

Strategic Planning: A Key to Organizational Performance of Selected Nigerian Banks

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Abstract

The study determined the extent strategic planning affect performance of selected banks in Nigeria. Specifically, the study ascertained the extent organizational structure and Employee welfare affects organizational performance of selected banks in Enugu State. Survey design was adopted for the study. Sixty (60) questionnaires were administered to the staff of the selected banks in Nigeria. The data collected was analyzed and tested using regression analysis with aid of SPSS version 20. The outcome of the analysis revealed that organizational structure and employee welfare have effect on organizational performance of selected banks in Enugu State and this effect is statistically significant. Based on the findings, the study recommended among others that in attaining organizational objectives, human resource plays an indispensable role. Therefore, organization should take the employee welfare very serious in achieving effective result in an organization.

Keywords: Strategic Planning, Organizational Structure, Employee Welfare and Performance

Introduction

Everyone has an ideal point in his mind about his desired position. According to Alvani (2007) strategic planning supplies information to an organization on the transition from the immediate condition to a targeted or desirable point. Strategic planning is a vital instrument in an organizational setting. Adeleke (2001) also sees strategic planning as the systematic means of predicting the future of overall goals of a business. Strategic planning is a concept that due to its comprehensiveness, in recent years has received more and more attention in firms and even individual programs. Planning is not an easy task hence requires a determined conscious course of action and based it decisions on hope, reasons on estimates (Adeleke, 2001).

Strategy is designed to assist firms achieve competitive advantage. In the broadest sense, competitive advantage is what allows a firm to gain an edge over its rivals. According to Schendel (2009), competitive advantage enables a firm to achieve high performance over an extended period of time. However, when strategic plan is properly strategized, it will enhance the link between goals and action attainment (Dawson, 2006). Most mmanagers are involved in planning but manager's authorities differ from policies and plans of supervisors. Strategic planning involves selecting firm's goals and department objectives, then finding ways of

achieving them. A plan depends upon the different ways that available and course of action which assist in providing reasons and direction for organization members (Kreither, 2006).

Despite the fact that strategic planning has brought about immense transformation, most of the business activities are still battled with some constraints in so many organizations. Some of these constraints perhaps include poor organizational structure and inadequate employee welfare and this however became a born of contention towards actualizing the strategic goals of an organization.

Meanwhile, most of the studies on strategic planning have been conducted in foreign countries. In an attempt to address this unfortunate development in developing economy like Nigeria, these call for further study on the extent strategic planning has affected performance of organization. This study therefore, determines the level of effect strategic planning has on performance of banks in Enugu State, Nigeria. Specifically, the study ascertained the extent:

1. *Organizational structure affects organizational performance of selected banks in Enugu State.*
2. *Employee welfare affects organizational performance of selected banks in Enugu State.*

Review of Related Literature

Strategic Planning

The word 'strategy' has been defined in different forms by different authors in the field of management. Defining strategies, the first stage of strategic management process, corresponds to strategic planning. Strategic planning has steps to be followed in order to have a stable and workable strategy. The process of strategic planning is the backbone of a successfully designed plan and to execute policies to achieve company's goals (Adeleke, Ogundele & Oyenuga 2008). According to Steiner (2009), strategic planning is a step by step effort to initiate basic goals of a company. Strategic planning is a process by which organization is defining the direction and making decisions on how to channel resources to profitable ventures in an organization.

Strategic planning could emphasize on the goals, such as assessing the needs of the organization and developing specific ideas as well (Kaufman, Oakley-Browne, Watkins & Leigh, 2003). Becker and Huselid (2001) sees strategic planning is a systematic process that involves predicting a desired future operations and harmonizing it into a generally defined goals and means of achieve them. In doing this, it was recommended that the organization should

emphasize on factors like the internal and external constituencies that may affect the plans and the goals to be achieved. Strategic planning is used in defining an organizational goals, be it internal or external, it provides proper understanding of an organization to the people and how the organization can be identified amongst its contemporaries.

Organizational performance

Performance is a systematic means of monitoring the progress of implemented strategy in order to ensure that it is operating properly. Monitoring involves establishing control mechanism so that the feedback from the actual implementation of the strategic plan at each step can be analyzed and evaluated. Brendan (2006) documented that performance is a way of evaluating results. He stated that for plans to produce the desired results, managers and their teams' needs to change controls, mission, objective or they plans by themselves since the lack of planning can lead to paralysis by analysis (Odongo & Datche, 2015).

Majority of studies used difference performance measure, such as either non-financial (success) nor financial. According to Tornike (2018) sees performance measures as a means of assessing firm's success such as financial indicators like sales, profits, cash flow, return on equity, and growth. Financial measure comprises such indicators as: profit turnover, return on investment, return on capital employed and inventory turnover. Non-financial measures include innovation and market standing.

In addition, organizational structure provides a solid foundation for company operations by laying out the physical grouping of employees and the managerial hierarchies within an organization. Organizational structure provides a guide for the way in which work is completed within the organization by determining how task, decision and information flow into the company.

For organization to deliver its plan, the strategy and the structure must be moving together seamlessly. They involve combining flexible decision making, and sharing the best ideas across the organization, with appropriate levels of management and control from the centre. The organizational structure of a firm must support its strategy (Ikoro & Nwosu, 2017). When introducing a new line of business, organizational structure means figuring out who is responsible for the new business, how many positions should be opened and where in the reporting structure in the new line belongs.

Welfare activities on the other hand promote economic development by ensuring efficiency and productivity of workers (Priti, 2009). Welfare services have no direct relationship to an employee's job but are indicate this through the performance or turnover of the employee (Mwiti, 2007). Welfare services can be employed to ensure adequate security of labour force through adequate human working conditions (Manzini & Gwandure, 2011). Organizations have life and the employees in the organization are the source organizational life, therefore, every organization must ensure employee welfare as a serious task. Employee welfare is an indispensable factor of strategic planning as all tenets of strategic planning (formulation, implementation, evaluation and control) must be implemented only by capable and qualified worker.

Previous Studies

Studies have been conducted on strategic planning and performance in diverse areas. Adetayo (2018) ascertained the extent strategic planning affect performance of an organization. The study utilized questionnaire as the source of data collection and was administered to one hundred and seventy-one staff of Unilever Nigeria Plc. and May & Baker Nigeria Plc. Correlation and regression analysis were employed to test the formulated hypotheses. Finding revealed that there is a positive relationship between the use of strategic planning and organizational performance in today's corporate environment. Money and Ibegbulem (2018) in their study examined the extent strategic planning affect profitability of Zehith bank plc, Warri. Data were collected and analyzed using T-Test and Chi-square statistical methods in testing the hypothesis using SPSS. The study found that strategic planning enhances better organizational performance, which in the long run has impact on its profitability and that strategic planning intensity is determined by managerial, environmental and organizational factors. Ikoro and Nwosu (2017) studied how strategic planning affects organizational performance of Nigerian Bottling Company Enugu. Survey design was used and the target population was 180 members of staff of Nigerian Bottling Company Enugu while the sample size was 124 which were determined using Taro Yemen's formula. The findings indicate that there is relationship between effective strategic planning and organizational performance and also that lack of accountability, lack of commitment and lack of understanding of the role in the execution process are challenges in the implementation of strategic planning. Mahdi and Shahram (2016) examined how relevant strategic planning process

is on small industrial organizations in Gachsaran. Using surveying 102 managers (owners), findings of the study were that unlike previous studies, no significant linear correlation was found between the intensity of strategic planning environmental change. The findings show that 70 percent of organizations surveyed have concrete plans and no significant relationship was found between the intensity of strategic planning and the number of staff. Makinde, Akinlabi and Ajike (2015) assessed the relationship between strategic planning and performance in SME sector. A descriptive and regression analysis with the aid of SPSS was used for analysis purposes. The study revealed that there is a significant relationship between the use of strategic planning and SME performance ($r=0.604$, $F_{1, 480}= 275.484$, $p<0.05$). The percentage of variance in SME performance explained by strategic planning is about 36.5%. It was revealed that SMEs in Lagos State practiced and used formal strategic plans in their operations. Odongo and Datche (2015) determined the extent by which strategic planning activities affects organizational growth. The study employed descriptive research design and questionnaires were distributed among various top managers, heads of department, middle level managers and general staff members of KEMRI and data analyzed by use of SPSS. The study found that strategic planning if well implemented in the organization is effective towards growth. Studies have been conducting in different parts of the globe and states in the country. Besides, as strategic planning has brought about immense transformation, most of the business activities are still battled with some constraints in so many organizations. Upon that, there are varying results of findings. This however has created a gap which makes this study significant.

Methodology

Research Design

The study adopted survey research design. Survey design involves the use of sample to obtain the opinion of large number of people. It is a research design that study the information gathered from a fraction or percentage of the population.

Population and Sample Size for the study

The population of the study consist of the fidelity bank branches in Enugu metropolis Enugu State. Purposive sampling technique was applied for the study. In this method, the sample is

chosen based on what the researcher thinks is appropriate for the study. A total of three staff each was selected from ten branches of the fidelity and United bank of Africa banks totalling 60 respondents.

Method of Data Analysis

The questionnaire was structured on a scale of Strongly Agree (SA), Agree (A), Undecided (UN), Disagree (D) and Strongly Disagree (SD); to give the respondents choice of ticking most perceived option. Data collected for the study was analyzed by the researcher using five point likert scale and the hypotheses were tested using simple regression analysis with aid of SPSS version 20.0 at 5% level of significance.

Model Specification

The estimated model for the study is stated below:

$$PERF_{it} = a_0 + \mu_i + \beta_1 OGS_{it} + \sum_{it} \dots \dots \dots (i)$$

$$PERF_{it} = a_0 + \mu_i + \beta_2 EMW_{it} + \sum_{it} \dots \dots \dots (ii)$$

Where:

PERF = Performance

OGS = Organizational structure

EMW = Employee welfare

a_0 = slope of the model

$\beta_1, \beta_2, \beta_3$, = coefficient of parameters.

i for the financial year ending at year t .

μ = Mean of population

Presentation and Analysis of Data

Out of 60 copies of questionnaires distributed, 49 were completed and returned. This represents 82%.

Data Presentation

Table 1: The Summary of Questionnaires Collected from the Targeted Respondents

	Questions	SA	A	UN	D	SD
	Performance					
1	Improve on innovation	18	29	2	0	0
2	Efficient and effective operation	8	36	0	5	0
3	Command customer loyalty	20	27	0	2	0
4	Labour productivity and production volume	10	35	1	3	0
5	employee welfare assured	17	24	1	7	0
	Organizational structure					
6	It stands as a means to accomplish strategic plan.	19	30	0	0	0
7	It clarifies the changes in the business and how they should operate.	9	32	1	7	0
8	It facilitates flexible decision making and sharing the best ideas across the organizations.	17	27	0	5	0
9	Provides fundamental bases upon which organization operations laid out the managerial hierarchies within the organization.	13	31	0	4	1
10	Translates the set ideas and desires of management into action.	14	30	2	3	0
	Employee welfare					
11	Evaluate the required abilities of employees	10	32	0	7	0
12	Assessing factors essential for sustainability	12	35	0	2	0
13	Enable them to come up with ideas to combat business failures	20	22	2	5	0
14	Able to articulate daily operations against long term plans	21	24	2	2	0
15	Ensure employee commitment	10	32	0	7	0

Source: Field Survey, 2020

Hypothesis One

H₀₁: Organizational structure does not affects organizational performance of selected banks in Enugu State.

Table 2: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	16424.156	1	16424.156	8430.590	.000 ^b
Residual	5.844	3	1.948		
Total	16430.000	4			

a. Dependent Variable: Performance

b. Predictors: (Constant), Organizational structure

Table 3: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.568	.825		-.688	.541
Organizational structure	1.012	.011	1.000	91.818	.000

a. Dependent Variable: Performance

Interpretation

The results as illustrated in table 2 and 3 shows that organizational structure has a positive and statistically significant with organizational performance measured with a beta coefficient (β_1) and t-value of 1.00 and 91.82 respectively and p-value of 0.000, was found to have a positive effect on dependent variable as its p-value is less than 0.05 values. The study therefore accepts our alternative hypothesis one which stated that organizational structure affect organizational performance of selected banks in Enugu State.

Hypothesis Two

Ho₂: Employee welfare affects organizational performance of selected banks in Enugu State.

Table 4: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	16393.976	1	16393.976	1365.248	.000 ^b
Residual	36.024	3	12.008		
Total	16430.000	4			

a. Dependent Variable: Performance

b. Predictors: (Constant), Employee welfare

Table 5: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.408	2.083		-1.156	.331
Employee welfare	1.049	.028	.999	36.949	.000

a. Dependent Variable: Performance

Interpretation

The results as illustrated in table 4 and 5 shows that employee welfare has a positive and statistically significant with organizational performance measured with a beta coefficient (β_1) and t-value of 0.999 and 36.949 respectively and p-value of 0.000, was found to have a positive effect on dependent variable as its p-value is less than 0.05 values. The study therefore accepts our alternative hypothesis two which stated that employee welfare affect organizational performance of selected banks in Enugu State.

Conclusions and Recommendations

The outcome of the analysis revealed that organizational structure and employee welfare have effect on organizational performance of selected banks in Enugu State and this effect is statistically significant. Strategic planning has contributed immensely in order to achieve better

organizations structure and employee's welfare hence, enhance organizational performance. Strategic planning enable management to come up with ideas to combat business failures also facilitates flexible decision making and sharing the best ideas across the organizations as well employee welfare. It believed that these will provide to organization to understand how to make better decision for future operations.

Based on the findings, the study recommended following:

1. Top management should emphasize more in making necessary contributions and plan to support in order to achieve goals and objectives.
2. In attaining organizational objectives, human resource plays an indispensable role. Therefore, organization should take the employee welfare very serious in achieving effective result in an organization.

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