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STRATEGIC PLANNING AND ORGANIZATIONAL PERFORMANCE IN OGUN STATE, NIGERIA

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Abstract

The paper examined the impact of strategic planning on organizational performance and survival. Strategic planning plays a vital role in the performance and survival of the organization and for this reason it is mandatory for every organization to include strategic planning in its administration. The main objective of the study is to find out if there is a link between strategic planning and organizational performance of two deposit-money banks in Ilaro namely Polaris bank Plc and Access bank Plc. A descriptive survey method was used which involved administering questionnaires to 50 respondents, that is, 25 respondents for each bank, however, only 40 was retrieved comprising of 19 from Polaris bank and 21 from Access bank which include both senior and junior staff. The data collected were analysed using descriptive statistics while the hypotheses were tested using linear regression model though the use of the Statistical Package for Social Science (SPSS). From the findings of the study, it was revealed that strategic planning has a significant relationship with organization performance ($p<0.001$) while it was also found to be statistically significant on the achievement of corporate goals and objectives ($p<0.000$). The study concluded that strategic planning has a significant effect on organizational performance in the selected banks. Based on the findings of the study, it was recommended among others that the system of strategic planning and its procedures must be evaluated at different states of operations and where loopholes are discovered, adequate steps should be taken to cover them immediately.

Keywords: employees, implementation, management, organization performance, strategic planning,

1.0 Introduction

Every organization or key segment of a complex organization must make critical judgments on occasion, the kinds of decisions that have long-term implications for the organization's future (Njoroge, 2018). These decisions are made to solve the organization's most major and pressing concerns, which are sometimes referred to be "strategic elephants" (Donkor, Donkor & Kwarteng, 2018).

Such decisions are not simply about small adjustment to activity levels but are the kind of decisions that lead to a substantially different organizational structure or major changes in the relationships among key stake holders, competitive position, or strategic partners of the organization. The backbone of strategic management, which is a primary procedure for executing strategic management, is strategic planning (Mohammed & Marti 2012). Planning has been a fundamental aspect of thinking about

and practicing management in the corporate sector, and it has been a standard practice for a large number of profit and non-profit organizations for more than 25 years (Njoroge, 2018).

According to Mohammed and Marti (2012), a gap has always existed between the planning and execution process and the amount to which the organization's context supports or distracts from the planning process. The relationship between strategic planning and performance will be influenced by other factors.

Majority of strategic planning failures occur as a result of issues encountered during the implementation stage. Better understanding of the link between strategic planning and organizational performance is needed to better understand how strategic planning is utilized in practice and to improve organizational performance.

It is against this background that this study is embarked upon, to investigate the relationship between strategic planning and organisational performance.

Specifically, this study seeks to achieve the following:

To ascertain if strategic planning has a significance impact on the performance of selected organizations.

To investigate if effective strategic planning can enhance the achievement of corporate goals and objectives.

2.0 Literature Review

Mohammed and Marti (2012), observed that by a rational model of strategic planning process, organizations found out that industry and the trend of competition, create forecasting models and situation analysis, identify business threats and opportunities as well as make creative programmes. In this model, an organisation passes through a number of well outlined steps in order to formulate intended strategies that show organization strengths and weaknesses in line with environmental opportunities and threats.

The purpose of strategic or long range planning is to assist an organization in establishing priorities and to better serve the needs of its constituency. Strategic planning must be flexible and practical and yet serve as a guide to implementing, doing and making adjustments when necessary (Wagner, 2006).

The preparation of a plan, on the other hand, is frequently less difficult than its implementation. Implementation, in essence, eviscerates the plan and disperses it throughout the company. Those engaged must then accept the plan, agree to its direction, and carry out particular actions. To achieve the set objectives effectively and efficiently, all personnel involved in the process must work together as a team, or the plan will fail (Lorange 2010).

Overview of Various Strategic Planning Models

According to Carter (2006), each company develops its own nature and model of strategic planning, frequently by adopting a model and adapting it as they go through the process of building their own planning process.

Organizations can or might select a model from the range of alternatives of approach and begin to develop their own strategic planning process. These models are briefly examined in the next few paragraphs.

Model One: - "Basic" Strategic planning: Extremely small organizations who are busy and have not done any strategic planning before often use this very simple procedure. According to Carter (2006), the process might be adopted in the first year of the organization to obtain a sense of how planning is done, and then enhanced in subsequent years with more planning stages and activities to ensure the nonprofit has a well-rounded orientation.

Model Two: – Issue-Based (or Goal Based): Planning organizations that begin with the above-mentioned "basic" planning technique frequently progress to this more comprehensive and effective style of planning.

Model Three: – Alignment model: The overall goal of this model is to achieve strong alignment between the organization's mission and its resources in order to run it efficiently. This technique is helpful for companies that need to fine-tune their strategies in order to figure out why they aren't working. If a business is having a lot of problems with efficiency, it might choose this option.

Model Four: - Scenario Planning: The method can be combined with other models to ensure that planners are fully engaged in strategic thinking. It's crucial, especially when it comes to establishing key concerns and goals.

Model Five: – "Organic" (or self-organizing) Planning: Traditional strategic planning processes are sometimes called to be "mechanistic" or "linear," implying that they are general-to-specific or cause-and-effect in nature. Carter (2006, Carter). For example, many processes begin with a broad evaluation of the organization's external and internal environments, followed by a strategic analysis (SWOT) that is narrowed down to identify and prioritize concerns, and finally developing particular strategies to address the issues.

Organizational Performance

The bulk of research utilize a combination of non-financial (success) and financial indicators. Profit turnover, return on investment, return on capital employed, and inventory turnover are examples of financial measures (George, Walker, & Monster, 2019; Khoshtaria, 2018; Nandakumar, Ghobadian &O'Regan, 2011). Innovation and market position are examples of non-financial indicators. The bottom line is that financial metrics such as sales, profitability, cash flow, return on equity, and growth, are commonly used to assess a company's performance. When evaluating a company's success, these characteristics are critical in determining how it compares to its industry competitors (Khoshtaria, 2018). Knowing merely absolute financial metrics such as sales, earnings, and or cash flow is not very revealing unless examined in the context of how well the firm is doing compared to their rivals, especially given the variety of competitive circumstances faced by enterprises in various industries.

Therefore, it is important to use an industry comparison approach when making firm performance assessments for organizations sampled from a wide variety of industries. This research is going to adopt the objective achievement performance measure used by many researchers.

Theoretical Review

This study is grounded on the profit maximizing-competition based theory as well as the contingency theory. The profit-maximizing and competition-based theory is based on the notion that a business organization's main objective is to maximize long term profit and develope sustainable competitive advantage over competitive rivals in the external market place. The industrial organization (I/O) perspective is the basis of this theory as it views the organization's external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management as a systematic model for assessing competition within an industry (Porter, 1981). This is tantamount to economist philosophy of business objectives.

The contingency theory draws the idea that there is no one or single best way or approach to manage organizations. Organizations should then develop appropriate managerial strategy based on the situation and condition they are

experiencing. In short, during the process of strategy development, implementation and evaluation, these main strategic management theories will be applicable to management of organizations as tools to assist them in making strategic and guided managerial decision.

These theories are germane to this discourse because in the first instance, strategic planners in the organization need to recognize the main rationale behind the existence of a business; which is profit maximization. Thus, adequate plans that will help meet this goal should be formulated and implemented too. On the other hand, contingency theory brings to the fore of strategic planners the fact that no one situation will stay the same forever, change is inevitable. As a result of this fact, strategic planners are expected to constantly review the plans to meet current situations.

Empirical Reviews

A few studies carried out by various scholars on the impact of strategic planning on organization's performance are examined in the next few paragraphs.

George, Walker and Monster (2019) carried out a research to investigate if strategic planning does improve organizational performance. *A meta-analysis of 87 correlations from 31 empirical studies asks the question, does strategic planning improve organizational performance? A random-effects meta-analysis reveals that strategic planning has a positive, moderate, and significant impact on organizational performance. Meta-regression analysis suggests that the positive impact of strategic planning on organizational performance is strongest when performance is measured as effectiveness and when strategic planning is measured as formal strategic planning.*

Jayawarna and Dissanayake (2019) investigated strategic planning and organization performance; a review on conceptual and practice perspectives. Adopting an empirical analysis of existing literature, the study reached a conclusion that strategic planning and performance relationship have mixed outcomes (positive and negative).

Sophia and Owuor (2015) in their case study of Kenya Medical Research Institute (KEMRI), indicated that strategic planning exists at KEMRI and helped the organization evaluate its business by identifying its long term goals, objectives, organized workforce, monitor performance and allocate resources thus enhancing performance in terms of growth.

In view of the above empirical studies conducted by other researchers, this study seeks to investigate the effect which strategic planning has on organization performance and to ascertain if the results obtained in this study will be in tandem with the findings of other scholars or a different result will be obtained.

3.0 Methodology

This study adopted a descriptive survey research design which involved the administration of questionnaires to the sample size chosen. The population of the study comprises staff of Polaris bank plc and Access bank plc. There is a total of 100 members combined from both banks. A structured questionnaire was administered to 25 staff of Polaris Bank Plc Ilaro and 25 staff of Access bank Plc Ilaro respectively comprising of both junior and senior staff. These members of staff were selected from each of the departments in the organization to ensure there are no loopholes. The sampling technique used was simple random which allows objectivity on the part of the researcher. The reliability test of the questionnaire was done using Cronbach alpha's test, while the validity test was conducted using expert opinion by drafting out a sample questionnaire and giving to professionals in the field to peruse and make recommendations. The collected data was analyzed using descriptive statistics and the hypotheses were tested using linear regression. Forty members of staff were able to fill and return the questionnaires that is 19 and 21 staff of Polaris bank and Access bank respectively.

4.0 Data Presentation and Discussion of Findings

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.751	24

Source: STATA 13 output

Table 1 shows the reliability test with a value of 0.751 which translates that the research instrument was reliable to obtain the required information from the respondents on the subject matter.

Table 2: Demographic information of the respondents

Variable	Item	Frequency	Percentage (%)
Gender	Male	17	42.5
	Female	23	57.5
	Total	**40**	**100**
Age	18 – 25 years	11	27.5
	26 – 35 years	17	42.5
	36 – 50 years	7	17.5
	50 years and above	5	12.5
	Total	**40**	**100**
Marital Status	Single	13	32.5
	Married	22	55.0
	Divorced	2	5.0
	Separated	3	7.5
	Total	**40**	**100**
Education	OND/NCE	10	25.0
	HND/BSC	15	37.5
	Masters	12	30.0
	Others	3	7.5
	Total	**40**	**100**
Income Level	30,000 – 50,000	10	25.0
	51,000 – 100,000	15	37.5
	100,000 and above	15	37.5
	Total	**40**	**100**
Level	Senior Staff	14	35.0
	Junior Staff	26	65.0
	Total	**40**	**100**

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.946[a]	.895	.892	.72473	2.075

Source: Field survey, 2020

a. Predictors: (Constant), SPlanning

b. Dependent Variable: organizational performance

Table 3 shows the summary of the size of the effect of the independent variable on the dependent variable. The result revealed an R-square value $R^2 = .895$, which implies that about 95% total variance in organizational performance is accounted for by the independent variable (strategic planning). The remaining 5% is accounted for by other variables not included in model.

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	90.319	70.879		1.552	.134
	Strategic Planning	3.447	.135	.971	20.887	.001

Dependent Variable: Organization Performance

Source: STATA 13 Output

Table 3 shows the significance of the variables and the relationship between the dependent variable and the predictor. The coefficient result of 3.447 indicates that there is a positive relationship between strategic planning and organization performance in Polaris Bank and Access Bank. Similarly, the t-statistics indicates a strong positive effect of strategic planning on organizational performance. The significance value of strategic planning standing at 0.001 indicates that strategic planning is statistically significant at 5% level of significance.

Table 5: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	100.183	120.083		.204	.740
	Effective Strategic Planning	78.531	11.822	.774	5.129	.000

a. Dependent Variable: Achievement of Corporate Goals and Objectives

Source: STATA 13 Output

Table 4 shows the significance of the variable and also the relationship between the dependent variable and the predictor. The coefficient result of 78.531 indicates that there is a positive relationship between effective strategic planning and achievement of corporate goals and objectives in Polaris Bank and Access bank. However, the t-statistics value of 5.129 indicates a weak positive effect of strategic planning on the attainment of corporate goals and objectives. This means that strategic planning does not single-handedly contribute to the attainment of corporate goals and objectives in the organizations under study. The significance value of effective strategic planning standing at 0.000 indicates that effective strategic planning is statistically significant at 5% level of significance.

Test of Hypothesis

Decision Rule:

Accept H_0 if $p > 0.05$

Reject H_0 if $p < 0.05$

Hypothesis One

H_{01}*: *Strategic planning has no impact on performance of the organization.

From the result obtained in table 4, the p-value of strategic planning stands at 0.001 which is less than the acceptable 5% level of significance. Based on this result, the study rejects the null hypothesis and in its stead, accepts the alternative hypothesis and concludes that strategic planning has a significant relationship and impact on performance of the selected organizations.

Hypothesis Two

H_{01}: Effective strategic planning does not enhance the achievement of corporate goals and objectives.

From the result displayed in table 5, it is revealed that the p-value of effective strategic planning is 0.000. Since this result is less than the 5% acceptable level of significance, this study thereby rejects the null hypothesis and accepts the alternative hypothesis. This means that effective strategic planning has a significant relationship and impact on the accomplishment of goals and objectives in the selected organization.

5.0 Conclusion

The ultimate responsibility for establishing a good strategic planning resides with the management. It is pertinent that for an organization to continue to function properly, strategies must be formulated and implemented. The result also obtained in this study is enough evidence to prove to management of organizations on the importance of having a solid strategic planning machinery in motion. From the results obtained from this study, in part, it was revealed through the significance value ($p<0.001$) that strategic planning is pertinent to the performance of an organization. Secondly, it was also revealed that effective strategic planning is significant to the achievement of organizational goals and objective ($p<0.000$). Based on this results, the study therefore concludes that strategic planning has a significant impact on the performance of organizations. The findings of this study is in tandem with the findings of George, Walker and Monster (2019) and Sophia and Owuor (2015).

6.0 Recommendations:

Following the conclusions reached on this study, the following recommendations are put forward:

Management of commercial banks as well as other organizations should put in place a functioning strategic planning machinery in motion to ensure that the strategic plans of the organization are constantly being reviewed for necessary changes.

Since it has been discovered that strategic planning leads to achievement of goals and objectives, employees of the organization should complement the efforts of the organization by supporting the implementation of strategic plans.

Management should organize regular symposium, use of circular newsletters and manuals to enlighten and educate their co-strategist in the organizations.

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IMPACT OF GROUP DYNMNMICS ON BREWING FIRMS PERFORMANCE IN SOUTH EAST NIGERIA.

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Abstract

This study examined the impact of group dynamic on brewing firm performance in South- East Nigeria. It also investigates the dimension group dynamics includes shared purpose, and Participative leadership on brewing firm's performance. To achieve this purpose, the study employed survey research design and simple random sampling techniques with aid of Krejcie and Morgan Model (1970) to select the sample size of (176) respondents for the study. The data were analyzed through the use of Statistical Package for Social Science (SPSS),while Pearson's correlation co-efficient and multiple regression analysis were used to test the hypotheses formulated whether significant relationship exist between group dynamic and brewing firm performance. Result of the findings revealed that there is a strong positive relationship between shared purpose and brewing firm's creativity and the findings also show that there is positive significant effect between Participative leadership and brewing firm's performance with the co-efficient of 0.722, and 0.6354 respectively at 1% level of significance The study concludes that group dynamic components of shared purpose, participative leadership as well as social interaction behavior, knowledge enrichment behaviour, value reinforcement behaviour and member mentoring behaviour are critical to the overall performance of the brewing organisations. Thus, this study suggested Managers/operators should allow a flexible work climate that encourages common basis for group dynamism as it will help to build on the confidence that an organisation need to unleash their creative potential. Also brewing should also strive to enrich their knowledge reservoir for competitive position in order to ensures adequate participative leadership style so as to ensures effective and efficient group performance within an organizational context.

Keywords— *Group, Group dynamic brewing and Firm's performance*