) sees it as "a disciplined effort to produce fundamental decisions and actions shaping the nature and direction of an organization's (or other entity's) activities within legal bounds". Phillips and Peterson (1999) note that it involves preordained information processing that seeks the input and commitment of stakeholders affected by the plan – the end result being written document. This definition introduces other components of formal strategic planning: the required information flow and processing must be determined ahead of time.

There have been diverse views which suggest a mix of features that are noted to run through advocates' perceptions in the literature. Based on this, Boateng et al (2014) suggested that 'formality' should broadly encompass antecedent and process dimensions (Phillips & Peterson, 1999; Glaister et al., 2008); time factor – period covered by the plan (Pearce et al., 1987; O'Regan & Ghobadian, 2007); extent of planning – strategic areas covered by the plan (Hellriegel et al., 2005; Grant, 1991; Ansoff, 1977; Porter, 1991); strategic analysis techniques (Veskaisri, 2007; Kargar, 1996); and participation in planning (Phillips & Peterson, 1999). A working definition for formal strategic planning process has been broadly considered by Boateng et al (2014) as the science and art of a deliberate, persistent and consistent futurist positioning of a firm, having taken a realistic purview of its existing infrequent environs, then the adoption of actions on how limited resources may be effectively and efficiently acquired and utilized for enhanced performance.

The performance of Ghanaian private universities seems to have been met with challenges that if left unchecked, could metamorphose into unprecedented crises against national development. This situation is speculatively attributed to the absence of the development and maintenance of an appropriate strategic focus. Lerner (1999) on this issue comments that lack of effective strategic planning processes [among institutions of higher learning] has led to many horrible observations and predictions from observers. Among these challenges are, limited classroom space, increased class sizes, poor physical facilities and infrastructure, and lack of adequate financing. The objective of the study was to examine the relationship between strategic planning process and performance of private universities in Ghana. The study also determines the degree of strategic planning process formality that influences performance of the institutions.

## 2. Literature Review and Hypothesis Development

Formalization in a firm is believed to systematize the monitoring, collection, and dissemination of relevant information leading to efficient and effective strategic choices, focused implementation, and the achievement of specific goals (Dutton & Duncan, 1987). From this, it can be said that a clearer and comprehensibly disseminated information could lead to efficient and effective strategy implementation and enhanced performance. This study therefore holds that strategic planning process formality should, to some extent, lead to improved performance.

Laitinen (2002), in O'Regan and Ghobadian (2007:14) defines performance as "the ability of an object to produce results in a dimension determined a priori, in relation to a target". Moullin (2003), in Wu (2009) also defines an organization's performance in terms of how well the organization is managed, and the value the organization delivers for customers and other stakeholders. According to Chen, Wang, and Yang (2009), a measurement process is necessary to enhance the quality of university education. Most prior studies have evaluated performance based on financial measures (Boyd & Reuning-Elliott, 1998; Schwenk & Shrader, 1993; Miller & Cardinal, 1994; Blahová, 2010).

Non-financial indicators like quality, stakeholder satisfaction and loyalty are less considered and data gathered on an irregular basis. Managers have increasingly recognized the irrelevance of building performance measurement solely on financial statistics. Other measures are identified to be of equal importance, based on the organization and its operating environments (Eccles, 1991; cited in Winterton & Winterton, 1997). This study incorporates the 41 item HEDPERF (Higher Education Performance) measurement tool developed by Abdullah (2006): non-academic aspects, academic aspects, reputation, access, and program issues. This seems to be the appropriate tool among the rest, as indicated by the two studies reviewed (Abdullah, 2006; Brochado, 2009).

The calls for tertiary institutions to resort to strategic planning for improved performance are met with an overabundance of empirical findings regarding the relationship between the two – strategic planning and performance. St-Hilaire (2011) and McIlquham-Schmidt (2010) report that there are three categories of conclusions regarding the strategy-performance relationship. They refer to several studies that corroborate the findings of Ansoff (1965) that there is a positive relationship between strategic planning and corporate performance (eg. Bracker & Pearson, 1986; Pearce et al, 1987; Hopkins & Hopkins, 1997; Andersen, 2000; Gershefski, 1970; Thune & House, 1970; Herold, 1972; Karger & Malik, 1975; Rhyne, 1986), with directional causality from strategic planning to performance (Greenley, 1994; in Glaister et al., 2008).

On the other side is the argument that planners perform worse on some measures than non-planners, implying a negative relationship (e.g. Fulmer and Rue, 1974; Sheehan, 1975; Fredrikson & Mitchell, 1984; Whitehead & Gup, 1985). A third group, according to St-Hilaire (2011) and McIlquham-Schmidt (2010), also holds that there is no quantifiable benefit, that the relationship is inconclusive (e.g. Kallman & Shapiro, 1978; Gable & Topol, 1987; McKiernan & Morris, 1994; Grinyer & Norburn, 1975; Kulda, 1980; see also Glaister et al., 2008).

In spite of differing views, management literature has preponderantly favored a positive relationship (McIlquham-Schmidt, 2010). The first study on the strategic planning-performance relationship was conducted by Thune and House (1970; according to Glaister et al., 2008). Their finding was a better economic performance for formal planners than non-planners. McIlquham-Schmidt (2010) also found an affirmative answer to the hypothesized SP-CP [strategic planning-corporate performance] link. He specifically states that strategic planning has no negative influence on corporate performance.

An argument by Capon et al. (1994) posits that a higher degree of sophistication of the strategic planning process has a greater probability of enhancing performance. Formal strategic planners think through strategic issues and resource allocation priorities; a practice that should result in better identification of opportunities and threats, and a needed firm action. The researchers mention that formal strategic planners are expected to outperform both financial and non-planners due to their expected formal and holistic approach to organizational analysis and strategy formulation. (Glaister & Falshaw, 1999; Glaister et al., 2008).

One major activity of the formal strategic planning process is to identify and analyze strengths and weaknesses for efficiency and effectiveness. In view of this, it could be suggested that the resource based theory does support conclusions by various studies that there exist a positive relationship between formal strategic planning and performance. This is so because it emphasizes specifying a resource profile, then, formulation of strategies for optimal product-market activities. Consequently, this study believes that the strategic planning process itself, if well established and maintained, could become a 'rare' bundle of asset. This necessitated the need to examine the influence of the strategic planning process on the performance of private universities in Ghana.

Furthermore, strategic planning is a merger of varied organizational activities. Andersen (2000) explains it as a set of activities that focus on identifying mission and goals systematically, scanning the competitive environment, and analysing alternative strategies, and coordination of implementation actions across the entire organisation. The systems theory, in view of this, regards the organization as a system of inter-related

and inter-dependent parts arranged to produce a unified whole (Kinicki & Williams, 2011; Robbins & Coulter, 2012). Robbins and Coulter (2012) further contend that an organization is more of an open system that interacts with its environments. Institutions are not self-contained (closed system). In this case, management must recognize their institutions' reliance on environmental factors for enhanced performance. The systems approach focuses on the simultaneous achievement of multiple, generic performance aspects (Georgopoulos & Tannenbaum, 1957; Yuchtman & Seashore, 1967; Steers, 1975). The importance of the systems approach in this study hinges on the belief that an effective strategic planning process should be considered a system with distinct components, coordinated simultaneously to achieve a desired outcome.

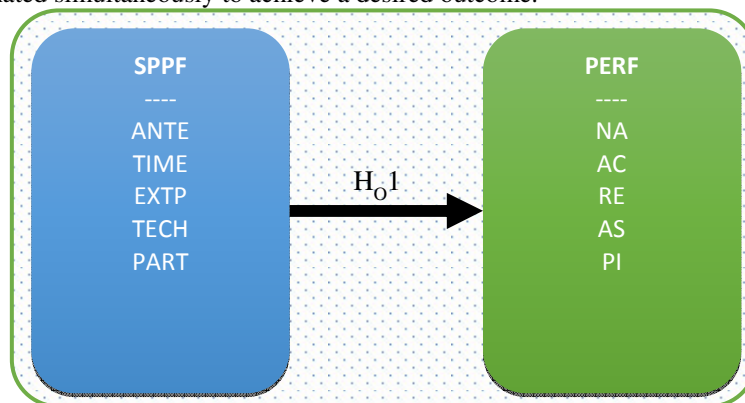


Fig. 1: Conceptual Model – Strategic planning process formality & Performance

Key: SPPF-Strategic planning process formality; ANTE-Antecedent and process dimensions; TIME-time factor, EXTP-extent of planning; TECH-Tools for strategic analysis; PART-Participation in planning; PERF-Institutional performance. NA-Non-Academic aspect; AC-academic aspects; RE-reputation; AS-access; PI-program issues.

Based on the review of literature, the conceptual framework of the study is presented in Figure 1. Thus, Fig. 1 explains the existing relationships between the two variable groups of the study: strategic planning processes formality (SPPF) and institutional performance (PERF). H<sub>0</sub>1 attempted to investigate if any degree of strategic planning process formality influenced the performance of private universities. It further determined the degree of SPPF that influences performance. Thus, the null hypotheses of the study stated that there is no significant relationship between the degrees of strategic planning process formality and the performance of the institutions studied.

### 3. Methodology

Descriptive survey design was adopted for the study. The target population consisted of 53 accredited private universities out of which 26 with strategic planning committees in place were selected using the stratified and purposive sampling techniques. A structured questionnaire was administered with 64.62 percent response rate. Linear regression was used to determine the impact of strategic planning process on institutional performance. Significant differences between the degrees of strategic planning process formality and their corresponding performance levels were determined using One-Way ANOVA, post hoc (to determine the areas with differences).

### 4. Findings and Discussions

A Pearson Correlation coefficient was computed to determine relationships between the variables of SPPF and PERF. Table 1 displays the correlation coefficient results.

Table 1. Correlation Coefficients for SPPF Variables

	ANTE	TIME	EXTP	TECH	PART	SPPF	NA	AC	RE	AS	PI	PERF
ANTE	1											
TIME	.413**	1										
EXTP	.684**	.369**	1									
TECH	.174	.077	.101	1								
PART	.150	.215*	.177	-.141	1							
SPPF	<b>.876**</b>	<b>.523**</b>	<b>.841**</b>	<b>.304**</b>	<b>.121</b>	<b>1</b>						
NA	.383**	.315**	.344**	.219*	.312**	<b>.427**</b>	1					
AC	.308**	.349**	.290**	.046	.335**	<b>.366**</b>	.652**	1				
RE	.280**	.104	.163	.173	.262*	<b>.269*</b>	.566**	.461**	1			
AS	.332**	.403**	.422**	.110	.415**	<b>.406**</b>	.669**	.526**	.510**	1		
PI	.386**	.213	.270*	.251*	.230*	<b>.312**</b>	.576**	.487**	.476**	.540**	1	
PERF	<b>.424**</b>	<b>.340**</b>	<b>.369**</b>	<b>.206</b>	<b>.385**</b>	<b>.444**</b>	<b>.869**</b>	<b>.773**</b>	<b>.763**</b>	<b>.805**</b>	<b>.779**</b>	<b>1</b>

\*\* . Correlation is significant at the 0.01 level (2-tailed).

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

Source: Field survey (2014)

Table 1 shows that the measure of associations between most of these variables are significant, though not very strong, as revealed by the institutions' aggregate performance level ( $mean = 3.88$ ). It indicates that correlation is significant at both the 0.01 and 0.05 levels. Some components of SPPF do correlate significantly with each other. TIME correlates with ANTE ( $r = 0.413$ ). EXTP correlates with ANTE ( $r = 0.684$ ) and TIME ( $r = 0.369$ ). PART also correlates with TIME ( $r = 0.215$ ).

It was also observed that some components of SPPF do correlate significantly with some indicators of PERF. NA correlates ANTE ( $r = 0.38$ ), TIME ( $r = 0.315$ ), EXTP ( $r = 0.344$ ), TECH ( $r = 0.219$ ), and PART ( $r = 0.312$ ). AC correlates ANTE ( $r = 0.308$ ), TIME ( $r = 0.349$ ), EXTP ( $r = 0.290$ ), and PART ( $r = 0.335$ ). RE correlates only ANTE ( $r = 0.280$ ) and PART ( $r = 0.262$ ). AS correlates ANTE ( $r = 0.332$ ), TIME ( $r = 0.403$ ), EXTP ( $r = 0.422$ ), and PART ( $r = 0.415$ ). Finally, PI correlates ANTE ( $r = 0.386$ ), EXTP ( $r = 0.270$ ), TECH ( $r = 0.251$ ), and PART ( $r = 0.230$ ). With the exception of TECH, there seem to be some correlation between the remaining four items of SPPF and PERF, significant at the 0.01 level: ANTE ( $r = 0.424$ ), TIME ( $r = 0.340$ ), EXTP ( $r = 0.369$ ) and PART ( $r = 0.385$ ). Aggregately, SPPF is seen to have some significant degree of association ( $r = 0.444$ ;  $p = 0.000$ ) with PERF but seems not to be very strong; correlation is significant at the 0.01 level.

The highest degree of association was between EXTP and ANTE ( $r = 0.684$ ). This is an indication that setting up the appropriate strategic planning framework led to more detailed planning among private universities in Ghana; and where the extent of plan (EXTP) was detailed, enough time ( $r = 0.369$ ) was allowed to ensure the achievement of expected outcomes. These were some significant associations within SPPF that conceivably led to some significant influence ( $r = 0.444$ ) on institutional performance (PERF).

*Antecedent and process dimensions* (ANTE) was the item with the highest degree of association with PERF. It includes such activities as regular schedules (deliberate), strict time limits on reviews, formal presentations, numerous observers, massive paperwork, restricted discussion, decisions compulsory, process emphasized, regular progress reviews, strict accountability, data, numbers, facts, and uniform planning procedures. Some scholars do not agree with this issue of deliberate planning, proposing that it should be an 'emergent' activity. One of such is Mintzberg (1994; in Wulf *et al.*, 2010, and Wall & Wall, 1995) who argued that historically, strategy had emerged, and not consciously formulated; that strategy cannot be conceived and developed on schedule. This argument suggests that deliberate rules as guiding tools for an institution are irrelevant – but not supported by this current study. It has been observed that some amount of strategic planning process formality did significantly influence performance among Ghanaian private universities, as discussed in subsequent sections. ANTE had an average formality score of 4.69 (see Table 2), rated on a six-point Likert scale as 'formalized', or 'moderate formality'. In spite of the various contra arguments, this study supports decision makers who have staunchly stood for strategic planning process formality as an important management tool (e.g. Rigby & Bilodeau, 2007; in Wulf *et al.*, 2010). This present study holds that higher degrees of activities constituting the framework within which strategic planning is realized makes the process more formalized for increased performance.

*Participation in planning* (PART) had the next highest degree of association ( $r = 0.385$ ) with PERF. Even though the relationship seems weak, it is still believed to have contributed to performance, with an average score of 3.76 (Table 2). Mintzberg (1994), and El-Mobayeb (2006) agree in their separate studies that participation empowers employees and increases commitment; it makes employees feel they are owners of the

planning process and may want to achieve the utmost for their institutions. Participation clarifies responsibilities, consequently reducing resistance to change for productivity (Pearce & Robinson, 1987; Arasa *et al.*, 2011). Even though others did not find any positive effects (e.g. Wagner, 1994; Wagner & Gooding, 1987; in Chae & Hill, 2000), this study has found participation to have influenced performance among Ghanaian private universities. The present study holds that higher degrees of SPPF includes higher involvement of institutional members in decision making. This, in addition to what has been mentioned in the literature, is believed to enrich decisions through the conjugation of diversified perceptions.

*Extent of Plan (EXTP)*: The need to focus on all key areas during planning (though not very strong) is also supported by the literature. This item had an average of 4.40 (fairly formal or low formality) – Table 2. It is observed from information available that the extent to which these institutions consider each key area of the strategic planning process does not equate the extent of techniques used during the process. For example, the average usage of PEST or STEP technique is 2.25. The corresponding key area that required the use of the technique to evaluate PEST trends (EXTP4) had an average of 4.49. This could be interpreted to mean that other latent factors are in place to assist institutional strategic decisions. This study may not falter assuming that institutions down-play TECH and depend on the intellectual capabilities of their decision makers to go the full length of the key areas of planning (hence, the negative insignificant correlation between TECH and PART;  $r = -0.141$ ). According to the literature, a well-developed strategy results in a variety of benefits (Shraeder, 2002). Shelette (2002) identified eight key areas for strategic considerations as mission, objectives, external analysis, internal analysis, development of alternative strategies, strategy selection, strategy implementation, and control. Veskaisri *et al.* (2007) added that institutional effectiveness also depends on going the full length of the strategy formulation process, and not on ad-hoc methods. This present study holds that placing emphasis on all key areas of the strategic planning process constitutes a measure of formality for effective performance.

Table 2. Descriptive Statistics for Independent Variables (SPPF)

	ANTE	TIME	EXTP	TECH	PART	SPPF
Mean	4.69	4.39	4.40	2.44	3.76	3.87
Median	5.00	5.00	4.00	2.00	4.00	4.00
Mode	5	5	4	2	3	4
Std. Deviation	1.064	1.018	1.007	.499	1.209	.655
Variance	1.132	1.037	1.015	.249	1.461	.428
Skewness	-.638	-.368	-.095	.244	.096	-.125
Std. Error of Skewness	.263	.263	.263	.263	.263	.263

Source: Field survey (2014)

Key: ANTE – Antecedent and process dimensions; TIME – Time factor; EXTP – Extent of plan; TECH – Techniques for strategy analysis; PART – Participation in planning.

*Time Factor (TIME)*: Time factor moderately relates with institutional performance (according to Table 2), with an average score of 4.39 (*fairly formal*). Out of the total respondents, 61.9 percent indicated that their institutions do make short-term strategies. Only 13% agreed that their institutions do have medium-term plans. Interestingly, all the respondents (100%) indicated that their institutions engage in long-term strategic planning. It has been mentioned in the literature that timing (a characteristic of strategic planning formality) is linked with enhanced performance (Montebello, 1981, Capon *et al.*, 1994). Geiss (2003) confirms that an institution's ability to appropriately envision its future results in the proper allocation of current resources to ensure sustained growth. Planning is more formalized, the longer the time span it covers (Crittenden & Crittenden, 2000). Veskaisri *et al.* (2007) also states that timing plays a key role in determining the level of impact strategic choices may have on institutional performance. Mintzberg (1994) commented that timing should be operationalized per institutional focus. Then Glaister and Falshaw (1999) explained further that an effective strategic planning system is one that links long-term strategies with both medium-term and operational plans. For these reasons, this present study holds that a higher degree of SPPF will encompass all three time frames – short-term, medium-term, and long-term.

*Strategic Analysis Tools*: Among the items, only strategic analysis techniques/tools (TECH) had no significant degree of association with PERF, with an average score of 2.44 (Table 2; generally indicating that those techniques were '*rarely used*'). It had an insignificant negative correlation with PART ( $r = -0.141$ ). Such techniques for strategic analysis include SWOT analysis, Porter's five-force industry analysis, PEST or STEP analysis, stakeholder analysis, core capabilities analysis, etc.

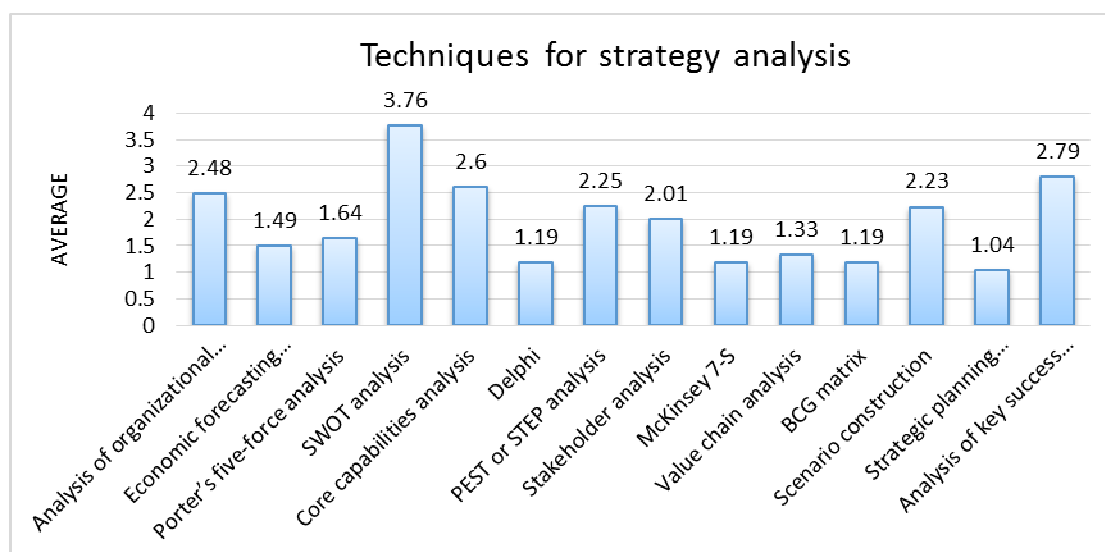


Fig. 2: Usage of strategic analysis techniques among private universities

Source: field survey (2014)

A possible explanation for this lower usage of tools could be due to the limited popularity and knowledge of the applicability of such techniques among the institutions. Glaister et al (2009) noted in a study that the relative complexity of some of the techniques under discussion make them less popular within some industries. It could imply that the institutions greatly depended on the intellectual capabilities of its decision makers to understand its environments. Fig. 2 indicates that the tool commonly used is SWOT analysis (mean = 3.76), followed by analysis of critical success factors (mean = 2.79), then core capabilities analysis (mean = 2.60). The least used technique is strategic planning software, with an average of 1.04. The absence of the appropriate tools could hinder institutions' ability to identify, sift, process, and comprehend information received from its environments (Downey, 2007). The literature clearly indicates that success in today's competitive markets requires the use of some 'management tools' for enhanced performance (Blahová, 2010). The adoption of a wide range of tools is necessary to enrich the extent of the planning process (Glaister et al., 2009).

#### 4.1 Degrees of Strategic Planning Process Formality and Performance

Another important aspect of this study was to measure the degree of strategic planning process formality that influences performance among private universities in Ghana. Consequently, this study examined if respondents' perceptions suggested 1) the existence of different degrees of SPPF, and 2) differences in their corresponding PERF levels.

Table 3: ANOVA<sup>b</sup> – Degrees of Association between SPPF and PERF

		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	727.722	5	145.544	8.077	.000 <sup>a</sup>
	Residual	1405.564	78	18.020		
	Total	2133.286	83			

a. Predictors: (Constant), PART, TECH, EXTP, TIME, ANTE

b. Dependent Variable: PERF

Source: Field survey (2014)

Table 1 has already reported the existence of some significant associations. The ANOVA analysis of Table 3 also confirms that there exist significant degrees of association, and at different levels, between the variables of SPPF (ANTE, TIME, EXTP, TECH, PART) and PERF ( $p = 0.000$ ). Hence, strategic planning process formality (SPPF) is not absolute. Institutions differ in their approaches, even when a formal approach has been adopted and confirmed. SPPF could be measured at different degrees (for example, high, moderate, or low), then the influence of each on performance (PERF) determined. The null hypothesis ( $H_0$ ) states that there is no significant relationship between the degrees of strategic planning process formality and the performance of an institution.

To differentiate flexibility in planning from formality among the respondents and their institutions, the total possible responses for all SPPF units of measure (262) were split in two halves. Perceptions of institutions with flexible planning processes were grouped under the first lower half (1 – 131), called Category A. The second upper half (132 – 262), called Category B, constituted those whose planning processes were considered

formal. Table 4 shows that 26.2 percent of the respondents believed their institutions' planning processes to be *flexible*, while 73.8 percent believed theirs was *formal*. It can therefore be considered that for various reasons, majority of the institutions adopt formal approach to strategic planning.

Table 4: Flexible versus Formal Strategic Planning Process

Categories	Frequency	Percent
A: Flexibility	22	26.2
B: Formality	62	73.8
Total	84	100.0

Source: Field survey (2014)

Formality (shown in Table 4) is unqualified; there could be different degrees of *formality*. Unfortunately, the literature does not make any provision for such categorization. This is no indication that there could not be one. The study has therefore developed its own standard of SPPF measurement exemplified in Table 5. To further determine the degrees of *formality* of the strategic planning process, categories A and B of Table 4 were each divided into *low*, *moderate*, and *high* in equal proportions.

Table 5: Degrees of Strategic Planning Process Formality (SPPF)

Categories	Degrees of formality	Percentages	Responses	Frequency	Percent
A: Flexibility	Flex-high	1 – 33	1 – 43	--	--
	Flex-mod	34 – 67	44 – 87	1	1.2
	Flex-low	68 – 100	88 – 131	21	25.0
B: Formality	Form-low	1 – 33	132 – 175	50	59.5
	Form-mod	34 – 67	176 – 219	12	14.3
	Form-high	68 – 100	220 – 262	--	--

Source: Field survey (2014)

The degrees for strategic planning process flexibility were indicated as flex-high (flexible high), flex-mod (flexible moderate), and flex-low (flexible low). On the other hand, the degrees for strategic planning process formality were also identified as form-low (formal low), form-mod (formal moderate), and form-high (formal high). It could be seen from Table 5 that the degrees of planning formality among the institutions ranged between *flex-mod* (flexible moderate) and *form-mod* (formal moderate). There was no form-high and form-flex. Only one response (1.2%) was considered flex-mod. This was taken to be an outlier. The number of respondents who agreed that their institutions degree of formality was flex-low were 25 percent, 59.5 percent form-low, and 14.3 percent form-mod. It was therefore safe to conclude here that for majority of the institutions (59.5), the degree of strategic planning process formality was *formal-low*.

Table 6: One-way ANOVA – Differences in Corresponding Performance

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.037	3	3.346	2.949	.038
Within Groups	90.772	80	1.135		
Total	100.810	83			

Source: Field survey (2014)

A one-way ANOVA was run to determine any significant differences between the performance levels of each of the degrees of SPPF. Table 6 reports significant differences between the three major degrees of formality identified in Table 5 (flex-low, form-low, form-mod) at the 0.05 level ( $p = 0.038$ ). A closer look at the descriptive mean comparisons of these three major degrees of formality confirms the differences in performance between them (see Table 7 and Table 8).

Table 7: Descriptive Mean Comparison (Performance Averages of Degrees of Formality)

Degrees of Formality	N	Mean	Median	% of Total Sum	Skewness	Std. Error of Skewness
Flex-mod	1	4.00	4.00	1.2%	.	.
Flex-low	21	3.38	3.00	21.8%	.046	.501
Formal-low	50	3.94	4.00	60.4%	.123	.337
Formal-mod	12	4.50	5.00	16.6%	-1.274	.637

Source: Field survey (2014)

From Table 7, the performance averages for flex-low, formal-low, and formal-mod were 3.38, 3.94, and 4.50 respectively, confirming the linear regression output from Table 8 (that for each unit increase in SPPF, PERF increases by 9.1%). It is observed here that the degree of formality progresses with performance averages as follows: flex-low (median = 3), form-low (median = 4), and form-mod (median = 5) – with their respective

corresponding statistical skewness values of 0.09, 0.36, and 2.0. This could be interpreted to mean that the higher the SPPF (strategic planning process formality), the higher the performance of private universities in Ghana. In other words, Ghanaian private universities perform better at higher levels of SPPF (strategic planning process formality). To add to this, 67.7 percent out of a total of 42 respondents whose institutions had adopted formal planning performed better, as compared to the 50 percent flexible planning institutions who performed better. Of the same group, only 32.2 percent of formal planning institutions performed poorly, as compared to the 50 percent of flexible planning institutions who also performed poorly.

Table 8: Linear Regression of SPPF and PERF (Coefficients<sup>a</sup>)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	$\beta$	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	3.818	3.060		1.248	.216	-2.269	9.904
SPPF	.091	.020	.444	4.485	.000	.051	.131

a. Dependent Variable: PERF

Source: Field Survey (2014)

Regressing performance (PERF) on SPPF (Table 8) confirms the finding of Table 7. The unstandardized coefficient ( $\beta$ ) constant of Table 8 indicates that without SPPF, the value of performance (PERF) among Ghanaian private universities was 3.818. The model shows that with a unit increase in the degree of SPPF, PERF was improved by 9.1 percent, holding all other independent variables constant; SPPF also accounts for 19.7 percent of the variations in PERF. This implies that a unit decrease in the degree of formality (toward flexibility) might have resulted in a -9.1 percent decrease in PERF. The  $t$  statistic for SPPF is 4.485 significant ( $p = 0.000$ ).

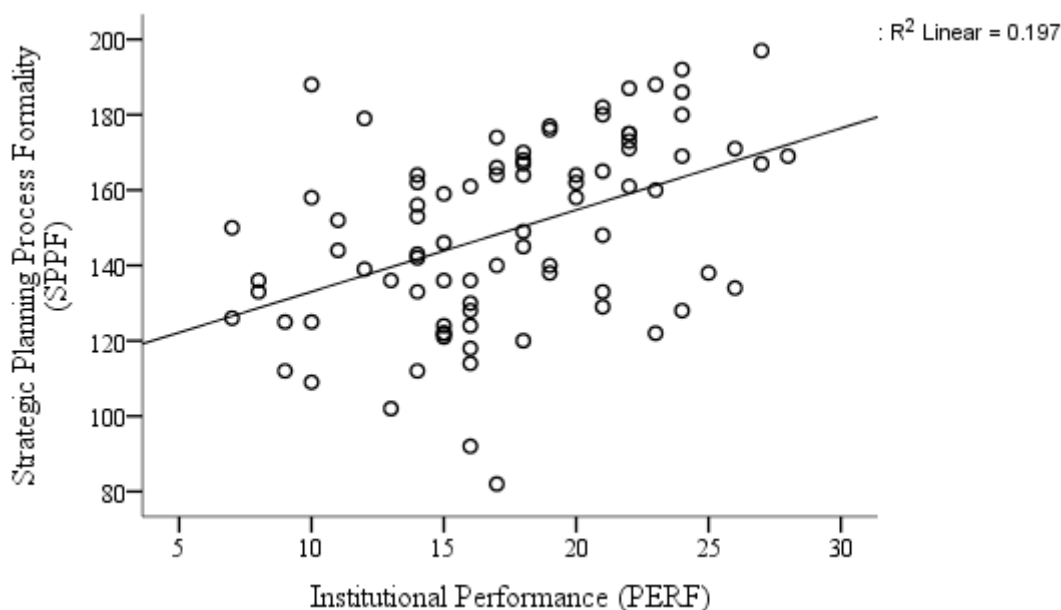


Fig. 3: Simple scatter plot of SPPF and PERF

Source: field survey (2014)

Fig. 3 confirms the general trend of Table 8, concluding that increase in the degrees of SPPF explained improvements in institutional PERF. In spite of some outliers and their perceivably insignificant exceptions, the plot generally presents a positive linear relationship between SPPF and PERF. High scores on the X axis are associated with high scores on the Y axis.

#### 4.2 Low Performance and Low Degrees of Association

The analysis pointed out that performance of private universities in Ghana was low. Also, the degree of association between SPPF and PERF was weak, with a  $t$  value of 4.485 ( $r = 0.444$ ;  $p = 0.000$ ) – Table 8. Visually, the scattered points on the scatter plot confirms these weak associations. Out of the 22 (26.2%) respondents who indicated that their institutions' approach was flexible, 50 percent had good performance (36.4% 'fairly good'; 13.6% good) and 50 percent performed poorly (27.3% 'fairly poor'; 22.7% 'poor'). Compared to the remaining 62 (73.8%) respondents whose institutions plan formally, 67.7 percent had good performance (30.6% 'fairly good'; 29% 'good'; 8.1% 'very good') and 32.3 percent had poor performance



(24.2% 'fairly poor'; 8.1% 'poor').

Capon *et al.* (1994) indicated in a study that institutional performance may be improved with a higher degree of sophistication of the strategic planning process. It is therefore expected that formal strategic planners outperform both financial and non-planners (Glaister & Falshaw, 1999; Glaister *et al.*, 2008). Dutton and Duncan (1987) add that there is the need for an institutional strategy formalization process; a process which they describe as the systematic monitoring, collection, and dissemination of relevant information for effective strategic choices for specific goal attainment. A list of conclusions provided by Hilaire (2011) and McIlquham-Schmidt (2010) have identified that there are three categories of conclusions on the relationship between strategic planning and performance. There are those who find the relationship to be positive (eg. Bracker & Pearson, 1986; Pearce *et al.*, 1987; Hopkins & Hopkins, 1997; Andersen, 2000; Rhyne, 1986). These studies are believed to corroborate the earlier findings of Ansoff (1965). Greenley (1994; in Glaister *et al.*, 2008) confirms that the directional causality of this influence is from strategic planning to performance.

According to Hilaire (2011) and McIlquham-Schmidt (2010), others also argue that strategic planners in some cases perform worse than non-planners (e.g. Fredrikson & Mitchell, 1984; and Whitehead & Gup, 1985). Falshaw *et al.* (2006) also found no relationship. In spite of these contradictory findings, management literature has largely favored a positive relationship between formal strategic planning and performance (McIlquham-Schmidt, 2010). This study holds (based on the findings) that higher degrees of formality in planning, to some extent, could be used to explain improvements in performance. The absence of relevant and extensive research conducted within the geographical area of this study suggested the irrelevance of strategic planning for its institutions. The findings here indicate that strategic planning processes could be a tool to improve the performance, not only for other nations around the globe but also for Ghanaian private universities.

*Test of Hypothesis:* Based on the output from Table 7 and Table 8, it could generally be concluded that institutional performance increased or decreased with a certain degree of SPPF among Ghanaian private universities. The model revealed that a unit increase in the degree of SPPF enhanced PERF (by 9.1%) with a significant *t* statistic value of 4.485 ( $p = 000$ ). The null hypothesis ( $H_0$ ) stated that 'There is no significant relationship between the degree of strategic planning process formality and performance'. Based on the results of the study, the null hypothesis is therefore rejected.

## 5. Recommendations

The following recommendations have been made, based on the findings of the study. A check list that will be a guide prior to, during, and after the process (rules to guide formal strategic planning) should be encouraged.

The usage of strategic analysis tools/techniques is very minimal among Ghanaian private universities. These tools should be considered vital to the strategic planning process; it aids in analysing the key areas. Decision makers need to evaluate available tools and stay with ones that may be considered more suitable for their school's environments. The evaluation of a wide range of techniques is necessary to enrich the extent of planning. More formality requires the use of such tools. It must be noted that not all such tools are designed to be used in an educational environment.

The study revealed that participation in planning was not very encouraging among the institutions. This study recommends that all organizational levels must be incorporated in decision making during the strategic planning process to enrich decisions for the right strategic choices. More formality requires more participation.

Adequate resources should be committed to the effectiveness of the strategic planning process for enhanced performance. It came up, during the study, that some institutions had neither strategic plans nor strategic planning committees. Each private institution will do well by establishing a strategic planning department to oversee such activities.

Institutions need to consider strategic planning process as a system with many components. The Strategic Planning Process Formality Model (SPPFM) proposed by Boateng *et al.* (2014) could be considered for an effective strategic planning process. The model recommends that an effective strategic planning process should focus on the following areas, antecedent and process dimensions; time factor; extent of planning; strategic analysis techniques; and participation in planning.

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