THE EFFECTIVENESS OF AN OPEN STRATEGIC PLANNING APPROACH

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Abstract

This paper addresses a recent call for an open approach to strategic planning based on the three principles of inclusiveness, transparency, and use of information technology (IT). The focus of the study is to examine how these three principles impact the effectiveness of strategic planning. In two case studies, through post-implementation interviews with 24 stakeholders across various organisational levels, moderating factors impacting the effectiveness of open strategic planning (OSP) have been identified. A grounded theory based approach was employed to analyse the interviews as well as researchers’ observations during both strategic planning projects. The results indicate that a number of moderating factors (such as level of trust among stakeholders, diversity of participants, and the level of IT literacy among participating stakeholders) did impact the relationship between the principles of OSP and strategic planning effectiveness. Our work is related to but distinct from prior research linking OSP and effectiveness outcomes because we consider moderating effects perhaps for the first time. A tentative theory of effectiveness of OSP is presented in eight propositions. Then each proposition is discussed in relation to the existing literature on strategic planning effectiveness. The paper concludes with a number of recommendations for future research and some implications for practice.

Keywords: Strategic planning, Open Strategy, Inclusiveness, Transparency, IT-enabledness.
1. INTRODUCTION

Surveys on the use of management tools and techniques indicated that strategic planning is one of the most frequently practised techniques since 1990 (Berry & Wechsler 1995; Rigby 2001) and is still of great importance among practitioners (Kalkan & Bozkurt 2013; Rigby & Bilodeau 2013). The concept of strategic planning has evolved through time and new areas of practice and research such as: strategy as practice, decentralisation of strategy formulation, and open strategy have emerged and altered the landscape of strategic planning. The concept of open strategy – as a new topic in strategic planning research - has been the subject of attention in a number of recent research studies (Chesbrough & Appleyard 2007).

In this paper we borrow from Tavakoli et al. (2015a p. 5) who defined Open Strategic Planning as “an inclusive, transparent, and information technology (IT)-enabled process to develop and enact a formula for how an organisation is going to compete, what its goals should be and what policies will be needed to carry out those goals”. As this definition implies, opening the strategy process has been conceptualized through the three broad principles of transparency, inclusiveness, and use of IT tools (IT-enabledness) in the literature.

This study contributes to the call from Matzler et al. (2014) to investigate the complex phenomena of OSP from a technical, social, and political perspective and focuses on how the principles of OSP impact on the effectiveness of strategic planning. Currently, the three principles of open strategy are accepted in the strategic planning community and a number of empirical (Dobusch & Kapeller 2013; Kendall et al. 2008; Liinamaa et al. 2004; Stieger et al. 2012) and theoretical studies (Chesbrough & Appleyard 2007; Whittington et al. 2011) have reported on these three principles improving the effectiveness of strategic planning. Building on the work of others, the next stage of knowledge accrual is to study what moderating factors facilitate the impact of Open Strategic Planning (OSP) principles on the effectiveness of strategic planning. Hence, this study seeks to answer the following research questions:

RQ1. How do stakeholders interpret the effectiveness of an OSP approach?

RQ2. What are the moderating factors linking the principles of OSP and the effectiveness of the approach?

The effectiveness of strategic planning has been studied through various indicators including objective indicators such as financial performance (Capon et al. 1994; Kargar 1996), profitability (Griggs 2002; Robinson 1982), and market performance (Schaëffer & Willauer 2003). Using these objective indicators however requires implementation of the plan and measuring them until the conclusion of its time horizon. While the time horizon of strategic plans are typically more than one year, using the above measures of effectiveness for this study was not feasible due to time constraints.

However, as inclusiveness of stakeholders forms a significant principle of OSP, paying attention to stakeholders’ opinion on the effectiveness of strategic planning is crucially important in this area (Amrollahi & Ghapanchi 2016). For this reason, the current study focuses on the “perceived effectiveness of strategic planning” and employs the results of qualitative interviews to identify how stakeholders articulate their perception about the effectiveness of strategic planning.

This research is (to best of the authors’ knowledge) the first study to empirically examine the moderating factors improving the effectiveness of strategic planning. Moreover, it is the first theory development work focusing on the impact of the principles of OSP. The results form a sound theoretical basis for future research on OSP and strategic planning effectiveness by recognising the details of the impact of OSP principles in the form of eight propositions. The study also informs future practices of OSP by pointing out the impact of the aforementioned three principles and how they can improve the effectiveness of strategic planning in an organisational setting.
The remainder of this paper is structured as follows. The next section provides an introduction to the concept of OSP and its principles. The research method and details of our approach to data collection and analysis are then presented. The paper then presents the research findings in form of the eight related propositions. The paper follows by comparing the findings with the literature and concludes with a summary of contributions and a discussion of future research directions.

2. PRINCIPLES OF OPEN STRATEGIC PLANNING

Attention to the concept of decentralisation of strategy process first appeared in the literature in the 1990s (Hamel 1996; Mintzberg 1994; Wolf & Floyd 2013) leading to the implementation of principles of open innovation in strategic planning research (Chesbrough & Appleyard 2007). Although various terminology, namely: open source strategy, democratic strategy, strategy as practice of thousands, and open strategizing, have been adopted by various authors to explain a similar concept, all of the studies make an attempt to consider the principles of OSP in one or several of the activities in the strategy formation process (Morton et al. 2015a; Tavakoli et al. 2015b). According to the literature, the concept of strategic openness is recognised with three broad principles described in Table 1.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
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<tbody>
<tr>
<td>Inclusiveness</td>
<td>Receiving strategy ideas from people outside of the management team (Whittington et al. 2011).</td>
</tr>
<tr>
<td>Transparency</td>
<td>Providing people outside the management team with access to strategy input, process, and outputs (Whittington et al. 2011).</td>
</tr>
<tr>
<td>IT-enabledness</td>
<td>Using IT tools to open participation as an essential element of the strategy process (Tavakoli et al. 2015a).</td>
</tr>
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</table>

*Table 1 Principles of open strategy*

These three principals have been studied previously through a number of empirical and theoretical research studies. For instance, Whittington et al. (2011) suggested OSP as an approach improving commitment and understanding in strategy implementation through widening the scope of strategy ideas. Dobusch and Kapeller (2013) also proposed that greater openness in strategy process leads to a greater diversity of open strategy practices. Other studies have also mentioned various benefits for using OSP such as: creating a dialogue about strategy (Stieger et al. 2012), leveraging customers’ knowledge for strategy formation (Newstead & Lanzerotti 2010), increase innovation (Morton et al. 2015b), and better firm performance (Tackx & Verdin 2014). However, the moderating factors facilitating the impact of these principles have not been studied or reported on in the literature before.

3. RESEARCH METHOD

A *Grounded Theory (GT)* method was chosen for the current study to identify and understand the moderating factors improving the effectiveness of OSP principles. GT is an inductive and qualitative method seeking to discover and develop theory grounded in systematically gathered and analysed data (Martin & Turner 1986; Urquhart et al. 2010). Given that we were unable to find an extant theory in the area of strategic planning evaluation and OSP, this gap in the literature increased our motivation for an exploratory theory development approach justifying using the GT method.

Based on the guidelines for grounded theory by noted methodologists (Corbin & Strauss 1990; Urquhart et al. 2010), the following five steps were followed to develop a tentative theory: (1) iterative data collection and analysis; (2) concept development (open coding); (3) development of concept categories (axial coding); (4) theoretical sampling; and (5) theoretical integration. The process of data collection and analysis is illustrated in Figure 1.
As depicted in Figure 1, this research started with the design and implementation of the OSP principles in two case studies. In both cases a number of interviews were conducted after implementation of the designed approach and development of the strategic plan.

3.1 The Case Study

As the notion of open strategy is new and less practiced at the time of conducting this study, the authors decided to present this approach and its potential benefits to a number of organisations. Two organisations accepted our invitation to apply this concept and the related online tools for developing their strategic plan. Other organisations refused to adopt this approach for reasons such as lack of readiness in using the open approach or managers’ preference to use conventional approaches. Both cases were chosen based on replication logic (Yin 2014) and not sampling logic.

3.2 Data Collection

The main source of data was a set of qualitative interviews administered after development and publication of the strategic plan in each case. The interviews in this research were conducted with a variety of stakeholders with different skills and understanding about the concept of open strategic planning. For this reason a conversational interview technique (Neuman 2011) helped the research team to better articulate the concepts during interviews to make sure both interviewer and interviewees had a mutual understanding about the conversation. As the main goal was to evaluate the effectiveness of the plan, interviewees were selected regardless of their participation in the planning process. The first author of this paper conducted all the interviews and each interview took between 30 to 40 minutes in duration. Data collection was stopped when little new evidence was being obtained, a situation known as theoretical saturation (Shiau & George 2014).

In addition to the interviews, observations of the research team during the planning period and activities prior to planning formed a second source of data collected. This source of observational data helped the research team to better interpret the interview data during the data analysis phase.
3.3 Data Analysis

Data analysis was performed simultaneously with data collection in this study. This type of analysis helped the research to find “where to sample from next in the study” known as theoretical sampling (Urquhart et al. 2010, p. 369). For example, the focus of the interview questions changed at the end of interviews in the first case study in order to better capture interviewees’ opinion on contextual factors. In addition, during observations and in the first round of interviews, the theme of trust was highlighted and for this reason researchers asked questions related to this theme in following interviews.

The collected data was first analysed through an open coding approach. This process involved condensing data to identify significant themes and finding abstract representations for it (Corbin & Strauss 1990). To satisfy constant comparison or continuous interplay between data collection and analysis as emphasised in GT method (Urquhart et al. 2010), open coding started after the first interview and the open codes were gradually developed and refined after each interview iterating toward the final interview. For example, in early stages of coding, different codes of self-confidence, involvement and participation (not included in final list of codes) were assigned to retrieved excerpts later merged to one code (motivation).

Data analysis then continued with axial coding. This phase of data analysis mainly focused on relating the codes (from open coding) together (Gasson & Waters 2013); rather than focusing on the textual excerpts, in order to produce a better explanation about the phenomena of study (Strauss & Corbin 1998). In order to perform axial coding, extracted codes during open coding were then reviewed and each principle of OSP was selected to represent a number of codes. For example two codes of System efficiency and IT literacy are both related to the technological factors and for this reason were categorised under the IT-enabledness code.

To improve the credibility of data analysis, a triangulated approach (Leech & Onwuegbuzie 2007) was used where the second member of the research team reviewed the coding process and in several cases assigned different codes to some of the excerpts or commented on the relevancy of the performed interpretation. These differences were then discussed in regular meetings and authors arrived at an agreement regarding the assigned codes.

4. RESULTS

The first case was an IT organisation dedicated to develop open source software (OSS) with 30 developers and five major organisational customers, and the second case was conducted in an Australian not-for-profit provider of life-long education with 504 members. At the time of strategic planning, both organisations had experienced several changes during their lifetime. These changes highlighted the need to formulate a strategic plan for organisation. Moreover, both case organisations were highly reliant on volunteers to survive and this fact highlighted the need for a collaborative strategic planning method. In each case the planning period took almost 2 months and through participation of almost 20% of designated stakeholders (developers and users in the first case study, and members and tutors in the second case study), a two year strategic plan was developed.

The open strategic planning process was evaluated through 16 interviews with seven developers, six managers, and three users in the first case; and eight interviews with three community member, three tutors, and two management committee members in the second case.

The following sections describe and explain the extracted codes with regards to each principle of OSP.

4.1 Strategic Planning Effectiveness

Based on their position, interests, and attitude, stakeholders in an organisational setting can have different understandings about the effectiveness of OSP. Stakeholders’ participation in the strategy
process and considering the transparency of the process to them are mentioned as principles of open strategy. This participation can highlight the importance of understanding stakeholders’ interpretations about the effectiveness. The current study finds numerous data referring to stakeholders’ interpretation of effectiveness.

4.1.1 Planning efficiency

The degree of efficiency as a result of using the OSP approach is considered an indicator of effectiveness according to our data. For example, the fact that the planning process led to the development of a plan was considered an indicator of success for many participants:

“I believe this [strategic planning] project has been successful because I can see a plan in front of me containing a number of strategies which can be implemented”.

Furthermore, the impact of using an OSP approach to save required time for planning was highlighted as an indicator of planning efficiency, as one of the interviewees described:

According to my experience always a collaborative approach arrives to a faster output compared to when you limit the strategic planning to a couple of people in decision layer.

Although efficiency and effectiveness are identified as different concepts in the management literature, stakeholders tend to compare OSP with conventional approaches of strategic planning and for this reason they frequently referred to efficiency as an indicator of OSP effectiveness.

4.1.2 Plan effectiveness

The contents of the developed plan formed another dimension for planning effectiveness in our interviews with stakeholders. For example, one of the managers for example criticised the effectiveness of the plan because its content did not cover certain aspects:

I had a broader definition of strategic plan in my mind and although I believe the current plan can be beneficial for us, I expected prioritising of the strategies and a model of implementation to be included in the final plan.

In one of the cases, the set criteria in the plan were the subject of attention for a respondent and she expressed concerns about this:

One thing concerns me: if we develop a very high standard for tutors we cannot get them.

Although different interviewees mentioned different indicators for the effectiveness of plan, they all agreed that the content of the developed plan should be considered as an important element of effectiveness.

4.1.3 Organisational effectiveness

The potential impact of developed strategic plan on the organisation was the most common explanation for strategic planning effectiveness. With regards to this indicator of effectiveness, a manager in the first case study identified OSP to be effective as it can potentially contribute to create business alignment in theorganisation:

The collaborative model for strategic planning helped the organisation to align the stakeholders and this will help the organisation to attract attention of all stakeholders to the final product and this will help us to succeed in the market.
Another instance of organisational indicators for OSP effectiveness is its impact on increasing stakeholders’ involvement in the achievement of organisational long-term objectives. The extent this objective has been attained was considered by many stakeholders as an indicator of success. For example a manager mentioned during interviewees:

*The planning project has resulted in aligning stakeholders and this will make them involved in the organisation which is absolutely beneficial for us.*

Although organisational effectiveness appeared to be the most prominent indicator, measuring it could be challenging as it is dependent on the organisational context and can differ from case to case. Even in a single context, measuring this dimension of effectiveness will lead to another question: what are the indicators of organisational success?

### 4.2 Transparency and Strategic Planning Effectiveness

Reviewing the results of open coding we found two concepts as instances of the transparency principle. These codes are trust and power and according to the results of our study they can play a moderating role on the impact of transparency on OSP effectiveness:

#### 4.2.1 Trust

During data analysis, the trust theme emerged in regard to the impact of transparency on strategic planning effectiveness. Here trust was coded in accordance to stakeholders’ concerns about the way their ideas are going to be used in the strategic plan and how they believe their participation in OSP can impact their organisational position. One of the developers mentioned that:

*There is an issue here and that’s the potential uncertainty that the idea submitter may feel: according to both technical infrastructure and people position, people can be traced based on their idea. This is more highlighted for people who have been here longer and this may prevent the system to be completely open so everybody does a trade-off when submitting an idea.*

Moreover, some interviewees believed that the strategic planning project has been initiated by managers as a way to pretend they were following up stakeholders ideas. Many respondents expressed the opinion that as this project was not initiated by them, they couldn’t trust it and did not consider the process transparent.

#### 4.2.2 Power

The effectiveness of using a transparent approach for strategic planning was questioned by some respondents for a lack of sharing in the decision making process in the organisation. One of the interviewees mentioned that:

*This planning approach can be effective only when you see managers using these strategy ideas. But when in practice there is no decision other than manager’s (decision), I can’t see any good on this strategic plan.*

This excerpt indicates that without sharing of decision making power, transparency of strategic planning won’t be perceived to improve the effectiveness of strategic planning. The reason for this is that some stakeholders’ believe that transparency is only limited to the planning phase in their organisation and their voice won’t be heard after planning or during the implementation of the plan.
4.3 Inclusiveness and Strategic Planning Effectiveness

The second principle of OSP emerged during axial coding was *inclusiveness*. However, the results of our study indicate that a call for inclusion is not enough to impact strategic planning effectiveness. In this study three codes have been recognised to moderate the relationship between inclusiveness and effectiveness.

4.3.1 Awareness

Stakeholders’ *awareness* about the open strategy approach, its potential benefits, and details about the practice of this approach in the organisation was regarded as an important factor influencing the way stakeholders perceive the impact of inclusiveness on the effectiveness of OSP. Awareness is highlighted by a developer in the first case:

*It will take time for people to understand this approach and after that it may help the planning process in time. The benefits of this approach are less perceived at the moment but the long-term benefits will be understood in the future.*

It appeared that stakeholders’ awareness about the project can be improved through improving the quality of communication and increasing the number of communication channels with designated stakeholders. Especially using communication channels other than electronic communication was suggested in the first case where most of the communication with stakeholders was performed through the strategic planning system and their email addresses:

*There was no one to follow up this and ask people to submit their ideas. I received a couple of emails but if you could meet people in person and ask them to participate, people would feel more committed to visit the website and submit their ideas. I feel that it was not identified as a duty for me.*

In order to address this type of comment, the communication approach was revised in the second case and more face-to-face communication (including a number of workshops) was performed. Increased communication resulted in minimising the number of comments about awareness.

4.3.2 Diversity

This study found diversity of participants as an important factor influencing the impact of inclusiveness on OSP effectiveness. While studying the effectiveness of OSP, interviewees mentioned that certain aspects were not covered in the strategic plan. For example, one of the interviewees mentioned that:

*The user viewpoint is not highlighted in this plan. This organisation is developing a product but our developers usually look at the supply side and ignore the demand side. And while in the planning (for any reason) developers have participated more than users, now the plan has a tendency toward the development process and has ignored mechanisms for attracting users.*

The diversity impact was perceived as a result of paying more attention to certain groups of stakeholders. Contacting all groups of stakeholders and persuading them to participate in the strategy process is however a big challenge for the strategy development team that could be dealt with by better communication.
According to the excerpts in our study, motivation of stakeholders can impact the perceived effectiveness of inclusion in strategic planning. It was evident that many stakeholders were not motivated to participate in strategic planning as one of the interviewees in the second case mentioned:

*I think a lot of members come specifically to do that course and they are not worried about what is going on outside the classroom.*

Moreover, many stakeholders mentioned that (for different reasons) they thought participation in the strategy process has not been part of their duty. For example one of the developers in the first case mentioned that:

*I have not been here for so long, and I am not really well informed about the organisation even on technical topics... for this reason I though it’s better to let managers decide [about strategic planning].*

How to increase stakeholders’ motivation was another important topic in this research. Intrinsic motivations were highly suggested to be effective in the context of OSP. One of the interviewees mentioned that:

*When they asked me to submit my ideas for future directions of the project, I feel myself in managers’ position and it gives me a good feeling that my ideas can be constructive.*

Research team observations during the planning period also indicated that intrinsic motives such as acknowledging contributors’ names in the plan can better impact the number of participants compared to extrinsic factors such as a prize draw.

### 4.4 IT-enabledness and Strategic Planning Effectiveness

The use of IT tools for strategic planning was also a subject of attention while studying OSP effectiveness. However, according to the context and level of IT knowledge in the two cases, different aspects of the system were highlighted. Based on the analysis of our research data, two factors have been retrieved to indicate a moderating relationship between IT-enabledness and the perceived effectiveness of OSP:

#### 4.4.1 System efficiency

The efficiency and user-friendliness of the planning system was highlighted as an important factor. Especially in the first case (software project), where most of the stakeholders were technology savvy people with high levels of IT literacy, the stakeholders were mainly concerned about visual aspects and user interface of the planning system:

*I suppose the system was not user friendly at all! When the user enters the portal, she should understand what is going on and what to do.*

In this study the planning system was used more than a simple system for entering strategy ideas. Many different activities such as informing participating stakeholders and managing the flow of ideas from submitter to the final plan were conducted through the planning system. For this reason, it should be developed with extra consideration.

#### 4.4.2 IT literacy

In the second case (lifelong education community), demographics of stakeholders, IT literacy, and the ability of users to work with an online system were the main concerns. The average age of members in
this case was 69 while members came from a variety of educational backgrounds and levels. Based on this fact, during the initial stages of developing the plan concerns were raised about those members who may have problems of accessibility to and ability to work with an online system. For this reason, an alternative approach of submitting strategy ideas in paper was considered for the members who were less familiar with online technologies. In spite of this alternative solution, there were still members who felt they had been ignored in the strategy process by having to use an online system:

*I think you don’t need to drag everybody to the 21st century. A lot of people are very happy and very proud of the fact that they are not IT literate. These people shouldn’t be shut out because they are different.*

Statements like the above indicates the extreme importance of IT literacy in the effectiveness of an OSP approach. In other words, ignoring diversity in IT literacy may cause some stakeholders to feel excluded during the planning process.

In summary, a number of moderating factors leading to OSP effectiveness were identified from the case interviews. Table 2 provides a summary of the codes retrieved during data analysis and the propositions developed.

<table>
<thead>
<tr>
<th>Categories (Axial coding)</th>
<th>Codes (Open coding)</th>
<th>Proposition</th>
<th>Sample of retrieved text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning effectiveness</td>
<td>Planning efficiency</td>
<td>The effectiveness of open strategic planning is perceived through (a) its impact on organisational long term objectives, (b) the quality of developed plan, and (c) the efficiency of planning process.</td>
<td><em>I believe the collaborative approach can be quicker than conventional approaches of strategic planning.</em></td>
</tr>
<tr>
<td></td>
<td>Plan effectiveness</td>
<td>Strategies are attainable and they are aligned with our current policies. We are at the moment doing our best to achieve these goals.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organisational effectiveness</td>
<td>The planning project has resulted in aligning stakeholders and this will make them involved in the organisation which is absolutely beneficial for us.</td>
<td></td>
</tr>
<tr>
<td>Transparency</td>
<td>Trust</td>
<td>The transparency of strategy process impacts the perceived effectiveness of strategic planning when there is high level of trust between managers and stakeholders.</td>
<td><em>The reason for lack of participation was the fact that this idea was coming from somewhere outside the team.</em></td>
</tr>
<tr>
<td></td>
<td>Power</td>
<td>The transparency of strategy process impacts the perceived effectiveness of strategic planning when stakeholders have certain level of power in making organisational decision.</td>
<td><em>When in practice there is no decision other than manager’s [decision], I can’t see any good on this strategic plan.</em></td>
</tr>
<tr>
<td>Inclusiveness</td>
<td>Awareness</td>
<td>Inclusiveness in strategy process impacts the perceived effectiveness of strategic planning when there is higher level of awareness about the strategy process among all stakeholders.</td>
<td><em>It will take time for people understand this approach and after that it may help the planning process in time.</em></td>
</tr>
<tr>
<td></td>
<td>Diversity</td>
<td>Inclusiveness in strategy process impacts the perceived effectiveness of strategic planning when diverse groups of stakeholders are participating in strategy formulation.</td>
<td><em>I cannot see a single comment in the planning system indicating a user concern.</em></td>
</tr>
<tr>
<td>Categories (Axial coding)</td>
<td>Codes (Open coding)</td>
<td>Proposition</td>
<td>Sample of retrieved text</td>
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<td>--------------------------</td>
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<tr>
<td>Motivation</td>
<td></td>
<td>Inclusiveness in strategy process impacts the perceived effectiveness of strategic planning when stakeholders are <strong>motivated</strong> to participate in strategy formulation.</td>
<td>You’ve got 350 members who didn’t have any contribution and you need to think why you have lost them.</td>
</tr>
<tr>
<td>System efficiency</td>
<td></td>
<td>Using IT tools in strategy process impacts the perceived effectiveness of strategic planning when the planning system is considered to be <strong>efficient</strong>.</td>
<td>I found it very easy to use. It was quite simple. I was able to access easily and type in my answer and I used it in a number of occasions. So I had no problem.</td>
</tr>
<tr>
<td>IT enabledness</td>
<td>IT literacy</td>
<td>Using IT tools in strategy process impacts the perceived effectiveness of strategic planning when the participating stakeholders are less IT-literate and less able to work with the system.</td>
<td>So, with this background comment, I think the demographic of this club may have been a bit of challenge to do an online survey.</td>
</tr>
</tbody>
</table>

**Table 2**  
**Summary of data analysis**

5. **DISCUSSION**

This research proposed eight propositions on the effectiveness of the open strategic planning method based on studies of two organisations. Figure 2 provides a graphical illustration of the codes and moderating factors found in this study.

![Graphical representation of open strategic planning effectiveness](image)

**Figure 2**  
**Graphical representation of open strategic planning effectiveness**

The following section discusses the results by way of reference to the strategic planning literature. It does so by returning to the literature to note consistencies with and departures from findings of earlier research.
5.1 Theoretical Integration

Strategic planning effectiveness has been studied previously identifying various factors in the literature. Although the focus of this study is on moderating factors between the principles of OSP and OSP effectiveness, comparing the findings with the factors leading to strategic planning effectiveness can provide insights about the similarities and differences between OSP and conventional approaches of strategic planning.

This study finds trust and power to play a moderating role on the impact of transparency on strategic planning effectiveness. Although the theme of trust has not been directly addressed in the literature to impact the effectiveness of strategic planning, similar items related to organisational culture have been frequently mentioned in the related literature (Al-Turki 2011; Bunning 1992; Galbreath 2010; Hendrick 2003).

With regards to the inclusiveness principle, this study recommends paying attention to the diversity of participating stakeholders. Diversity is consistent with the literature where the variety of stakeholders has been considered as a success factor for strategic planning (Owalabi & Makinde 2012). Participation of stakeholders other than managers have also been suggested in various studies throughout the literature (Adewale & Esther 2012; Cooper & Downer 2012; Giffords & Dina 2004; Hendrick 2003).

Stakeholders’ awareness about the strategic planning project and resultant plan was also highlighted as an important moderating factor of OSP effectiveness. This factor has been studied in the strategic planning literature as well (Adams 2005; Bunning 1992; Dyson & Foster 1982). Finally a number of motivational factors such as resistance to planning (McLarney 2001) and will to success (Wasilewski & Motamedi 2007) have been mentioned to influence strategic planning effectiveness in the literature. These factors are similar to the motivation factor identified in the current study.

Comparing the findings of the current study with the literature indicates that although OSP took place in a different environment compared to conventional practice of strategic planning, some of the factors in the propositions of the developed theory have been previously identified as success factors for strategic planning. In some cases different titles or indicators are mentioned in the literature. Moreover, individual factors (such as trust and awareness) and the factors related to IT-enabledness have attracted less attention in the strategic planning effectiveness literature.

5.2 Implications for research

This study proposed eight propositions on the effectiveness of OSP. These propositions are based on the empirical results of two case studies and focus on conditions moderating the impact of three principles of OSP on strategic planning effectiveness. As a theory development study, future studies can refer to the current study and develop further or test the propositions in a variety of contexts using OSP.

This study is also one of the few studies in the area of strategic planning effectiveness focusing on the moderating factors (other than success factors). Studying moderating factors helped the research to focus on inclusiveness, transparency, and IT-enabledness (the accepted principles of OSP) to identify conditions leading to their effectiveness. Finally, as the current literature has paid less attention to individual factors in assessing the effectiveness of strategic planning, the current study calls for expanding individual factors such as trust and awareness in future studies of strategic planning effectiveness.

5.3 Implications for practice

This study and the proposed theory have several implications for practitioners. First of all, the propositions provide practitioners wanting to implement the principles of OSP with a framework to
improve the effectiveness of their project. OSP is expected to produce new opportunities for strategy consultants (Whittington et al. 2011) and the proposed propositions in this study can help them to implement an OSP approach in an effective way.

In the first case, a lack of balance among stakeholders submitting strategic ideas occurred as a result of better access to and communication with one group of stakeholders (developers). This finding is reflected in proposition five as diversity element. In future practices of OSP besides the number of participating stakeholders, the diversity of stakeholders should be considered to accommodate all possible perspectives in the developed strategic plan.

This study finds that stakeholders’ awareness is a significant moderating factor of effectiveness in OSP. This finding suggests the importance of quality communication (Adams 2005; Spee & Jarzabkowski 2011) with all stakeholders about the anticipated outputs of planning. Increasing stakeholders’ awareness through quality communication improves effectiveness of inclusiveness in the process and can affect future practices of similar approaches as well. Practitioners should pay attention to increasing stakeholders’ awareness about both the planning process and the formulated plan. Increasing awareness about the planning process can be done through workshops and/or training material on OSP before and during idea submission phase. The developed plan be introduced to stakeholders as well and implementation plans and revisions should be prepared with their active participation.

Recent studies (Amrollahi et al. 2014; Tavakoli et al. 2015a) have highlighted the use of IT tools as a principle of open strategy. Using an online system is essential in attracting more stakeholders to participate as well as providing a trustworthy and anonymous platform for them to submit their ideas. However, this study warns practitioners about the dark side of using these technologies for less IT literate stakeholders. Our findings revealed that people with less IT ability and limited access may feel excluded when these technologies are used for strategic planning and feeling excluded can negatively affect their perception about the effectiveness of the used approach. Designing the planning system as easy as possible and providing stakeholders with alternative tools may be effective in preventing this situation.

6. CONCLUSION

This research is one of the few studies using a GT method to develop a tentative theory compromised of eight propositions on the effectiveness of using transparency, inclusiveness, and IT tools (known as the principles of Open Strategy) in the process of strategic planning. Using this approach helped the study to consider various interpretations about the effectiveness of OSP at the same time with recognising success factors. As stated in the Introduction, a lack of established grounded theory about the effectiveness of OSP necessitated the generation of a number of new propositions, new perspectives and empirical insights adding to the existing body of knowledge in this arena. As the above mentioned principles have been studied in previous research (Dobusch & Kapeller 2013; Stieger et al. 2012), this study went further and extended previous research by focusing on the moderating factors strengthening the impact of these principles.

The study achieved its goals of identifying how stakeholders interpret the effectiveness of an OSP approach and identifying moderating factors linking the principles of OSP with the effectiveness of the approach through the generation of eight propositions. The proposed theory contributes to the literature by explaining elements of effectiveness in OSP, as well as identifying a set of factors improving the effectiveness of this approach.
References


