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Louisiana Small Business: The Influence of Selected Demographic and Perceptual Factors on the Extent of Strategic Planning

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LOUISIANA SMALL BUSINESS: THE INFLUENCE OF SELECTED
DEMOGRAPHIC AND PERCEPTUAL FACTORS ON THE EXTENT OF
STRATEGIC PLANNING

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The School of Human Resource Education
and Workforce Development

by

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August 2016

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To my father, who changed the course of our family's history...

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ABSTRACT

The primary purpose of this study was to determine the influence of selected factors that influence small business owners' perceived obstacles to strategic planning in Louisiana small businesses. This study was guided by five research objectives. To achieve the study purpose, the researcher developed The Perceived Obstacles to Strategic Planning Inventory, which consisted of four scales, measuring perceptions using a six point Likert-type response scale in addition to various demographic factors. An important finding was that of the 70 respondents, only 34.3% had a written long-term plan and the majority (67.1%) of respondents fell below a four on the interpretive scale suggesting they perceived that their organizations did not conduct strategic planning. Additionally, there was a significant relationship between "the perceived degree to which the organization conducts strategic planning" and each of the following scales measuring obstacles to strategic planning 1) "perceived quality of the organization's employees." 2) "leadership has knowledge of the planning process," and 3) "perceived available time the organization has to strategically plan." Lastly, a model was identified explaining a significant portion of the variance in, "the perceived degree to which the organization conducts strategic planning." Based on the impact of the "perceived quality of the organization's employees," scale the researcher concluded that the majority of small businesses felt that their employees were technically competent. Since the majority of the organizations did not plan, but have technically competent employees, the implication is that technical competence alone does not provide a business with everything they need to accomplish long-term goals and purposes. Therefore, other factors must be influencing their decision. One potential factor is emotional intelligence. Emotional intelligence

might be defined as making a conscious decision regarding behavior despite one's emotional state. This behavior is associated with self-awareness, and those who are self-aware are conscious of their strengths and weaknesses and are able to avoid irrational thinking and impulsive behavior. Thus their thinking, is in essence, strategic. The researcher recommends further investigation into the relationship between strategic planning and other factors such as emotional intelligence of business owners/managers.

CHAPTER I: INTRODUCTION

"Victorious warriors win first and then go to war, while defeated warriors go to war first and then seek to win."—Sun Tzu

Rationale: Importance of Small Businesses

Small businesses are a pillar of the U.S. economy, forming the largest group of exporters and importers while serving as the largest source of employment (Office of the United States Trade Representative, 2009). In the state of Louisiana, small businesses comprise the majority of all employers, employing over half of the state's private workforce (U.S. Small Business Administration, 2014), and are key contributors to state export revenues (World Trade Center, New Orleans, 2015). In the U.S. as a whole, approximately 50% of small businesses survive more than five years and only a third survive more than 10 (SBA Frequently Asked Questions, 2012). In Louisiana, approximately 50% of small businesses survive more than five years, and about 40% survive more than 10 years (U.S. Small Business Administration, 2014).

Absence of Strategic Planning and Failure of Small Businesses

Early research on the failure of small businesses identified the absence of strategic planning as a primary cause (Ibrahim & Goodwin, 1985; Mayer & Goldstein, 1961; Mintzberg, 1979; Crawford & Lefebvre, 1984; Crawford & Ibrahim, 1985; Nerone, 1997). Excessive optimism, a failure to monitor results, and the absence of balanced growth also were identified as key factors (Mayer & Goldstein, 1961; Mintzberg, 1979; Crawford & Lefebvre, 1984; Crawford & Ibrahim, 1985). In their 1982 study, Sexton and Van Auken found that small business owners and manager often thought of strategic planning, but rarely took action. Several other studies determined that not only was systematic strategic planning largely absent in small businesses, but also that what little did take place was reactive, incremental, disorganized, sporadic, and inadequate (Still, 1974; Cooper, 1977; Crawford, R. L., & Ibrahim, A. B., 1985). As Nerone

observed, "Most entrepreneurs [small business owners] are doing their strategy on the back of a napkin, as they sweat out making the Friday payroll" (Nerone, 1997, p. 9).

In a more recent article, Kraus, Harms, and Schwarz argue that strategic planning does occur in small businesses, but that it is often performed intuitively without the use of planning instruments (2006). In practice, small businesses plan in the short term, rather than focusing on long-term objectives, and are typically reactive rather than proactive (Wang, Walker, & Redmond, 2007). Small businesses that claim to plan for the future typically develop those plans ad hoc and rarely write them down formally. Furthermore, the plans provide little guidance for measuring or analyzing the performance of the small business (Wang et al., 2007). The literature also indicates that strategic planning in small businesses is unstructured, informal, and irregular, lacking in information (Gibb & Scott, 1985; Flavel, 1991; Balasundaram, 2009).

Correspondingly, small businesses have been described as shortsighted and strategically narrow-minded (Wang et al., 2007).

Benefits of Strategic Planning

This absence of strategic planning certainly counters much of the literature, which indicates that small businesses should plan for the long term in order to effectively compete (Wang et al., 2007). Small businesses that disregard strategic planning risk, at a minimum, growth and performance and, at worst, their very survival (Wang et al., 2007). Understandably, small business success is not determined by strategic planning alone; however, there are more benefits to planning versus not planning (Wang et al., 2007).

Problem Statement

Strategic planning has been studied since the 1950's, but research has focused primarily on larger organizations (Mazzarol, 2004). Research on strategic planning in small businesses is

still in the early stages (Kraus, Reiche, & Reschke, 2007). Furthermore, although small businesses are vital to the Louisiana economy, little, if any, research on strategic planning in Louisiana small businesses has been undertaken. While the existing literature suggests that strategic planning is positively related to the performance of small businesses (Kraus, Harms, & Schwarz, 2006; Balasundaram, 2009), most of them do not plan, for as yet unknown reasons (Wang et al., 2007). Thus, Robinson and Pearce argue that “Research needs to provide specific reasons why planning is not practiced in firms” (Robinson & Pearce, 1984, p. 135). Understanding why small businesses do not engage in strategic planning, and how that omission affects small business mortality, would enable consultants to better serve the small business sector and public officials to improve public policy.

Purpose of Study

The primary purpose of this study is to determine the influence of selected factors that influence small business owners’ perceived obstacles to strategic planning in Louisiana small businesses.

Research Objectives

The dependent variable of this study is the propensity of Louisiana small businesses to strategically plan. The independent variable of this study is Louisiana small business owners’ perceived obstacles to strategic planning.

The following specific objectives were formulated to guide this research study:

1. To describe small businesses in Louisiana on the following characteristics:
 - a) Years the organization has been in business;
 - b) Industry in which the small business is positioned;

- c) Current number of full time and part time employees on the organization's payroll;
 - d) Structure of the organization i.e. Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.:
 - e) Existence of a written long term plan.
2. To describe small businesses in Louisiana on the perceived degree to which the organization conducts strategic planning.
3. To describe small businesses in Louisiana perception regarding the following perceived obstacles to strategic planning:
- a) The perceived quality of the organization's employees;
 - b) The perceived degree to which the organization's leadership has knowledge of the planning process;
 - c) The perceived available time the organization has to strategically plan.
4. To determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the following variables:
- a) Industry in which the small business is positioned in;
 - b) Structure of the organization i.e. Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - c) Years the organization has been in business;
 - d) Current number of full time and part time employees on the organization's payroll;
 - e) The perceived degree to which the organization conducts strategic planning;
 - f) Possession of a written long term plan.

5. To determine if a model exists explaining a significant portion of the variance in Louisiana small business owners' perceived degree to which the small business conducts strategic planning using the following characteristics:

- a) Years the organization has been in business;
- b) Industry in which the small business is positioned;
- c) Current number of full time and part time employees on the organization's payroll;
- d) Structure of the organization i.e. Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
- e) The perceived degree to which the organization conducts strategic planning;
- f) The perceived quality of the organization's employees;
- g) The perceived degree to which the organization's leadership has knowledge of the planning process;
- h) The perceived available time the organization has to strategically plan;
- i) Possession of a written long term plan.

Summary

Small businesses play an important role in the Louisiana economy. Prior research on strategic planning has focused primarily on large businesses (Mazzarol, 2004); however, little literature exists that focuses on Louisiana small business strategic planning. While the existing literature implies that strategic planning is positively related to the performance of small businesses (Kraus, Harms, & Schwarz, 2006; Balasundaram, 2009), most of them do not plan, for as yet unknown reasons (Wang et al., 2007). Therefore, this study will explore the obstacles to strategic planning as perceived by Louisiana small business owners. The results of this study

will benefit small business owners when employing strategic planning within their organizations, consultants when advising small businesses during the strategic planning process, and public officials when establishing public policy affecting small businesses.

CHAPTER II: REVIEW OF LITERATURE

Given how important small businesses are to the U.S. economy, many studies have focused on what causes them to fail. The principal cause of small business failure has been identified as a lack of strategic planning. Other key factors contributing to small business failures are excessive optimism, lack of balanced growth, and failure to monitor results (Ibrahim & Goodwin, 1985; Mayer & Goldstein, 1961; Mintzberg, 1979; Crawford & Lefebvre, 1984; Crawford & Ibrahim, 1985).

The literature suggests that small businesses owners tend to not engage in systematic strategic planning (Perry, 2001), even though they often consider it (Sexton & Van Auken, 1982). Furthermore, any planning that small businesses do undertake tends to be reactive, unstructured, incremental, and sporadic (Still, 1974; Cooper, 1977; Crawford & Ibrahim, 1985). Small business owners tend to focus on immediate rather than long-term objectives, planning for the future in an ad hoc manner, and fail to make provisions for measuring performance (Wang et al., 2007). The approach of small businesses to strategic planning is therefore counterintuitive: although the literature highlights the benefits of strategic planning, most small businesses do not plan for reasons that are not fully understood (Wang et al., 2007).

U.S. Small Businesses

Small businesses play a vital role in the U.S. economy. Collectively, they are the largest employer, the largest importer, and the largest exporter in the country (Office of the United States Trade Representative, 2009). Small businesses, which are defined as those employing fewer than 500 individuals, comprise 99.9% of firms in the U.S. Furthermore, businesses employing fewer than 20 individuals comprise 89.7% of U.S. small businesses. In 2008, small

businesses generated 46% of the private non-farm Gross Domestic Product (GDP) (Small Business Council, 2014).

Small businesses foster the growth of local economies by providing opportunities for employment to people who otherwise may not be employable by larger organizations (Brown, 2011). During the 18-year period from 1992 to 2010, small business outpaced larger firms in job creation 75% of the time (Graves, 2013). In general, small businesses generate 60-80% of all new employment in the U.S. Small businesses also generate 16.5 times more patents per employee when compared to larger firms (Graves, 2013)

Small businesses traditionally dominate industries such as construction and retail, as well as form a crucial link in the supply chain for large-scale and capital-intensive manufacturing industries such as defense, mining, automotive, and marine (Abdullah & bin Baker, 2000; Robinson & Pearce, 1984; Wang et al., 2007; Wang, Rowe, & Cripps, 2006). Furthermore, small businesses provide a competitive balance to industries that would otherwise be dominated solely by larger firms (Wang et al., 2007).

However, despite the critical importance of small businesses in the U.S., only approximately half survive past five years and roughly a third last for 10 years (SBA Frequently Asked Questions, 2012).

Louisiana Small Businesses

Small businesses play a vital role in the Louisiana economy as well. In aggregate, they account for 97.3% of employers in Louisiana and employ more than half, 54.5%, of the state's private sector workforce. Businesses with 500 or more employees comprise the remaining 45.5% (U.S. Small Business Administration, 2014). Federal, state, and local governments, as well as the U.S. Postal Service, employ 321,569 public sector workers, or 6.95% of Louisiana's population

(Molla, 2014). As noted in Table 1, the Small Business Administration (2014) reported that 414,779 small businesses existed in the state of Louisiana in 2011. Of those businesses, only 78,451 had employees; 68,030 employed less than 20 individuals. The majority of the small businesses, 336,328 or 80.7%, did not have employees. Overall, Louisiana small businesses employ 875,974 individuals (U.S. Small Business Administration, 2014). (See Table 1)

Table 1 The Number of Louisiana Small Firms by Industry, 2011 (Ranked by Number Of Small Employer Firms) Source: (U.S. Small Business Administration, 2014)

Number of Louisiana Small Firms by Industry, 2011 (ranked by number of small employer firms)			
Industry	Employer Firms with 1-499 Employees	Employer Firms with 1-19 Employees	Nonemployer Firms
Professional, scientific, and tech svcs.	10,621	9,853	35,489
Retail trade	10,398	9,302	23,229
Health care & social assistance	9,646	8,060	30,124
Other services (except public admin.)	8,719	8,005	64,016
Construction	7,867	6,984	38,305
Accommodatin & food services	6,469	4,878	7,513
Wholesale trade	3,845	3,012	4,206
Admin., supp., waste mgt., remed.Svcs.	3,754	3,186	36,768
Finance & insurance	3,689	3,334	9,127
Real estate & renal & leasing	3,371	3,103	29,506
Transportation & warehousing	2,733	2,310	15,178
Manufacturing	2,706	2,027	4,251
Arts, entertainment, & recreation	1,272	1,080	13,143
Mining	1,196	935	6,277
Educational services	955	649	6,248
Forestry, etc. & agriculture support	566	525	9,654
Information	558	440	3,041
Management of comp. & enterprises	301	65	-
Utilities	203	182	253
Unclassified	177	177	-
Total	78,451	68,030	336,328

As noted in Table 2, the top four industries most populated by small businesses in Louisiana are health care, social assistance, accommodation and food service, and retail trade. In 2012, 84.5% of the 4000 companies exporting goods were small firms. Louisiana export revenues totaled more than \$65 billion in 2014 (World Trade Center, New Orleans, 2015). The small firms generated 34.8%, or \$22.6 billion, of Louisiana's total export value (U.S. Small Business Administration, 2014).

Table 2 Employment in Louisiana Small Firms by Industry and Firm Size, 2011 (Ranked by Number of Small Employer Firms) Source: (U.S. Small Business Administration, 2014)

Employment in Louisiana by Industry and Firm Size, 2011 (ranked by small firm employment)			
Industry	Employment Small Firms	Total Firms	Small Firm Share of Industry Employment (%)
Health care & social assistance	156,785	282,985	55
Accommodation & food services	106,250	182,523	58
Retail trade	93,286	226,638	41
Construction	78,986	127,941	62
Professional, scientific, & tech. svcs.	66,888	88,171	76
Other services (except public admin.)	64,979	72,394	90
Manufacturing	50,963	125,820	41
Wholesale trade	46,893	75,009	63
Admin., sup., waste mgt., remed. svcs.	46,211	100,856	46
Finance & insurance	34,913	66,255	53
Transportation & warehousing	30,771	65,367	47
Educational services	24,014	36,322	66
Real estate & rental & leasing			
Mining	19,469	53,185	37
Arts, entertainment, & recreation	14,513	23,477	62
Information	7,340	23,722	31
Management of comp. & enterprises	6,173	20,468	30
Forestry, etc. & agriculture support	3,764	3,951	95
Utilities	2,454	-	-
Unclassified	-	-	-
Total	875,974	1,617,229	54

Similar to the national percentages, only 47.6% of Louisiana small businesses survive beyond five years and roughly 37.4% remain in business more than 10 years (U.S. Small Business Administration, 2014). Although small businesses are important to the Louisiana economy, research on strategic planning in small businesses is largely absent from the literature. Instead, research on strategic planning has focused primarily on larger organizations (Mazzarol, 2004).

Strategic Planning and Its Benefits

Given the risk of failure, small businesses are concerned with establishing a competitive advantage that will ensure long-term survival (Galán, Monje, & Zúñiga-Vicente, 2009). Wankel (2007) defined strategy as "an approach to reach corporate goals in order to be successful on a long-term basis," and as "an attempt to prepare for all eventualities by abstraction and thus to account for the complexity and the dynamics of the environment" (p. 74). Although businesses cannot predict the future, they can prepare for it and align accordingly (Kraus, Reiche, & Reschke, 2011). Strategic planning involves deducing how present developments will look in the future, providing guiding principles and procedures for achieving specified goals. In other words, strategic planning is an essential tool for strategic management, allowing businesses to stipulate basic conditions for their future activities (Kraus et al., 2011).

Given its concern with competitive advantage, strategic planning focuses on establishing long-term goals, developing plans to reach those goals, and distributing the resources needed to achieve those goals (Stonehouse & Pemberton, 2002; O'Regan & Ghobadian, 2004; Wang et al., 2007). As described by Kenichi Ohmae, "the purpose of strategic planning is to enable a business to gain as efficiently as possible, a sustainable edge over its competitors" (as cited in O'Regan & Ghobadian, 2004, p. 664; Wang et al., 2007). Businesses grow by acquiring new customers and thus market share. Strategic planning spawns innovation by constantly seeking to develop new

services and products to bring to the market (Hill, 2011). A strategic business plan pairs the objectives of a company with the needs of the marketplace. It not only defines company goals, but also applies those goals to take advantage of available business opportunities by carefully analyzing a particular company's strengths and weaknesses in meeting industry needs (Scott, 2011). Specifically, strategic planning helps a company identify a market need or customer problem and create a product or service that efficiently and cost-effectively addresses the need or solves the problem.

Planning also helps a company gain a clearer picture of the competition, allowing it to develop strategies that take advantage of a competitor's weaknesses (Hill, 2011) and create solutions that are significantly more beneficial to the customer than those provided by the competition. Strategic planning compels a business to concentrate on specific areas in the market, allowing for more effective business operations, and enables the business to learn as much as it can about customer needs and potential opportunities in the market (Scott, 2011). Correspondingly, a strategic plan includes extensive market research, exploration of industry trends, and competitor analysis. A strategic plan shares many of the same components as a business plan, such as an executive summary, marketing analysis, and financial statements, but is more specific with respect to how the company will achieve its goals. For example, a strategic business plan will attempt to identify a target market, reduce it to a manageable size, and establish a strategy for acquiring that market (Scott, 2011).

Strategic planning is, fundamentally, brainstorming at its best. Since strategic planning relies on creativity, its development involves intuition as much as management science. The more small business owners understand their companies and industries, the better their strategic plans will be (Pirraglia, 2011). As expressed by Drucker (1974), "it is necessary in strategic

planning to start separately with, 'What is our business?,' 'What will it be?,' and 'What should it be?'" (p. 122). Strategic planning demarcates where a company is heading (Pirraglia, 2011). The strategic plan provides a road map for a business in which the management team fashions a long-term vision for a larger, more profitable organization. In order to encourage company growth, strategic planning involves envisioning potential activities that must be undertaken and potential expenses that will have to be made (Hill, 2011). By using strategic planning, small business owners not only become better positioned in the market, but also become experts in their respective industries. The strategic plan also serves as an organizational tool, keeping the company on track to meet its growth and financial objectives (Scott, 2011). Through an appraisal of past growth and adjustments for further growth, strategic planning is critical for owners to understand the trajectory of their companies (Scott, 2011).

In general, strategic planning is more common in small businesses that exhibit better performance. Specifically, small businesses that engage in strategic planning are more likely to achieve higher sales growth, returns on assets, margins on profit, and employee growth (Wang et al., 2007). They tend to be more innovative, have more newly patented products, use new process and management technologies, and achieve international growth (Wang et al., 2007). Most significantly, small businesses that engage in strategic planning are less likely to fail (Wang et al., 2007). Empirical studies have linked strategic planning to success (Kraus et al., 2011), the implication being that strategic planning is essential for the success of a small business (Pirraglia, 2011).

Perry (2001) found that in 152 *failed firms* and 152 *non-failed firms*, very little strategic planning took place. However, some planning was performed in the non-failed businesses, which suggests that the *degree* of planning may be related to whether the business fails. One limitation

of his (2001) study was that the independent variable—planning—and the phenomenon were only weakly correlated.

Gibson, Cassar, and Wingham (2001) found that, of 2,956 firms for which data were available, only 16.3% were described as *regular planners*, while 43.5% were *non-planners*. The remaining 40.2% described themselves as *irregular planners*. Gibson et al. (2001) determined that planners reported higher performance than non-planners, which indicated that planning and performance are related.

In a study by Trow (1961), out of 51 companies in which planning occurred, 12 of 19 small firms (defined as up to 1000 employees) generated steady profits. The remaining companies did not report on profitability. These findings suggest that firms that planned were more profitable than those that did not.

Kraus et al. (2006) conducted a study of 290 firms with less than 50 employees. The researchers used employee growth to measure firm performance. They found that a greater degree of formalization, as indicated by the existence of a written strategic plan, was related to a higher degree of performance.

The History and Components of a Strategic Plan

Modern strategic planning has taken a page from World War II, in which the U.S., its allies, and its enemies developed strategies on the battlefield. Military commanders used these strategies to help determine the strengths and weaknesses of each force. Using these processes, they were able to observe the battlefield or environment and establish implementation plans and command and control mechanisms (Nerone, 1997). The process of strategic planning was successful because it allowed military strategists to follow proven approaches that literally had been battle tested over centuries of documented warfare (Nerone, 1997). These strategies and the

eventual success of the allied forces were adopted by the private sector as military commanders returned from Europe and entered the civilian workforce.

Early management theorists, including H. Igor Ansoff, Philip Selznick, George Steiner, Peter Drucker, C.H. Hofer, D.E. Schendel, and Henry Mintzberg, are considered pioneers in the field of strategic thinking (Nerone, 1997). Other notable theorist is Harvard Business School professor Alfred Chandler, who “insisted that structure must follow strategy” (The Economist, 2007, para. 3), and Albert Humphrey, who created the SWOT Analysis, while working at the Stanford Research Institute during the 1960’s (Stanford Research Institute Alumni Newsletter, 2005). A later theorist, Harvard Business School Professor Michael Porter, is considered to be the founder of the modern field of strategy and regarded as the most influential thinker on competitiveness and management (Harvard Business School, 2014).

H. Igor Ansoff devised one of the earliest strategic planning models, the Ansoff Matrix. The Ansoff Matrix focused on options for business growth. Ansoff identified four types of product-market strategies: market penetration, market development, product development strategy, and diversification (Ansoff, 1957). According to Ansoff, a product-market strategy is a “joint statement of a product line and the corresponding set of missions which the products are designed to fulfill” (Ansoff, 1957, p. 114). The first of these, market penetration, he defined as an “effort to increase company sales without departing from an original product-market strategy. The company seeks to improve business performance either by increasing the volume of sales to its present customers or by finding new customers for present products” (Ansoff, 1957, p. 114).

In contrast, market development is “[a] strategy in which the company attempts to adapt its present product line (generally with some modification in the product characteristics) to new missions” (Ansoff, 1957, p. 114). A product development strategy “develops products that have

new and different characteristics such as will improve the performance of the mission” (Ansoff, 1957, p. 114). And diversification is “the final alternative. It calls for a simultaneous departure from the present product line and the present market structure” (Ansoff, 1957, p. 114).

Markets Product Line	μ_0	μ_1	μ_2	μ_3	μ_4	$\mu_{..}$
π_0	MARKET Penetration	Market Development				
π_1	PRODUCT DEVELOPMENT					
π_2		DIVERSIFICATION				
π_3						
$\pi_{..}$						

Figure 1 Product-Market Strategies for Business Growth Alternatives

π Represents the product line and μ represents the corresponding set of missions. The pair of π and μ is a product-market strategy (Ansoff, 1957, p. 114).

In 1979, *The Harvard Business Review* published Michael E. Porter’s “How Competitive Forces Shape Strategy” (Harvard Business Review, 2008). In his article, Porter suggested that there are five forces that shape an organization's strategy: the threats of new entrants, the bargaining power of suppliers, the bargaining power of customers, and the threat of substitute products and services. Porter argued that these four forces interact with the fifth force: competitors jockeying for position within an industry (Harvard Business Review, 2008).

Porter theorized that the threats to new entrants consisted of six barriers: economies of scale, product differentiation, capital requirements, cost disadvantages independent of size, access to distribution channels, and government policy (Porter, 1979). Economies of scale force market entrants to either enter the market on a large scale or consent to a cost handicap. Economies of scale can act as barriers to distribution, financing, and utilization of the organization’s sales force (Porter, 1979). The second barrier, product differentiation, forces

market entrants to spend large amounts of money on customer service and advertising in order to demonstrate product differentiation and generate a brand identity (Porter, 1979). Capital requirements force market entrants to spend large sums of non-recoverable funds on facilities, customer credit, inventory, and research and development, in addition to advertisements. Due to these constraints, capital requirements limit the pool of potential entrants (Porter, 1979). Cost disadvantages force market entrants to realize that rivals who are already entrenched in the market possess the inherent advantage of time. Market entrants must deal with learning and experience curves, proprietary technologies, access to pre-inflation cost of materials, and favorable locations (Porter, 1979). The fifth barrier, access to distribution channels, forces market entrants to acquire channels for distributing products and services. Thus, selling efforts must attempt to displace other rivals. If wholesale channels are limited and barriers are high, a market entrant must create its own distribution channels (Porter, 1979). Finally, government policy can limit market entrants to industries by mandating licensing requirements, regulatory requirements, environmental standards, or access to raw materials (Porter, 1979). Porter states,

A company's choice of suppliers to buy from or buyer groups to sell to should be viewed as a crucial strategic decision. A company can improve its strategic posture by finding suppliers or buyers who possess the least power to influence it adversely. (Porter, 1979, p. 141)

Porter theorized that suppliers can exercise bargaining forces on market participants by either reducing or increasing the quality or prices of goods and services. Thus, suppliers can extract profits from a market and its participants (1979). For example, Porter argues that a group of suppliers is powerful if it is more concentrated in comparison with the industry that it is selling to (Porter, 1979). Additionally, suppliers are powerful if their products are highly differentiated and unique, or if switching costs have developed. Switching costs can occur when a buyer's product is highly specified and production lines are coupled with the supplier's

manufacturing facilities. Switching costs then become fixed even when a buyer changes suppliers (Porter, 1979). Furthermore, if a supplier does not have to compete with other products, the supplier essentially has no reason to reduce prices or increase the quality of its product (Porter, 1979). Moreover, if the supplier possesses the ability to integrate further into the market, the buyer's ability to improve purchasing terms is highly limited (Porter, 1979). Lastly, if the buyer is simply not significant to the supplier, the supplier and buyers' interests are not aligned, and thus the supplier has no real incentive to work with the buyer (Porter, 1979).

Porter theorized that buyers can exercise bargaining forces on market participants if they purchase in large quantities. This approach would require that capacity remain high consistently, which would be particularly difficult if fixed costs within the market were high (Porter, 1979). Additionally, buyers can exercise their will if products are standard or not particularly differentiated. In this case, buyers are not incentivized to purchase from any one specific company but instead could pit companies against one another in an attempt to lower market prices (Porter, 1979). Furthermore, if a particular component for a product represents a large part of overall costs, buyers are incentivized to shop for more favorable pricing (Porter, 1979). And if a buyer earns low profits, then the buyer would be incentivized to lower its purchasing costs. Should a buyer earn higher profits, it is generally less sensitive to prices, assuming that the price does not signify a large percentage of overall costs (Porter, 1979). Additionally, if the quality of the product is of significant importance to the buyer, the buyer is typically less price sensitive (Porter, 1979). In his article, Porter uses an example from the oil field industry, where equipment failure can lead to huge losses (1979). Furthermore, when the industry's product can pay for itself over time, such as accounting or legal services where errors can be costly, the buyer is less likely to be price sensitive (1979). Lastly, buyers can opt to produce their own materials, thus

removing the need for purchasing from a third party manufacturer. This threat provides leverage to the buyer (Porter, 1979).

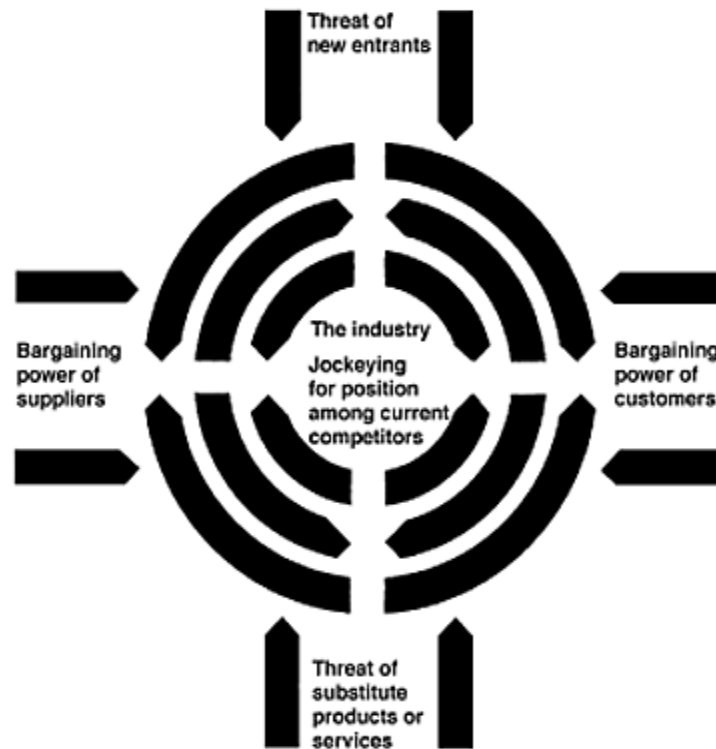


Figure 2 Porter's Original 1979 Five Force Model, Source: (Porter, 1979).

Albert S. Humphrey created what was eventually dubbed the SWOT Analysis while working at the Stanford Research Institute during the 1960's. His research was funded by various Fortune 500 companies who wished to identify deficiencies in corporate planning and create a system to manage change. (Stanford Research Institute Newsletter, 2005).

Though Humphrey's key findings were never published, as they were deemed too controversial, he wrote them in the December 2005 Newsletter of the Stanford Research Institutes Alumni Newsletter. They are as follows:

- 1) A business can be divided into two parts: The base business plus the development business. The development business turns over every 5 to 7 years,
- 2) All people measure what they get from their work and divide it by what they give to the work and this reward/effort ratio is compared to others. If it is perceived as too low, the person slows down,
- 3) The introduction of a corporate planner upsets the sense of fair play at senior level, making the job of the corporate planner impossible,
- 4) The gap between what could

be done by the organization and what was actually done was about 35%, 5) The senior man will over-supervise the area he comes from, 6) There are 3 factors that separate excellence from mediocrity: a) Overt attention to purchasing, b) Written departmental plans for short-term improvement, c) Continued education of the Senior Executive, and 7) Formal documentation is required for approval of development work. In short, we could not solve the problem by stopping planning (Stanford Research Institute Alumni Newsletter, 2005, p. 7).

Humphrey was interested in presenting a practical way of integrating both internal and external information, and creating long-and-short-term priorities. From these planning categories, a 17 step planning process was developed beginning with the SWOT analysis (Osita, Idoko , & Justina, 2014).

SWOT is an acronym which refers to the strengths, weaknesses, opportunities, and threats which an organization faces. The SWOT analysis attempts to identify external and internal strengths, weaknesses, opportunities and threats (Osita, Idoko , & Justina, 2014).

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity strategies Which of the company's strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company's strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weakness-Opportunity strategies What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?	Weakness-Threats strategies How can you minimize the company's weaknesses to avoid the threats you identified?

Figure 3 SWOT Analysis Model, Source: (Berry, 2014)

Explanations for the Absence of Strategic Planning in Small Business

Research on the lack of strategic planning done by small businesses has focused on identifying the barriers that discourage or prevent planning. For example, Robinson and Pearce have suggested that a lack of time, lack of specialized expertise, inadequate knowledge of the planning processes, or reluctance to share strategic plans with employees and external

consultants were obstacles to strategic planning (1984). In an exploratory interview and subsequent pilot studies, O'Regan and Ghobadian found eight main barriers to strategic planning: communication was inadequate, implementation took longer than anticipated, shortfall in employee capabilities, overall goals of strategy not well enough understood by staff, co-ordination of implementation not effective enough, crises distracted attention from implementation, unanticipated external problems arose, and external factors impacted on implementation (2002).

Some small business owners have achieved an ideal balance between their business and personal lives and have little interest in moving their businesses to the next level (Hathaway, 2014). Other small businesses perform in clearly defined markets in which operations are straightforward and consistent. For these businesses, such as a neighborhood store that maintains a steady business or a manufacturer that relies on a well-tested formula for success, strategic planning may be viewed as an overly elaborate process (Hathaway, 2014). Some departments or individuals within a small business may view strategic planning with suspicion, fearing that the shared cooperation essential to planning may cause them to lose power or become vulnerable (Hathaway, 2014). Businesses that operate in highly competitive markets or use highly complex supply chains may recognize that they need to plan but do not know where to begin. Management may lack experience in strategic planning or may be focused on projects that generate revenues to the exclusion of planning (Hathaway, 2014). In this latter, and common, situation, a crisis typically compels a decision to start strategic planning (Hathaway, 2014).

Other researchers have proposed that uncertainty in the business environment, the number of employees, the specific industry, barriers to internal implementation, or the business life-cycle/stage of development (Berry, Orlov, & Eremin, 1998; Wang et al., 2007) may account

for what Sexton and Van called an "anemic" level of strategic planning in small businesses (1985). Baird, Lyles, and Orrie, with an N of 188 employees, found that small businesses that planned formally had an average of 101 employees, while those that did not had an average of 47 employees (1994). Baird, Lyles, and Orrie's research suggests that the size of the small business predicated whether the firm participated in strategic planning or not (1994). Another barrier may be due to the inability of a small business to acquire the necessary resources for planning, thus preventing effective implementation (Kraus et al., 2011). Smaller companies typically have less access to financial capital and selling markets and generally their administrations are inadequately developed. Due to these factors, the mechanism for planning is frequently absent. Thus small businesses, up to a certain critical size, do not engage in planning (Kraus et al., 2011).

Summary

Although strategic planning has been studied since the 1950's, research has primarily focused on larger organizations (Mazzarol, 2004). Research on small business strategic planning is still in its infancy (Kraus, Reiche, & Reschke, 2007). Furthermore, even though the literature suggests that strategic planning and performance have a positive relationship (Kraus, Harms, & Schwarz, 2006), most small businesses do not plan, and researchers still do not fully understand why (Wang et al., 2007). Therefore, the primary purpose of this study is to determine the factors that influence small business owners' perceptions of obstacles to strategic planning in Louisiana small businesses.

CHAPTER III: METHODOLOGY

Perceived Obstacles to Strategic Planning in Small Businesses

The primary purpose of this study was to determine the factors that influence small business owners' perceptions of obstacles to strategic planning in Louisiana small businesses. The researcher developed an instrument that examines perceptions of obstacles to strategic planning, which was administered to small business owners throughout the State of Louisiana. Although the existing literature maintains that strategic planning and performance are positively related (Kraus, Harms, & Schwarz, 2006), most small firms do not plan (Wang et al., 2007). Given their economic significance, understanding the obstacles to strategic planning is of vital importance to Louisiana small business owners.

Research Objectives

The following specific objectives were formulated to guide this research study:

1. To describe small businesses in Louisiana on the following characteristics:
 - a) Years the organization has been in business;
 - b) Industry in which the small business is positioned;
 - c) Current number of full time and part time employees on the organization's payroll;
 - d) Structure of the organization i.e. Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - e) Possession of a written long-term plan.
2. To describe small businesses in Louisiana on the perceived degree to which the organization conducts strategic planning.

3. To describe small businesses in Louisiana perception regarding the following perceived obstacles to strategic planning:
 - d) The perceived quality of the organization's employees;
 - e) The perceived degree to which the organization's leadership has knowledge of the planning process;
 - f) The perceived available time the organization has to strategically plan.
4. To determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the following variables:
 - g) Industry in which the small business is positioned in;
 - h) Structure of the organization i.e. Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - i) Years the organization has been in business;
 - j) Current number of full time and part time employees on the organization's payroll;
 - k) The perceived degree to which the organization conducts strategic planning.
5. To determine if a model exists explaining a significant portion of the variance in Louisiana small business owners' perceived degree to which the small business conducts strategic planning using the following characteristics:
 - j) Years the organization has been in business;
 - k) Industry in which the small business is positioned;
 - l) Current number of full time and part time employees on the organization's payroll;

- m) Structure of the organization i.e. Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
- n) The perceived degree to which the organization conducts strategic planning;
- o) The perceived quality of the organization's employees;
- p) The perceived degree to which the organization's leadership has knowledge of the planning process;
- q) The perceived available time the organization has to strategically plan.

Validity

The validity of the criterion was not tested, as no existing instruments pertaining to perceived obstacles to strategic planning were found. The researcher contacted Calvin Wang, PhD, Beth Walker, PhD, and Janice Redmond PhD, who authored the theoretical paper "Explaining the Lack of Strategic Planning in SMEs: The Importance of Owner Motivation" in 2007. Their paper maintained that, "*The majority of [small businesses] do not plan and the reasons why are not well understood*" (Wang, Walker, & Redmond, 2007, p. 1), a statement integral to the rationale for the paper. Via email, the authors confirmed that to their knowledge no survey instruments exist that measure the obstacles to strategic planning in small businesses. Instead, Wang, Walker, and Redmond conducted one-on-one interviews with micro and solo groups for their study.

To investigate content validity, the researcher employed a panel of six experts whose academic areas of study included research and theory, and industry consultants whose experience included strategic planning consultation. The panel reviewed The Perceived Obstacles to

Research Design

This study used a survey research design. By definition, a survey gathers information about the characteristics, actions, or opinions of a large group of people, referred to as a population (Tanur, 1982). Specifically, a survey consists of predetermined questions that are administered to a sample of a defined population. The goal is that the sample represents the larger population, thus enabling the researcher to extrapolate the attitudes, thoughts, and opinions of the larger population from the sample (Shaughnessy, Zechmeister, & Jeanne, 2011).

This study is correlational and descriptive. In correlational research, the co-variation of two or more variables is studied (Webster, 2000). In descriptive research, the opinions and attitudes held by a particular population are defined. Descriptive research examines the distribution of a phenomenon in a sample, allowing the researcher to describe a distribution or compare distributions. Thus, the researcher intends to ascertain facts rather than test theory (Pinsonneault & Kraemer, 1993).

For this study, a survey was used to determine the opinions and thoughts of Louisiana small business owners. The goal is to advance knowledge concerning the perception of obstacles to strategic planning.

Instrument Development

Since an existing theoretical framework for studying perceived obstacles to small business strategic planning could not be located, the researcher constructed The Perceived Obstacles to Strategic Planning Inventory using a conceptual framework. This instrument was designed to measure small business owners' perceived obstacles to strategic planning. A content analysis was conducted on theoretical and empirical studies by Robinson and Pearce (1984); Wang, Walker, Redmond (2007); Anderson (1970); Hathaway (2014); Hastings (1961); Berry,

Orlov, and Eremin (1998); Perry (2001); Kraus et al. (2011); Baird, Lyles, and Orrie (1994); and O'Regan and Ghobadian (2002) to determine what obstacles prevented small businesses from engaging in strategic planning. The obstacles to planning and corresponding authors are listed in Table 3.

Table 3 Content Analysis of the Obstacles to Planning

Content Analysis	
(Robinson and Pearce, 1984; Wang, Walker, Redmond, 2008; Anderson, 1970; Hathaway 2014; Hastings, 1961)	Lack of time
(Robinson and Pearce, 1984; Wang, Walker, Redmond, 2007; Anderson, 1970; Hathaway, 2014)	Lack of specialized expertise, experience, education, and training
(Robinson and Pearce, 1984, Wang, Walker, Redmond, 2007)	Inadequate knowledge of the planning process
(Robinson and Pearce, 1984; Wang, Walker, Redmond, 2007)	Reluctance to share strategic plans with employees and external consultants
(Wang, Walker, Redmond 2007; Berry, Orlov, & Eremin, 1998; Perry, 2001; Kraus et al, 2011; Baird, Lyles, & Orrie's, 1994)	Size of Business, number of employees
(Wang, Walker, Redmond 2007; Berry, Orlov, & Eremin, 1998)	Type of Industry
(Wang, Walker, Redmond, 2007; Berry, Orlov, & Eremin, 1998)	Business Life0cycle/Stage of Development
(Hathaway 2014; Hastings, 1961)	Unsure where to start
(Wang, Walker, Redmond, 2007; Berry, Orlov, & Eremin, 1998)	Internal Implementation Barriers
(Wang, Walker, Redmond, 2007; Berry, Orlov, & Eremin, 1998)	Environmental Uncertainty/Turbulence
(Anderson, 1970)	Owner/managers were more service oriented than profit-oriented- spending 80% of their time with customers
(O'Regan and Ghobadian, 2002)	Shortfall in employee capabilities
(Kraus et al, 2011)	Small business to acquire the necessary resources for planning
(Wang, Walker, Redmond, 2007)	Personal Fulfilment Owner's Manager's motivation
(Perry, 2001)	Lack of a formal written business plan

Data were collected from small business leaders who held one of the following titles: CEO, Chief Executive Office, President, VP, Vice President, Owner, or Co-Owner. The researcher selected time, quality of employee, and knowledge of the planning process from the obstacles identified in the content analysis as factors to include in the survey instrument. These specific factors were determined by the researcher to reasonably fall within the small businesses' sphere of control and thus be of use to small business leadership. The factors lack of specialized expertise, experience, education and training, business life-cycle/stage of development, environmental uncertainty, type of industry, and necessary resources potentially fell outside of the sphere of control of the small business. Due to the potential overlap, the following two factors were excluded from the study: (1) unsure of where to start and (2) knowledge of the planning process. Due to the potential overlap, the following two factors also were excluded from the study: (1) owner/manager were more service oriented than profit-oriented with lack of time and (2) owner/manager were more service oriented than profit-oriented. Finally, the following two factors were determined to be potentially indecipherable should the respondent be a non-owner or non-co-owner of the small business: (1) personal fulfillment of the owner's motivation and (2) owner's reluctance to share strategic plans with employees and external consultants.

Use of a Six-Point Likert-Type Scale

The researcher used a six-point Likert-type scale for responses in the instrument. The literature suggests that the use of a 5-7 point scale is optimal (Lyberg et al, 1997). While guidance on using midpoints is less clear, some researchers suggest that including midpoints may lessen the quality of measurement (Lyberg et al, 1997). Therefore, midpoints were excluded in favor of a force choice six-point scale.

The Perceived Degree to which the Organization Conducts Strategic Planning Score

The researcher derived criteria for the perceived degree to which the organization conducts strategic planning from a content analysis of the literature (see Table 4). The criteria are represented by the following items on the researcher-designed survey instrument:

- Item 1 - Our organization's leadership understands how present developments will look in the future;
- Item 2 - Our organization develops new products or services;
- Item 3 - Our organization identifies market needs;
- Item 4 - Our organization's leadership identifies customer problems;
- Item 5 - Our organization's leadership takes advantage of competitors' weaknesses;
- Item 6 - Our organization provides solutions to the customer that competitors cannot;
- Item 7 - Our organization's leadership has an approach to reach long-term goals;
- Item 8 - Our organization's leadership prepares for multiple future scenarios;
- Item 9 - Our organization's leadership understands its strengths;
- Item 10 - Our organization's leadership understands its weaknesses;
- Item 11 - Our organization's leadership understands its opportunities;
- Item 12- Our organization's leadership understands its threats;
- Item 13- Our organization's leadership explores industry trends;
- Item 14- Our organization has a plan to acquire new customers;
- Item 15- Our organization's leadership has a plan to meet financial objectives.

Table 4 Content Analysis of the Definition of Strategic Planning

Content Analysis	
Scholar	Definition of Strategic Planning
(Wankel, 2007)	Approach to reach long-term goals
(Wankel, 2007)	Preparation for all eventualities
(Kraus et al, 2011)	Attempt to understand how present developments will look in the future
(Stonehouse & Pemberton, 2002; O'Regan & Ghobadian, 2004; Wang et al, 2007)	Establishment of guiding principles to achieve long-term goals
(O'Regan & Ghobadian, 2004, p. 664; Wang et al 2007)	Seeks to develop new products to bring to the market
(Hill, 2011)	Seeks to develop new products to bring to the market
(Scott, 2011)	Analyze particular weaknesses
(Scott, 2011)	Analyze particular weaknesses
(Hill, 2011)	Identify a market need
(Hill, 2011)	Identify a customer problem
(Hill 2011)	Strategy that takes advantage of a competitor's weaknesses
(Scott, 2011)	Solution that is more beneficial to the customer than those provided by the competition
(Scott, 2011)	Exploration of industry trends
(Scott, 2011)	Competitor analyses
(Scott, 2011)	Strategy for acquiring customers
(Hill, 2011)	Road map for a larger, more profitable organization.
(Scott, 2011)	Organizational tool to meet growth and financial objectives

Each item was measured using a 6-point Likert-type scale offering the following possible responses: 1 Strongly Disagree, 2 Disagree, 3 Slightly Disagree, 4 Slightly Agree, 5 Agree, and 6 Strongly Agree. The strategic planning score ranges from 15-90 points. The higher the point value, the greater the propensity an organization has to strategically plan. Below is an illustrated scale.

15	33.75	52.5	71.25	90
non-strategic planners				strategic planners

The researcher employed the Qualtrics Research Suite to build, administer, and report on the collected data. Each item in the survey is coded to reflect the appropriate score as outlined above. Upon reviewing scores from the fifteen identified items, the researcher determined to what degree the small business owners / managers perceived that they conducted strategic planning.

The Perceived Quality of the Organization's Employees Score

The researcher derived criteria for the perceived quality of the organization's employees using a data-driven approach. This approach relied on a panel of academic experts whose area of expertise included research and theory and industry experts whose area of expertise included strategic planning consulting. The researcher met with the panel in a group discussion to identify the criteria. The criteria are represented by the following items on the researcher-designed survey instrument:

- Item 16 - Our employees show up on time;
- Item 17 - Our employees are rarely absent from work;
- Item 18 - Our employees are willing to learn;
- Item 19 - Our employees are willing to learn from errors;
- Item 20 - Our employees are skilled in their craft;
- Item 21 - Our employees possess knowledge of the industry;
- Item 22 - Our employees work well in teams;
- Item 23 - Our employees follow instructions;
- Item 24 - Our employees contribute solutions;
- Item 25 - Our employees achieve maximum productivity with minimum wasted effort or expense;

- Item 26 - Our employees are focused on customer service;
- Item 27 - Our employees are focused on customer solutions.

Each item was measured using a 6-point Likert-type scale offering the following possible responses: 1 Strongly Disagree, 2 Disagree, 3 Slightly Disagree, 4 Slightly Agree, 5 Agree, and 6 Strongly Agree. The strategic planning score ranges from 12-72 points. The higher the point value, the higher the perceived quality of the organization's employees. Below is an illustrated scale.

12	27	42	57	72
low quality				high quality
employees				employees

The researcher employed the Qualtrics Research Suite to build, administer, and report on the collected data. Each item in the survey is coded to reflect the appropriate score as outlined above. Upon reviewing scores from the 12 identified items, the researcher determined to what degree the small business conducted strategic planning.

The Perceived Degree to which the Organization's Leadership Has Knowledge of the Planning Process Score

The researcher derived criteria for the perceived degree to which the organization's leadership has knowledge of the planning process through a review of the literature. The criteria are represented by the following items on the researcher-designed survey instrument:

- Item 28 - I know what a GAP analysis is;
- Item 29 - I know what a Needs Analysis is;
- Item 30 - I know what a SWOT Analysis is;
- Item 31 - I know what a vision and mission statement is;
- Item 32 - I know how to write a strategic plan;

- Item 33 - I know what a succession plan is;
- Item 34 - I know how to measure performance.

Each item was measured using a 6-point Likert-type scale offering the following possible responses: 1 Strongly Disagree, 2 Disagree, 3 Slightly Disagree, 4 Slightly Agree, 5 Agree, and 6 Strongly Agree. The strategic planning score ranges from 7-42 points. The higher the point value, the greater the perceived degree to which the organization's leadership has knowledge of the planning process. Below is an illustrated scale.

7	15.75	24.5	33.25	42
Low knowledge of the planning process			High knowledge of the planning process	

The researcher employed the Qualtrics Research Suite to build, administer, and report on collected data. Each item in the survey is coded to reflect the appropriate score as outlined above. Upon reviewing scores from the seven identified items, the researcher determined to what degree the organization's leadership has knowledge of the planning process.

The Perceived Available Time the Organization Has to Strategically Plan Score

The researcher derived criteria for the perceived available time the organization has to strategically plan through a data-driven approach. This approach relied on a panel of academic experts whose area of expertise included research and theory and industry experts whose area of expertise include strategic planning consulting. The researcher met with the panel in a group discussion to define the criteria. The criteria are represented by the following items on the researcher-designed survey instrument:

- Item 35 - Our organization's leadership allocates time every month for long-term planning;
- Item 36 - Our organization has time to allocate for long-term planning;

- Item 37 - Our organization utilizes time set aside to plan long-term;
- Item 38 - Our organization is focused on day-to-day operations more than on long-term planning;
- Item 39 - Our organization is focused on customer needs more than on long-term planning;
- Item 40 - Our organization is focused on revenues more than on long-term planning;
- Item 41 - Our organization is focused on regulatory concerns more than on long term planning;
- Item 42 - Our organization is focused on logistical concerns more than on long term planning.

Each item was measured using a 6-point Likert-type scale offering the following possible responses: 1 Strongly Disagree, 2 Disagree, 3 Slightly Disagree, 4 Slightly Agree, 5 Agree, and 6 Strongly Agree. The perceived available time the organization has to strategically plan score ranges from 8-48 points. The higher the point value, the greater the perceived available time an organization has to strategically plan. Below is an illustrated scale.

8	18	28	38	48
No available time to plan				Available time to plan

The researcher employed the Qualtrics Research Suite to build, administer, and report on the collected data. Each item in the survey is coded to reflect the appropriate score as outlined above. Upon reviewing scores from the 14 identified items, the researcher determined the available time the organization has to strategically plan.

Data Collection

The researcher administered The Perceived Obstacles to Strategic Planning Inventory survey via Qualtrics. No personal information was gathered. The researcher submitted an Institutional Review Board (IRB) application accompanied by the first three chapters of this dissertation proposal and a copy of The Perceived Obstacles to Strategic Planning Inventory to Louisiana State University for approval. An introductory email was sent to each subject explaining the intent of the study and stating that participation is voluntary and confidential. Additionally, the email contained contact information for any questions that may arise. The survey was available for six weeks. If a response was not received after the first week of the study, a subsequent email was sent to remind the subjects of the study. This method was used for the duration of the study, thus ensuring the highest response rate possible within the allotted time. At the conclusion of the study, the data set was accumulated and analyzed.

The first objective of this study is to describe Louisiana small businesses based on the following characteristics:

- a) Years the organization has been in business;
- b) Industry the small business is positioned in;
- c) Current number of employees on the organization's payroll;
- d) Structure of the organization;
- e) Existence of a written long-term plan.

As this objective is descriptive, it was analyzed using descriptive statistics. Frequencies and percentages were used for variables that are measured on a categorical scale (nominal). These specific variables are as follows:

- Industry the small business is positioned in;
- Structure of the organization;
- Existence of a written long-term plan.

Means and standard deviations were used for variables that are measured on interval or higher scales. These specific variables are as follows:

- Years the organization has been in business;
- Current numbers of employees on the organizations payroll.

The second objective of this study was describe small businesses in Louisiana on the perceived degree to which the organization conducts strategic planning. Means and standard deviations were used for variables that are measured on interval or higher scales. These specific variables are as follows:

- Perceived degree to which the organization conducts strategic planning.

The third objective of this study is to describe Louisiana small business owners' perceived obstacles to strategic planning based on the following characteristics:

- a) The perceived degree to which the organization executes strategic planning;
- b) The perceived quality of the organization's employees;
- c) The perceived degree to which the organization's leadership has knowledge of the planning process;
- d) The perceived available time the organization has to strategically plan.

As this objective is descriptive, it was analyzed using descriptive statistics. Means and standard deviations were used for variables that are measured on interval or higher scales. These specific variables are as follows:

- The perceived degree to which the organization conducts strategic planning;
- The perceived quality of the organization's employees;
- The perceived degree to which the organization's leadership has knowledge of the planning process;
- The perceived available time the organization has to strategically plan.

The fourth objective of this study is to determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the following variables:

- a) Industry the small business is positioned in;
- b) Structure of the organization;
- c) Years the organization has been in business;
- d) Current number of employees on the organization's payroll;
- e) Perceived degree to which the organization conducts strategic planning;
- f) Existence of a written long-term plan.

Data used to analyze these variables were interval and nominal. In order to determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the variables listed above, the researcher used the Pearson Product Moment Correlation Coefficients.

The fifth objective of this study is to determine if a model exists that explains a significant portion of the variance in Louisiana small business owners' perceived obstacles to strategic planning using the following characteristics:

- a) Years the organization has been in business;
- b) Industry the small business is positioned in;

- c) Current number of employees on the organization's payroll;
- d) Structure of the organization;
- e) The perceived quality of the organization's employees;
- f) The perceived degree to which the organization's leadership has knowledge of the planning process;
- g) The perceived available time the organization has to strategically plan;
- h) Existence of a written long-term plan.

Data used to analyze these variables were interval and nominal. In order to determine if a model exists explaining a significant portion of the variance in Louisiana small business owners' perceived obstacles to strategic planning, the researcher conducted a Multiple Regression Analysis.

CHAPTER IV: RESULTS

Purpose of Study

The primary purpose of this study is to determine the influence of selected factors on small business owners' perceived obstacles to strategic planning in Louisiana small businesses.

Research Objectives

The following specific objectives were formulated to guide this research study:

1. To describe small businesses in Louisiana based on the following characteristics:
 - a) Years the organization has been in business;
 - b) Industry in which the small business is positioned;
 - c) Current number of full-time and part-time employees on the organization's payroll;
 - d) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - e) Existence of a written long-term plan.
2. To describe small businesses in Louisiana based on the perceived degree to which the organization conducts strategic planning.
3. To describe Louisiana small businesses owners' perceptions regarding the following obstacles to strategic planning:
 - a) The perceived quality of the organization's employees;
 - b) The perceived degree to which the organization's leadership has knowledge of the planning process;
 - c) The perceived available time the organization has to strategically plan.
4. To determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the following variables:

- a) Industry in which the small business is positioned in;
 - b) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - c) Years the organization has been in business;
 - d) Current number of full-time and part-time employees on the organization's payroll;
 - e) The perceived degree to which the organization conducts strategic planning;
 - f) Existence of a written long-term plan.
5. To determine if a model exists explaining a significant portion of the variance in Louisiana small business owners' perceived degree to which the small business conducts strategic planning based on the following characteristics:
- a) Years the organization has been in business;
 - b) Industry in which the small business is positioned;
 - c) Current number of full-time and part-time employees on the organization's payroll;
 - d) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - e) The perceived degree to which the organization conducts strategic planning;
 - f) The perceived quality of the organization's employees;
 - g) The perceived degree to which the organization's leadership has knowledge of the planning process;
 - h) The perceived available time the organization has to strategically plan;
 - i) Existence of a written long-term plan;

Objective One

The first objective of this study is to describe Louisiana small businesses on the following characteristics:

- a) Years the organization has been in business;
- b) Industry in which the small business is positioned;
- c) Current number of employees on the organization's payroll;
- d) Structure of the organization;
- e) Existence of a written long-term plan.

The Perceived Obstacles to Strategic Planning Inventory survey included four screening questions requiring a “Yes” or “No” answer to determine the eligibility of the participant to continue the survey. The screening questions included: 1) Are you a publically traded company? This question required a “no” response. 2) Does your company have 501 or more employees? This criterion question required a “no” response. 3) Do you possess the title of owner, co-owner, CEO, President, or VP? This criterion question required a “yes” response. 4) Does your company have a physical location in Louisiana? This criterion question required a “yes” response. The researcher received 75 total responses, of which 70 met the participation criteria.

Years the Organization has been in Business

The first variable by which respondents were described was the number of years the business had been in operation (age). Louisiana small business respondents were asked to enter the age, in years, of the small business. The mean age reported was 21.03 years (SD=15.35). The business ages reported ranged from a low of 1 year to a high of 66 years. The most common ages were 6 years, 15 years, and 32 years, with four respondents each.

Industry in which the Small Business is Positioned

Another variable by which respondents were described was the industry in which the organization was positioned. Of the 70 respondents, 57% were positioned in one of four industries. The largest group was Professional Services (n=22, 31.4%), followed by Construction (n=8, 11.4%), Retail (n=5, 7.1%), and Distribution (n=5, 7.1%) (see Table 5).

Table 5 Industries in Which Small Businesses in Louisiana were Positioned

Industry	Frequency	Percent
Professional Services	22	31
Construction	8	11
Other ^a	7	10
Distribution	5	7.1
Retail	5	7.1
Oil & Gas	4	5.7
Information Tech	3	4.3
Healthcare	3	4.3
Insurance	3	4.3
Real Estate	2	2.9
Bio Tech / Bio Med	1	1.4
Automotive	1	1.4
Software Development	1	1.4
Entertainment	1	1.4
Fabricated Products	1	1.4
Transportation	1	1.4
Printing & Publishing	1	1.4
Finance	1	1.4
Total	70	100

^aNo specific response was requested

Current Number of Employees on the Organization's Payroll

To report the number of employees of Louisiana small businesses, respondents were asked to enter the number of employees currently on the payroll of their business. The mean number of employees reported was 19.43 (SD=31.74). The minimum number of employees reported was 0; the maximum number of employees reported was 175. Of the respondents,

52.8% employed seven or less employees. The respondents most frequently reported having four or fewer employees (n=29, 41.4%) (see Table 6).

Table 6 Number of Employees on the Payroll of Small Businesses in Louisiana

Number of Employees	Frequency	Percent
0-4	29	41.4
5-7	8	11.4
8-10	3	4.3
11-16	11	15.7
22-27	6	8.5
33-39	4	5.7
50-55	3	4.3
58-75	2	2.9
85-101	2	2.9
140-175	2	2.9
Total	70	100

Note. Mean = 19.43, Range 0-175, Mode = 1

Structure of the Organization

To report the legal structure of Louisiana small businesses, respondents were asked to select the structure of their business from the following options: 1) Subchapter C-Corporation (C-Corp), 2) Subchapter S-Corporation (S-Corp), 3) Sole Proprietorship, 4) Partnership, and 5) Limited Liability Corporation (LLC). Of the 70 respondents, 54.3% identified the structure of their organization as a Limited Liability Corporation (n=38). The structure that was reported by the smallest number of respondents was Partnership (n=2, 2.9%) (see Table 7).

Table 7 Legal Structure of Small Businesses in Louisiana

Legal Structure	Frequency	Percent
Limited Liability Corporation	38	54.3
Subchapter S Corporation	18	25.7
Subchapter C Corporation	7	10.0
Sole Proprietorship	5	7.1
Partnership	2	2.9
Total	70	100

Existence of a Written Long-Term Plan

Study participants were also asked to indicate whether or not they had a written long-term plan. Of the respondents 34.3% (n=24) stated that they did have a written long-term plan. The remaining 46 respondents (65.7%) stated that they did not have a written long-term plan.

Objective Two

The second objective of the study is to describe small businesses in Louisiana on the perceived degree to which the organization conducts strategic planning. A component of The Perceived Obstacles to Strategic Planning Inventory, the Perceived Degree to which the Organization Conducts Strategic Planning Scale, included 15 items derived from a content analysis of the literature. The items were: 1) Our organization's leadership understands how present developments will look in the future, 2) Our organization develops new products or services, 3) Our organization identifies market needs, 4) Our organization's leadership identifies customer problems, 5) Our organization's leadership takes advantage of competitors' weaknesses, 6) Our organization provides solutions to the customer that competitors cannot, 7) Our organization's leadership has an approach to reach long-term goals, 8) Our organization's leadership prepares for multiple future scenarios, 9) Our organization's leadership understands its strengths, 10) Our organization's leadership understands its weaknesses, 11) Our organization's leadership understands its opportunities, 12) Our organization's leadership understands its threats, 13) Our organization's leadership explores industry trends, 14) Our organization has a plan to acquire new customers, and 15) Our organization's leadership has a plan to meet financial objectives. Each item was measured using a 6-point Likert-type response scale. The response options were strongly disagree, disagree, slightly disagree, slightly agree,

agree, and strongly agree. The higher the point value, the higher the perceived degree to which the organization conducts strategic planning.

When analyzing the mean and standard deviation for each item on the Perceived Degree to which the Organization Conducts Strategic Planning Scale, the researcher found that “Our organization’s leadership identifies customer problems” had the highest overall level of agreement with a mean of 5.14 (SD=.95). The item with the lowest level of agreement, “Our organization’s leadership prepares for multiple future scenarios,” had a mean of 4.04 (SD=1.28). The reliability of the 15-item scale as measured by the use of Cronbach’s Alpha was $\alpha=.87$. To aid in the interpretation of the data, the researcher developed an interpretive scale for the responses to the 15 items. The interpretive scale had the following categories: 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.51-3.49 = slightly disagree, 1.51-2.5 = disagree, and 1-1.5 = strongly disagree. Overall, 11 of the 15 items were classified as “agree.” The remaining four items were classified as “slightly agree.” The means and standard deviations for the items are reported in Table 8.

To further analyze the Perceived Degree to which the Organization Conducts Strategic Planning Scale, the researcher conducted a factor analysis to determine if underlying constructs existed in the scale. Using the Shapiro-Wilks Test, the researcher first examined items for normality and then for the measure of sampling adequacy (MSAs). The overall MSA was adequate; however, when the MSA’s for individual items were examined, one item had an MSA that was lower than the acceptable level (Hair et al., 2006). The item, “Our organization develops new products or services,” had an MSA of .47. Consequently, this item was eliminated from further analysis. After removal of this item, the factor analysis was conducted again and all data

met the assumption for the use of factor analysis. Principal components analysis with varimax rotation was used in conducting the factor analysis.

Table 8 The Perceived Degree to Which the Organization Conducts Strategic Planning among Business Owners / Managers in Louisiana

	Mean	Standard Deviation	Interpretive Scale Category
Our organization's leadership identifies customer problems.	5.14	.95	A
Our organization identifies market needs.	5.03	.92	A
Our organization's leadership understands its strengths.	4.93	1.01	A
Our organization provides solutions to the customer that competitors cannot.	4.91	1.03	A
Our organization's leadership explores industry trends.	4.76	.92	A
Our organization has a plan to acquire new customers.	4.74	1.06	A
Our organization's leadership understands its weaknesses.	4.70	1.07	A
Our organization's leadership has a plan to meet financial objectives.	4.70	1.12	A
Our organization's leadership understands its opportunities.	4.66	.88	A
Our organization's leadership takes advantage of competitors' weaknesses.	4.61	1.43	A
Our organization's leadership understands its threats.	4.60	1.07	A
Our organization's leadership has an approach to reach long-term goals.	4.36	1.22	AS
Our organization develops new products or services.	4.30	1.40	AS
Our organization's leadership understands how present developments will look in the future.	4.16	1.18	AS
Our organization's leadership prepares for multiple future scenarios.	4.04	1.28	AS

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly disagree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.51-3.49 = slightly disagree, 1.51-2.5 = disagree, and 1-1.5 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

To determine the number of factors to be extracted, the researcher used the Latent Root criterion and the scree plot technique. The factor analysis was first computed without restrictions on the number of factors extracted. The default minimum value of one was used on the latent root measure. The scree plot was examined in order to identify the optimum number of factors for extraction. The researcher identified the most pronounced bend in the scree plot curve. From this examination, the optimum number of factors was determined to be two, plus or minus one. Each of these three factor structures factor was then examined for three criteria. First, extracted factors were examined for each analysis to determine if it met the minimum acceptable loading criteria as identified by Hair, Black, Babin, Anderson, and Tatham (2006). Hair et al. (2006) suggested that .30 would meet the criterion for exploratory research. Secondly, each of the analysis was examined for inefficient factors or factors containing only one or two items. Constructs with only one item are of little use to the researcher as the purpose of the analysis is to identify underlying constructs in the data. Lastly, the researcher examined each analysis for the presence of significant cross-loadings. If an item loads significantly on multiple factors, it is possible that the respondents perceived the item differently. Due to the factor loadings, the number of inefficient factors and the number of substantial cross-loadings, the optimum number of factors was determined to be one. The loadings for this factor ranged from .802 to .415. The Eigenvalue for the factor was 6.01 and the factor explained 42.89% of the variance (see Table 9).

The researcher computed overall score for the perceived degree to which the organization conducts strategic planning based on the results of the factor analysis. This score was computed based on the mean of the 14 items in the factor scale.

Table 9 Factor Loadings of Items in the Perceived Degree to which the Organization Conducts Strategic Planning Scale

	Component
Our organization's leadership understands its opportunities.	.802
Our organization identifies market needs.	.801
Our organization's leadership has a plan to meet financial objectives.	.774
Our organization's leadership has an approach to reach long-term goals.	.736
Our organization's leadership prepares for multiple future scenarios.	.732
Our organization's leadership identifies customer problems.	.680
Our organization's leadership understands its threats.	.674
Our organization's leadership understands its strengths.	.664
Our organization has a plan to acquire new customers.	.623
Our organization's leadership understands its weaknesses.	.613
Our organization's leadership explores industry trends.	.514
Our organization's leadership understands how present developments will look in the future.	.496
Our organization provides solutions to the customer that competitors cannot.	.488
Our organization's leadership takes advantage of competitors' weaknesses.	.415

Note. Eigenvalue = 6.01, Percent of variance explained = 47.89%

The mean Perceived Degree to which the Organization Conducts Strategic Planning Score was 4.67 (SD=.69), with values ranging from 2.29 to 6.00. Frequencies of the scores in the interpretive categories are listed in Table 10.

Table 10 Perceived Degree to which the Organization Conducts Strategic Planning Score

Score	Frequency	Percent
1.00-1.49	1	1.40
1.50-2.49	3	4.30
2.50-3.49	19	27.1
3.50-4.49	39	55.7
4.50-5.49	8	11.4
5.50-6.00	0	0
	70	100.0

Note. Mean = 4.67, Standard Deviation = .69

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly disagree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.49 = disagree, and 1.00-1.49 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

When the Perceived Degree to which the Organization Conducts Strategic Planning Score was examined by the response category, the category with the largest number of scores was 3.50-4.49 (n=39, 55.70%) (see Table 11).

Table 11 Perceived Quality of the Organization's Employees among Small Business Owners / Managers in Louisiana

	Mean	Standard Deviation	Interpretive Scale Category
Our employees are skilled in their craft.	5.24	.65	A
Our employees are willing to learn.	5.10	.76	A
Our employees are focused on customer service.	5.09	.96	A
Our employees are rarely absent from work.	5.06	.95	A
Our employees are focused on customer solutions.	5.06	.95	A
Our employees show up on time	5.00	.98	A
Our employees work well in teams.	5.00	.98	A
Our employees possess knowledge of the industry.	4.99	.96	A
Our employees are willing to learn from errors.	4.93	.71	A
Our employees follow instructions.	4.93	.75	A
Our employees contribute solutions.	4.83	.95	A
Our employees achieve maximum productivity with minimum wasted effort or expense.	4.20	1.03	AS

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly disagree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.49 = disagree, and 1.00-1.49 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

Objective Three

Perceived Quality of the Organization's Employees

The third objective of this study is to describe Louisiana small business owners'/managers' perceived obstacles to strategic planning. As a component of The Perceived Obstacles to Strategic Planning Inventory, the researcher designed the Perceived Quality of the Organization's Employees Scale. This approach relied on input from a panel of academic experts, whose area of expertise included research and theory, and industry experts, whose area

of expertise included strategic planning consulting. The items developed were as follows: 1) Our employees show up on time, 2) Our employees are rarely absent from work, 3) Our employees are willing to learn, 4) Our employees are willing to learn from errors, 5) Our employees are skilled in their craft, 6) Our employees possess knowledge of the industry, 7) Our employees work well in teams, 8) Our employees follow instructions, 9) Our employees contribute solutions, 10) Our employees achieve maximum productivity with minimum wasted effort or expense, 11) Our employees are focused on customer service, and 12) Our employees are focused on customer solutions. Each item was measured using a 6-point Likert-type response scale. The response options were strongly disagree, disagree, slightly disagree, slightly agree, agree, and strongly agree. The higher the point value, the higher the perceived quality of the organization's employees.

When analyzing the means, and standard deviation for each item of the Perceived Quality of the Organization's Employees Scale, the researcher found that "Our employees are skilled in their craft" had the highest overall level of agreement, with a mean of 5.24 (SD=.65). The item with the lowest level of agreement, "Our employees achieve maximum productivity with minimum wasted effort or expense," had a mean of 4.20 (SD=1.03). The reliability of the 12-item scale as measured by the use of Cronbach's Alpha was $\alpha=.90$. To aid in the interpretation of the data, the researcher developed an interpretive scale for the responses to the 12 items. The interpretive scale had the following categories: 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.5 = disagree, and 1-1.5 = strongly disagree. When the mean item responses were classified into two categories, 11 of the items were in the "agree" category, with the remaining item in the "slightly agree" category. The means and standard deviations for the items are reported in Table 11.

To further analyze the Perceived Quality of the Organization's Employees Scale, the researcher conducted a factor analysis to determine if underlying constructs existed in the scale. Using the Shapiro-Wilks Test, the researcher first examined items for normality. Additionally, the measure of sampling adequacy (MSA) was examined for both individual items and the overall scale. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy was .87. The lowest individual item MSA was .80, which was higher than the minimum acceptable level of .50 (Hair et al., 2006). All data met the assumptions for the use of factor analysis. Principal components analysis with varimax rotation was used in conducting the factor analysis.

To determine the number of factors to be extracted, the researcher used both the Latent Root criterion and the scree plot technique. The factor analysis was first computed without restrictions on the number of factors extracted. The default minimum value of one was used on the latent root measure. The scree plot was examined in order to identify the optimum number of factors for extraction. The researcher identified the most pronounced bend in the scree plot curve. From this examination, the optimum number of factors was determined to be two, plus or minus one. Each of these three analyses was then examined for three criteria. First, each of the analyses was examined to determine whether the items in each of the extracted factors met the minimum acceptable loading criteria as identified by Hair et al. (2006). Hair et al. (2006) suggested that .30 would meet the criterion for exploratory research. Secondly, the analysis was examined for inefficient factors or factors containing only one or two items. Constructs with only one item are of little use to the researcher, as the purpose of the analysis is to identify underlying constructs in the data. Lastly, the researcher examined each analysis for the presence of significant cross-loadings. If an item loads significantly on multiple factors, it is possible that the respondents perceived the item differently. Due to the factor loadings, the number of inefficient

factors and the number of substantial cross-loadings, the optimum number of factors was determined to be one. The Eigenvalue for the factor was 5.94 and the factor explained 49.51% of the variance (see Table 12).

Table 12 Factor Loadings of Items in the Perceived Quality of the Organization's Employees Scale

	Component
Our employees contribute solutions.	.837
Our employees are focused on customer solutions.	.816
Our employees achieve maximum productivity with minimum wasted effort or expense.	.795
Our employees are willing to learn from errors.	.778
Our employees are focused on customer service.	.716
Our employees follow instructions.	.703
Our employees are skilled in their craft.	.691
Our employees are willing to learn.	.673
Our employees are rarely absent from work.	.634
Our employees work well in teams.	.618
Our employees show up on time	.587
Our employees possess knowledge of the industry.	.523

Note. Eigenvalue = 5.94, Percent of variance explained = 49.51%

The researcher computed an overall score for the perceived quality of the organization's employees based on the results of the factor analysis. This score was computed as the mean of the 12 items in the scale. The mean Perceived Quality of the Organization's Employees Score was 4.95 (SD=.62), with values ranging from 3.00 to 6.00. The overall mean was in the interpretive category of "agree." When the Perceived Quality of the Organization's Employees Score was examined by response category, the category with the largest number of scores was 4.50-5.49 (n=37, 52.90%) (see Table 13).

Table 13 Perceived Quality of the Organization's Employees Score

Score	Frequency	Percent
1.00-1.49	0	0.00
1.50-2.49	0	0.00
2.50-3.49	1	1.40
3.50-4.49	14	20.00

(Table 13 continued)

Score	Frequency	Percent
4.50-5.49	37	52.90
5.50-6.00	18	25.7
Total	70	100.10

Note. Mean = 4.95, Standard Deviation = .62

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly disagree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.49 = disagree, and 1.00-1.49 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

Perceived Degree to Which the Organization's Leadership has Knowledge of the Planning Process

As a component of the Perceived Obstacles to Strategic Planning Inventory, the researcher designed the Perceived Degree to Which the Organization's Leadership Has Knowledge of the Planning Process scale. This approach relied on input from a panel of academic experts, whose area of expertise included research and theory, and industry experts, whose area of expertise included strategic planning consulting. The items developed were as follows: 1) I know what a GAP analysis is, 2) I know what a Needs Analysis is, 3) I know what a SWOT Analysis is, 4) I know what a vision and mission statement is, 5) I know how to write a strategic plan, 6) I know what a succession plan is, and 7) I know how to measure performance. Each item was measured using a 6-point Likert-type response scale. The response options were strongly disagree, disagree, slightly disagree, slightly agree, agree, and strongly agree. A higher rating indicated a higher level of agreement. A lower rating indicated a stronger level of disagreement.

When analyzing the mean and standard deviation for each item of the Perceived Degree to Which the Organization's Leadership has Knowledge of the Planning Process Scale, the researcher found that "I know what a vision and mission statement is" had the highest overall

level of agreement, with a mean of 5.34 (SD=.68). The item with the lowest level of agreement, “I know what a SWOT Analysis is,” had a mean of 3.69 (SD=1.91). The reliability of the 7-item scale as measured by the use of Cronbach’s Alpha was $\alpha=.83$. To aid in the interpretation of the data, the researcher developed an interpretive scale for the responses to the 7 items. The interpretive scale had the following categories: 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.5 = disagree, and 1-1.5 = strongly disagree. When the mean item responses were classified into categories, four of the items were in the “agree” category, and the other three were in the “slightly agree” category. The means and standard deviation for each item are reported in Table 14.

Table 14 The Organization’s Leadership has Knowledge of the Planning Process among Small Business / Managers in Louisiana

	Mean	Standard Deviation	Interpretive Scale Category
I know what a vision and mission statement is.	5.34	.68	A
I know how to measure performance.	4.71	.94	A
I know what a succession plan is.	4.67	1.29	A
I know how to write a strategic plan.	4.49	1.34	A
I know what a Needs Analysis is.	4.03	1.55	AS
I know what a GAP analysis is.	3.70	1.61	AS
I know what a SWOT Analysis is	3.69	1.91	AS

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly agree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.49 = disagree, and 1.00-1.49 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

To further analyze the Perceived Degree to Which the Organization’s Leadership has Knowledge of the Planning Process Scale, the researcher conducted a factor analysis to determine if underlying constructs existed. Using the Shapiro-Wilks Test, the researcher first examined items for normality. Additionally, the measure of sampling adequacy (MSA) was examined for both individual items and the overall scale. The Kaiser-Meyer-Olkin Measure of

Sampling Adequacy was .78. The lowest individual item MSA was .69, which was higher than the minimum acceptable level. All data met the assumptions for the use of a factor analysis.

Principal components analysis with varimax rotation was used in conducting the factor analysis.

To determine the number of factors to be extracted, the researcher used both the Latent Root criterion and the scree plot technique. The factor analysis was first computed without restrictions on the number of factors extracted. The default minimum value of one was used on the latent root measure. The scree plot was examined in order to identify the optimum number of factors for extraction. The researcher identified the most pronounced bend in the scree plot curve. From this examination, the optimum number of factors was determined to be two, plus or minus one. Each factor was then examined for three criteria. First, each extracted factor was examined to determine whether it met the minimum acceptable loading criteria as identified by Hair et al. (2006). Hair et al. (2006) suggested that .30 would meet the criterion for exploratory research. Secondly, the analysis was examined for inefficient factors or factors containing only one or two items. Constructs with only one item are of little use to the researcher, as the purpose of the analysis is to identify underlying constructs in the data. Lastly, the researcher examined each analysis for the presence of significant cross-loadings. If an item loads significantly on multiple factors, it is possible that the respondents perceived the item differently. Due to the factor loadings, the number of inefficient factors and the number of substantial cross-loadings, the optimum number of factors was determined to be one. The Eigenvalue for the factor was 3.58 and the factor explained 51.12% of the variance (see Table 15).

The researcher computed the overall score for the perceived degree to which the organization's leadership has knowledge of the planning process based on the results of a factor analysis. This score was computed as the mean of the 7 items in the scale.

Table 15 Factor Loadings of Items in the Perceived Degree To which the Organization's Leadership has Knowledge of the Planning Process Scale

	Component
I know what a GAP analysis is.	.853
I know what a Needs Analysis is.	.819
I know what a SWOT Analysis is.	.786
I know what a vision and mission statement is.	.724
I know how to write a strategic plan.	.636
I know what a succession plan is.	.603
I know how to measure performance.	.520

Note. Eigenvalue = 3.58, Percent of variance explained = 51.12%

The mean Perceived Degree to Which the Organization's Leadership has Knowledge of the Planning Process Score was 4.38 (SD=.97) with values ranging from 2.29 to 6.00. When the Perceived Degree to Which the Organization's Leadership has Knowledge of the Planning Process Score was examined by response category, the category with the largest number of scores was 4.50-5.49 (n=27, 38.60%) (see Table 16).

Table 16 Perceived Degree to which the Organization's Leadership has Knowledge of the Planning Process Scale

Score	Frequency	Percent
1.00-1.49	0	0.00
1.50-2.49	2	2.90
2.50-3.49	13	18.60
3.50-4.49	20	28.60
4.50-5.49	27	38.60
5.50-6.00	8	11.40
	70	100.00

Note. Mean = 4.38, Standard Deviation = .97

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly disagree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.49 = disagree, and 1.00-1.49 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

Perceived Available Time the Organization has to Strategically Plan

As a component of the Perceived Obstacles to Strategic Planning Inventory, the researcher designed the Perceived Available Time the Organization has to Strategically Plan

scale. This approach relied on input from a panel of academic experts, whose area of expertise included research and theory, and industry experts, whose area of expertise included strategic planning consulting. The items developed were as follows: 1) Our organization's leadership allocates time every month for long-term planning, 2) Our organization has time to allocate for long-term planning, 3) Our organization utilizes time set aside to plan long-term, 4) Our organization is focused on day-to-day operations more than on long-term planning, 5) Our organization is focused on customer needs more than on long-term planning, 6) Our organization is focused on revenues more than on long-term planning, 7) Our organization is focused on regulatory concerns more than on long-term planning, and 8) Our organization is focused on logistical concerns more than on long-term planning. Each item was measured using a 6-point Likert-type response scale. The response options were strongly disagree, disagree, slightly disagree, slightly agree, agree, and strongly agree. The higher the point value, the higher the perceived available time the organization has to strategically plan

When analyzing the mean and standard deviation for each item of the Perceived Available Time the Organization Has to Strategically Plan Scale, the researcher found that "Our organization is focused on customer needs more than on long-term planning" had the highest overall level of agreement, with a mean of 4.79 (SD=.87). The item with the lowest level of agreement, "Our organization's leadership allocates time every month for long-term planning," had a mean of 3.36 (SD=1.63). The reliability of the 8-item scale as measured using the Cronbach's Alpha was $\alpha=.84$. To aid in the interpretation of the data, the researcher developed an interpretive scale for the responses to the eight items. The interpretive scale had the following categories: 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.5 = disagree, and 1-1.5 = strongly disagree. When the mean item

responses were classified into categories, two of the items were in the “agree” category, three were in the “slightly agree” category, and the remaining three were located in the “slightly disagree” category. The means and standard deviations for the items are reported in Table 17.

Table 17 The Perceived Available Time the Organization has to Strategically Plan among Small Businesses Owners / Managers in Louisiana

	Mean	Standard Deviation	Interpretive Scale Category
Our organization is focused on customer needs more than on long-term planning.	4.79	.87	A
Our organization is focused on day-to-day operations more than on long-term planning.	4.69	1.00	A
Our organization is focused on revenues more than on long-term planning.	4.33	1.09	AS
Our organization has time to allocate for long-term planning.	3.80	1.42	AS
Our organization is focused on logistical concerns more than on long-term planning.	3.57	1.22	AS
Our organization is focused on regulatory concerns more than on long-term planning.	3.47	1.40	DS
Our organization utilizes time set aside to plan long-term.	3.43	1.49	DS
Our organization’s leadership allocates time every month for long-term planning.	3.36	1.63	DS

Note. The response scale used was 6 = strongly agree, 5 = agree, 4 = slightly agree, 3 = slightly disagree, 2 = disagree, 1 = strongly disagree. The interpretive scale used was 5.5-6.0 = strongly agree, 4.5-5.49 = agree, 3.5-4.49 = slightly agree, 2.50-3.49 = slightly disagree, 1.50-2.49 = disagree, and 1.00-1.49 = strongly disagree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

To further analyze the Perceived Available Time the Organization Has to Strategically Plan Scale, the researcher conducted a factor analysis to determine if underlying constructs existed. Using the Shapiro-Wilks Test, the researcher first examined items for normality. Additionally, the measure of sampling adequacy (MSA) was examined for both individual items and the overall scale. The Kaiser-Meyer-Olkin MSA was .73. The lowest individual item MSA was .67, which was higher than the minimum acceptable level of .50 as suggested by Hair et al.

(2006). All data met the assumptions for the use of factor analysis. Principal components analysis with varimax rotation was used in conducting the factor analysis.

To determine the number of factors to be extracted, the researcher used both the Latent Root criterion and the scree plot technique. The factor analysis was first computed without restrictions on the number of factors extracted. The default minimum value of one was used on the latent root measure. The scree plot was examined in order to identify the optimum number of factors for extraction. The researcher identified the most pronounced bend in the scree plot curve. From this examination, the optimum number of factors was determined to be two, plus or minus one. Each factor was then examined for three criteria. First, each of analyses was examined to determine whether the items in each of the extracted factors met the minimum acceptable loading criteria as identified by Hair et al. (2006). Hair et al. (2006) suggested that .30 would meet the criterion for exploratory research. Secondly, the analysis was examined for inefficient factors or factors containing only one or two items. Constructs with only one item are of little use to the researcher, as the purpose of the analysis is to identify underlying constructs in the data. Lastly, the researcher examined each of the analyses for the presence of significant cross-loadings. If an item loads significantly on multiple factors, it is possible that the respondents perceived the item differently. Due to the factor loadings, the number of inefficient factors and the number of substantial cross-loadings, the optimum number of factors was determined to be one. The Eigenvalue for the factor was 3.80 and the factor explained 47.52% of the variance (see Table 18).

The researcher's next step was to compute an overall Perceived Available Time the Organization Has to Strategically Plan score. However, for items 1) Our organization's leadership allocates time every month for long-term planning, 2) Our organization has time to

Table 18 Factor Loadings of Items in the Perceived Available Time the Organization has to Strategically Plan Scale

	Component
Our organization utilizes time set aside to plan long-term.	-.83
Our organization's leadership allocates time every month for long-term planning.	-.80
Our organization has time to allocate for long-term planning.	-.71
Our organization is focused on logistical concerns more than on long-term planning.	.70
Our organization is focused on customer needs more than on long-term planning.	.67
Our organization is focused on regulatory concerns more than on long-term planning.	.62
Our organization is focused on revenues more than on long-term planning.	.61
Our organization is focused on day-to-day operations more than on long-term planning.	.54

Note. Eigenvalue = 3.80, Percent of variance explained = 47.52%

allocate for long-term planning, and 3) Our organization utilizes time set aside to plan long-term, a high level of agreement indicated a positive perception of available time to strategically plan. For the remaining items, 4) Our organization is focused on day-to-day operations more than on long-term planning, 5) Our organization is focused on customer needs more than on long-term planning, 6) Our organization is focused on revenues more than on long-term planning, 7) Our organization is focused on regulatory concerns more than on long-term planning, and 8) Our organization is focused on logistical concerns more than on long-term planning, a low level of agreement, or disagreement, indicated a positive perception of available time to strategically plan. Due to the reverse wording of a portion of the items, computing a factor score would have been ineffective. Therefore, the items were recoded to reflect a higher value, consistent with other items that indicated a positive response to planning. Specifically, the reverse worded items were coded so that Strongly Disagree = 6, Disagree = 5, Slightly Disagree = 4, Slightly Agree = 3, Agree = 2, and Strongly Agree = 1. The value for each item was coded so that the higher value indicated the more positive response. The item with the most positive

response was Our organization has time to allocate for long-term planning (Mean=3.80, SD=1.42). The item with the lowest mean response (most negative) was Our organization is focused on customer needs more than on long-term planning (Mean=2.21, SD=.87). Recorded mean item response scores are presented in Table 19.

Table 19 Means and Standard Deviations for Reverse Coded Items in Perceived Available Time the Organization has to Strategically Plan Scale

	Mean	Standard Deviation	Interpretive Score ^a
Our organization has time to allocate for long-term planning. ^b	3.80	1.42	PS
Our organization is focused on regulatory concerns more than on long-term planning. ^b	3.53	1.40	PS
Our organization is focused on logistical concerns more than on long-term planning. ^b	3.43	1.22	NS
Our organization utilizes time set aside to plan long-term. ^b	3.43	1.49	NS
Our organization's leadership allocates time every month for long-term planning. ^b	3.36	1.63	NS
Our organization is focused on revenues more than on long-term planning. ^b	2.67	1.09	NS
Our organization is focused on day-to-day operations more than on long-term planning. ^b	2.31	1.00	N
Our organization is focused on customer needs more than on long-term planning. ^b	2.21	.87	N

Note. The original response scale used was 6 = Strongly Disagree, 5 = Disagree, 4 = Slightly Disagree, 3 = Slightly Agree, 2 = Agree, 1 = Strongly Agree. The interpretive scale used was 5.5-6.0 = strongly positive, 4.5-5.49 = positive, 3.5-4.49 = slightly positive, 2.50-3.49 = negative, 1.50-2.49 = slightly negative, and 1.00-1.49 = strongly negative.

^a SP = strongly positive, P = positive, SP = slightly positive, N = negative, NS = slightly negative, SN = strongly negative

^b Reverse coded item scale recoded as follows: 1= SA, 2 = A, 3 = AS, 4 = SD, 5 = D, 6 = DS

Using the consistently coded items in the single factor identified in the factor analysis, the researcher computed the perceived available time the organization has to strategically plan score, which was the mean of the eight items in the factor. The mean score was 3.09 (SD=0.88), with values ranging from 1.25 to 5.13. These scores were grouped into response categories, as shown in Table 22. When the Perceived Available Time the Organization Has to Strategically

Plan Scale was examined by response category, the category with the largest number of scores was 2.50-3.49 (n=26, 41.40%) (see Table 20).

Table 20 Perceived Available Time the Organization has to Strategically Plan Scale

Score	Frequency	Percent
1.00-1.49	3	4.29
1.50-2.49	16	22.90
2.50-3.49	26	37.14
3.50-4.49	21	30.00
4.50-5.49	4	5.70
5.50-6.00	0	0.00
Total	70	100.00

Note. Mean = 3.09 Standard Deviation = .88

Note. The response scale used was 6 = Strongly Disagree, 5 = Disagree, 4 = Slightly Disagree, 3 = Slightly Agree, 2 = Agree, 1 = Strongly Agree. The interpretive scale used was 5.5-6.0 = strongly disagree, 4.5-5.49 = disagree, 3.5-4.49 = slightly disagree, 2.50-3.49 = slightly agree, 1.50-2.49 = agree, and 1.0-1.49 = strongly agree.

^a SA = strongly agree, A = Agree, AS = slightly agree, DS = slightly disagree, D = disagree, SD = strongly disagree

Objective Four

The fourth objective of this study is to determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and each of the demographic and perceived obstacles to planning measures included in the study. The first of these demographic measures was the industry in which the organization is positioned. This measure included the 24 categories of industries identified by the Louisiana Small Business Association. However, with only 70 respondents in the study and 24 possible responses, the number of responses in most of the categories were too small to enable a comparison on the strategic planning score variable. Only one category, Professional Services, had a sufficient number of responses to allow the examination of the proposed relationship. In addition, since this variable was nominal in nature, a comparative analysis was judged to be preferable to the use of correlational statistics. Therefore, since only one category had sufficient numbers for analysis, a t-test was used to compare those respondents that reported Professional Services with other

respondents. The comparative statistic was chosen over a correlation coefficient for the ease of interpretation of the findings. The mean strategic planning score for all respondents other than Professional Services was 4.74 (SD=.71). The mean strategic planning score for Professional Services industries was 4.52 (SD=.65). Levene's Test for equality of variances was not significant ($F=.15$, $p=.71$), indicating that the assumption of equal variances was met. Therefore, the pooled variance estimate was used in computing the t-test. Based on this test, no significant difference was found in mean strategic planning score between the two groups ($t_{68}=1.22$, $p=.23$).

The second variable examined for a relationship with the strategic planning score was "legal structure of the business." The Louisiana Small Business Association identifies five categories of legal business structure represented in the state of Louisiana. Of these five categories, only two had sufficient respondents to enable the examination of their relationship with the "perceived degree to which the organization conducts strategic planning." Of the 70 respondents, 38 self-identified as a Limited Liability Corporation. A t-test was conducted to examine whether or not differences existed in mean strategic planning score between respondents identifying as a Limited Liability Corporation and all other types of legal structure. The mean strategic planning score for Limited Liability Corporations was 4.58 (SD=.75). The mean strategic planning score for non-Limited Liability Corporations was 4.77 (SD=.61). Levene's Test for equality of variances was not significant ($F=.18$, $p=.67$), indicating that the assumption of equal variances was met. Therefore, the pooled variance estimate was used in computing the t-test. Based on this test, no significant difference was found in mean strategic planning score between the two groups ($t_{68}=1.17$, $p=.25$).

A second t-test was conducted to examine whether or not differences existed in mean strategic planning score between respondents identifying as a Subchapter S Corporation (S-Corp)

and all other types of legal structure. The mean strategic planning score for Subchapter S Corporations was 4.80 (SD=.62). The mean strategic planning score for non-Subchapter S Corporations was 4.62 (SD=.72). Levene's Test for equality of variances was not significant ($F=.18$, $p=.67$), indicating that the assumption of equal variances was met. Therefore, the pooled variance estimate was used in computing the t-test. Based on this test, no significant difference was found in mean strategic planning score between the two groups ($t_{68}=-.93$, $p=.36$). No other statistical tests were conducted on small business legal structure because the sample size for each of the remaining categories was too small to conduct an analysis.

A third t-test was conducted to examine whether or not differences existed in mean strategic planning score between respondents who identified as having or not having a written long-term plan. The mean strategic planning score for respondents who had a written long-term plan was 4.98 (SD=.62). The mean strategic planning score for respondents who did not have a written long-term plan was 4.51 (SD=.68). Levene's Test for equality of variances was not significant ($F=.07$, $p=.80$), indicating that the assumption of equal variances was met. Therefore, the pooled variance estimate was used in computing the t-test. Based on this test, a significant difference was found in mean strategic planning score between the two groups ($t_{68} = 2.773$, $p = .007$). Therefore, those respondents who said they had a written long-term plan had higher strategic planning scores than those who did not.

Pearson Product Moment Correlation Coefficients (PPMr) were calculated between strategic planning score and the demographic variables measured on a continuous scale of measurement. These included years the organization has been in business and number of employees on the payroll, as well as variables that measured perceived obstacles to strategic planning. No significant relationship existed between years in business and strategic planning

score ($r = -.109$, $p = .37$). Additionally, no significant relationship existed between number of employees and strategic planning score ($r = -.066$, $p = .59$). There was, however, a significant positive relationship between the perceived degree to which the organization conducts strategic planning and the perceived quality of the organization's employees ($r = .367$, $p < .002$), the perceived degree to which the organization's leadership has knowledge of the planning process ($r = .330$, $p = .005$), and the perceived available time the organization has to strategically plan ($r = .322$, $p = .004$). Therefore, for all three relationships, a higher score was associated with a higher strategic planning score (see Table 21).

Table 21 Relationships with the Perceived Degree to which the Organization Conducts Strategic Planning

	^a PPMr	p value	^b Descriptor
Perceived quality of the organization's employees	.367	.002	MA
Perceived degree to which the organization's leadership has knowledge of the planning process	.330	.005	MA
Perceived available time the organization has to strategically plan	.322	.007	MA
Years the organization been in business	-.109	.369	LA
Number of employees currently on the organization's payroll	-.066	.588	NA

^aPearson Product Moment Correlation Coefficients

^bDavis' Descriptors (1971): .00 to .09 = Negligible Association, .10 to .29 = Low Association, .30 to .49 = Moderate Association, .50 to .69 = Substantial Association, and .70 or higher = Very Strong Association

NA = Negligible Association, LA = Low Association, MA = Moderate Association, SA = Substantial Association, VS = Very Strong Association

Objective Five

In order to determine if a model exists explaining a significant portion of the variance in Louisiana small business owners' perceived degree to which the organization conducts strategic planning, a stepwise regression analysis was conducted. To ensure that there were no excessive levels of collinearity among the variables in this study, the variance inflation factors (VIF) were examined. According to Hair et al. (2006), "A common cutoff threshold is a tolerance value of

.10 which corresponds to a VIF value of 10” (p. 230). The VIF values in this analysis ranged from 1.028 to 1.404, indicating no excessive multicollinearity between factors. Bivariate correlations were examined between all factors used as independent variables and “the perceived degree to which the organization conducts strategic planning.” Of the nine factors, the three perceptual factors had the highest correlations, ranging from .322 to .367. The remaining six factors had lower correlations, with the exception of written plan, which had a correlation of .319. These correlations are presented in Table 22.

Table 22 Correlations between the Perceived Degree to which the Organization Conducts Strategic Planning and Selected Demographic and Perceptual Factors

	N	^a r	p value	^b Descriptor
Perceived quality of the organization’s employees	70	.367	.001	MA
Perceived degree to which the organization’s leadership has knowledge of the planning process	70	.330	.003	MA
Perceived available time the organization has to strategically plan	70	.322	.003	MA
Written long-term plan	70	.319	.004	MA
Positioned in the professional services industry	70	-.146	.114	LA
Legal structure of the business as Limited Liability Corporation	70	-.140	.123	LA
Legal structure of the business as Subchapter S Corporation	70	.112	.179	LA
Years the organization been in business	70	-.109	.184	LA
Number of employees currently on the organization’s payroll.	70	-.066	.294	NA

^aPearson Product Moment Correlation Coefficients

^bDavis’ Descriptors (1971): .00 to .09 = Negligible Association, .10 to .29 = Low Association, .30 to .49 = Moderate Association, .50 to .69 = Substantial Association, and .70 or higher = Very Strong Association

NA = Negligible Association, LA = Low Association, MA = Moderate Association, SA = Substantial Association, VS = Very Strong Association

The first variable to enter the regression model was “the perceived quality of the organization’s employees,” with an R square of .134, $F(1,68) = 10.56$, $p = .002$, explaining 13.4% of the variance in “the perceived degree to which the organization conducts strategic planning.” The second variable entered was whether or not the organization had a “written long-

term plan,” which had an R square change of .073, $F(1,67) = 6.17$, $p = .015$, explaining an additional 7.3% of the variance in “the perceived degree to which the organization conducts strategic planning.” These two variables combined explained 20.7% of the variance in “the perceived degree to which the organization conducts strategic planning.”

Two additional variables added one percent or more to the explained variance. However, these two variables were individually non-significant. The first of the two non-significant variables that entered the model was “the perceived degree to which the organization’s leadership has knowledge of the planning process,” with an R square change of .026, $F(1,66) = 2.28$, $p = .136$. This 2.6% increase in explained variance was individually not significant; however, it was included in the model because it added one percent or more of explained variance while the overall model remained significant. Similarly, whether or not the small business was positioned in “professional services,” industry an R square change of .010, $F(1,65) = .359$, was added to the model with a 1% increase in explained variance. This 1% increase in explained variance was individually not significant; however, it also was included in the model because it added one percent or more of explained variance while the overall model remained significant. These two variables combined, though not individually significant, explained 3.6% of the variance in “the perceived degree to which the organization conducts strategic planning.”

The total R square for this model was .244 and the four variables, in combination, explained 24.4% of the variance in “the perceived degree to which the organization conducts strategic planning.” The results of the regression indicate subjects with higher scores on “the perceived quality of the organization’s employees” and “the perceived degree to which the organization’s leadership has knowledge of the planning process” tended to have higher scores on “the perceived degree to which the organization conducts strategic planning.” Furthermore,

those respondents who answered “yes” to whether or not they had a “written long-term plan” tended to have a higher “perceived degree to which the organization conducts strategic planning” score. Similarly, those respondents who indicated that their organizations were positioned in the “professional services” industry tended to have lower “perceived degree to which the organization conducts strategic planning” scores. The results of the regression analysis are presented in Table 23.

Table 23 Multiple Regression Analysis of “The Perceived Degree to Which the Organization Conducts Strategic Planning” on Selected Perceptual and Demographic Measures among Louisiana Small Businesses

ANOVA					
Sources of Variation		<u>df</u>	MS	F	<u>P</u>
Regression		4	2.010	5.238	.001
Residual		65	.384		
Total		69			

Model Summary					
Model	R Square	R Square Change	F Change	Sig. F Change	Standardized Coefficients Beta
Perceived quality of the organization’s employees	.134	.134	10.557	.002	.278
Written long-term plan	.207	.073	6.171	.015	.216
Perceived degree to which the organization’s leadership has knowledge of the planning process	.234	.026	2.278	.136	.177
Professional services	.244	.010	.852	.359	-.101

Variables not in the Equation		
Variables	<u>t</u>	<u>P</u>
The Perceived Available Time the Organization Has to Strategically Plan	.993	.325
Number of employees are currently on the organization’s payroll	-.892	.376
Legal structure of the business as Subchapter S Corporation	.519	.605
Years the organization been in business	-.255	.800
Legal structure of the business as Limited Liability Corporation	-.172	.864

CHAPTER V: SUMMARY

Summary of Purpose and Specific Objectives

The primary purpose of this study is to determine the factors that influence small business owners' perceptions of obstacles to strategic planning in Louisiana small businesses.

The following specific objectives were formulated to guide this research study:

1. To describe small businesses in Louisiana based on the following characteristics:
 - a) Years the organization has been in business;
 - b) Industry in which the small business is positioned;
 - c) Current number of full-time and part-time employees on the organization's payroll;
 - d) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
 - e) Possession of a written long-term plan.
2. To describe small businesses in Louisiana based on the perceived degree to which the organization conducts strategic planning.
3. To describe Louisiana small business owners' perceptions regarding the following perceived obstacles to strategic planning:
 - a) The perceived quality of the organization's employees;
 - b) The perceived degree to which the organization's leadership has knowledge of the planning process;
 - c) The perceived available time the organization has to strategically plan.
4. To determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the following variables:

- a) Industry in which the small business is positioned in;
- b) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
- c) Years the organization has been in business;
- d) Current number of full-time and part-time employees on the organization's payroll;
- e) The perceived degree to which the organization conducts strategic planning.

5. To determine if a model exists explaining a significant portion of the variance in Louisiana small business owners' perceived degree to which the small business conducts strategic planning using the following characteristics:

- a) Years the organization has been in business;
- b) Industry in which the small business is positioned;
- c) Current number of full-time and part-time employees on the organization's payroll;
- e) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;
- e) The perceived degree to which the organization conducts strategic planning;
- f) The perceived quality of the organization's employees;
- g) The perceived degree to which the organization's leadership has knowledge of the planning process;
- h) The perceived available time the organization has to strategically plan.

Summary of Methodology

The population of interest for this study was small businesses within the State of Louisiana that employed 500 or fewer employees and that were not publically traded. The researcher measured perceptions of small business leadership, where leadership was described as CEO, Chief Executive Office, VP, Vice President, Owner, or Co-Owner. The sources included, but were not limited to, the LexisNexis Academic database. The researcher constructed the instrument, The Perceived Obstacles to Strategic Planning Inventory, used to collect data in this study. The instrument was comprised of 51 items that measured demographics and perceptions using Yes/No, category selection, and Likert-type scale questions, including the perceived degree to which the organization conducts strategic planning, the perceived quality of the organization's employees, the perceived degree to which the organization's leadership has knowledge of the planning process, and the perceived available time the organization has to strategically plan. Content validity was established using two approaches. A content analysis was conducted on theoretical and empirical studies to construct the Perceived Degree to which the Organization Conducts Strategic Planning Scale. A panel of experts, including both faculty and industry experts, was used to construct three scales: the Perceived Quality of the Organization's Employees Scale, the Perceived Degree to which the Organization's Leadership Has Knowledge of the Planning Process Scale, and the Perceived Available Time the Organization Has to Strategically Plan Scale. Based on the feedback provided, the researcher made appropriate adjustments to the instrument.

The electronic survey was approved by the Institutional Review Board (IRB) of Louisiana State University prior to its administration. The first objective of this study was to describe Louisiana small businesses based on selected perceptual and demographic measures. As

this objective was descriptive, it was analyzed using frequencies and percentages. The second objective of this study was to describe small businesses in Louisiana based on the perceived degree to which the organization conducts strategic planning. Means and standard deviations are used for variables that are measured on interval or higher scales. Therefore, this objective was analyzed by computing the means and standard deviation of the respondents' scores. The third objective of this study was to describe Louisiana small business owners' perceived obstacles to strategic planning based on selected perceptual measures. As this objective was descriptive, it was analyzed using frequencies and percentages. The fourth objective of this study was to determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and selected perceptual and demographic measures. This objective was analyzed using the Pearson Product Moment Correlation Coefficients. The fifth objective of this study was to determine if a model existed explaining a significant portion of the variance in Louisiana small business owners' perceived obstacles to strategic planning based on selected perceptual and demographic measures. In order to determine if a model existed, the researcher conducted bivariate correlations and multiple regression analysis.

Summary of Major Findings

The researcher collected a total of 75 responses, of which 70 met the participation criteria. The Perceived Obstacles to Strategic Planning Inventory survey included four participation criterion questions requiring a “Yes” or “No” response to complete the survey. The questions were the following: 1) Are you a publically traded company? This question required a “no” response. 2) Does your company have 501 or more employees? This criterion question required a “no” response. 3) Do you possess the title of owner, co-owner, CEO, President, or

VP? This criterion question required a “yes” response. 4) Does your company have a physical location in Louisiana? This criterion question required a “yes” response.

Of the 70 respondents, 24 or 34.3% of the respondents actually had a written long-term plan. When analyzing the “perceived degree to which the organization conducts strategic planning,” 23 of the 70 respondents, or 32.8%, fell between a mean score of 4.00 and 5.49 out of a 6.00 Likert-type scale. Additionally, there was a significant relationship between “perceived degree to which the organization conducts strategic planning” and “possession of a written long-term plan.” Furthermore, there was a significant relationship between “perceived degree to which the organization conducts strategic planning” and “perceived quality of the organization’s employees.” There was also a significant relationship between “perceived degree to which the organization conducts strategic planning” and “leadership has knowledge of the planning process.” Lastly, there was a significant relationship between “perceived degree to which the organization conducts strategic planning” and “perceived available time the organization has to strategically plan.”

The major findings of this study are discussed by objective.

Objective One

To meet the first objective of this study, respondents were asked to describe their small businesses in Louisiana based on the following characteristics:

- a) Years the organization has been in business;
- b) Industry in which the small business is positioned;
- c) Current number of full-time and part-time employees on the organization's payroll;
- d) Structure of the organization, i.e., Limited Liability Corporation, Subchapter S Corporation, Partnership, etc.;

e) Existence of a written long-term plan.

Of the 70 respondents, the mean age of the small business was 21.03 (SD=15.35), with a maximum age of 66 years and a minimum age of 1 year. The most common ages were 6 years, 15 years, and 32 years, with four respondents per group.

The majority of respondents or 57% were positioned in four industries. The largest group was Professional Services (n = 22, 31.4%), followed by Construction (n=8, 11.4%), Retail (n=5, 7.1%), and Distribution (n=5, 7.1%).

Of the 70 respondents, nine or 12.9% reported having one employee, while the majority, 52.9%, reported having seven or less employees. The median number of employees reported was 7, with a maximum of 175 employees and a minimum of 0.

The majority of respondents or 54.3% identified the structure of their organization as a Limited Liability Corporation, followed by Subchapter S Corporations (S-Corps) with 25.7% of all respondents. The legal structure that was reported by the smallest number of respondents was Partnerships, totaling 2.9% of all respondents.

Of the 70 respondents, 24 of them or 34.3% indicated they had a written long-term plan. The remaining 46 respondents (65.7%) stated they did not have a written long-term plan.

Objective Two

The purpose of the second objective was to describe small businesses in Louisiana based on the perceived degree to which the organization conducts strategic planning. When analyzing the means and standard deviation for each item of the Perceived Degree to which the Organization Conducts Strategic Planning Scale, the researcher found that “Our organization’s leadership identifies customer problems” had the highest agreement, with a mean of 5.14 (SD = .95). Subsequently, the item with the lowest agreement, “Our organization’s leadership prepares

for multiple future scenarios,” had a mean of 4.04 (SD = 1.28). The reliability of the scale was measured using Cronbach’s Alpha and was calculated to be $\alpha = .87$. The mean Perceived Degree to which the Organization Conducts Strategic Planning Score was 4.67 (SD= .69). The minimum score was 2.29, and the maximum score was 6.00.

Objective Three

The purpose of the third objective of this study was to describe Louisiana small business owners’ perceptions regarding the following perceived obstacles to strategic planning:

- a) The perceived quality of the organization’s employees;
- b) The perceived degree to which the organization’s leadership has knowledge of the planning process;
- c) The perceived available time the organization has to strategically plan.

When analyzing the means and standard deviation for each item of the Perceived Quality of the Organization’s Employees Scale, the researcher found that “Our employees are skilled in their craft” had the highest agreement, with a mean of 5.24 (SD = .65). Subsequently, the item with the lowest agreement, “Our employees achieve maximum productivity with minimum wasted effort or expense,” had a mean of 4.20 (SD = 1.03). The reliability of the scale was measured using Cronbach’s Alpha and was calculated to be $\alpha = .9$. The mean Perceived Quality of the Organization’s Employees Score was 4.95 (SD= .62). The minimum score was 3, and the maximum score was 6.

When analyzing the means and standard deviation for each item of the Perceived Degree to which the Organization’s Leadership Has Knowledge of the Planning Process Scale, the researcher found that “I know what a vision and mission statement is” had the highest agreement, with a mean of 5.34 (SD = .68). Subsequently, the item with the lowest agreement, “I know what

a SWOT Analysis is,” had a mean of 3.69 (SD = 1.91). The reliability of the scale was measured using Cronbach’s Alpha and was calculated to be $\alpha = .83$. The mean Perceived Degree to which the Organization’s Leadership Has Knowledge of the Planning Process Scale was 4.38 (SD= .97). The minimum score was 2.29, and the maximum score was 6.

When analyzing the means and standard deviation for each item of the Perceived Available Time the Organization Has to Strategically Plan Scale, the researcher found that “Our organization is focused on customer needs more than on long-term planning” had the highest agreement, with a mean of 4.79 (SD = .87). The item with the lowest agreement, “Our organization’s leadership allocates time every month for long-term planning,” had a mean of 3.36 (SD = 1.63). The reliability of the scale was measured using Cronbach’s Alpha and was calculated to be $\alpha = .84$. The mean Perceived Available Time the Organization Has to Strategically Plan Scale was 3.09 (SD= .88). The minimum score was 1.25, and the maximum score was 5.13.

Objective Four

The purpose of the fourth objective of this study was to determine if a relationship exists between Louisiana small business owners' perceived obstacles to strategic planning and the following variables:

- a) Industry the small business is positioned in;
- b) Structure of the organization;
- c) Years the organization has been in business;
- d) Current number of employees on the organization's payroll;
- e) Perceived degree to which the organization conducts strategic planning;
- f) Existence of a written long-term plan.

The researcher examined the relationship between “the perceived degree to which the organization conducts strategic planning” and each of the demographic and perceived factors included in the study that may influence the extent to which strategic planning measures are conducted.

The first demographic measured was “industry.” Given only 70 respondents and 24 possible responses, only one category, Professional Services, had a sufficient number of responses to allow the examination of the proposed relationship. A t-test was used to compare those respondents that self-identified as Professional Services with all other respondents. The mean strategic planning score for all respondents other than Professional Services was 4.74 with a standard deviation of .71. The mean strategic planning score for Professional Services was 4.52 with a standard deviation of .65. Levene’s Test for equality of variances was determined to not be significant ($F = .15$, $p = .71$), indicating that the assumption of equal variances was met. No significant difference in mean strategic planning score existed between the two groups, Professional Services and all responses other than Professional Services ($t_{68} = 1.22$, $p = .23$).

The second demographic measured was “legal structure of the business.” Of the 70 respondents, 38 self-identified as a Limited Liability Corporation and 18 self-identified as a Subchapter S Corporation. No other statistical tests were conducted on small business legal structure, because the sample size for each of the remaining categories was too small to conduct an analysis.

A t-test was conducted to examine whether or not differences existed in mean strategic planning score between respondents identifying as a Limited Liability Corporation and all other legal structure types. The mean strategic planning score for Limited Liability Corporations was 4.58 with a standard deviation of .75. The mean strategic planning score for non-Limited

Liability Corporations was 4.77 with a standard deviation of .61. Levene's Test for equality of variances was determined to not be significant ($F = .18, p = .67$), indicating that the assumption of equal variances was met. No significant difference in mean strategic planning score existed between the two groups, Limited Liability Corporation and all other legal structure types ($t_{68} = 1.17, p = .25$).

A second t-test was conducted to examine whether or not differences existed in mean strategic planning score between respondents identifying as a Subchapter S Corporations and all other legal structure types. The mean strategic planning score for Subchapter S Corporations was 4.80 with a standard deviation of .62. The mean strategic planning score for non-Subchapter S Corporations was 4.62 with a standard deviation of .72. Levene's Test for equality of variances was determined to not be significant ($F = .18, p = .67$), indicating that the assumption of equal variances was met. No significant difference in the mean strategic planning score existed between the two groups, Subchapter S Corporations and all other legal structure types ($t_{68} = -.93, p = .36$).

Pearson Product Moment Correlation Coefficients (PPMr) were calculated between the strategic planning score and the demographic variables years the organization has been in business and number of employees on the payroll, as well as variables that measured perceived factors that may influence the extent to which organizations conduct strategic planning. No significant relationship was found between years in business and the perceived degree to which the organization conducts strategic planning score ($r = -.109, p = .37$). Moreover, no significant relationship was found between number of employees and the perceived degree to which the organization conducts strategic planning score ($r = -.066, p = .59$). However, a significant positive relationship was found between the perceived degree to which the organization conducts

strategic planning and the perceived quality of the organization's employees ($r = .37, p < .01$), the perceived degree to which the organization's leadership has knowledge of the planning process ($r = .33, p < .01$), the possession of a written plan ($r = .32, p < .01$), and the perceived available time the organization has to strategically plan ($r = .32, p < .01$).

Objective Five

The purpose of the fifth objective of this study was to determine if a model exists that explains a significant portion of the variance in Louisiana small business owners' perceived obstacles to strategic planning using the following characteristics:

- a) Years the organization has been in business;
- b) Industry the small business is positioned in;
- c) Current number of employees on the organization's payroll;
- d) Structure of the organization;
- e) The perceived quality of the organization's employees;
- f) The perceived degree to which the organization's leadership has knowledge of the planning process;
- g) The perceived available time the organization has to strategically plan;
- h) Existence of a written long-term plan;

In order to accomplish this objective, a stepwise regression analysis was conducted. The first variable, "the perceived quality of the organization's employees," entered the regression model with an R square of .134, $F(1,68) = 10.56, p = .002$. This variable explained 13.4% of the variance in "the perceived degree to which the organization conducts strategic planning." The second variable, "written long-term plan," entered the regression model with an R square of .073, $F(1,67) = 6.17, p = .015$. This variable explained an additional 7.3% of the variance in "the

perceived degree to which the organization conducts strategic planning.” Combined, these two variables explained 20.7% of the variance in “the perceived degree to which the organization conducts strategic planning.”

Two additional variables, “the perceived degree to which the organization’s leadership has knowledge of the planning process” and “professional services,” while individually non-significant, added 3.6% to the explained variance. These two variables were included in the model because they added more than one percent of explained variance while the overall model remained significant. The first of the two non-significant variables, “the perceived degree to which the organization’s leadership has knowledge of the planning process,” entered the model with an R square change of .026, $F(1,66) = 2.28$, $p = .136$. This variable, while individually not significant, explained an additional 2.6% of the variance in “the perceived degree to which the organization conducts strategic planning.” The second of the two non-significant variables, “professional services,” entered the model with an R square change of .010, $F(1,65) = .359$. This variable, while individually not significant, explained an additional 1.0% of the variance in “the perceived degree to which the organization conducts strategic planning.”

Conclusions, Implications, and Recommendations

Based on the findings of this study, the researcher formed the conclusions and recommendations.

Conclusion One

1. The majority of respondents did not possess a written long-term plan.

This conclusion is based on the finding that, of the 70 respondents, 46 respondents (65.7%) stated they did not have a written long-term plan. The remaining 24 of them or 34.3% stated they had a written long-term plan.

This conclusion is consistent with the existing body of literature, which suggests that small businesses tend to not engage in systematic strategic planning (Perry, 2001; Wang et al., 2007). Furthermore, the literature finds that only approximately half of small businesses survive past five years and roughly a third last for 10 years (SBA Frequently Asked Questions, 2012). And the principal cause of small business failure has been identified as a lack of strategic planning (Ibrahim & Goodwin, 1985; Mayer & Goldstein, 1961; Mintzberg, 1979; Crawford & Lefebvre, 1984; Crawford & Ibrahim, 1985). Thus, this study suggests that many of the businesses surveyed, especially those that did not have a written plan, may fail within the next few years.

Based on these findings and conclusions the researcher recommends conducting a follow-up study with this study's participants to compare the survival rates of small businesses who have strategic plans with those that do not. If differences were found between these two groups, it would further confirm and support the literature that suggests that small businesses who have a strategic plan have a higher likelihood of success. Furthermore, the researcher recommends that organizations that provide consulting services, professional development, and support to small businesses, such as university small business development centers, local chambers of commerce, and boutique management consulting firms, add programs that will educate small business owners and managers on the importance of strategic planning.

Conclusion Two

2. The majority of respondents perceived that their organization does not conduct or conducts very little strategic planning.

This conclusion is based on the finding that, when “the perceived degree to which the organization conducts strategic planning” was analyzed, 23 of the 70 responses fell between a mean score of 4.00, an interpretive score of slightly agree, and 5.49, an interpretive score of agree. This finding suggests that, overall, 67.1% of the respondents perceived that their organizations do not conduct or conduct very little strategic planning.

Thus, small businesses perceptions are consistent with their reported level of strategic planning. As noted by Sexton and Van Auken (1982), small businesses tend not to engage in strategic planning, though they often consider it.

Based on the findings of this study, the researcher recommends conducting structured qualitative studies of small businesses who perceive they perform strategic planning to explore the extent to which strategic planning actually occurred, as well as explore what obstacles were evident prior to and during the act of strategic planning. Furthermore, the researcher recommends conducting structured qualitative studies of small businesses who do not perform strategic planning to explore their reasons, causes, and rationales for not doing so.

Conclusion Three

3. There is no relationship between the number of employees and the perceived degree to which the organization conducts strategic planning.

This conclusion is based on the finding that when a Pearson Product Moment Correlation Coefficient (PPMr) was calculated between the perceived degree to which the organization conducts strategic planning score and the number of employees on the payroll, no significant relationship was found ($r = -.066$, $p = .59$).

This conclusion is inconsistent with the existing body of literature, which suggests that the size of a small business predicts whether or not it will conduct strategic planning. Baird,

Lyles, and Orrie found that small businesses that planned formally had an average of 101 employees, while those that did not had an average of 47 employees (1994). Thus, their research suggests that the size of the small business predicted whether or not it participated in strategic planning (1994).

There are several possible explanations of this inconsistency, including:

a. Technology and access to information has changed in the 22 years since Baird et al.'s study. At the time of their study, it was advantageous to hire employees with knowledge. However, the Internet has commodified information. Now that knowledge is accessible via the Internet, reducing the need to hire as many employees.

b. At the time of this study, the only empirical article found exploring whether strategic planning and the number of individuals employed by a small business were related was the one by Baird et al. It's conceivable that future research would determine that a relationship does not exist.

c. Baird et al.'s study had an N of 188, whereas this study had an N of 70. It is conceivable that one of these two studies had a sampling bias, thus undermining its external validity.

Based on these findings and conclusions, the researcher recommends that further quantitative studies, utilizing the Perceived Obstacles to Strategic Planning Inventory, be conducted with a larger sample size to explore whether or not firm size is a predictor of strategic planning. The criteria used to select the sample in the current study, 500 or less employees and not publically traded, should be replicated. Additionally, the researcher recommends that structured mix methods studies of small businesses be conducted to explore

the relationship between the impact of technology on the number and type of employees employed by small businesses.

Conclusion Four

4. Business owners and managers who perceive that they have quality employees perceive that they conduct strategic planning.

This conclusion is based on the relationship found between “the perceived quality of the organization’s employees score” and the “perceived degree to which the organization conducts strategic planning score,” which was $R = .367$ ($p=.002$). Additionally, in the regression analysis, the “perceived quality of the organization’s employees” entered the regression model with an R square of .134, $F(1,68) = 10.56$, $p = .002$. This variable explained 13.4% of the variance in “the perceived degree to which the organization conducts strategic planning.”

This finding is consistent with the results of a study by O'Regan and Ghobadian, who found eight main barriers to strategic planning, one of which was employee capabilities (2002). The implication is that a clear definition of what constitutes a quality employee is vital to a small business.

Since the literature suggests that strategic planning is related to the success of small businesses, and since this study found a relationship between quality of employee and “the perceived degree to which the organization conducts strategic planning,” the researcher recommends that employers place a high value on identifying and procuring quality employees. To facilitate this process, small businesses should clearly define both the position and the person who would best fill it. Additionally, a suitable trial period should be considered to determine if a new employee fits within the business. Furthermore, the researcher recommends that research be designed to identify the specific behaviors and traits that are

