

IRLS 608
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Assignment 2A – Strategic Planning

Andersen, T.J. (2000). Strategic planning, autonomous actions and corporate performance. *Long Range Planning* 33: 184-200 [electronic resource]. Retrieved from ABI Inform database.

Summary

This article looks at positive outcomes from strategic planning in comparison with management autonomy and organizational learning. Andersen notes that a great deal of research on effectiveness of strategic planning pits it against autonomous actions of management and organizational learning, making them appear mutually exclusive, however, his research helps to prove that they can work in conjunction to create best outcomes for dynamic industries. He first provides background information of definitions and from other research, then looks at strategic planning, autonomous actions and organizational learning, and then discusses his empirical study and its implications.

Andersen addresses that some research is doubtful of the benefits of strategic planning because it can potentially inhibit change. When assuming strategic planning cannot co-exist with autonomous action and organizational learning, the research discussed shows how not permitting autonomous action can prohibit firms from quickly adjusting to new environmental influences because autonomy allows for a quick response. What is more, organizational learning can de-emphasize strategic planning as it increases. As defined by Andersen, organizational learning involves individuals experimenting and exchanging information (p. 185). These explanations depict mutually exclusive organizational techniques, making it appear they cannot exist in tandem. Albeit, Andersen shows through an empirical study that there is a positive association between

strategic planning and organizational performance, especially when autonomous action is also involved.

Strategic planning is explained as a process of decision-making rules to guide future organizational activities; it is sequential and centralized, includes goals, and analyzes the environment. Although there is a good amount of research proving strategic planning does not have a positive effect on organizational outcomes, Andersen points out that it is also inconclusive in proving strategic planning does not work. A comparison of studies looking into autonomous action versus strategic planning from 1962 to 1998 is examined, and more recent research studying sequential planning shows a positive association, and that adhering to “key elements of the strategic management paradigm” is positive (p. 188). This paradigm includes the development of a mission, long-term goals, actions plans, and controls.

Looking specifically at autonomous action, using this method can make firms better aware of the environment to spur organizational learning. Using this in conjunction with strategic planning, autonomous actions could be useful for adjustments to the plan, so that quick actions that might be necessary are possible to carry out; he says, “planning facilitates adaptive strategic thinking among managers and enhances the coordination of longer term functional actions” (p. 190).

The empirical study consisted of a questionnaire with a five point Likert scale. Various industries were included, from relatively static to very dynamic, such as the computer industry. Two-hundred and thirty questionnaires were returned, equating to a 50.4% response rate. What was being measured was economic performance and organizational innovation. The study shows that it might be difficult to instantly adjust

strategic plans in accordance with environmental changes. This can explain why higher performance can be obtained through the combination of strategic planning and autonomous actions. Andersen found that strategic planning and autonomous actions are significantly and positively correlated with those measured aspects, being consistent with the strategic planning paradigm previously discussed, which includes developing a mission, long-term goals, action plans, and controls. Although the study did find a positive correlation, Andersen notes more research could show how to generalize the findings more and how to best combine the two for greater results. Andersen sums up the implications of this study,

Strategic planning processes are essential to good performance in all industrial environments and should not be ignored. However, in dynamic and complex industries, performance is even higher when managers simultaneously are authorized to make autonomous decisions and learn from their actions (p. 197).

Discussion

In Lecture #3, strategic planning was explained as assuming the desire to change over a longer period of time, specifically being the “continual process of articulating *raison d’être*.” A benefit of this type of planning is that it guides actions and decisions, and especially for library settings, the planning must guide actions and decisions beginning with the customer (Steuart & Moran 2007, p. 96). The Andersen article applies to library settings because arguably, libraries are becoming more and more dynamic over time as their place in society is continually reinvented as technology and community needs change. As Andersen’s empirical study discovered, for dynamic industries, when autonomous actions and strategic planning work in tandem, the results measured by innovation and economic outcomes are positive.

Autonomous actions and strategic planning working in tandem might be more difficult than it may seem, however. Steuart & Moran note, “flexibility in development, implementation, and time constraints presents the greatest challenges to a strategic planning effort” (p. 98). Other pitfalls include that rarely is there a contingency plan for failure or shortcomings, and if an organization plans too far ahead into the future, there is a greater chance for uncertainty. So, it is difficult to work flexibility into the plan, but it is easy to run into many problems without being able to be flexible. Andersen’s explanation of autonomous actions, essentially filling in the blanks where flexibility is difficult, can solve problems for the most dynamic industries. Library settings could formulate a strategic plan based on a political, economic, social, and technological (PEST) environmental scan, but leave room for autonomous action designated by specific managers or units if changes or mistakes in planning were realized. Making a contingency plan for failure is important, but if something is missed or if trying to plan too far ahead, allowing autonomous action could prove to be very valuable.

On the other hand, autonomous action seems to contradict inclusive planning highlighted by Bangert and Collins & Porras, which was also positively examined in lecture. Transparency and two-way communication with staff does help to make non-managers feel more involved in the planning and take more interest in accomplishing the collaboratively defined goals. Steuart & Moran further support this by first pointing out that it is important for the entire organization to be informed of the process delineated by the strategic plan so they can buy into carrying it out. Second, they note that the administration should reciprocally be apprised of “decisions, commitments, and efforts as a result of the planning activities” (p. 98). Autonomous action, although a potentially

useful fix for miscalculations or drastic environmental changes, allows one person or one unit to take actions without full communication from the entire organization.

Organizational learning, again as Andersen defines, is “where individuals experiment and exchange information” (p. 185). Steuart & Moran discuss Peter Senge’s learning organization approach as “a way to help organizations meet the challenges of a rapidly changing environment” (p. 35). All members of the organization are continuously learning. They further explain that through this model, open communication is maintained through a flattened organization. Andersen states that through autonomous actions, the entirety of the organization is then able to grow from what information was gleaned, through organizational learning. With many library organizations becoming decentralized, it calls into question if autonomous actions would be as possible on an individual, management level. If units acted autonomously based on specific expertise, then prompting other units of the institution to attain a learning organization approach, it might fit better with strategic planning than individual managers adapting the organization, autonomously, to adjustments in a revised environmental scan.

To conclude, libraries, being dynamic institutions, could profit from considering Andersen’s empirical study showing a positive correlation between autonomous actions and strategic planning in regards to economic success and institutional innovation. Repositioning the outcomes from his empirical study to fit flattened organizations interested in transparency and full communication would better suit library settings. Promoting organizational learning in regards to innovative thinking and successful environmental scans can benefit the organization inside and out for staff and customers alike.