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## A Comparison of Corporate Strategic Planning Between UK and Indian Companies

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KIRTI DUBEY<sup>1</sup>, VIPIN JAIN<sup>2</sup>, SRINIVAS SHIRUR<sup>3</sup>

<sup>1,2,3</sup>Department of Management, Teerthanker Mahaveer University, Moradabad, Uttar Pradesh, India  
Email ID: drkirti.management@tmu.ac.in<sup>1</sup>, vipin555@rediffmail.com<sup>2</sup>, srinivass.management@tmu.ac.in<sup>3</sup>

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**Abstract:** In current years, corporate companies are paying extra attention towards developing strategic plans for their organization to develop its performance and quality of work. Firms should try to implement planning and not only any simple planning, the planning should be strategic and effective if they have to survive in today's competitive business world. The objective of the presented paper is to compare the characteristics and nature of strategic planning implemented in the companies of India and the United Kingdom. To do so, a questionnaire was sent to 500 companies from the UK and India. Based on the data collected from the companies, a comparison was done and it was found out that there are numerous differences between the implementation of strategic planning in both countries. This research provides some important facts and insights to the Eastern and Western companies, strategic planning implementation to the business.

**Keywords:** Strategic Planning, Organization, Corporate, strategy, United Kingdom (U.K.), India.

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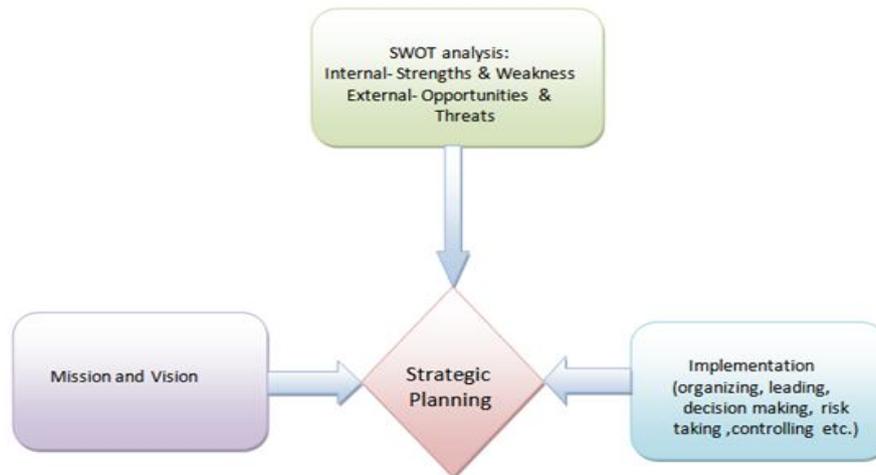
### INTRODUCTION

Changes in the market environment have created challenges for companies, with the advancement of technology advancement, social demand, global economy, and the necessity to provide quality work in a limited period with limited resources. Some companies invest a handsome amount of money, time and effort in developing a profitable strategic plan for their organization but still there some companies who believe that this investment is just a waste of money and time [1] During our research we came across many senior employees of the organizations and ask their point of view on strategic planning, most of them were in the favor but there was some population that was not in favor of the strategic planning. We came across an executive who told us that strategic planning in corporate is kind of like a primitive tribal ritual- it has a lot of dancing, singing and drum beating. There is no specific reason why it is done, but everyone beliefs that some good will happen. Another manager said that "Corporate planning is like Communist system: We pretend to make and they pretend to follow it."

Henry Mintzberg said, "Strategy is not the consequence of planning, but the opposite: its starting point" [2]. He stated that the real strategies are rarely made in the closed conference room rather they are made in certain moments like in the halfway of a conversation or while sitting on a flight. This suggests that the strategies are not what can be made according to plan it has to be done with open and cool mindedness. Very few strategies are made in the context of a formal procedure. When strategic planning is approached with the right goals it can tend to be very effective and productive for the organization. Firms that are successful not only use strategic planning for creating goals rather also as a learning tool to generate prepared minds in their management teams. The strategic planning goal in an organization should not be to make plans or procedures but also to develop minds that are capable of taking decisions according to the situation [3].

Usually running a business could be unpredictable. There could be many situations like a merger between companies, the launch of new technology in the market, new regulations issued by the government, deviation in market demand. It is during this time of real-life when strategic planning comes into effect. During making these kinds of strategic planning it is planned, what would be an effective step to neutralize the problems faced. Usually, most companies perform very poorly under pressure and instant situations [4]. An organization is made up of people and if they are capable enough of taking strategic decisions then the organization as a whole would be capable enough of facing any kind of situation. In most companies, discussions between seniors are mostly based on opinions of managers rather than real facts and decision making is based upon impulsive instinct rather than pensive analytics. Most companies during our research guaranteed that following strategic planning has helped them to be prepared for uncertain situations [5]. Strategic planning is made in such a way that it is made sure that the strategies are all made in real-time. It also follows the goal of the previous strategic planning to make sure that the main decision-makers have a rigid understanding of the planning, believe in common base fact, and agree logically on a decision made. This kind of well-prepared mind forms the foundation of good

strategic planning based on which successful decisions are made or taken throughout the year. And the best way to make the foundation right is by developing the strategic planning right.



**Fig.1: Strategy planning process**

Strategy planning originates from senior employees or managers of the organization, while the responsibility for implementing the planning relies on all the employees of the organization on their respective levels of hierarchy [6]. In Figure 1, it is broadly explained how a strategy is implemented in an organization. The first step starts with understanding the idea behind the mission and vision of the organization. The mission statement of a company describes the main purpose of the company. It also tells what the company stands for and what it does in general. On contrary, the vision statement of the organization relates to the future scope of the organization. It is based upon future-oriented decision-making in the favor of the organization. Second, comes the SWOT analysis in which analysis is done in both ways internally and externally. In an internal analysis, the strengths and weaknesses are determined [7]. In an external analysis, it is determined what could be the expected opportunities and threats for the organization. SWOT analysis ensures that the mission and vision statement of the organization is achieved. Taking into account the SWOT analysis, the next step is to implement the strategy prepared in respect of organizing, decision making, risk-taking etc.

#### RESEARCH QUESTION

- What is the concept of strategic planning and what is the method of implementation in an organization?
- What is the point of view of senior employees of an organization toward the method of strategic planning of a business?
- How are strategic planning implementation differences between Indian and UK companies?

#### LITERATURE REVIEW

There has not been much research related to this in India. To date, there is very little research available related to this topic. Hence, there is a lot to be explored in this department. That is why this research is very important concerning future perspectives. Nicholas O'Regan and Abby Ghobadian published a paper titled "Formal Strategic Planning -The key to effective business process management?". The objective of the paper was to determine the concept of strategic planning and to identify what could be the barriers to its implementation. It also tries to find out the suitability of previous or existing strategic planning to reduce or eliminate implantation issues. In the paper, it is also examined to what extent the barriers are experienced by both the high or low performing firms. To do so, a sample of 1000 small and medium-sized companies was considered [8-10]. A questionnaire, comprising questions related to strategic planning implementation, barriers in implementing strategic planning effectively, method of the planning process was prepared and distributed among the companies. All the questions had a five-point liking scale, with 1 indicating the least emphasis and 5 indicating the strongest emphasis. They conclude that formal planning firms place more emphasis on the characteristics of strategic planning compared to non-formal firms. Hence it is seen that there are fewer barriers found in formal firms [11].

Jehad S. Aldehayyat and John R. Anchor published a paper related to this topic titled "Strategic Planning Implementation and Creation of Value in the Firm" [12-14]. The main aim of the research is to identify the correlation between the issues faced during the implementation of strategic planning in companies, organizations and firms of Jordan. A survey was conducted between 552 finance companies, 64 service companies and 87 industrial companies. all these companies are registered on the Amman Stock Exchange(ASE) of Jordan. A questionnaire was prepared and sent to the Chief Executive Officer of the

companies by hand. The questionnaire was distributed in both languages in English and Arabic for convenience. According to their survey, they concluded that the problem which was most voted as the problem associated with the implementation was overall financial performance, after that comes growth rate problem followed by return on assets and competitive position. The least considered as the problem was the competitive position of the companies. The same type of survey was conducted by S. Shabalala and titled "Survey on corporate strategic planning systems in Zimbabwe". To do the survey a questionnaire was prepared of 17 pages. This questionnaire was mailed via envelope with a covering letter to 40 firms. These firms were selected based on annual turnover and registration in the Zimbabwe Stock exchange. They concluded that there were several issues related to strategic importance. It was seen that the formalization of strategic planning is generally resisted in a company for various reasons. The most common reason found was the inadequacy of quality information needed for strategic planning. Although there was no problem found in the planning responsibilities. Salary and promotion is also an important factor that affects strategic planning. In most companies, there is no specific group for the implementation of strategic planning. The main limitation in all the papers reviewed is that they are all based in different countries and not in India. Secondly, there is no comparison done with other developed country's companies to determine how to back our companies are falling in terms of implementation of strategic planning in their organizations.

**METHODOLOGY**

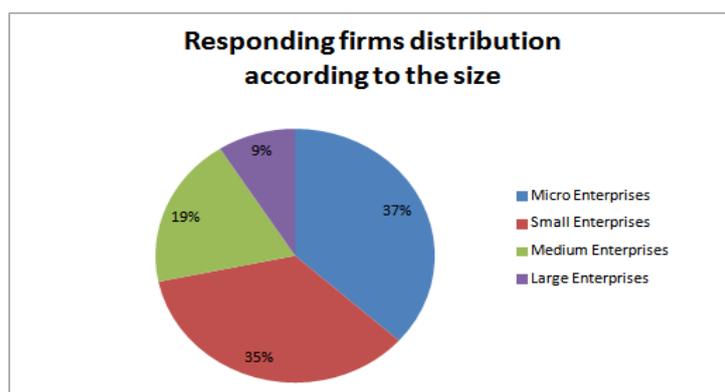
After reviewing the previous literature it is clear that there are some differences present between the Indian and UK companies. Keeping this in mind leads us to expect that the implementation of strategic planning will vary between the companies from both countries. Hence, the first hypothesis is:

H1. There will be some differences between the strategic planning implementation technique of Indian and UK firms.

Based on the literature reviewed, the more basic difference identified related to the implementation of strategic planning is that the Indian firms are less inclined toward the strategic planning implementation in comparison to the UK firms. Hence the second hypothesis is:

H2. In the general UK, companies will be more inclined towards the implementation and adoption of strategic planning in comparison to the Indian companies.

A questionnaire was structured and mailed to 500 companies from the UK and India. Companies were selected randomly belonging to different fields like manufacturing, intellectual property, law etc. The mail was sent to the higher employees like the CEO, Manager, a senior executive of the company. The questionnaires were sent to the companies with covering letters to each company whether belonging to India or UK. Some companies respond but most of them respond after sending a reminder mail. It was seen that UK companies were more active in responding in comparison to the Indian companies. It was also noted that the bigger firms were slow in responding with a comparison of micro and small companies. The size or annual turnover of the company was not taken into account. It tried to have a broad range and make the list of companies in such a way that there was variety. The companies were selected from every category according to the annual turnover and size of the countries. Out of 500 firms contacted for the survey, 245 firms responded after reminding them via mail.



**Fig.2: Distribution of responding firms according to the size of the firms**

Figure 2 shows the distribution of responding companies according to the turnover of the companies. It can be seen that micro and small enterprises are more active and more cooperative in comparison with medium and large enterprises. Only 9% of the large enterprises have shown participation interest in the survey. This data is not good. Large companies should also show activeness in such surveys because these kinds of surveys show the real status of economic growth.

**RESULT**

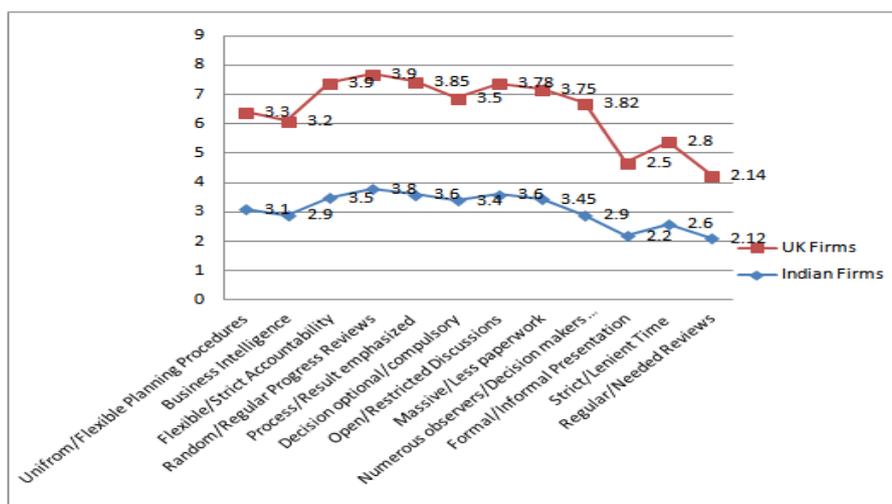
**Attributes of Strategic Planning**

Numerous strategic planning attributes are shown of the sample of Indian and UK-based companies in Table 1. 169 of the total respondent firms have a written statement. Although it is seen that there are a larger number of Indian firms having a written mission description in comparison with the UK firms. Hence, there is not much difference seen between both countries' companies in terms of having written descriptions of missions. Total 74 firms of the respondent firms do not have a written mission statement. In terms of medium or long objectives, there is just one firm difference. This is contrary to what was assumed at the starting of the survey. Total 205 companies of the respondent firms have set medium or long-term objectives. 65 UK firms and 58 Indian firms have groups of people dedicated to identifying threats in the external environment. This is as expected, more number of UK firms have such a group dedicated as compared to the Indian firms. Out of 245 responding firms, 151 companies anticipated that they have a group of people dedicated to determining the company's strengths and weaknesses. Here, the data collected was contradictory because more Indian firms (82) have such groups as compared to UK firms (69). Data shows that a total of 183 companies have a group dedicated to strategic planning, out of which 96 are from India and the remaining are from the UK. Here also the data shows contradictions to the assumption made earlier.

**Table 1: Strategic Planning Attributes**

Characteristics	All Firms		Indian Firms		UK Firms	
	Yes	No	Yes	No	Yes	No
A written mission statement	169	74	97	36	72	38
Medium/Long term objectives	205	39	103	31	102	8
Presence of group to identify Threats in external environment	123	121	58	76	65	45
Presence of group to identify Strengths and weakness of the company	151	93	82	52	69	41
Presence of group for strategic planning	183	64	96	38	87	26

**Strategic planning process**



**Fig.3: Strategic planning procedures**

Figure 3 shows the strategic planning process of the companies for the data collected during the survey. Figure 3 indicates that for all the process steps listed instead of one, the Indian firm has a significantly lower mean value than the UK firms. Although four of the planning process steps are different from each group of the countries:

the result is rather prominent than the process to obtain it, several decision-makers larger than the observers, business intelligence emphasized rather than data, numbers and facts collected, and decision is compulsory rather than optional. UK firms have greater mean value for all four above-mentioned strategic planning process steps. Figure 3 shows that the UK firms have a greater mean value than 3 for most of the steps of the planning process than the Indian firms. Three steps have a lower mean value than three indicating that presentation is not given much importance, there is no time bound for the task assigned, and there is no system for regular reviewing of the work done.

### Strategic Activities

**Table 2: Commitment to the strategic planning activities**

Strategic Activities	All Firms		Indian Firms		UK Firms	
	Rank	Mean	Rank	Mean	Rank	Mean
Specification of corporate aims	2	1.87	1	1.70	2	2.08
Specification of business aims	1	1.85	2	1.71	1	2.01
Result monitoring against strategic planning	5	2.17	3	1.92	6	2.45
Strategies generation	4	2.15	4	1.99	4	2.35
Strategies Evaluation	6	2.24	5	2.02	7	2.50
Seeking commitment from organizational members	3	2.11	6	2.07	3	2.17
Supportive atmosphere	7	2.50	7	2.58	5	2.42

**Note: Rank 1= Very committed and 7= Not committed.**

Table 2 shows the commitment of the firm's toward the various strategic activities. The survey data shows that the greatest commitment of all the companies is towards the specification of business objectives or aims and the least commitment is towards the supportive atmosphere. This is not good as for a productive outcome it is necessary to have a healthy and supportive atmosphere in the industries. In Indian firms, the mean value for maintaining specification for corporate aim is lowest which shows the most commitment and the highest mean value for the supportive environment which shows that the Indian firms do not have a supportive environment for working. UK firms data shows that there is the highest commitment for maintaining specification for business aims but least commitment toward strategic evaluation. Strategic evaluation is the most important part of strategic planning.

### Strategic Planning Areas

**Table 3: Emphasis on strategic planning areas**

Strategic Planning Areas	All Firms		Indian Firms		UK Firms	
	Rank	Mean	Rank	Mean	Rank	Mean
Quantitative objectives	1	3.83	1	3.87	1	3.98
Company's internal capabilities	2	3.78	2	3.79	2	3.76
Nature of the Company	4	3.51	3	3.74	3	3.10
Variances from previous plans	5	3.15	4	3.43	5	2.83
Social, political and technological effects	5	3.15	5	3.37	4	2.88
Closely related markets	3	3.54	6	3.17	1	3.98
Contingency plans	6	2.89	7	3.02	6	2.64
New Markets	7	2.68	8	2.75	7	2.58

Note: Rank 1=A great deal and 7= Less or no deal

Table 3 indicates the particular areas of strategic planning for the firms of the UK and India. As a whole observation, the companies have the most emphasis on quantitative objective search and least emphasis on the new markets. Looking country-wise, Indian company's most emphasis is on the quantitative objective search and least emphasis on new market data collection. Whereas the UK firms have the most emphasis on both the search of quantitative objective and closely related markets and least emphasis on making contingency plans and searching for new market data.

### CONCLUSION & FUTURE SCOPE

This study is a comparative analysis of strategic planning procedures implemented in the west and eastern country's firms. According to the literature reviewed, two hypotheses were made. The first hypothesis was that there would be a sure difference in the implementation of strategic planning between Indian and UK companies. The second hypothesis was that UK firms will give more importance to strategic planning than Indian firms. According to our result, the first hypothesis is largely confirmed that there is a significant difference witnessed in the implementation of planning between both the countries. But the survey failed to prove the second hypothesis. With the collected data, it could not be determined that the UK firms have more inclination toward the implementation of strategic planning. This survey could be used in future research as a base paper or literature review. This affects the functioning of the company and creates a pressure of workload on the employees when they are asked to do strategic planning along with their usual work. It could also be used in the future to examine why UK firms are more favorably disposed toward strategic planning than Indian firms. This study provides us a basic understanding of the strategic planning characteristics of both companies. Firstly, this study could help investigate the link between the views of companies on the method of strategic planning and their use of it. Secondly, the presented paper could be used to investigate another area of future study between strategic planning preparation and operational progress. While doing so, the relationship between planning and success can be taken into account in various contexts.

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