

NORTHERN ILLINOIS UNIVERSITY

**Does Organizational Planning Improve the Learning in the
Organization and Does that Enhanced Learning Result in
Higher Levels of Organizational Performance?**

A Thesis Submitted to the University Honors Program

In Partial Fulfillment of the

Requirements of the Baccalaureate Degree

With University Honors

Department of Management

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DeKalb, Illinois

May 8, 1999

Approval Page

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Department Of: Management

Date: 5/6/99

HONORS THESIS ABSTRACT
THESIS SUBMISSION FORM

AUTHOR: Dawn Marie Carr
THESIS TITLE: Link Between Planning, Learning, and Performance
ADVISOR: Dr. Luis G. Flores ADVISOR'S DEPT: MGMT
DISCIPLINE: MGMT YEAR: Senior
PAGE LENGTH: 11 BIBLIOGRAPHY: NO ILLUSTRATED: NO
PUBLISHED: NO

COPY AVAILABLE: Hard Copy

ABSTRACT:

For my Capstone I worked on a project studying the link between organizational planning, learning and performance. In the study I looked at four different industries in the Midwest. These industries were financial services, manufacturing of electronics parts, newspapers, and metal stamping. A survey was sent to each of the companies in these four industries after a phone call was made to each of them. As the surveys were received they were entered into a computer program for regression analysis.

There were four main hypotheses that were looked at and the following are the results of those hypotheses. A strong support was shown for a relationship between strategic planning and level of organizational learning. There was also a positive relationship between learning and performance. No relationship was found between strategic type and the learning/performance relationship. There was a relationship between level of environmental hostility and learning, but not for environmental hostility and sales.

Introduction

For my capstone project I have worked on a project that is studying the link between organizational planning, learning, and performance. Performance is something that all businesses are interested in today. Without good performance a business is sure to fail. Because of this fact this is a very important area of study. In order to have good performance, first it must be understood as to what yields good performance. There are many studies that have been done that have tried to link organizational planning to performance, but they have been inconclusive.

Because these other studies were inconclusive, Dr. Flores and his team decided to study this subject further. In this paper I will be discussing the hypotheses of the project, methodology, procedure, the results thus far, what part I took in the project, and what I learned from doing the project.

Hypotheses

There are four hypotheses that we are trying to prove in this study. Hypothesis 1: Business organizations which have greater sophistication of strategic planning processes will achieve higher levels of organizational learning than those with lesser sophistication of their strategic planning processes. Hypothesis 2: Business organizations, which achieve higher levels of organizational learning, will achieve higher levels of performance than those with lower levels of organizational learning.

Hypothesis 3: Business organizations which achieve higher levels of organizational learning will achieve a higher level of performance than those with lower levels of organizational learning contingent upon their strategic type. Hypothesis 4:

Business organizations which achieve higher levels of organizational learning will achieve higher levels of performance than those which achieve lower levels of organizational learning contingent upon the level of environmental hostility.

Methodology

In order to do this study; the sample needed to be narrowed down from every company in the United States for obvious reasons. In order to do this four different industries were chosen to sample. They were selected using the four digit SIC industry code. Two of the industries, financial services and manufacturing of electronic parts, were very dynamic. While the other two industries, newspapers and metal stamping, were much less dynamic. In order to get the lists of these companies we used the 1998 edition of the Ward's Business Directory. The area of the United States that was chosen to sample was the Midwest Region. This includes the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin. This area was chosen because of our location being in the Midwest.

Procedure

A survey was sent out to each of the companies from the four industries that were located in the Midwest. The survey was broken into 4 different sections. These sections were; Strategic Processes, Strategic Orientation, Business Context, and Demographics. The survey contained many questions taken from previously used surveys. The survey had 11 questions from Wood & LaForge's survey, that relate to formal planning. Eight other questions were added to measure how in depth the planning was. Also questions

from a survey developed by Catalanello and Redding were used to measure characteristics of learning organizations planning processes and learning methods. Organizational archetypes were identified by using questions off of Conant, Mokwa, and Varadarajan's scale. Slevin and Covin's environmental hostility scale was also used. As for the performance questions on the survey, asking the executives questions about four performance indexes identified them. These were sales growth, profitability, return on investment, and overall company performance.

In order to make sure that this was a good survey, 15 executives tested it before we used it. After the final version of the survey was done (Appendix A) it was sent to two senior executives in each of the companies that we had listed. These two executives were usually the President or CEO and the CFO, Vice-president, or the Controller. In order get the names of these executive phone calls were made to each of the companies surveyed. After a phone call was made to each of the companies a letter explaining the project further and a copy of the survey was sent (Appendix B). If we received no response from the company within three weeks of the mailing, a phone call was made to see if they were still interested and to persuade them to take part in this project. As soon as the data was received it was entered in the computer and analyzed using regression analysis.

Results

While this project is not finished yet regression analysis has been run on the results that we have received thus far in the project. So far we have received a total of 150 responses from 122 different organizations. Strong support was shown for

hypothesis 1, which relates to the level of sophistication of strategic planning and level of organizational learning. There was a strong positive relationship between learning and all four performance measures. This supports hypothesis 2 that predicted a relationship between level of organizational learning and the level of organizational performance. Hypothesis 3 was only partially supported. There was a relationship between level of environmental hostility and learning, but not for environmental hostility and sales growth. No relationship was found between strategic type and the learning/performance relationship. Therefore, hypothesis 4 was not supported.

My Part in the Project

I came into this project after the idea had been conceived. The project had already been started also. Only companies from Illinois had been contacted and some surveys from Illinois had been returned. When first beginning helping on this project Dr. Flores gave me a good explanation of what had been done already and what the project was all about.

The first task that I performed in the project was transferring all the data from the Ward's Business Directory into spreadsheets in order to keep track of the surveys and companies. Each company was given a number and each executive was either labeled either a or b. Also each of the four industries was given a number. This was to make it easier to put the data into the computer to be calculated; we could easily enter it in and keep track of what companies had responded. The names of the company, the industry, their address, phone number, and executive names were all put into this spreadsheet. An example of this can be found in Appendix C.

After I composed the spreadsheet, I then needed to call the companies and verify the information and get the name of a second executive. With some of the companies we would find out at this point that they would not be interested in doing our survey. I would do this process for each of the states except for Illinois, which was already done before I started on the project. I also did follow-up calls to companies that we had received the survey from one of the executives and not the other. I would let them know that we needed two responses from each of the companies in our sample and that the other person had already filled it out. This would work pretty well because they knew that the other executive had taken the time to do it. We would then send out another letter (Appendix D) and another copy of the survey.

Also for this project I helped with sending the information out to the executives. We would send out a letter explaining the project and persuading them to participate, a copy of the survey for them to fill out, and a return envelope for them to return the survey to us. Each survey needed to be labeled with the number of the company and the executive.

In addition to the actual work that I did on this project, I also attended periodic meetings that Dr. Flores set up. At these meetings we would discuss where we were as far as responses and number of surveys sent. We would also talk about things that we could do in order to improve our response rate. In the meeting new goals would be set as to where the project should be by a certain time. We have been having some problems with getting the number of responses that we need so this was a definite topic of discussion. Dr. Flores would answer any questions that I or any of the other people working on the project had.

What I Learned

This project was very complex and a lot of hard work went in to it on my part, as well as others on the team. The first thing that I learned from working on this project is how much work goes into a research project like this. I use projects like this in my school papers all the time and never have I thought about how much work went into collecting all that data. It was not easy to get the companies to do the survey, because they were not getting anything for doing it. Some companies would do it with out coercion, but others we had to offer the results of the survey. Some would simply not do it at all. This could be very frustrating after calling all of the company and sending all the letters out and then only receiving a few responses.

I also learned more about strategic planning. I had always just assumed that it would result in better performance, but I never thought about all the things that could affect performance. Things that I learned about that also affect this link are things like strategic type and environmental hostility, which were in our hypotheses. I never thought about the link between planning and learning either. These are all issues that I have gotten a much better understanding of because of working on this project.

Lastly, I learned the basics of doing a research project. While I was not around for when the sample was decided upon, Dr. Flores filled me in on these things. The choosing of the sample industries and area they were taken from was a very important part of a study. This is something that could greatly affect the validity of your results. From looking through the survey that we sent out to the companies, I learned about what types of questions would be good to put in a survey and how best to get the answers you

are looking for. Because of computer programs analyzing the data has become a much easier process. All of the data can be looked at from the computer. There are many steps that must be followed when doing a research project and a lot of planning. These are two very important things that I learned from working on this project.

Conclusion

I think that the time that I spent on this project was very productive. Not only did I help Dr. Flores get farther on his study, but I also learned a lot from it. I enjoyed working on this project and it was a great opportunity for me. I think that the link between planning and learning and its affect on performance should be important to every field of study. This is something that affects the business as a whole and could mean the difference between a profitable and unprofitable company.

Appendix A

**Planning, Learning and
Performance:
An International Study**

Luis G. Flores, Ph.D.

&

Ralph F. Catalanello, Ph.D.

**Department of Management
Northern Illinois University
DeKalb, Illinois 60115**

**Please contact Luis Flores at (815) 753-6307 (Telephone), (815) 753-6198 (Fax),
or iflores@niu.edu (E-mail) if you have any questions regarding survey.**

Appendix B

February 18, 1999

Dear Ms Schueler:

I am contacting you in regards to a research study I am participating in as a graduate student at Northern Illinois University. This study is being conducted to determine the relationship between strategic learning processes and how they are associated with performance in different business environments.

In order to fulfill the data, a few honors students and I are working together to contact two associates from each chosen company in the Midwest to complete our survey. We are all trying to meet our deadline to finish our project by March 1 to present it at the end of the semester.

We realize the questionnaire is a few pages, but we feel the information we need is adequate for the material we have distributed. Also, please note that our questionnaire is comparing the years 1994 and 1997, even though we have entered 1999. We are *greatly* depending on your completion of the questionnaire in order to fulfill our data. Your time is sincerely appreciated for our research project. Please respond to the questionnaire by February 28. Either myself or one of the students working with me will contact you soon to follow up on this matter.

Sincerely,

Jennifer Baker
Graduate student, NIU

jb

Master List (Fall 1998) Wisconsin

Dawn Carr 754-9121

ID#	Industry	Company	Address	Contacts	Notes
201a	1	Firstar Bank Milwaukee NA	777 E Wisconsin Ave	Chris M. Bower	Sent 10-12-98
201b	1	414-765-4321	Milwaukee, WI 53202	Day Williams	Sent 10-12-98
202a	1	Bank One Milwaukee NA	PO Box 2033	William Read	RETURNED
202b	1	414-765-3000	Milwaukee, WI 53202	Carmella Hyduke	ONLY PRES CAN FILL OUT
203a	1	Norwest Bank Wisconsin NA	PO Box 2057	Dick Kovacevich	Sent 10-12-98
203b	1	414-276-6500	Milwaukee, WI 53201	Less Biller	Sent 10-12-98
204a	1	Associated Bank Green Bay NA	PO Box 13307	Robert C. Gallagher	# DISCONNECTED
204b	1	414-433-3200	Green Bay, WI 54307		
205a	1	Firstar Bank Wisconsin NA	PO Box 7900	Londa Dewey	Sent 10-12-98
205b	1	608-252-4000	Madison, WI 53707	Mary Romonolino	Sent 10-12-98
206a	1	First Bank NA	201 W Wisconsin Ave	Dave Baumgarten	Sent 10-12-98
206b	1	414-227-6000	Milwaukee, WI 53259	Janet Burnlieb	Sent 10-12-98
207a	1	Bank One Wisconsin NA	PO Box 221	Gerald L. Schwaller	DUPLICATE CO.
207b	1	414-631-1591	Racine, WI 53403		
208a	1	National Exchange Bank and Trust	130 S Main St	Peter E. Stone	Sent 10-12-98
208b	1	920-921-7700	Fond du Lac, WI 54935	Mike Birch	Sent 10-12-98
209a	1	Associated Bank NA	PO Box 408	David G. Handy	RETURNED
209b	1	920-722-3321	Neenah, WI 54957	Carol Durant	NO ONE BY THIS NAME
210a	1	Bank One Appleton NA	PO Box 1859	Paul R. Trigg	CALL BACK
210b	1	920-735-1495	Appleton, WI 54913		

Appendix C

Appendix D

November 23, 1998

Carol Leid
Viking Electronics Inc.
1531 Industrial St.
Hudson, WI 54016

Dear Ms Leid:

This is a follow-up letter in regards to the phone call you received November 23, 1998 from Dawn Carr. She informed me that the survey we had sent to you was misplaced, but you would fill out a new one if we sent another one to you. I am a graduate student, also working on this study, and I am contacting you with the appropriate survey that you agreed to complete.

We greatly appreciate your time and encourage you to enclose a business card with the return envelope in order for us to contact you with our results when they are finished. We hope to have interesting and sufficient research information.

Sincerely,

Jennifer Baker
NIU Graduate Student