

# Attitudes of Saudi SME Executives Towards the Selection and use of Strategic Planning Tools and Techniques

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## ABSTRACT—

*The SME sector in Saudi Arabia is an important one in terms of GDP contribution and employment generation, but strategic planning in SME's does not tend to be conducted as commonly as in larger firms. It is especially important for gaining competitive advantages and for their long-term survival. A sample of 211 Saudi SME owners and senior managers were surveyed from throughout the kingdom in an investigation into their use of strategic planning tools and techniques and their attitudes towards the selection and planning. The results identify Human Resource analysis, SWOT analysis, TQM, Mission/Vision statement, CRM, Porter's Five Forces, and financial analysis as the most commonly used ones in order. Comparisons are drawn with other similar studies, and the results include breakdown and change analyses. The extent of satisfaction for each tool/technique was also ascertained, and the extent of agreement on a range of views on strategic planning revealed an overall positive and encouraging attitude.*

**Keywords—** strategic planning tools and techniques, attitudes towards strategic planning, Saudi SME's

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## 1. INTRODUCTION

Strategic planning involves a systematic effort by an organisation to define its objectives, policies and strategies (Steiner, 1979). Formal strategic planning is aided by the use of specific tools and techniques. Strategic tools are “a heterogeneous group of products designed to support organizations in dealing with the complex demands of competitive markets and the quest to create and maintain strategic advantage” (Stenfors & Tanner, 2007). A tool or technique is therefore a means to an end.

The goal of this study was to identify strategic planning tools and techniques commonly used by SME's (Small and Medium Enterprises) in the Kingdom of Saudi Arabia, and to ascertain the attitudes of their managers towards the selection and use of those strategic planning tools and techniques. In particular, it set out to answer questions such as the following: What approach do Saudi SME managers take in choosing and implementing the tools and techniques? How satisfied are they with them? What expectations do they have for their effectiveness? The study thus focuses on the areas of attitudes, usage, approaches, satisfaction, expectations and outcomes in relation to strategic planning tools and techniques. And, the study is delimited to the context of SMEs in Saudi Arabia.

The SME sector in Saudi Arabia was surveyed in detail in an earlier study (Alotaibi, 2015a). Within the Saudi context, a small firm is considered as one having less than 60 employees, and the range for a medium-sized firm is 60-100. There are an estimated 1.97 million such SME's and they constitute almost 90% of all business enterprises in the kingdom (JEG, 2015). This sector is significant in Saudi Arabia, as their contribution to GDP is 33%, and to the labour market is 25% (Sfakianakis, 2014). Therefore, they make a significant contribution to the economy, and their role is important in terms of generating employment. In spite of their importance however, Saudi SME's face many obstacles, especially in gaining access to finance and dealing with bureaucracy, although in recent years, the Saudi government has been making strides in improving the situation for SME's (GCF, 2015).

## 2. LITERATURE REVIEW

### 2.1 Strategic Planning Tools and Techniques

There is a variety of tools and techniques available for strategic planning by organisations. Several of these tools and techniques were covered in Hana's (2015c) study on strategic practices and development of the hotel sector for pilgrims in the two holy cities of Makkah and Madinah. Whichever range of tools and techniques is used however, they are all

designed to provide valuable data that can then be used for making better informed decisions (Fleisher & Bensoussain, 2003).

In perhaps the first such study in the Middle East, a study by Aldehayyat & Anchor (2008) investigated the awareness and use of strategic planning tools and techniques in Jordan. The study was conducted in Jordan's industrial, financial and service sectors, and the researchers employed a cross-sectional survey. It was found that the most used techniques were financial analysis (own), PEST/STEP analysis, Porter's Five-Forces analysis, and CSF (Critical Success Factor) analysis. Furthermore, it was found that although there is an awareness of many strategic planning tools and techniques, their use was related more to company size rather than to the nature of the business and its age.

Another study in the Middle East was conducted in Oman. It investigated the use of 14 strategic planning tools and techniques in 20 organisations known to have a written strategic plan (Rajasekar & Al-Raee, 2014). Among these organisations, benchmarking was found to be the most commonly used tool, followed by stakeholder analysis and SWOT, while Porter's Five Forces, Experience Curve, Delphi technique and What-If analysis were least common. The small sample of the study does not permit generalisations to be made, or for useful comparisons to be drawn.

A Turkish study investigated the use of strategic planning tools and techniques in Turkish SME's according to the attitudes of their executives (Kalkan & Bozkurt, 2013). The most common tools and techniques in this context were found to be strategic planning, human resource analysis, TQM, CRM, financial analysis, outsourcing, vision/mission statement, PEST, financial analysis of competitors, and benchmarking. The attitude of the Turkish SME managers was found to be positive, especially towards the effectiveness of the implementation.

## **2.2 Use of Strategic Planning Tools and Techniques**

Strategic planning tools and techniques are used because they are believed to be useful in enhancing awareness of the strategic issues facing the organisation, both internally and in the context of the wider external environment, and of opportunities and threats that may exist and which may help in supporting decision making. They may thereby make it easier for an organisation to set priorities and deal with the issues. In other words, they are useful analytical tools that can be seen as providing valuable information that can be communicated and implemented for gaining strategic advantages (Frost, 2003). Specifically, strategic planning offers firms potential advantages such as gaining a competitive edge over competitors (Mazzarol et al., 2014), greater returns on assets and profit margins (Gibson & Casser, 2005).

In the long term, the use of these strategic tools and techniques could help reduce costs, make prices of products and services more competitive, provide a clearer understanding of the tools and techniques (Afonina & Chalupsky, 2012), and enhance the quality of the products and services. Furthermore, with respect to attitude, strategic planners expect to gain improved performance (Arasa & K'Obonyo, 2012). According to Gica et al. (2009), the lack of a strategic business plan in SMEs tends to encourage outdated managerial practices, such as autocratic style of management.

## **2.3 Strategic Planning in SME's**

The previously mentioned benefits of strategic planning apply to all firms regardless of their size. For SME's in particular though, strategic planning activities are essential for their long-term survival (Neneh, 2011). Strategic planning increases the probability of survival and reduces the probability of enterprise dissolution (Delmar & Shane, 2003). However, in spite of such potential benefits, evidence suggests that many SME's do not engage in strategic planning at all (Neneh & Vanzyl, 2012; Beaver, 2003). This is typically due to lack of knowledge, time or expertise (Robinson & Pearce, 1984).

On the other hand, with respect to those SME's that do engage in strategic planning, the focus is usually on survival and gaining for short-term performance (Wiklund et al., 2009). Mazzarol (2010) reviewed the literature on strategic planning in small firms over a period of three decades, and made some important observations on their motivation and the extent and approach to planning. He found that in using strategic planning tools and techniques, an important consideration is the impact of this activity on a firm's performance. However, the way in which the strategy is conducted and planning measured lacks consistency.

Planning alone is insufficient for improving performance, as successful strategic planning depends mostly on the skills and capabilities of managers (Maes et al., 2005). That is, managerial characteristics are critical to success (Gabrielsson, 2007). In particular, a manager must have a clear strategic vision focused on maintaining a competitive advantage for the firm (Kim & Choi, 2000). On the contrary, the fact that planning is not so common in small firms may be due to the lesser importance attached to performance than to other more intangible goals, such as personal satisfaction, lifestyle and autonomy (Wang et al., 2007).

Regardless, the quality of the strategic planning generally tends to improve as the firm grows. This is likely due to gaining in resources for engaging professional advisors (Lussier & Pfeifer, 2001). On the other hand, Gibson & Cassar (2002) found that with maturity, firms also tend to be more complacent with their condition, which reduces the propensity for planning. This may be due more to the satisfaction with the existing status quo rather than firm size or maturity, so it is a state that can affect any size of firm. As an SME, a firm enjoys an advantage over larger firms in terms of having greater strategic and operational flexibility (Verdu-Jover et al., 2006). This means they are more able than larger firms to adapt quickly to changing circumstances to their advantage.

## 2.4 Strategic Planning in Saudi Arabia

Studies on strategic planning in Saudi Arabia are scarce. An early investigation was made by Alghamdi & Alwuhaibi (2001), which showed that awareness exists of the concept of strategic planning in the Saudi kingdom. A later study by Ghamdi (2005) involving the participation of 72 Saudi organisations investigated their use of strategic planning tools and techniques in their planning. He found that the most widely and regularly used strategic planning technique in Saudi Arabia is critical success factors, and that this is followed by benchmarking and what if analysis. In comparison, moderate use was reported for SWOT analysis, product life cycle and stakeholder analysis, and more limited use for PIMS, experience curve, portfolio analysis and value chain analysis. The least used tools were found to be Delphi, cognitive mapping and Porter's five-force analysis. Moreover, his study found these tools and techniques to be used more in firms with a large turnover and joint venture firms. Another major finding was that the proportion of respondents using the strategic tools was only a little over a half, so almost half did not use them in their planning, but the proportion of frequent users was only 17% and regular users was 10%. The above-mentioned study confirmed that companies in Saudi Arabia are certainly aware of strategic planning activities, but their use is not so prevalent.

## 3. METHODOLOGY

A survey was conducted among Saudi SME executives on their attitudes towards the selection and use of strategic planning tools and techniques. As SMEs, all the organisations had at most 100 employees, but the sectors ranged widely, as described under demographics of the sample. The survey instrument was a questionnaire form that was distributed to SME owner-managers and senior SME managers. The sample comprised of 211 SMEs selected randomly from throughout the kingdom (response rate of 89%). PSpss was used to analyse the gathered data.

## 4. RESULTS

### 4.1 The SMEs and their Managers

Table 1 presents descriptive statistics of the SMEs that participated in the survey. It shows that in terms of the type of firm, 57% of them were service oriented, 35% were trade oriented, and only 8% were production firms. As for size, all the firms had less than 100 employees since they were classified as SMEs. Most had between 1 and 10 employees inclusive (41%), fewer had between 11 and 25 employees (36%), 18% had between 26 and 60 employees, and only 5% were classified as medium sized firms by having between 61 and 100 employees. Also, most of the firms (39%) had been in operation for less than three years, and less than a third (31%) for between 3 and 5 years. Fewer firms had been operating for between 5 and 10 years (21%), and fewer still for more than 10 years (9%). With respect to the sector, the distribution in order of frequency was as follows: Finance (23%), Technology (18%), Engineering (15%), Education (11%), Medical (11%), Hospitality (10%), Agriculture (6%), Textiles (4%), Manufacturing (1%), Other (1%).

**Table 1: Descriptive Statistics of the Firm**

Item	Descriptions			
Type of Firm	Production (8%)	Trade (35%)	Service delivery (57%)	
Size of firm (employees)	1-10 (41%)	11-25 (36%)	26-60 (18%)	61-100 (medium) (5%)
Years of operation	1-3 (39%)	3-5 (31%)	5-10 (21%)	10+ (9%)
Sector	Agriculture & Food (6%)	Medical (11%)	Textiles (4%)	Technology (18%)
	Finance (23%)	Manufacturing (1%)	Engineering (15%)	Education (11%)
	Hospitality (10%)	Other (1%)		

Table 2 presents descriptive statistics of the managers of the SMEs. Almost half of them (49%) were aged between 31 and 40, more than a quarter (27%) between 41 and 50, 11% were below 30, and 13% above 50. In terms of gender, almost all of them (99%) were males, and only the remainder 1% were female. With respect to their education, most (59%) were graduates, 22% were undergraduates, 15% post-graduates, and a minority of 4% had not surpassed high school education. Most of the survey participants were also owners of the SMEs (40%) whereas the others held a status in order of frequency as follows: general manager (21%), marketing (16%), finance (13%), personnel (10%), other (0%).

**Table 2: Descriptive Statistics of the Manager**

Item	Descriptions			
Age	Up to 30 (11%)	31-40 (49%)	41-50 (27%)	Above 50 (13%)
Gender	Male (99%)	Female (1%)		
Education	High School (4%)	Undergraduate (22%)	Graduate (59%)	Post Graduate (15%)
Managerial status	Owner (40%)	General (21%)	Finance (13%)	Marketing (16%)
	Personnel (10%)	Other (0%)		

#### 4.2 Strategic Planning Tools and Techniques

The next part of the questionnaire was on the selection and use of strategic planning tools and techniques in three parts. The first part was designed to identify the strategic planning tools and techniques used by the SME managers. Table 3 below presents the list of strategic planning tools and techniques that were asked about, and the frequency and mean values to indicate their usage. The first 16 tools and techniques are as given in Table 8 in Alotaibi (2015c) for involvement of planners in strategic planning. To these, a further 7 items (no. 17-23) were added to make the list more comprehensive. The Likert scale consisted of four response options ranging from 1 (Used it often) to 4 (Never used it), as follows:

1 – Used it often,            2 – Used it sometimes,        3 – Used it rarely,            4 – Never used it

The percentage figures in the first column show the proportion of firms that have at least used it sometime in the past, which means either of the response options 1, 2 or 3. The remainder proportion (100 minus the percentage) is of those that have never used, i.e. that indicate the fourth response options.

**Table 3:** Strategic planning tools/techniques used

Item	Tool/Technique	% (no.)	Mean	St. Dev.
1	SWOT	71.23	1.26	0.311
2	Porter's Five Forces	58.55	1.54	0.425
3	PEST	31.36	1.91	0.287
4	Stakeholder	22.91	2.68	0.365
5	Human Resource	81.15	1.13	0.173
6	Organisational Culture	11.31	3.20	0.388
7	Portfolio	18.62	2.73	0.343
8	Value Chain	12.74	3.36	0.326
9	Financial (own)	53.73	1.63	0.227
10	Financial (competitors)	46.51	1.51	0.284
11	Critical Success Factors	17.00	2.43	0.273
12	Core Capability	9.25	3.71	0.306
13	SP Software*	26.78	2.55	0.334
14	Scenario Construction	5.25	3.84	0.314
15	Experience Curve	4.96	3.81	0.393
16	What if (spreadsheet)	3.32	3.96	0.426
17	Mission/Vision Statement	64.38	1.43	0.119
18	Total Quality Management (TQM)	70.16	1.29	0.128
19	Customer Relationship Management (CRM)	59.38	1.35	0.146
20	Basic Skills	12.49	2.89	0.231
21	Benchmarking	34.45	1.66	0.135
22	Strategic Cooperation	20.16	2.52	0.187
23	Outsourcing	31.63	2.05	0.167

\*Strategic planning software

The most popular (top 7; above 50% frequency) tools and techniques identified are: (1) Human resource (81.15%), (2) SWOT (71.23%), TQM (70.16%), Mission/Vision statement (64.38%), CRM (59.38%), Porter's Five Forces (58.55%), and Financial (own) (53.73%). At the other end, the least popular (with below 10% frequency) are: Core Capability (9.25%), Scenario Construction (5.25%), Experience Curve (4.96%), and What if (spreadsheet) (3.32%). The frequencies of the remainder lie between 50% and 10%. These frequencies, which indicate the first three response options combined, are reflected in the mean values which are closer to one (often) for the highest, and closer to 4 for the lowest (never). The range of the mean values is 2.83, from 1.13 (for human resource) with a standard deviation of 0.173 to 3.96 (for what if spreadsheet) with a standard deviation of 0.426.

Table 4 presents a breakdown of the use of strategic planning tools and techniques by type of firm (production, trade and service).

**Table 4:** Breakdown of tools and techniques by type of firm

Item	Tool/Technique	Type
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		<b>Production</b>	<b>Trade</b>	<b>Service</b>
1	SWOT	6.85	27.25	37.13
2	Porter's Five Forces	9.36	7.86	41.33
3	PEST	2.99	9.72	18.65
4	Stakeholder	4.74	6.34	11.83
5	Human Resource	17.86	9.87	53.42
6	Organisational Culture	2.14	1.89	7.28
7	Portfolio	4.97	8.32	5.33
8	Value Chain	6.31	4.44	1.99
9	Financial (own)	12.65	18.56	22.52
10	Financial (competitors)	4.11	17.73	24.67
11	Critical Success Factors	5.45	3.24	8.31
12	Core Capability	2.53	3.12	3.60
13	SP Software*	7.47	6.77	12.54
14	Scenario Construction	0.35	1.88	3.02
15	Experience Curve	0.86	1.31	2.79
16	What if (spreadsheet)	0.33	1.03	1.96
17	Mission/Vision Statement	6.01	18.31	40.06
18	Total Quality Management (TQM)	28.61	20.14	21.41
19	Customer Relationship Management (CRM)	5.90	16.75	36.73
20	Basic Skills	8.32	1.78	2.39
21	Benchmarking	17.06	10.31	7.08
22	Strategic Cooperation	8.04	6.62	5.50
23	Outsourcing	15.59	8.74	7.30

\*Strategic planning software

The breakdown shows that generally, the use of the strategic planning tools and techniques is more prevalent among service firms although the situation is reversed for certain (5) items. With one exception (#7: portfolio), the proportions for trade firms lie in between those for the other two types of firms. This picture is made clearer in Table 5.

**Table 5:** Prevalence of tools/techniques by type of firm

<b>Item</b>	<b>Type of Firm</b>	<b>Techniques/Tools</b>	<b>Total</b>
1	Production	8, 18, 20-22	5
2	Trade	7	1
3	Service	1-6, 9-17, 19, 23	17

Table 6 presents a breakdown of the use of strategic planning tools and techniques by size of firm in terms of the number of employees (1-10, 11-25, 26-60, 61-100).

**Table 6:** Breakdown of tools and techniques by size of firm

<b>Item</b>	<b>Tool/Technique</b>	<b>No. of Employees</b>			
		1-10	11-25	26-60	61-100
1	SWOT	6.41	16.55	18.37	29.90
2	Porter's Five Forces	7.65	17.71	15.36	17.83
3	PEST	6.24	8.02	7.72	9.38
4	Stakeholder	9.68	3.12	4.77	5.34
5	Human Resource	0.00	0.80	9.32	71.03
6	Organisational Culture	0.01	0.07	1.42	9.81
7	Portfolio	1.36	5.67	6.28	5.31
8	Value Chain	0.10	2.29	4.96	5.39
9	Financial (own)	0.02	8.57	16.41	28.73
10	Financial (competitors)	0.00	4.09	12.35	30.07

11	Critical Success Factors	0.00	0.60	5.21	11.19
12	Core Capability	0.00	0.00	0.23	9.02
13	SP Software*	0.00	0.07	5.85	20.86
14	Scenario Construction	0.00	0.00	0.22	5.03
15	Experience Curve	0.00	0.00	0.02	4.94
16	What if (spreadsheet)	0.00	0.00	0.01	3.31
17	Mission/Vision Statement	0.11	3.74	13.18	47.35
18	Total Quality Management (TQM)	0.22	3.66	12.70	53.58
19	Customer Relationship Management (CRM)	0.02	2.27	17.64	39.45
20	Basic Skills	0.00	0.08	2.38	10.03
21	Benchmarking	0.01	1.02	7.85	25.57
22	Strategic Cooperation	0.00	0.00	1.90	18.26
23	Outsourcing	0.13	4.43	9.91	17.16

The breakdown shows that generally, the use of the strategic planning tools and techniques is more prevalent among the medium sized firms than smaller firms, i.e. those with between 61 and 100 employees (Table 7). This is true in the case of 21 out of the 23 firms. The only two exceptions are for item 4 (stakeholder analysis), which is more prevalent among the smallest firms, and item 7 (portfolio analysis), which is more prevalent among the firms with 26-60 employees. The greater prevalence among the medium sized firms is noticeably prominent for items 5 (Human resource), 10 (Financial -competitors), 13 (SP software), 17 (Mission/Vision statement), 18 (TQM), 19 (CRM), 20 (Basic skills), 21 (Benchmarking), and 22 (Strategic cooperation). In these cases, the difference is more than double the next highest frequency, and the frequency of the item itself is greater than 10%.

**Table 7:** Prevalence of tools/techniques by type of firm

Item	Type of Firm	Techniques/Tools	Total
1	1-10	4	1
2	11-25	-	0
3	26-60	7	1
4	61-100 (medium)	1-3, 5-6, 8-23	21

Table 8 presents the results for indications of the degree to which the tool or technique may be used in future in terms of frequencies. The Likert scale consisted of four response options ranging from 1 (Will definitely) to 5 (No plans), as follows:

- 1 – Will definitely use it                      2 – Will possibly use it                      3 – Not sure about using it  
4 – Will no longer use it                      5 – No plan to use it

**Table 8:** Degree to which the tool or technique may be used

Item	Tool/Technique	No plans	No longer	Not sure	Possibly	Will use it
1	SWOT	24.4	0.0	0.06	3.14	72.4
2	Porter's Five Forces	27.3	0.0	0.1	3.3	69.3
3	PEST	62.4	0.0	3.91	2.29	31.4
4	Stakeholder	72.9	0.0	1.31	1.15	24.6
5	Human Resource	16.73	0.1	0.04	1.09	81.04
6	Organisational Culture	88.36	0.0	0.13	0.21	11.31
7	Portfolio	77.0	0.0	2.45	1.85	18.7
8	Value Chain	82.9	0.0	2.56	1.36	13.2
9	Financial (own)	33.78	0.0	1.79	6.12	58.31
10	Financial (competitors)	47.06	0.0	1.15	4.78	47.01
11	Critical Success Factors	77.86	0.0	1.81	2.14	18.19
12	Core Capability	87.55	0.0	1.93	1.27	9.25
13	SP Software*	70.75	1.33	1.42	1.05	25.45
14	Scenario Construction	94.73	0.0	0.0	0.02	5.25

15	Experience Curve	95.04	0.02	0.00	0.00	4.94
16	What if (spreadsheet)	96.68	0.0	0.00	0.00	3.32
17	Mission/Vision Statement	26.62	0.0	1.25	3.74	68.39
18	Total Quality Management (TQM)	28.21	0.0	1.32	1.17	69.3
19	Customer Relationship Management (CRM)	26.55	0.0	1.11	2.13	70.21
20	Basic Skills	85.13	0.0	1.03	1.35	12.49
21	Benchmarking	61.57	0.0	1.97	2.01	34.45
22	Strategic Cooperation	76.08	0.0	2.24	1.73	19.95
23	Outsourcing	66.31	0.0	1.41	1.5	30.78

The figures are generally in line with the frequencies for the use of the tools and techniques presented earlier in Table 3. That is, the tools and techniques identified as being used already will continue to be used. It is also noticeable that the responses are mostly divided between either the first option (will definitely) or last option (no plan). Table 9 shows which of the two received the most indications by a margin more than double the frequency of the other. For 6 items (1-2, 5, 17-19), the responses were overwhelmingly to indicate the tool or technique will continue to be used, and for 13 items (4, 6-8, 11-16, 20, 22-23), the responses were overwhelmingly to indicate the tool or technique will not be used. For two further items (3, 21), the respondents also plan not to use them, but the margin over those who will definitely use them is not as wide. The responses for the remaining items 9 and 10, both pertaining to financial analysis, are more evenly balanced between the two extremes.

The figures for the response option of 'Will no longer use it' is not shown in Table 8. All the figures for this option were 0.00 with the following three exceptions: Item 5 (Human Resource) = 0.1; 13 (SP Software) = 1.33; 15 (Experience Curve) = 0.02.

**Table 9:** Prevalence of tools/techniques by type of firm

Item	Plan to Use	Techniques/Tools	Total
1	Will definitely use it	1-2, 5, 17-19	6
4	No plan to use it	(3), 4, 6-8, 11-16, 20, (21), 22-23	13 (15)

The next Table 10 shows the difference between the past values obtained from Table 3 and those obtained from Table 8 to show the change from having used a strategic planning tool or technique in the past to the plan to use it definitely in future.

**Table 10:** Change in plan to use the tool or technique

Item	Tool/Technique	Past	Future	Change
1	SWOT	71.23	72.4	1.17
2	Porter's Five Forces	58.55	69.3	10.75
3	PEST	31.36	31.4	0.04
4	Stakeholder	22.91	24.6	1.69
5	Human Resource	81.15	81.04	-0.11
6	Organisational Culture	11.31	11.31	0
7	Portfolio	18.62	18.7	0.08
8	Value Chain	12.74	13.2	0.46
9	Financial (own)	53.73	58.31	4.58
10	Financial (competitors)	46.51	47.01	0.5
11	Critical Success Factors	17.00	18.19	1.19
12	Core Capability	9.25	9.25	0
13	SP Software*	26.78	25.45	-1.33
14	Scenario Construction	5.25	5.25	0
15	Experience Curve	4.96	4.94	-0.02
16	What if (spreadsheet)	3.32	3.32	0
17	Mission/Vision Statement	64.38	68.39	4.01
18	Total Quality Management (TQM)	70.16	69.3	-0.86
19	Customer Relationship Management (CRM)	59.38	70.21	10.83

20	Basic Skills	12.49	12.49	0
21	Benchmarking	34.45	34.45	0
22	Strategic Cooperation	20.16	19.95	-0.21
23	Outsourcing	31.63	30.78	-0.85

The positive changes are greatest for items 2 (Porter's Five Forces) and 19 (CRM). Both values have increased by more than 10%, which suggests these two may be used much more in future than at present. The items in each category of change are listed in Table 11. Two further items show the next greatest changes, namely 9 (Financial -own) and 17 (Mission/Vision statement) with an increase between 2% and 5%. For seven of the remainder items (1, 3, 4, 7, 8, 10, 11), the increase is likely to be marginal (less than 2%). For a further six (6, 12, 14, 16, 20, 21) there is no indication of a likely change, and the remaining six (5, 13, 15, 18, 22, 23) indications are of a possible decrease in usage, which suggests these tools may have become less popular.

**Table 11:** Prevalence of tools/techniques by type of firm

Item	Change	Techniques/Tools	Total
1	>10 (greatest)	2, 19	2
2	5-10	-	0
3	2-4.99	9, 17	2
4	0.001-1.99	1, 3, 4, 7, 8, 10, 11	7
5	0 (no change)	6, 12, 14, 16, 20, 21	6
6	<0 (decrease)	5, 13, 15, 18, 22, 23	6

### 4.3 Satisfaction with the tools and techniques

Table 12 presents the results for indications of the degree to which there is satisfaction among the participants towards the use of the strategic planning tools or techniques. The following 5-part Likert scale was used from a value of 1 (highly satisfied) to 5 (highly dissatisfied) and a neutral mid-value:

- 1 – Highly satisfied                      2 – Somewhat satisfied                      3 – Unsure  
 4 – Somewhat dissatisfied                      5 – Highly dissatisfied

**Table 12:** Satisfaction with the tools and techniques

Item	Tool/Technique	Mean	SD
1	SWOT	1.34	0.413
2	Porter's Five Forces	1.41	0.535
3	PEST	1.63	0.488
4	Stakeholder	2.48	0.516
5	Human Resource	1.12	0.271
6	Organisational Culture	3.99	0.931
7	Portfolio	3.62	0.856
8	Value Chain	3.13	0.655
9	Financial (own)	2.52	0.524
10	Financial (competitors)	2.37	0.559
11	Critical Success Factors	3.57	0.623
12	Core Capability	4.07	0.717
13	SP Software*	2.56	0.328
14	Scenario Construction	4.66	0.615
15	Experience Curve	4.83	0.676
16	What if (spreadsheet)	4.11	0.693
17	Mission/Vision Statement	1.26	0.327
18	Total Quality Management (TQM)	3.61	0.572
19	Customer Relationship Management (CRM)	2.85	0.439
20	Basic Skills	3.18	0.528
21	Benchmarking	2.97	0.441



22	Strategic Cooperation	3.72	0.497
23	Outsourcing	3.83	0.520

The mean values above range between 1.12 (#5: human resource) and 4.83 (#15: experience curve). The highest satisfaction (mean value less than 2) appears to be for items 1-3, 5 and 17, namely SWOT, Porter's Five Forces, PEST, Human Resource and Mission/Vision Statement. At the other extreme, there appears to be greatest dissatisfaction (mean value more than 4) for items 12 (Core Capability), 14 (Scenario Construction), 15 (Experience Curve) and 16 (What if Spreadsheet). All other items received indications in between with mean values between 2 and 4, as listed in Table 13.

**Table 13: Prevalence of tools/techniques by type of firm**

Item	Satisfaction	Techniques/Tools	Total
1	1-1.99 (high)	1-3, 5, 17	5
2	2-2.99	4, 9-10, 13, 19, 21	6
3	3-3.99	6-8, 11, 18, 20, 22-23	8
4	4-5 (negative)	12, 14-16	4

#### 4.4 Views on strategic planning

The final section of the questionnaire required the respondents to indicate the extent of their agreement with a range of certain views on strategic planning. Some of these views are of specific relevance to the context of SME's and are taken from the study of Alotaibi (2015a). The following 5-point Likert scale was used:

- 1 – Strongly agree                      2 – Somewhat agree                      3 – Unsure  
 4 – Somewhat disagree                      5 – Strongly disagree

The mean and standard deviation values are presented in Table 14 for a total of 12 statements reordered by mean value from lowest (indicating strongest agreement) to highest (indicating strongest disagreement). They are further classified by those with general agreement (mean <3) and general disagreement (mean >3).

**Table 14: Extent of agreement with views on strategic planning**

Item	Statement	Mean	SD
<b>General Agreement (mean &lt;3)</b>			
6	Strategic planning helps to gain competitive advantages.	1.77	0.487
1	Strategic planning is essential for long-term survival.	1.83	0.566
12	The implemented strategy has been effective.	1.95	0.433
5	Strategic planning is an effective way to gain in performance.	2.04	0.613
4	Smaller firms have an advantage over larger firms in terms of strategic flexibility.	2.33	0.409
11	The adopted strategy is the result of careful planning.	2.57	0.482
3	Strategic planning is not essential for SME's as it is for larger firms.	2.96	0.635
<b>General Agreement (mean &gt;3)</b>			
9	Strategic planning provides a good balance between internal capability and the external environment.	3.08	0.647
2	Strategic planning is a difficult and complicated process.	3.16	0.931
7	Strategic planning causes inflexibility and rigidity of response to changing circumstances.	3.25	0.734
8	Strategic planning encourages excessive bureaucracy.	3.89	0.545
10	The adopted strategy is not the outcome of a deliberate plan but emerged naturally over time.	4.14	0.561

There are seven statements with which there is general agreement (indicated by a mean value between 1 and 3), which are 1, 3-6, 11-12, and five statements with which there is general disagreement (indicated by a mean value between 3 and 5), which are 2, 7-10. The results show the greatest agreements (in order) are for statements 6 (mean 1.77, SD 0.487), 1 and 12. That is, the respondents agree mostly with strategic planning being able to help gain competitive advantages (#6), as being essential for long-term survival (#1), and the implemented strategy as having been effective (#12) respectively. At the other extreme, the strongest disagreement was expressed for statement 10 (mean 4.14, SD 0.561), which is that the adopted strategy emerged naturally rather than being the outcome of a deliberate plan. The adopted strategy is therefore believed to stem from a deliberate plan, and did not emerge otherwise. The extent of agreements with the remainder statements are more mixed with mean values between the two extreme ends, as presented in Table 14.

## 5. DISCUSSION

In regard to the extent of use of strategic planning tools and techniques, this study confirms the dominance of SWOT analysis, Human Resource analysis, Mission/Vision statement and CRM, particularly in the service sector, and TQM among SME's in the production sector. In addition, the use of Porter's Five Forces analysis presents a mixed picture. As for CRM, it was found to have the highest prospect for increased use in future. Both tools have been used by 59% of SME's in the past, and their usage is projected to increase by 10.8%.

The popularity of SWOT analysis is confirmed in several previous studies. For instance, in a study by Stenfors et al. (2004), SWOT analysis was found to be the most common strategy tool along with Balanced Scorecard and spreadsheet based tools. A possible explanation for the popularity of the most used tools identified in this study could be due to their simplicity and not requiring the use of specialist knowledge or skills. SWOT analysis particularly, is a flexible tool because it can be handled by managers easily, adapted for the strategy task, and used quickly (Frost, 2003). An extensive exploration of the SWOT analysis tool by Helms & Nixon (2010) based on several reports of others over a decade also came to the conclusion that its pervasiveness is mostly due to its simplicity as well as its being “a proven developmental, results-oriented strategic planning tool”. Such strategy tools are able to provide structured information and a source for interaction by participants involved in strategic planning (Jarzabkowski & Wilson, 2006).

A comparison with the study by Aldehayyat & Anchor (2008) suggest the pattern in the use of tools in Saudi Arabia and Jordan are difference because the most prominently used tools and techniques are different. The only similarity is the use of Porter's Five Forces. Notably, the environments, time of study, and size of firms, are of course also different, so they do not make for a fair comparison. The researchers in the Jordanian study did point out however, that size was the important factor determining the extent of use of strategic planning tools and techniques, which is confirmed by this study.

Since the study by Ghamdi (2005) also investigated the extent of use of strategic planning tools and techniques, and in the same business environment, some useful comparisons can be drawn for discussion. The first set of figures in Table 15 shows the percentage of all firms that had used the tool/technique in the past, whether regularly, frequently, somewhat, or rarely. The second figure for each item shows the percentage of this total that was used by manufacturing firms, marked M, and the third figure shows the percentage used by service firms, marked S. The manufacturing firms in Ghamdi's (2005) study have been compared with the production firms (P) in this study. Also, in Ghamdi's (2005) study, a distinction was drawn between financial firms, service firms, and 'other' service firms, so these were combined for this comparison to provide a single percentage for all service firms, since no such distinction was made in this study.

Only those tools/techniques are included that were also investigated in this study. The exclusions are PIMS (Profit Impact of Market Strategy), Product Lifecycle Analysis, Cognitive Mapping, and Delphi. A total of 9 items are included in this comparison. It should also be noted that Ghamdi's study included both small and larger firms and was not therefore exclusively confined to SME's, as is the case with this study. This difference alone may explain why many of the usage figures are lower for SME's. Ghamdi (2005) did distinguish small firms, but this was based on the volume of turnover rather than the number of employees. Finally, the time of study should be noted since there is a difference of more than a decade between the two.

**Table 15: Comparison between this study and Ghamdi's (2005) study**

Item	Tool/Technique	% that have used it in the past	
		Ghamdi (2005)	This study (2016)
1	SWOT	Total: 75%, M: 79.31%, S: 70.59%	Total: 71.23%, P: 6.85%, S: 37.13%
2	Portfolio	Total: 52.78%, M: 48.28%, S: 57.14%	Total: 18.62%, P: 4.97%, S: 5.33%
3	Critical Success Factors	Total: 81.94%, M: 79.31%, S: 100%	Total: 17%, P: 5.45%, S: 8.31%
4	Porter's Five Forces	Total: 39.89%, M: 44.83%, S: 29.62%	Total: 58.55%, P: 9.35%, S: 7.86%
5	Experience Curve	Total: 65.28%, M: 79.31%, S: 68.97%	Total: 4.96%, P: 0.86%, S: 2.79%
6	What If	Total: 30.56%, M: 79.31%, S: 71.43%	Total: 3.32%, P: 0.33%, S: 1.96%
7	Stakeholders	Total: 51.39%, M: 55.17%, S: 85.71%	Total: 22.91%, P: 4.74%, S: 11.83%
8	Value Chain	Total: 58.33%, M: 65.52%, S: 55.56%	Total: 12.74%, P: 6.31%, S: 1.99%
9	Benchmarking	Total: 79.17%, M: 86.21%, S: 100%	Total: 34.45%, P: 17.06%, S: 7.08%

The figures in the above table show only one pair of closely matching percentages, which is the total for the use of SWOT, and several major differences. In particular, the usage of the Experience Curve was indicated as much higher at 65.28% in Ghamdi's (2005) study whereas the present study shows it is much lower at only 4.96%. The difference in the proportions for the production and service firms are likewise very high. Similarly, with respect to usage among production and service firms, the What-If analysis is also shown to be much higher in the older study in comparison to the indication in the present study. With the exception of the total for Porter's Five Forces, in all other cases of totals and by sector, the usage of the strategic planning tools and techniques are indicated to have been higher in the decade old

study and comparatively lower in this new study. It is apparent that the reasons mentioned earlier could possibly explain the differences.

Firstly, with respect to sector, the extent of usage for the items in the above comparison show that while the tools and techniques are more prevalent in service firms compared to production/manufacturing firms, this is not true in all cases. It is true especially for SWOT analysis, and to some extent for Critical Success Factors, What-If analysis, Experience Curve and Stakeholder Analysis. However, the opposite is the case especially for Value Chain and Benchmarking, and the remainder tools to a lesser extent. The only agreement between the two studies (that the tool is more popular among service firms) is for Portfolio analysis, Critical Success Factors and Stakeholder Analysis.

Secondly, it is possible that the use of strategic planning tools and techniques is much more prevalent among larger firms than it is among SME's. This possibility is also supported by the results shown in Table 6 and Table 7, which show the use of strategic planning tools and techniques to be more prevalent among medium sized firm (61-100 employees) than smaller firms. This is likely given that 77% of the firms in this study had less than 25 employees, and medium sized firms only represented 5% of the sample surveyed. The managers of SME's in general may be lacking in the ability to use strategic planning tools and techniques, or they may feel there is little need to use the same given the small scale nature of their business. A fairer comparison with larger organisations would be better undertaken by another study directly comparing on the basis of firm size and also during the same period of time.

Regardless of which strategic planning tools and techniques are used and the extent of their use, what matters more importantly is how well they are used, i.e. the effectiveness of their use. As shown in an earlier study on strategic planning practices (Alotaibi, 2015b), a key ingredient for effectiveness is the strength of connection between the elements in a strategic plan, and the outcome also depends on how well it is communicated and able to be implemented. A plan that is well connected would in turn be able to be utilised effectively so that the results obtained from the use of the various tools and techniques can provide proper guidance. Besides the quality of the plan and the interconnection of its elements, factors such as managerial characteristics and motivation (Wang et al., 2007; Gabrielsson, 2007) are also important determinants of the effectiveness of the strategic plan. Mazzarol's strategic management framework identifies five essential components specifically for small firms, namely entrepreneurship, innovation, strategic networking, growth vector and balance that can be used to characterise the strategic planning. This framework was used to analyse strategic planning in five particular SME's in Saudi Arabia in the health sector (Alotaibi, 2015a), and it was found that despite facing some obstacles, the SME's were strategically prepared to cope with the challenges.

This also leads to consideration of the attitude towards strategic planning, which was ascertained in the final part of the survey. The views on strategic planning indicate an overall positive attitude towards it. It is encouraging that many SME owners recognise the potential benefits of strategic planning, particularly for gaining competitive advantages. Moreover, the recognition of its importance for long-term survival concurs with the finding by Neneh (2011) of the same, and it allays the fears expressed for instance in Wiklund et al. (2009) of many SMEs focusing more on survival issues and gaining for short-term performance. This recognition of strategic planning being essential for long-term survival outweighed the view that it is not essential for SMEs as it is for larger firms. It is particularly encouraging that many SMEs in this study did engage in strategic planning activities contrary to the finding by Neneh & Vanzyl (2012) and given that most of the firms in the survey were at the lower end of the size scale in terms of the number of employees.

Furthermore, in spite of the small size, the SME managers recognised their advantage over relatively larger firms in terms of having greater strategic flexibility, as pointed out for instance by Verdu-Jover et al. (2006). Having flexibility is important because it helps firms to anticipate and respond to changes quickly and effectively (Bryson, 2011). The results also showed the SME owners have confidence in the effectiveness of the planning already undertaken. This suggests the managers must have perceived or realised its benefits, and the projected growth in the use of the tools and techniques is further indicative of optimism in regard to strategic planning among SME's in Saudi Arabia.

## **6. CONCLUSION AND FURTHER RESEARCH**

This study identified strategic planning tools and techniques commonly used by SME's in Saudi Arabia, and ascertained the attitudes of the managers towards their selection and use. The manager was typically a male (99%), aged 31-40 (49%), a graduate (59%), and the firm's owner (40%). Most firms were service delivery firms (57%), had no more than 25 employees (77%), had been operating for less than 5 years (70%), and the top 3 sectors were finance, technology and engineering.

In these firms, the most popular strategic planning tools and techniques are Human Resource, SWOT Analysis, TQM, Mission/Vision Statement, CRM, Porter's Five Forces, and Own Financial Analysis. Generally, their use is more prevalent among service firms by sector, and among medium sized firms by size. Porter's Five Forces and CRM appear to have the highest prospects for greater use in future. To a lesser extent, this is possible also for own Financial Analysis and Mission/Vision Statement. The most prominently used tools are those with which there is greatest satisfaction, namely SWOT, Porter's Five Forces, PEST, Human Resource and Mission/Vision Statement.

Most respondents view strategic planning as helping to gain competitive advantages, recognise its importance for long-term survival, and are satisfied with their selection for its effectiveness. Further research could delve more on the attitudes of SME managers towards strategic planning and their thinking in making the selection of tools and techniques.

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