2 Strategic Planning in the Nationalised Industries

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State ownership is only one of a number of factors determining the content and methods of strategic planning in the nationalised industries. In many cases the problems of planning in these organisations are very much akin to those experienced in large firms in the private sector operating in the same or similar fields. Planning in British Steel or British Airways is, for example, very similar to planning in any large steel company or airline. The distinctive factors underlying planning in the large public corporations, which we refer to as ‘nationalised industries’, are only partly a consequence of state ownership; they also reflect the characteristics of the industries involved.

The nationalised industries or public corporations in the UK may be regarded as falling into two main groups:

(1) public utilities with strong monopolistic tendencies (for example, electricity, gas, telecommunications, railways, airports);
(2) industries operating in competitive international markets (for example, steel, shipbuilding, aerospace, airlines).

(Coal essentially comes into the second group, but could be regarded as occupying an intermediate position by virtue of its protection from international competition.) The public utilities came into public ownership on the assumption that they constituted local or national monopolies and that public ownership constituted the most effective form of public regulation. The second group consisted of ‘problem industries’ with a long history of state involvement of one kind or another in this and other countries (as

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the existence of the European Coal and Steel Community bears witness in the case of these two industries).

The original nationalisation acts and subsequent framework of control tended to be dominated by the monopolistic nature of the public utility corporations: the various White Papers on the control of the nationalised industries with their emphasis on public utility pricing policies are typical in this respect. Successive governments have never really come to terms with the problems of those public corporations which operate in a regime of intense international competition.

The American progenitors of corporate strategy, such as Ansoff, placed almost exclusive emphasis on the 'product/market mix', i.e. the question of what products the corporation should sell and in what markets. This reflected their preoccupation with the strategic problems of conglomerates or highly diversified companies. For the public utility type of public corporation while there are some important problems of product/market mix in the public utility sector (a possible example is British Rail, where there is considerable strategic choice as to what services to provide, both in terms of route and standard and frequency of service), for the most part the answer to this question is more or less predetermined: the products which they are to produce are laid down by statute and their market is basically the total British market. Their strategic questions are, rather, how much should they plan to produce, and how? Subsequent chapters of this book, for example, discuss such essential questions to these industries as future electricity generating capacity and the quantity and type of the nuclear component within this total.

In the corporations operating in competitive world markets, however, the question of which markets to enter and with what products is as fundamental as for their private sector counterparts.

Recent concern with the problems of uncertainty, and differing methods of coping with it, are as important to nationalised industries as their private counterparts. So too is the growing emphasis on adapting organisations to live with change. Indeed this raises particularly interesting points for the public sector, because the nationalisation of traditional industries like coal and steel has to some extent increased the resistance to change by trade unions and public pressure, without correspondingly developing new means of adaptation and redeployment. (The British Steel Corporation's