AN ASSESSMENT OF THE CONNECTION OF ELEMENTS IN A STRATEGIC PLAN:  
A CASE STUDY OF SABIC COMPANY

Hana J. M. Alotaibi*

Abstract: A strategic plan consists of several elements that can be grouped into determinants, strategic planning and outcomes. An important consideration is how well the elements fit together. An investigation was conducted on a Saudi public-private company in the petrochemicals sector on the strength of the connection between its elements based on analysis of documents and interviews. Although strategic planning takes place and analytical tools are used, several issues were uncovered pertaining to this connection, and major obstacles noted include the lack of communication of the plans at lower levels, and the high level of bureaucracy. Moreover, the analytical tools are not used effectively to guide the planning. Recommendations are made both for the organisation investigated and for further research.

Keywords: Strategic planning, Strategic plan elements, Connection of elements.

*College of Business- Umm Al-Qura University- Makkah- Saudi Arabia
I. INTRODUCTION

Strategic planning is characterised by a systematic and formalised effort by an organisation that defines its objectives, policies and strategies (Steiner, 1979). Strategic plans usually contain detailed information on implementing policies and strategies for achieving the desired objectives and thereby help the company attain its purpose. Similarly, Hax & Majluf (1996) explained that strategic planning is a well-defined effort with the aim of completely satisfying the organisation’s strategy by assigning responsibilities for its implementation. Moreover, a strategic plan positions a company in its selected market area in an attempt for it to compete successfully and achieve its desired performance or other desired outcomes. Many organisations are increasingly adopting the practice of strategic planning in both the private and public sectors in anticipation of improved performance (K’Obonyo & Arasa, 2012).

Although no one strategic model would be suitable for all organisations and contexts, there are certain basic elements that tend to be common in a strategic plan. The typical elements are a statement of mission, values, and vision; defining goals, aims, and objectives; conducting a SWOT analysis and developing a scorecard, and specifying actions plans and an organisation-wide strategy. Another important consideration however, is how well the elements fit together. In other words, what is the strength of the linkage between the elements? Do they work well together? This study examined the strategic plan of a particular organisation, namely Sabic Company in Saudi Arabia, for the quality of the connection between its elements, that is, between the determinants, strategic planning, and outcomes.

II. BACKGROUND OF SABIC

The company selected for the investigation was Sabic. This was established in 1976 as a public company, is one of the world’s largest manufacturers of petrochemicals. Its headquarters are in Riyadh, and it also operates in Al-Jubail and Yanbu, and has a global presence with regional offices in MENA, Asia, the Americas and Europe and operations in 40 countries. Its management team is overseen by a board of directors that include members from both the private sector and government. The proportion of Saudi government shares and private shares of Saudi and other GCC investors are 70% and 30% respectively. The company has six business units: chemicals, polymers, performance chemicals, fertilizers,
metals, and innovative plastics.

The company claims to have a corporate culture that is “characterized by its ability to adapt quickly” to its customers’ needs and requirements; that its “tradition of ingenuity has driven continuous improvement” with respect to its operations and drive for growth. It also claims to be forward looking and invests heavily in technology and innovation having “hundreds of dedicated scientists” around the world engaged in ongoing development. And, it claims its SABIC2020 project that was launched in 2006 signified its “ambition to take a global leadership position in the field of petrochemicals”.

A key foundation of its renewed 2025 strategy is sustainability, which has the goal of “ensuring future generations have the ability to realize their potential and improve their quality of life”. It is “central to everything” it does, and the sustainability strategy “is integrated and comprehensive”. For instance, the company claims, “Our approach to ethics and compliance goes beyond our legal obligations”. On its website, the CEO specifically mentions the commitment to the global communities in which the company operates, to protect and sustain the environment, and proactively working to create long term sustainable relationships with customers through finding the best solutions for them.

III. LITERATURE REVIEW

A. Strategic Planning

Strategic planning is an essential part of strategic management that establishes “the foundation upon which tactical and business planning and evaluation rest” (Cox & Radwan, 2015: 135). It helps the management define and achieve its goals. And, it helps organisations anticipate and respond to changes effectively (Bryson, 2011).

Strategies are needed by not only for-profit, but also non-profit and governmental/public organisations (Moore, 2000). However, literature is scarce on strategic planning in organisations that involve the government (McHatton et al., 2011). In the public sector, there tends to be a great emphasis on strategic planning, but there are typically delays in its implementation or else certain activities are missed altogether (Nartisa et al., 2012). On the other hand, many entrepreneurs in the private sector seek short-term rather than long-term gains, as they generally lack adequate foresight and thereby forsake their chances of greater growth.

Particular success factors that have been identified as contributing to the success of
strategic planning; being critical for it, include leadership (Moxley, 2004), strong leaders (McClamroch et al., 2001), and monitoring the process of implementation (Craft & Benson, 2006). In a public-private partnership, factors such as shared vision, open communication, and high level of collaboration are also important to the extent of being success factors (Jacobson & Choi, 2008).

Research has also been conducted on identifying critical success factors (CSF’s) in strategic planning. Knowing these can aid in strategic planning efforts by highlighting the present situation of an organisation, and its potential future (Gates, 2010). A CSF is a key area in which an organisation must perform well consistently in order to achieve its mission. It may be ascertained through a review of the organisation’s goals and objectives, by carrying out interviews, or conducting document analysis. These variables are those that are most likely to affect the success or failure of the organisation in terms of its goals. By making CSF’s explicit, the organisation can set priorities and allocate resources where they are most needed (Bullen & Rockart, 1981).

In an investigation on the use of strategic planning tools and techniques in Saudi Arabia (Al-Ghamdi, 2005), it was found that CSF analysis is the most widely and regularly used techniques for strategic planning. This investigation was based on a sample of 72 Saudi organisations that were asked about 13 different tools and techniques. Although this technique was prominent however, only 10% of the planners reported using any of the techniques regularly, and only a further 17% reported using them frequently. The next common techniques were benchmarking and what-if analysis. Notably, this study was carried out a decade ago. A more recent study on this aspect of strategic planning could not be found. However, a more recent study in Oman showed that the non-usage of strategic planning tools and techniques remains high at 30% (and that benchmarking is the most commonly used tool there (Rajasekar & Raee, 2014).

There does not appear to have been any previous research on linkage of elements in a strategic plan of any Saudi company. Research has been conducted on the use of strategic planning tools and techniques in Saudi Arabia (Al-Ghamdi & Al-Wuhaibi, 2001; Al-Ghamdi, 2005), but not on the connection between the elements of strategic planning. Studies are also scarce on linkage in general, on non-Saudi organisations (Poister et al., 2010; Choonhaklai & Wangkanond, 2014).
B. Elements of a Strategic Plan

According to Bryson (2011), a strategic plan comprises of the following components:

- Vision – a future expectation of what the organisation aspires to become;
- Philosophy and value;
- Mission – things to be done in order to achieve the vision;
- Goals/Objectives – things to be achieved after the mission is implemented;
- Strategic issues – main issues that need to be developed for achieving the goals;
- Programs and plans – those that must be implemented for progressing towards the goals;
- Projects – things to be done for meeting indicators of different programs.

Gates (2010) provides a more thorough listing of elements of a strategic plan along with definitions of key terms related to strategic planning. These are presented in Table 1. Understanding the elements and the relationships between them for supporting each other is essential to prepare for strategic thinking, and for guiding efforts in implementing the planning.

<table>
<thead>
<tr>
<th>Brief introduction</th>
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<tbody>
<tr>
<td><strong>Mission</strong></td>
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<td><strong>Vision</strong></td>
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<td><strong>Goals</strong></td>
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<td><strong>Objectives</strong></td>
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<td><strong>Guiding principles</strong></td>
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<td><strong>Enablers</strong></td>
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### Brief introduction

<table>
<thead>
<tr>
<th>Barriers</th>
<th>“External conditions or organizational (internal) weaknesses that hinder an organization's ability to accomplish a goal or objective.”</th>
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<tbody>
<tr>
<td>Strategy</td>
<td>“A derived approach to achieving the mission, goals, and objectives of an organization.” The strategy supports its vision, takes organizational enablers/barriers into account, and “upholds its guiding principles”.</td>
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<tr>
<td>Strategic plan</td>
<td>“A document that results from a strategic planning activity... [that] elaborates the organizational strategy and documents the elements that influence it.”</td>
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<td>Initiative</td>
<td>“A specific set of actions that implement a strategy.”</td>
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<tr>
<td>Actions</td>
<td>“Specific steps to achieve a goal or objective.” These “typically have assigned staff and schedule constraints”.</td>
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<tr>
<td>Performance Measures</td>
<td>These “describe performance targets relevant to each objective”.</td>
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Source: Gates (2010) (adapted)

Poister et al. (2010) and Hu et al. (2014) present a conceptual framework that regards strategic planning and management as defined by three components: (1) determinants, (2) process, and (3) outcomes. The framework presented by Hu et al. did not specifically mention the term 'strategic management', but is otherwise similar in pointing out the three components. This integrated framework was also used in a study conducted in Thailand on its Ministry of Justice (Choonhaklai & Wangkanond, 2014). This study adopts the same framework for qualitative analysis. As per this framework, the elements of determinants, strategic planning, and outcomes are as follows:

### Determinants

1. Rules and commands overseeing the strategic planning
2. Perception and understanding of personnel that reflects their preparedness for mobilisation;
3. Organisational leadership

### Strategic planning

1. Formation and determination of strategies for analysing the process in response to goals, environments, application of models, and application of tools
2. Communication and transmission of vision, mission, goals, strategic issues and...
indicators to all levels

3. Participation of all parties in determining the goals, strategies and indicators for obtaining beneficial strategic issues

4. Implementation of plans, how well integrated they are, and budgeting by priority

Outcomes

1. Organisational competence;

2. Results from the implementation of the plans

Determinants include systems and laws pertaining to internal operations, the line of command, organisational environment, and other related elements such as leadership, and size and age of the organisation (Hu et al., 2014). As regards outcomes, Poister et al. (2010) distinguished between two levels: those that increase organisational competence, and those pertaining to long term performance in the implementation of a strategic plan, providing a service, and in enforcing its laws. Examples of the former are effective leadership, organisational culture, adaptability to changing environments, strong partnerships, and having satisfied stakeholders, and examples of the latter are service quality, service efficiency, client satisfaction, and number of complaints. Hu et al. (2014) on the other hand, define outcomes in terms of the ability to prepare the missions and goals, prioritise plans, connect between the external factors, and improve the organisation’s management and effectiveness. Notably, whereas the direction of influence is from the determinants through strategic planning to outcomes, there may also be a feedback loop in the reverse direction.

In regard to the strength of connection of elements in a strategic plan, previous studies on strategic planning have mainly focused on its connection with company performance (David, 1997; Miller & Cardinal, 1994). For instance, Thompson et al. (2007) claimed that a good strategy is one that enables a company to build a market position that is strong enough and makes the organisation capable enough to perform successfully despite any unforeseen events, internal difficulties and strong competition. In practice, companies realise no more than about 60% of the potential value of their strategy due to defects and breakdowns in their planning and its execution (Mankins & Steele, 2005). It is therefore important that the strategy remains relevant to the forces at work in the organisation’s environment (Johnson et al., 2005).
Other studies have examined the underlying concepts, procedures and tools used to assist in strategic planning tasks (Craft, 2006). There are also models that have been devised to advise on how to operate a strategic plan from beginning to implementation (Allison & Kaye, 2005). In general, it is advised to first assess what the organisation is doing presently, to know the environmental context in which it is operating and the organisation's strengths, weaknesses, opportunities and threats, and what needs to be done. Also, it is stressed that it is not so much the approach taken to implement a strategic plan that is important; rather, it is important to ensure that it is followed through. Identifying the steps to be involved helps to treat strategic planning as a process, and the identification of tasks helps those who are responsible for implementing the plan, know its prerequisites, dependencies, and keep an eye on the schedule. In other words, structure gives confidence to the process.

IV. METHODOLOGY

An assessment of the quality of the linkage in the strategic plan of Sabic was made based on the qualitative research design highlighted in the literature review using the integrated conceptual framework based on those of Poister et al. (2010) and Hu et al. (2014). The data was obtained by carrying out exploratory research to determine the determinants, strategic planning and outcomes of Sabic; carrying out structured interviews, gathering relevant company information and documents. After transcription of the interview data, content analysis was undertaken to identify patterns and themes. A total of eight interviews were carried out of management personnel involved in strategic planning at the company.

V. FINDINGS

The findings are presented below on each of the three components assessed.

A. Determinants

The rules and regulations of the company investigated were clearly defined and communicated. These rules and regulations pertain to several areas and aspects of the organisation. In addition, the company has a code of ethics to guide the organisational culture, establish its commitment to performance, and uphold its core values. The latter are in relation to its employees, defining of standards, and the company's relationship with communities. The company also has other policies to guide how the organisation should be run.
In regard to perception and understanding, the interview findings suggest there is a shortage of personnel for the important task of strategic planning and its implementation. Existing personnel are preoccupied with other duties and responsibilities. For instance, one interviewee pointed out, “We don't have time to consider additional tasks that are best left to the higher management. We are already overburdened with our routine work and duties.”

Leadership in the company seemed to be strong and well-informed of the strategic planning at the top, but somewhat variable and relatively less-informed at the middle and bottom. In other words, some inconsistencies were apparent, and it also appeared that there may be a small rift between the views of the government personnel involving in the running of the company and its private leadership. Consequently, the lower level managers and administrators were not in a position to satisfactorily lead the company in meeting its indicators directly related to the company's strategic planning. It was apparent that at this lower level, the management were not so involved in the strategic planning, or that there is a deficiency in the communication of the plans.

**B. Strategic planning, tools and techniques**

1) **Main elements**

Table 2 presents four main elements of the selected company's strategic plan: its vision, mission, values and standards.

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
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<tbody>
<tr>
<td>Vision</td>
<td>“to be the preferred world leader in chemicals”</td>
</tr>
<tr>
<td>Mission</td>
<td>“to responsibly provide quality products and services through innovation, learning and operational excellence while sustaining maximum value for our stakeholders”</td>
</tr>
<tr>
<td>Values</td>
<td>“With uncompromising integrity as our foundation we will: Inspire, Engage, Create and Deliver”</td>
</tr>
<tr>
<td>Standards</td>
<td>“We will use our natural resources and human talent to their best advantage by innovating, educating and using the latest technology. This care for people and natural resources is reflective of our standards. SABIC prides itself on its integrity, and we set ourselves the highest standards in relation to business practices, safety and the care of the environment. We will not compromise these standards”</td>
</tr>
</tbody>
</table>
2) Use of tools and techniques

There was evidence of the use of such tools as SWOT analysis (identification of Strengths, Weaknesses, Opportunities and Threats) and PEST analysis for analysing the external environment. In addition, some critical success factors had also been identified although they were not well communicated. However, as with the strategic planning overall, the specified goals and objectives of the organisation did not take into account the results of the SWOT analyses conducted by the company. That is, these tools were not used to inform the devising of the company’s vision, mission statement, and other descriptives, and awareness of the points and factors identified from the use of the aforementioned tools was not spread throughout the company.

3) Communication and information transmission

The company has a website on which the vision, mission, values and other standards are stated in the ‘about’ section, as was expected. However, the interviews revealed that these indicators had remained the same for a long time. Moreover, it was found that there was no formal process in place for communicating information about the company’s strategic planning and direction. This was conveyed during executive meetings and was known among those in the executive body, but there was little evidence of an attempt to stringently implement those plans, and to communicate them to non-executive members of the company.

4) Involvement of stakeholders

Participation in the strategic planning process involved a number of different stakeholders, but this merely reflected its shareholders/investors, and was largely engaged in by those making the strategic plans. The management involves its Board of Directors in its strategic planning activities, but as noted earlier, there is relatively little involvement of personnel from lower levels of management. This included participation by the company’s management, key private investors and representatives of the government with interests in the company. Other external stakeholders are not included. Moreover, participation in meetings to discuss strategic planning issues tends to be low compared to the numbers of potential participants, and many that do appear are present to merely express their opinions and raise their concerns rather than offer constructive suggestions for improving the strategic planning process.
The interviews revealed that the strategic planning process is viewed as a complicated exercise that is best left to the key personnel in the management and board of directors. A typical interviewee response was, “It is not our responsibility to ensure of the company's strategic direction. That is what management is for. We already have plenty of tasks to do. It is the management's responsibility to guide us.” Notably, a few expressed the opinion that seems to diminish the importance of strategic planning. For instance, one interviewee who participated in important meetings commented, “The company is already doing well. We don't need to discuss to keep changing our direction all the time. Besides, we know what we have to do, so it's not necessary to crystallize our plans and tell everyone about them.” Another emphasized the importance of focusing on present circumstances and needs.

**C. Outcomes**

The findings for outcomes pertain to organisational competence and implementation outcomes. The findings reveal that an empowerment strategy was lacking that utilised networking. The working atmosphere can be described as a strange combination of some creative and innovative practices, and an overall bureaucratic one. In particular, there was a strict level of conformity to the company's rules and regulations at the expense of facilitating strategic planning. As one interviewee said, “We have to strictly abide by the rules and regulations imposed on us. We are not allowed to introduce anything new without permission.”

There was also evidence of lacking in the second set of outcomes pertaining to implementation. The implementation of company plans were not well documented in literature that was accessible to all levels of management and employees. Information on minute details of the strategic planning discussed at the higher level meetings was even more rare to be found.

**VI. DISCUSSION AND RECOMMENDATIONS**

**A. Determinants**

The determinants as far as the rules and regulations are concerned are as expected because organisations need to carry out routine tasks, and ensure they meet relevant laws and other commitments with higher authorities (Poister et al., 2010).
B. Strategic planning

1) Process

Strategic planning pertains to the process of formation and determination of strategic plans, their communication and their transmission prior to implementation. Having a vision is vital for strategic planning to be successful because it provides the organisation with a sense of direction. For instance, members of the organisation become acquainted with its aspirations and know what improvements need to be made in order to help it realise them. Responding effectively to changing environments requires organisations to be able to understand both their internal and external environments so that they can build appropriate strategies according to the contexts (Bryson, 2004). As per this thinking, the strategic planning processes carried out by the company investigated were not adequate because they did not utilise all of the information from the SWOT analyses in preparing the strategic plans, and in wording the vision, mission and objectives.

2) Perception and understanding

In regard to perception and understanding, there appears to be inadequate attention to strategic planning. Existing personnel are too preoccupied with their routine work, and there is also an additional hindrance from too frequent transfers of some personnel. Furthermore, there were insufficient provisions for systematic training and improvement of non-managerial personnel so that they could understand and contribute to strategic planning. The company would be well advised to improve in this area to enable them to implement the strategic planning more effectively and make useful contributions to further planning.

3) Leadership

The company's leadership is another critical factor that determines the effectiveness of its strategic planning. The finding that the leadership did possess vision and adopted a creative approach was promising, but this was not prevalent throughout the management, especially among the government representatives. Moreover, deficiencies in communicating the strategic planning from the management level also hindered its effective implementation, and the inability of lower level managers and administrators to focus on those outcomes that could help the company to directly meet its main indicators. Given the critical role of leadership, it is recommended for the higher management to give
greater attention to conducting strategic planning in meetings by involving more lower level management, senior employees and other valuable stakeholders. Furthermore, there is a need to give greater attention to facilitating the implementation of the plans. Additional goal oriented personnel would be better for the company than having all of them too preoccupied with carrying out the routine work. In short, they can adopt the practices of those organisations that have specifically aligned their strategies with their missions (Hu et al., 2014).

4) Stakeholder involvement

The involvement of stakeholders was found to be confined to the those directly responsible for the task of strategic planning. Moreover, there was insufficient communication of the strategic planning being done throughout the company. Involving stakeholders is important (Mercer, 1991) because their participation can potentially help improve the quality of strategic planning (Allison & Kaye, 1997), and their feedback may help to re-examine or adjust the plans. The lack of involvement compared to what may be more common in the private sector may be due to the fact that this is a joint public-private enterprise with government involvement. As was observed in the study by Choonhaklai & Wangkanond (2014), a similar situation may be common in Saudi Arabia in that government departments tend to be in the habit of carrying out more routine work, and are unaccustomed to rigorous planning and evaluation.

5) Implementation of the strategic planning

The effective implementation of the strategic planning was beset by a number of obstacles for two main reasons. Firstly, the implementation was not based on strong strategic planning, one reason being that the results of many analytical tools were not used to guide the planning. Secondly, the lack of adequate communication of the strategic plans also hinders its effective implementation. An effective implementation of strategic planning requires that the strategic plan is incorporated throughout the system so as to create real value for the organisation (Bryson, 2011). The implementation strategy should include methods for creating the capacity to sustain the implementation, achieve goals, and create ongoing learning opportunities.
C. Outcomes

1) General outcomes

The poor quality of outcomes was expected given the several issues present relating to determinants and strategic planning. The company needs to make a firm commitment to adopting an innovative orientation and discarding its practices that are holding it back from undertaking and implementing effective strategic planning. In particular, it should work with the government and strive to remove as many bureaucratic hurdles as possible, and minimise the stringency and complexity of its extensive rules and regulations. The high level of bureaucracy present in the company is typical of government departments (Sun & Xu, 2010), but this is a joint public-private enterprise and flexibility is needed for strategic planning to be effective.

Moreover, the company must work on improving the documentation of its strategic plans, and review how its implementation can be facilitated. A main step in this direction would be to make the missions clearer for each department and to provide them with key indicators for them to attain.

2) Sustainability

Besides the above assessed components, the company expressed a strong inclination for sustainability, and has an expressed goal in this regard. Moreover, it claims its sustainability strategy is “integrated and comprehensive”. This expression was also evident in the interviews with repeated references to the environment, and pointing out the company's role in protecting and sustaining it. The company's mission statement does hint at being responsible, and its standards do mention “safety and care of the environment”, but otherwise there is little evidence of a sustainability attitude in working practices. For instance, there are no environmental targets that are stringently applied. It is as if an illusion of being concerned for the environment is being presented, and although the brochures depict some notable efforts, the sustainability attempt is not aligned with the company's strategic planning and is not therefore given sufficient priority. The company should make sustainability a more central concern if it wants to be serious about it, and align to defined objectives and achievable targets.

VII. CONCLUSION

This study investigated the connection between the elements of a strategic plan in a
particular Saudi company to see how well the elements fit together. The selected company is a public company involved in the manufacture of petrochemicals and related products. Its board of directors includes members from both the private sector and government. These elements were grouped into determinants, the strategic planning process itself, and its outcomes. A qualitative research design was employed in which document analysis and structured interviews were carried out. Evidence of strategic planning in all the different forms was present. The main elements such as vision, mission, values and standards were well defined and communicated, and tools such as SWOT and PEST among others were used, but there were some deficiencies in other areas and strength of connection between the elements was not strong.

Many of the management personnel were too strictly preoccupied with routine duties and responsibilities to give attention to ensuring implementation of the strategic plan, and the plans were not well communicated at the lower levels of management. There was no formal process in place for communicating information about the strategic planning and direction. Other main obstacles that were identified as contributing to obstructing the effectiveness of the strategic planning and its implementation were its bureaucratic culture, and lacking in involvement of more stakeholders. Consequently, the implementation of the planning was not deemed to be as effective as it could be. The results of the analytical tools were not used effectively to guide the planning, lack of communication hindered its effective implementation. This was evident from the generally poor quality of strategic planning outcomes.

A well connected strategic plan would be characterised, for instance, by effective utilisation of the results from the use of tools such as SWOT analysis in guiding the planning. Improvements are needed particularly in the area of perception, understanding and communication of the plans in order to spread more awareness of the strategic planning throughout the company, and have more goal oriented personnel devoted to ensuring its implementation. Also, lower levels of management should be permitted to be more involved in this task of planning and implementation. In particular, the bureaucratic hurdles need to be minimised, and key indicators should be identified for different departments to work towards attaining. Also, if the company's core strategic foundation of sustainability is to be taken seriously, it should be reflected in its working practices in these targets.
The research recommendations are to investigate this area of connections between the elements further, and to find more ways of strengthening them. Further investigation in the private sector may also reveal companies with excellent connections that can serve as models for others.

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VIII. REFERENCES


Website

http://www.sabic.com