



Efficiency of Stakeholder Participation: The Mediation Effect of Environmental Analysis

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Abstract

As the life expectancy of firms worldwide had decreased, the companies need for sustainable performance in a fast changing environment and in a growing competition conditions, emerged and keep increasing. Decision making process at each time is an essential factor in the success or failure of a firm. Developing accurate future expectations highly depends on acquiring related knowledge on how competition is shaped as well as environmental changes. Organizations survival chances are increased when a structural composition aimed at integrating more knowledge from their stakeholders is applied. The aim of the study is to develop a model that explains the mediator effect of environmental analysis on the relationship between the stakeholders' participation and the scope of strategic planning. The detected outcomes clearly states that organizations that aims at increasing their survival chances need to transform themselves to be a more flexible and open systems to be able to apply structures that integrate their stakeholders.

Key Words: Strategic Decision Making, Strategic Planning, Environmental Analysis, Stakeholder Participation.

Paydaş Katılımının Verimliliği: Çevre Analizinin Arabuluculuk Etkisi

Özet

Dünya çapında firmaların yaşam süreleri azaldıkça, şirketlerin hızlı değişen bir ortamda ve artan rekabet koşullarında sürdürülebilir performans göstermesi, yaşamlarını sürdürebilmeleri için elzem bir hale gelmiştir. Her karar verme süreci, bir firmanın başarısında veya başarısızlığında önemli bir faktördür. Gelecek ile ilgili gerçekçi beklentilerin geliştirilmesi, rekabetin nasıl şekillendirildiğine ve çevresel değişimlere ilişkin bilgilere bağlıdır. Paydaşlarından daha fazla bilgiyi entegre etmeyi amaçlayan bir yapı oluşturulduğu takdirde organizasyonların hayatta kalma şansı artar. Bu çalışmanın amacı, çevresel analizinin ve paydaşların kararlara katılımının, stratejik planlama kapsamılığı üzerindeki etkisini açıklayan bir model geliştirmektir. Tespit edilen sonuçlar, hayatta kalma şanslarını artırmayı amaçlayan kuruluşların, paydaşlarını bütünlükten yapıları uygulayabilmek için kendilerini daha esnek ve açık bir sistem olarak dönüştürmeleri gerektiğini açıkça belirtmektedir.

Anahtar Kelimeler: Stratejik Karar Verme, Stratejik Planlama, Çevre Analizi, Paydaş Katılımı.

INTRODUCTION

Life expectancy of young firms is mostly bounded by success or failure which has a thin line in between, the action packages taken by a firm is what decides on which side they are. Under uncertainty conditions a firm should decide on the accurate strategy among its close alternative and pursued at the correct time. Miller's contribution to one of most important uncertainties forms, the perceived Environmental uncertainty (PEU) is remarkable, where he had identified it at three levels: general environmental uncertainty, industry uncertainty and firm uncertainty. Factors like macro-environmental elements, political, economic, socio-cultural and natural uncertainties form the

General Environmental Uncertainty. While more industry specific elements form the Industry Uncertainty like; uncertainty in inputs, product markets and uncertainty in overall competition circumstances. Uncertainty related to R&D, firms' operations, liability, credibility, and behavioral characteristics create firm uncertainty. While on the contrary, Milken identified the PEU using three different levels. State uncertainty referring to External Environmental Uncertainty, Effect uncertainty which indicates how external environment affect internal environment. Finally; reactive uncertainty explains the impact of external and internal uncertainties on implemented strategies by institutions (Tapinos, 2011).

It is sure that valid strategies applied by companies is respondent to the changing environment. Enterprises are supposed to develop adequate future forecasts about the competition and environmental variables formation after they accumulate the required knowledge. By also accumulated forecasting techniques like qualitative, time series and causal models using the best historical available data, which constructs the base to taking the correct decision regarding strategic planning taken by decision makers.

Behavioral economists argues that all previously stated methods are based on the assumption of rationality in decision making process, the gap that assumption constructs when economics was incapable to expect some cases such as 2008 crisis. Indicating that individuals do not behave rationally based on available knowledge. Uncertainty arises from two different general reasons, conditions and human behavior. As individuals take action based on imperfect information which results in causing uncertainty for current situations. The human behavior factor is mostly affected by human emotions which causes biases from rationality concept. While economic theories well identify rational individuals and constructs models accordingly. However, Simon states that decisions are made with bounded rationality, as individuals makes decision which they derive the highest utility from, but not the best as they are not fully aware of its close alternatives, as a result; decision makers decision is made upon evaluating the acquired alternatives. Which makes weighing and decision making much more important.

The aim of this study is to examine the decision making patterns, and the decision making compositions of enterprises operating in Turkey. The framework of this study includes stakeholders' participation in the decision making procedure and its relation to sources of change identified as environmental factors.

1. DECISION MAKING IN ORGANIZATIONS and STRATEGIC PLANNING

An organizations future highly depends on decisions made by executives, it decides the future of the organization and its employees, thus well defining the factors that are ought to be included in decision making is significant. Especially in the 21st Century (Khakheli and Morchiladze 2015: 425).

What directly impacts the all organizational operations and functionality is the decision making when facing many alternatives. Which is taken on all levels to conduct goal achievements (Yılmaz and Talas 2010: 197).

Decision making is accepted as the base in modern business life, as decisions on efficient usage of a firm's resources is in the hands of management, which in turn construct the managerial responsibilities as it decides the success and failure of an organization (Yeşil and Erşahan 2011: 319).

Decision making depends on issues like policies decisions, goals setting, planning and etc.... In that context, as reported by Can, Doğan and Doğan (2001: 207), decision making can be assessed as a managerial as well as organizational process.

Another burden on decision making is uncertainty and risk factors, where Klinke and Renn (2002) had defined risk to be the damaged values and/or facts as a result of individuals' activities. And Draft (2009: 216) had defined risk to be, the changing future outcome of alternatives although that there is no changes in the goal and information. The higher the knowledge level is the higher the probability that results take place just as expected.

Another factor that causes the biases from rationality is Environmental uncertainty Rojot (2008: 140). Where Busenitz and Barney (1997: 15) had stated that under uncertainty people use shortcuts rather than inclusive decision making.

The environment concept is stated as two types; general environment and task environment. The latest consist of different segments that directly structure its market position, everyday operations and defined objectives. In other words, it is composed by all parties that directly affect the organization like, competitors, suppliers, customers, and regulatory bodies. Task environment is also referred to as micro-environment by strategic management theory. Moreover, general environment is indicated as sectors that indirectly impacts the organization which are related to the ecosystem of the country, political, economic, ecological, social and technological conditions also referred to as macro-environment (Vecchiato and Roveda 2010: 1529).

There is specific difference between risk and uncertainty. Risk is when it is possible to allocate possibilities to future outcomes otherwise it is uncertainty. Therefore, risk is applicable in statistical data facts while on the contrary uncertainty is applied when forecasting statistical data (Vaughan and Vaughan 1995: 5).

There are some decision making models used under risk and/or uncertainty conditions such as heuristic decision making model, expected utility theory and the theory of probability (Aslan, 2018).

An organization's capacity to conduct efficient adjustment to prompt evolving conditions decides its survival chances. Managing environmental disorders key variable is arranging, which started to diffuse in mid 1960s in the United States, (Ringbakk, 1972). Unlike other selective space of corporations, vital arranging is presently polished by administration and retail associations (Burt, 1978), money related foundations (Gup and Whitehead, 1983), and even non-benefit associations (Odom and Boxx, 1988; Wortman, 1979).

Strategic planning is an authoritative process (Armstrong, 1982; Steiner, 1979), where successful arranging scope would link long-term goals with medium run and daily operations organizing, data collection, chart, model and stimulate certain future conditions as recommended by Steiner, (Boyd, 1991).

When strategic arrangement is done well, strategic planning results in a strategic management, which in turn uses strategic thinking and planning to administrate the business and control its operations. Line directors integration, characterize the unit of specialization, more previous general goals, design activities to be more definite, deal with the go head to head and organize and match designs and controls are six techniques for profitability increase and administration (Gray, 1986). Under the framework of arranging process

2. SOURSES of CHANGE and SCOPE of ENVIRONMENTAL ANALYSIS

Rational decision making is influenced by many factors which may be related to decision makers, inner organization and environment (Papadakis, Lioukas and Chambers 1998: 116). Organizations as social system interact with their own surrounding environment. In that regard all previously stated macro variables impact managerial decision making (Onaran 1975: 110).

Goals and strategies of an organization is continuously exposed to the Environmental factors effect in its all levels which consists of , social economic, technological, mathematical and statistical factors affects the decision making fashion and quality. While objectives, pursued strategies, personnel, organization's composition form the coherence of the establishment. Nonetheless; the goals and strategies are also exposed to the closer environment's variables, customers, competitors, legislative bodies (Yilmaz and Talas 2010: 203).

Since the organizations interacts with both input and output markets then it could conclude that surrounding conditions controls organization's style, quality, and structure. All along with collected knowledge as any establishment is non-separable part of the environment as well as its inner structure managers make decisions accordingly (Yilmaz and Talas 2010: 203).

Environment integrates all conditions and surrounding situations that covers and impacts the aggregate organization or any inner scopes (Harrison, 1995).

In the modeling the environment overview of a certain establishment, it is useful to consider the natural inner framework (Harrison, 1995). As suggested by Thompson (1967) the organization is a sum of many departments which forms an entity, with each part's contribution and feedbacks, which is an inseparable part of the big environment.

Many prospectives view the surrounding forces as burdens on flexibility extent on management even when taking a decision regarding its inside. Revising statements on the interfaces is much easier than to state in what way does earth's vulnerability influence leadership of management (Yilmaz and Talas, 2010).

Organizations pursue many intended methods to deal with managing the environmental problems by developing leadership on the basis of full data accumulation (Khanna and Kumar, 2011). As indicated by Harrison (1995) there are four environmental forces as stated below:

- The economic system
- The political system
- The social system
- Technology

Under similar conditions it is essential to raise the sincerity to develop other efficient methods to well pass on a well insight regarding to administration (Lenz and Engledow, 1984; Klein, 1979; Miller and Friesen, 1983). In correspondence to increasing the life expectancy, firms that are capable of efficiently identifying the changes in the surrounding environment's owns the highest chances of survival (Hedberg, Nystrom and Starbuck, 1976; Bourgeois, 1978).

3. STAKEHOLDER PARTICIPATION

Stakeholders are group of people who interacts with the achieved goals of an organization (Freeman, 1984, p. 46). Who are critical for the firms' survival (Lozano, 2005).

The relation concept between stakeholders and corporations are proportional to complexity and obligations they hold in corporate operations (Tatoglu et al., 2015). Also as reported by Clair, Milliman, and Mitroff, (1995); Turcotte, (1995) it changes according to occupations stakeholders hold in data streams as well as interactions between each other.

Partners collaboration has been defined by productivity increase in competitive advantage (Turnbull, 1994, 1997). Which is ought to reduce clashes (Rothman and Friedman, 2001).

Clarskon had featured the critical collection and apply these collections is what constructs the base for a firm's survival. Where he starts from legal/ monetary prospective where he characterized that the critical stakeholders are the ones who holds financial interests in an enterprise thus who holds a risk factor, which widens to include creditors, investors, representatives, and sustainable suppliers and customers. On the other hand, Auxiliary stakeholders are the ones exposed to the enterprises operations. In other words who are not directly related to the firm, sustainability and survival of an enterprise does not rely on them but it may. These stakeholders integrate media a certain gained parties who holds enough capacity to move popular assumptions through influencing critical partners demands (Magness 2008).

4. HYPOTHESIS DEVELOPMENT

For instance Sidhu et al. (2004) indicated that noticeability of an organization's investigation introduction increase with the increase in the noticeability of natural dynamics. "open framework" methods implication when dealing with arrangements, as measured by increasing collaboration of sub-levels will result in when offering more upward and open data streams (Lindsay & Rue, 1980). The changes well uniformity in external situations is caused by better harmonization with external partners. According to Harrison & John (1996) stakeholders offers a centric survey point to well evaluate the essential working conditions.

H1: *There is positive relationship between stakeholder participation and scope of environmental analysis*

Although that the planning process was presented by Woodward (1965) on the founding level. She suggested the existence of the relation between Vulnerability and generation arrangements. Furthermore, hierarchical structuring needs keeping up the separation and constant joining of environmental requirements as faced by Lawrence and Lorsch (1967). Fulfilling long run arrangements could be seen as an impression on the inner environment of an association along with the attempts to meet external environment's vulnerability makes it clear that reaching the peak as structure measures be consistent with the earth.

On the Decision making using computers and mathematical models Thompson (1967) explained that when associations try to reduce vulnerability through undertaking basic measures to manage the vulnerability. One approach could be by implementing course of arranging frameworks. Another could be outsourcing expertise and experienced models. When Considering the Environment along with the scope of strategic planning the natural structure is displayed with the support of data upward stream, it could expected that quality would be more sustainable in organizations that operates in powerful conditions. Applying open "frameworks" by integrating sub-levels of the organization will enhance better upward data streams and extend open data accumulation (Lindsay & Rue, 1980).

H2: *There is positive relationship between scope of environmental analysis and scope of strategic plans.*

H3a: *There is a direct relationship between stakeholder participation and scope of strategic plans.*

H3b: *Scope of environmental analysis mediates the relationship between the stakeholder participation and the scope of strategic plans.*

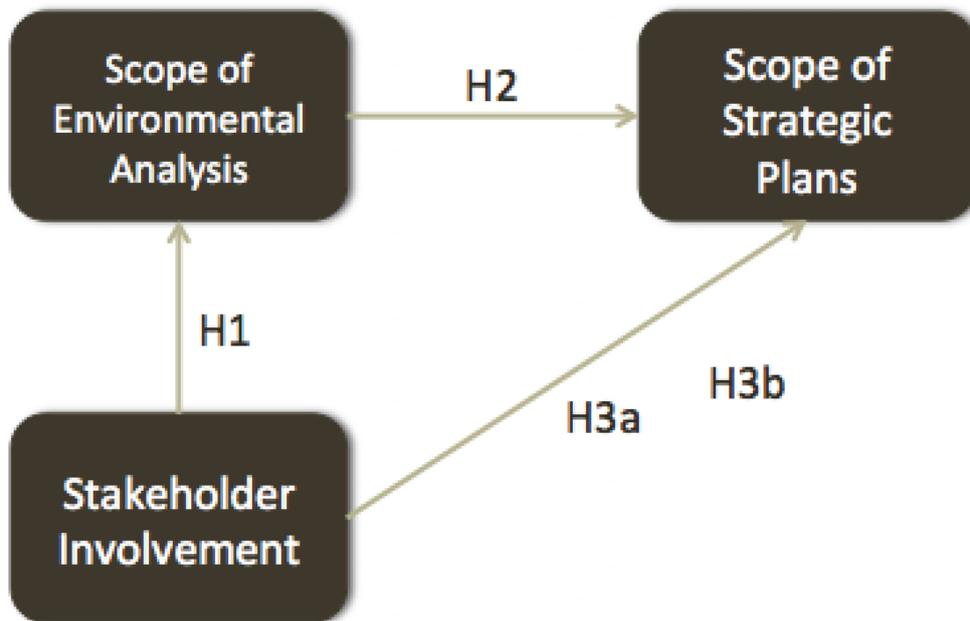


Figure 1: Model of the study

5. RESEARCH METODOLOGY

In this study for data collection used e-mail questionnaires, which was built on four stages: The first stage focused on the theory in its developing and translation. Then it was distributed to three different academicians to review and evaluate the questionnaires relevance and the design as well. The amendments were made upon the feedback of the academicians. Then the new form was evaluated by four academicians, whereas after that the poll was re-amended. The items were reduced to 52 starting from 108 originally. The Stakeholders Involvement SI was decreased to 5 from an initial set of 11, and the Scope of Environmental Analysis it was decreased to 36 from initially 91 items for SEA.

Data collection was conducted through cross-sectional online questionnaire. Which was found on the 5 scale method (1="strongly Disagree" and 5= " Strongly Agree"). As the main purpose of this study is to comprehend the decision-making measures in Turkish firms.

The sample selection was from firms operating in Marmara region. 50% being Industrial, 3% of the sample population. 47% of the service sector surveyed the agricultural sector. Most of the firms were located in Istanbul, using Istanbul Chamber of Commerce data. The survey was e-mail to 12,000 companies operating within the Marmara region. And since the industrial level was used only one person integrated in the decision making process to answer the survey. 227 results returned as the survey requires full responses, the 227 companies which participated are different sized, 48% of the participant companies are SMEs. 29% are over 20 years old. 785 of the participant companies are with all domestic capital.

To analyze the results of the study Structural Equation Modelling Method (SEM) by AMOS 25 statistics program which is developed by IBM is used. This method is used because the SEM gives a method to test hypothesized links along with modeling in order to define the framework on which the hypothesis is built. SEM helps identifying the validity of the study by detecting the errors in the

measurements. SEM can be used model and define the inter relations between the complex theoretical concepts through its characteristics. The effects of various variables, moderating, mediating and control variables can be explained in details thus allowing SEM to run multi-level on complex problems (Bauer 2003; Rabe-Hesketh, Skrondal, and Pickles 2004). Finally, SEM is well qualified to arrange and match the theoretical structuring on inert factors while detecting the relation within different exogenous factors.

Main Constructs:

Stakeholder Participation: Consists of thirteen items which are originally from (Eren, Aren and Alpan, 2000; Bekiroğlu, Erdil and Alpan, 2011; Harrison and John, 2005; Harrison and John, 1996). The stated items aim is to assess information collection levels from stakeholders used by enterprises in strategic decisions. Such as; consumers, wholesalers, suppliers, competitors, financial institutions, shareholders, legislative bodies, universities, industrial unions, advertising agencies, radio and television, and professional organizations.

Scope of Strategic Plans (SSP): The measures were derived from (Lindsay and Rue, 1980; Thompson, 1967) previous literature. The scope of strategic plans are measured by the items in three dimensions:

- 1- Range of strategic plans which questions if the strategic plans are longer than three years
- 2- Employment of Mathematical models or computer programs
- 3- Whether the strategic plans integrate budgets or schemes of strategic business units (SIBs)

Scope of Environmental Analysis: Also measures of the details of collected information from business environment were derived from previous literature Eren, Aren and Alpan, 2000; Bekiroğlu, Erdil and Alpan, 2011; Vecchiato and Roveda, 2009; Brouthers, Andriessen and Nicolaes, 1998; Alpan, 2000). The elements which are to test the scope of environmental analysis in five dimensions are: the General Environmental factors which include economical, technological, socio-cultural, natural and political and legal factors that influence long term decisions; The items are designated on five-point scales (1= "strongly disagree" and 5= "strongly agree") as persistent variable and the structure is converted to a categorical variable by deriving the mean of the construct as well as evaluating "General Environment" and "Business Environment".

6. FINDINGS and RESULTS

Reliability and the Validity of the Measures

In this study, the number of items used for stakeholder participation (SHP) was reduced from 11 to 6 in accordance with the studies of Anderson and Gerbing (1988). Similarly, the number of items used for environmental analysis has been reduced from 46 to 24. The most important reason for decreasing the number of questions is the high correlation between the scales. Therefore, the mentioned items were removed from the analysis so that the meanings could not be broken. The results of the study are within the limits of the generally accepted conformity indexes. The following table shows the compatibility data for the study. Accordingly [cmin / d].f. 1.630, CFI = 0.97, GFI = 0.94, AGFI = 0.91, IFI = 0.97, TLI = 0.96, RMR = 0.05, RMSEA = 0.05 conforms to acceptable standards. In addition, CFI, TLI and IFI values are quite satisfactory. The fact that these values are close to 1.0 indicates that the model is in perfect harmony. Similarly, the AGFI index is between 0.90 and 0.95 and within acceptable limits. The RMSEA value was between 0.05 and 0.10 at the beginning of the nineties, and these values were 0.5 and below (MacCallum et al., 1996). In this study, the RMSEA value, which indicates that the model is compatible, is approximately 0.5. In addition, as shown in Table 2, all scales used in the survey are consistent ($p < 0.01$) and the factor loads of each scale are above 0.57.

Table 1: Descriptive Statistical Data

Definitions		Frequency	%
Sector	Industry	114	50%
	Service	107	47%
	Agriculture	6	3%
Numbers of Employees	Less than 50	65	29%
	50-99	19	8%
	100-249	26	11%
	250-499	22	10%
	500-999	28	12%
	1000-1999	29	13%
	2000-5000	17	8%
	More than 5000	21	9%
Years of Operation	Less than 5 years	20	9%
	5 to 10 years	24	11%
	11 to 20 years	42	19%
	21 to 40 years	74	32%
	More than 40 years	67	29%
Ownership	Domestic capital	176	78%
	Foreign capital	14	6%
	Domestic- Foreign joint venture	37	16%
Competition Level	Low competition	6	3%
	Medium competition	59	26%
	Intense competition	162	71%

Table 2 presents Cronbach's Alpha (CA) and Composite Reliability (CR) values to measure internal consistency. All scales have more than 0.75 CA and CR values (Bagozzi & Yi, 1988), which are above 0.70 threshold values and show satisfactory levels of scale reliability. In addition, the standard regression weights of variables in Table 3 are ($p < 0.05$) and structure validity is acceptable (Anderson and Gerbing, 1988).

Table 2: Confirmatory Factor Analysis Findings

Constructs	Items	Standardized Loadings ^b	CA ^d	CR ^e
<i>Stakeholders Involvement</i>	SHP		0,80	0,80
Information gathering from financial Institutions	SI4	0,71		
<i>Information gathering from government decisions and statements</i>	SI6	0,66		
Information gathering from universities	SI7	0,70		
Information gathering from industrial unions	SI8	0,72		
Information gathering from radio and television	SI10	0,69		
Information gathering from professional organizations	SI11	0,75		
<i>Scope of Environmental Analysis</i>	SEA		0,74	0,79
Technological factors	TEC	0,76		
Socio-cultural factors	SCF	0,88		

Politic and legal Factors	PLF	0,67		
Natural factors	NTF	0,71		
Scope of Strategic Planning	SSP		0,91	0,91
Range of Strategic Plans	SP1	0,92		
Usage of mathematical models and computer programs	SP2	0,92		
Scope of Strategic Plans	SP3	0,93		

Notes:

^aCMIN/df = 1.630, CFI= 0.97, AGFI=0.91, IFI= 0.97, TLI= 0.96, RMR=0.05, RMSEA= 0.05

^bSL = Standardized Loadings

^cCA = Cronbach’s alpha

^dCR = Composite reliability

All the values obtained as a result of the confirmatory factor analysis of the scales determined for each variable are acceptable. In this context, each scale used has internal consistency. In addition, KMO (Kaiser-Meyer-Olkin sampling adequacy measure) values for each scale have shown that the sample size is sufficient for factor analysis.

Table 3: Regression Weights

			Estimate	S.E.	C.R.	P
NTF	<---	SEA	.859	.100	8.617	***
TEC	<---	SEA	.813	.080	10.165	***
PLF	<---	SEA	.641	.098	6.572	***
SCF	<---	SEA	1.000			
STRPS01	<---	SSP	.972	.052	18.619	***
STRPS02	<---	SSP	.981	.055	17.950	***
STRPS03	<---	SSP	1.000			
SI11	<---	SHP	.973	.114	8.550	***
SI10	<---	SHP	.744	.104	7.169	***
SI8	<---	SHP	.861	.111	7.761	***
SI7	<---	SHP	1.000			
SI6	<---	SHP	.646	.096	6.709	***
SI4	<---	SHP	.881	.115	7.644	***

The scope of the environmental analysis scale used in the study consists of forty-six questions. As a result of factor analysis, items loaded at different dimensions or showing high correlation with other dimensions were excluded from the scope of analysis. In this respect, twenty two questions were raised from the study. The remaining twenty-four questions were evaluated in four different

dimensions. The four-dimensional questions are consistent with each other and with their dimensions. The following table shows factor predicates for each specified dimension.

Table 4: Task Environment Analysis Scale Component Matrix

	Factor			
	Socio-Cultural	Technological	Natural	Politic And Legal
Socio-Cultural Factors 06	0,762			
Socio-Cultural Factors 05	0,733			
Socio-Cultural Factors 07	0,715			
Socio-Cultural Factors 04	0,701			
Socio-Cultural Factors 10	0,693			
Socio-Cultural Factors 11	0,644			
Socio-Cultural Factors 01	0,641			
Socio-Cultural Factors 08	0,587			
Socio-Cultural Factors 03	0,556			
Socio-Cultural Factors 09	0,536			
Technological Factors 03		0,81		
Technological Factors 04		0,767		
Technological Factors 02		0,673		
Technological Factors 05		0,637		
Technological Factors 01		0,629		
Natural Factors 01			0,851	
Natural Factors 05			0,796	
Natural Factors 02			0,747	
Natural Factors 04			0,674	
Natural Factors 03			0,513	
Political Factors 06				0,905
Political Factors 04				0,779
Political Factors 05				0,707
Political Factors 01				0,642
Extraction Method: Maximum Likelihood.				
Rotation Method: Varimax with Kaiser Normalization.				

Hypothesis Testing

Parameter estimates and PATH analysis results for the whole sample are shown in Figure 5. This analysis calculates the relationships between variables, regardless of the impact of the mediator variable. The relationship between independent variables (SHP and SEA) and dependent variables (SSP) was analyzed using Amos and PATH analysis.

Table 5: Estimated Results of the Model

	Estimate	S.E.	C.R.	P
SEA <--- SHP	.751	.092	8.183	***
SSP <--- SEA	.921	.227	4.051	***
SSP <--- SHP	.125	.205	.609	.543

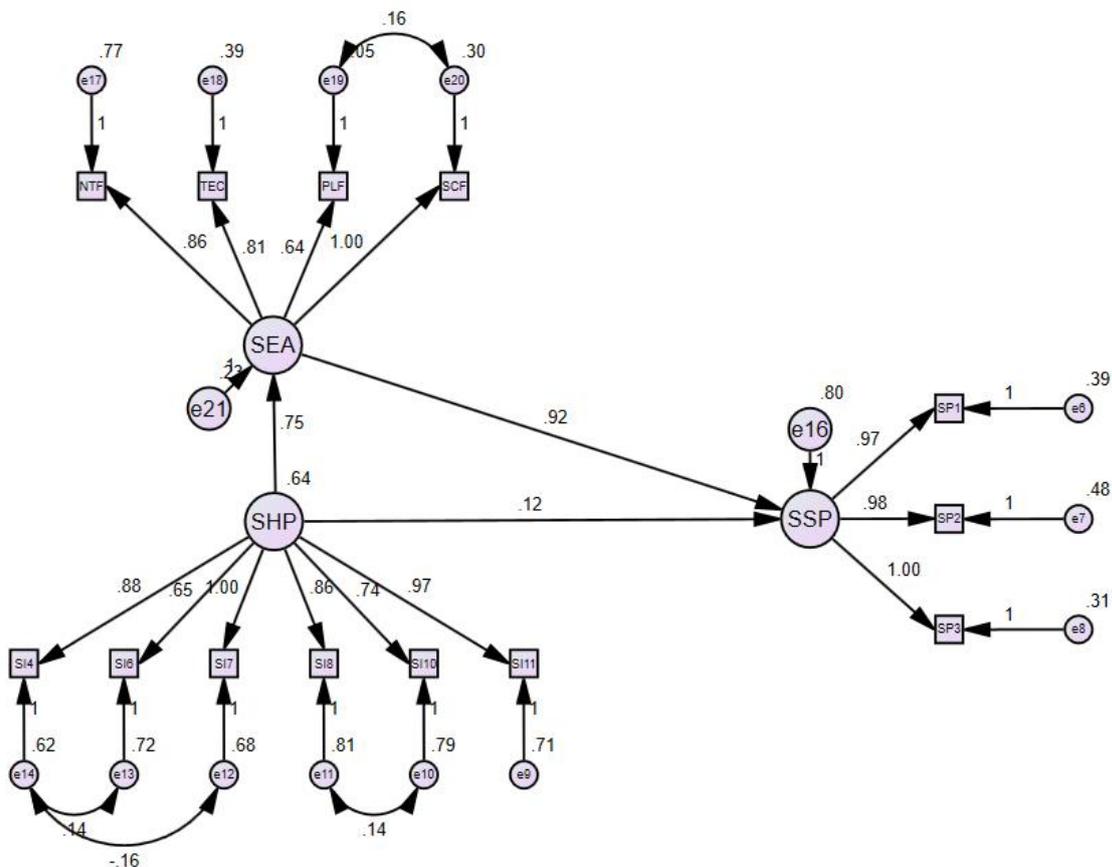


Figure 2: Estimated Results of the Model

According to these results hypothesis of H1 and H2 are accepted and H3a is rejected.

H1: *There is a significant relationship between the stakeholder participation and the scope of environmental analysis. (ACCEPTED)*

H2: *There is a significant relationship between the scope of environmental analysis and perceived organizational performance. (ACCEPTED)*

On the other hand, it was found that the relationship between SHP and SSP was significant when we tested the relationship between SHP and SSP alone except for Model. The results of the analysis of this relationship are shown in Table 6 and Figure 3.

Table 6: Estimated Results of SHP & SSP Relationship

	Estimate	S.E.	C.R.	P
SSP <--- SHP	.830	.128	6.495	***

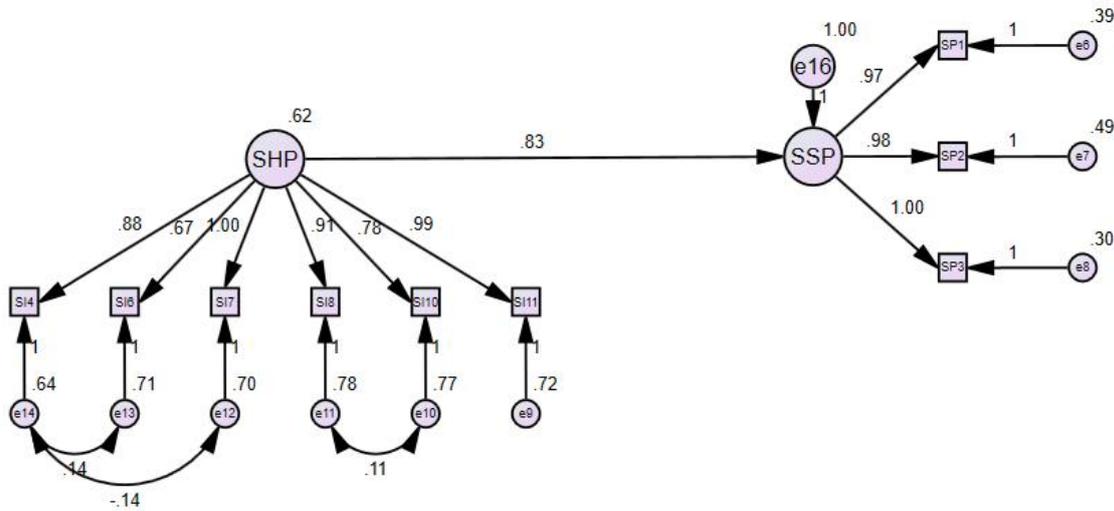


Figure 3: Estimated Results of SHP & SSP Relationship

As a result of the analysis made in this direction:

H3a: *There is a direct relationship between stakeholder participation and scope of strategic plans. (ACCEPTED)*

The analysis of mediation is used to provide a more precise explanation of how and why independent variables depend on a causal chain (SEA and SHP) and dependent variable (Hair et al. 2014). A mediator variable acts as a link between a dependent variable and an independent variable in general. According to Baron and Kenny (1986), there are certain conditions for accepting a variable as a mediator. The relationship between the independent variable and the mediator variable, and the relationship between the mediator variable and the dependent variable, must be significant. If these relationships are significant, the relationship between dependent and independent variables is eliminated. However, even if these relationships are significant to accept the mediator effect, the relationship between dependent and independent variables must also be significant when the mediator is removed from the model. In this study, there is a significant relationship between Stakeholder Participation (SHP) and Scope of Environmental Analysis (SEA) and Scope of Strategic Planning (SSP). In addition, when examined alone, there is a significant relationship between Stakeholder Participation (SHP) and Scope of Strategic Planning (SSP). In this context, the Scope of Environmental Analysis mediates the relationship between the Stakeholder Participation and the Scope of Environmental Analysis. The results of the analysis are shown in Table 7 and Figure 4.

Table 7: Mediating effect of SEA

	Estimate	S.E.	C.R.	P
SEA <--- KIS	.363	.102	3.562	***
SSP <--- SEA	1.157	.131	8.862	***

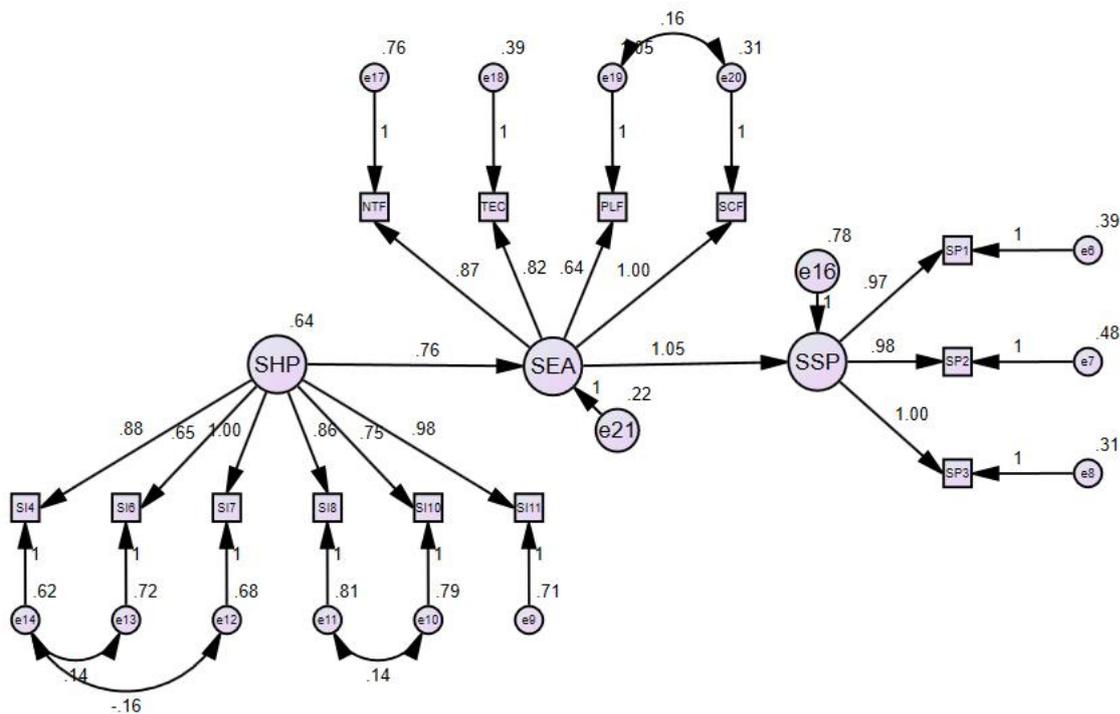


Figure 4: Mediating effect of SEA

As stated at H3a and shown in Figure 3 there is a direct relationship between the variables SHP and SSP. But when variable SEA is imported in to the model, the relationship between SHP and SSP becomes insignificant as shown in Figure 2 and Table 5. Thus the study proves that SEA fully mediates the relationship between SHP and SSP.

H3b: *The scope of the environmental analysis has a mediating effect on the relationship between the stakeholder participation and the scope of strategic planning. (ACCEPTED)*

7. CONCLUSION

The presented study helps to study the decision making fashion and pattern of companies functioning in Turkey. The study states that decision making cultures are changing upon their structure and features. Especially; when including the company size, competition exposure and continuity of firm’s operations. Which is clearly reflected on the company’s environmental analysis and decision making behavior.

Considering the study results, in order to enhance the study few questions that were integrated in the study, it was observed that there are many methods to accomplish strategic forecasting on Turkey’s scale. Despite the recorded improvements, the findings did not meet the expectations.

As the study developed it could be seen that well Environmental Analysis prior to strategic planning is a critical factor in the study. In that scope, when assessing the firms it could be seen that the study spots light on an essential issue.

Particularly, when focusing on variables like, capital structure and close competition, some unique differences between firms was detected. In the study, the existence of proportional relation between the competition level and information level required, was determined. As competition level decline

much shallow environmental analysis is required, unlike when the competition level increase as a broader environmental analysis and data collection is required.

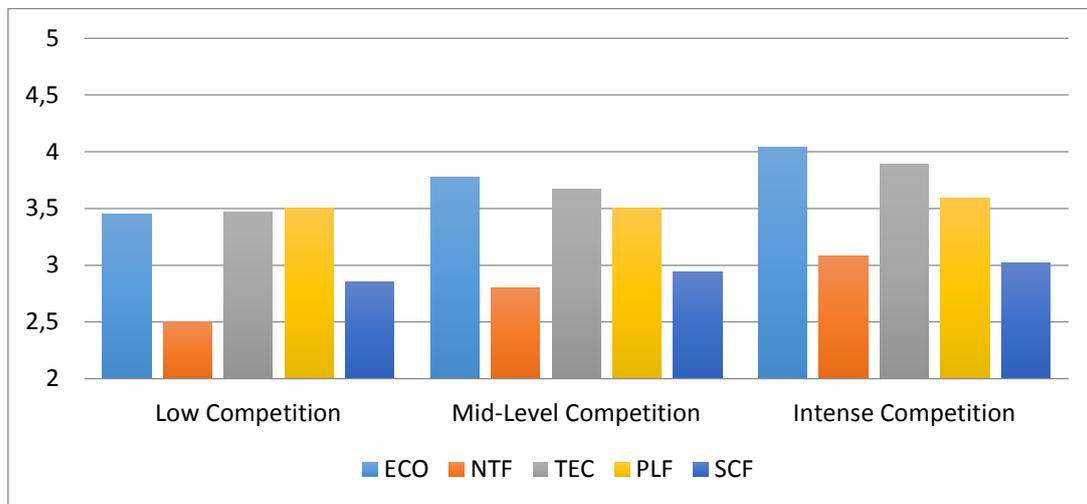


Figure 5: Intensity of Competition and Scope of Environmental Analysis

When considering the capital structure of companies, it was clear that as the level of capital outsourcing increase much coherent data collection on both domestic and foreign levels is required. Although that internationalization of companies impacts the decision making fashion of the company, it is not clear whether it is due to different decision making behaviors of foreign investors in Turkey. This distinction could be done by testing domestic investors abroad.

In the study, the timeframe of strategic plan was questioned to participant companies. And the result was for companies operating in Turkey the plans do not exceed one to three years.

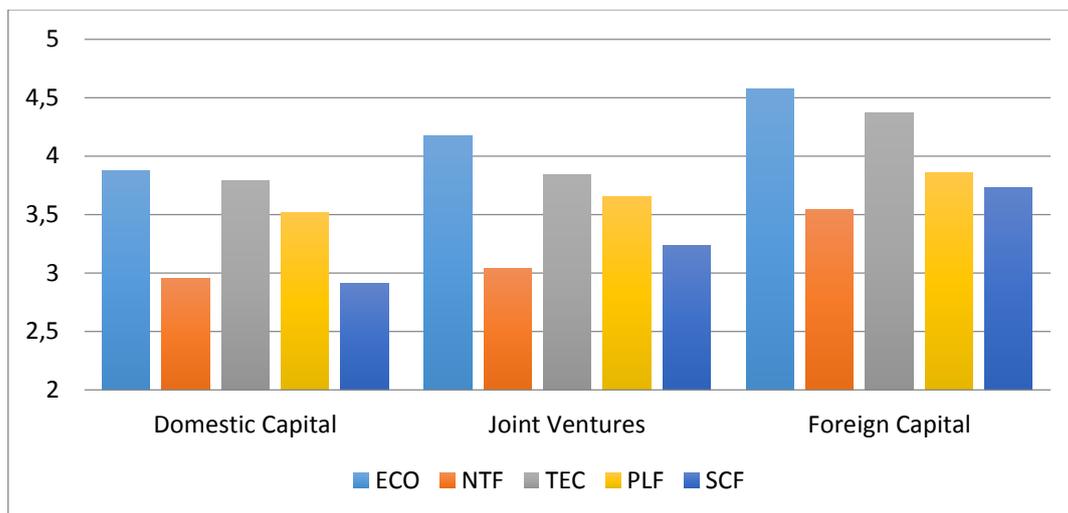


Figure 6: Capital Structure and Scope of Environmental Analysis

The model developed in the study and the developed hypotheses was supported by the evolving results. In that scope, the results are able to guide companies functioning in Turkey when conducting strategic planning. The distinct highlight by the study is that the effect of stakeholders involvement within the context of In-Turkey operating firms on the scope of environmental analysis thus the firm’s strategic planning performance.

According to Sidhu et al. (2004) found that more environmental interaction motivates companies to be more research oriented. Also as stated before in the study of Harrison and John (1980) stakeholders forms the critical point to analyze essential fashions in working environment. As it is obvious that the findings align with both studies results. Especially in the data collection Phase Corporation with more than one stakeholder gives more inclusive environmental analysis.

Also, the study shows that a broader environmental analysis come out with longer term plans, using mathematical models, computer programs results in more punctuate plans. Various conflicting view on the significance of strategic planning in operations in literature, where (Herold, 1972; Thune and House, 1970) defends that an establishment with a formal strategic planning structure enhance the performance. Some argued the ambiguity of such relation (e.i. Shrader et al., 1984). On the contrary, some debate that financial performance of a company is not certainly improved by strategic planning, and it can result in a non-financial product (Greenley, 1986). In this study, innovation, quality and productivity performances of companies were evaluated and it was found that organizations which develops better inclusive strategic plans have higher performance within this criteria context.

The outcomes openly suggests that companies which include their stakeholders, in addition to well analysis of the environment and the surrounding conditions will produce much comprehensive and accurate strategic plans which eventually results in a higher performance. Finally, organizations that aim at increasing their survival chances need to transform themselves to be a more flexible and open systems to be able to apply structures that integrate their stakeholders.

The data collected are the feedback of managers who takes part in strategic planning procedures of the companies thus the results are limited to their responses. Regarding the organizational performance, innovation, productivity and quality only managers' opinions were assessed.

This study is limited to private sector which operates in Marmara region, data was collected from medium and senior managers. For that reason, this study does not reflect the decision-making patterns of all companies operating in Turkey. The time period the survey was collected in was 15 August 2017 and 15 December 2017. That is why, in different provinces, different findings are likely to evolve in the studies to be carried out during different periods.

One manager of each company was expected to answer the survey on behalf of the company which operates in Marmara region, if two answers were found it is referred to the personal characteristics and views.

In this study, survey questions were applied without differentiating sectoral differences and company sizes. However, it was observed that different companies operating in different sectors have different structures in decision making processes. Therefore, it is expected that the results of specific studies to be conducted according to the company size or the sector will differ.

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