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DIMENSIONS AND INFLUENCE OF STRATEGIC CORPORATE PLANNING ON NIGERIAN BANKS'PERFORMANCE: A POST REFORM CONTEMPORANEOUS TEST

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ABSTRACT

It is axiomatic fact that endless studies continue to trail even further findings on the reliability of corporate strategic planning to drive performance (Daniel, 1985; Greenley, 1986)

The study analyses the financial system development as a fall out of the "reform tsunami" that hit the Nigerian banking sector in August, 2009 in the main[1]; but took a lean-back at the triggering policy of Bank Consolidation Policy of 2005[2] that culminated in the drastic reduction of the number of Deposit Money Banks from 83 to 25 courtesy of the N25Billion minimum recapitalization capital regulatory requirement.

The findings have settled on the notion that the success behind the surviving banks today has a positive relationship with the strategies put in place since the 2005 consolidation exercise – albeit with reasonable question marks attached to the depth/dimension.

-Though it is beyond the mandate of this research effort to find if A TWO-WAY CAUSAL EFFECT exists between banks' strategy planning and performance{Hopkins & Hopkins (2000)}, but suffice to assert that by the modest empirical findings here, *Strategic Corporate Planning does influence corporate image and performance dimension particularly in the banking industry*. In the ultimate, however, the study submits that autonomous/informal contributions to corporate strategic planning by most banks' managers (who are not necessarily of the *conceptual/strategic*-level) competes favorably with the conscious/formal ones towards corporate growth – hence more heed need be accorded the former than does most contemporary banks in Nigeria.

Key words: Corporate Strategic Planning (CSP), Strategic Planning (SP) Strategic Management (SM), Corporate Performance (CP), Banks Financial Performance (BFP).

PREAMBLE

*There has been a tendency to de-emphasize the role of strategic planning in recent years and instead focus on management autonomy, and organizational learning. Yet most firms continue to plan for the future. This reveals the need to review the effect of strategic planning in conjunction with managers' autonomous actions. Past research on the effect of strategic planning and evidence of strategic importance of adaptive actions taken by lower level managers remains somewhat anecdotal. What is more, contemporary scholars hold opposing views. Some argue that autonomous actions are imperative to strategic adaptation while planning inhibits change. Conversely, others argue that centralized planning is needed to coordinate responsive actions and spur adaptive strategic thinking (***Torben,2000** *)*

*The period between 2005 and 2009 marked significant events relating to reformation of the Nigerian banking system. As 2005 was the year of banking consolidation when the notion of re-capitalization policy was introduced. While 2009 was the year of financial 'tsunami' that ravaged the banking industry and later permeated other institutional players in the Nigerian financial system. The largely unsung part of these two land mark dates were the twin questions of "How some survived did and others failed?" "Could the fallout be linked to STRATEGIES adopted?" (**Oyewale, 2012)***

1.0 : INTRODUTION

A sharp reflection on the above preamble speaks in the direction of having an effective planning in place for achieving the objectives of banks' strategic policies in a competitive environment – particularly as that of Nigeria's. Quite in line with this thinking is the requirement to highlight the underlying notion of CORPORATE PLANNING as a bank related concept that refers to *a systematic planning aimed at improving the total quality of management of banks in order to provide timely services and achieve customers' satisfaction and profitability(* Mahaboob, Ali 2003). Speaking specifically on the other hand corporate strategic planning (CSP)can assume the nature or process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organizational expectations {Higgins and Vincze, 1993; Mintzeberg, 1994; Pearce and Robinson, 1994}.

As a continuation of the current reasoning in the banking world,(Rose 1999) portrays the global mould of current banking practice as that of "a banking revolution". Where this perception is further tailored, a thorough peep into varying "reformist" posture of the Nigerian banking authorities trending over the last decade will equally collaborate this view. The 2005 banking reform came half a decade after the introduction of **UNIVERSAL BANKING.** This development has helped to reduce the participating commercial banks to a manageable number of twenty five[2].

This article intends to captures two-broad phases , the first being the period of 2005 BANK CONSOLIDATION TO AUGUST, 2009. The second traces the impact from 2009 to 2013, and dwells largely on the inspiring contributions of (Torben 2000), (Hopkins 2000) and (Osuagwu 2005).

For a moment, there is the need to profile some key banking events that have precipitated the current experiences in the Nigerian financial system;

SIGNIFICANCE OF 2005 AND POST-2009 TO NIGERIAN FINANCIAL SYSTEM

[1]**IMPACT ON THE BANKING INDUSTRY:** The bulk of the regulatory measures put in place were meant to attend the risky posture inherited by Sansui's administration[2]. This covers risk applicable to bank depositors and the entire financial system which could precipitate possible bank failure. Some other measures that came during 2009 banking reform include:- Shrinking of the bank population, establishment of AMCON[3] The introduction of holding and subsidiary structure of banks, the establishment of Microfinance Policy regulatory and supervisory framework in the country. The upgrading of NIGERIAN DEPOSIT INSURANCE CORPORATION cover from initial N50,000 to N250,000 for microfinance banks
THE SPILLOVER EFFECT ON INSURANCE AND OTHER FINANCIAL SERVICE INDUSTRY the insurance industry the activation of NATIONAL INSURANCE COMMISSION , recapitalization of insurance firms.
CAPITAL MARKET: the resuscitation of the Nigerian capital market: i.e.re capitalization hitting the 3 Trillion benchmark}—the upgrading of stockbrokers minimum capital requirement to N300m
MACRO-ECONOMIC SECTOR: The aggressive monetary policy, i.e. MONETARY POLICY RATE12%, 50% minimum government fund deposit, etc {inflation rate shuttles between10% and 12% average. FOREIGN EXCHANGE rate of $1 against ₦160;-the maintenance of growth rate at an average of 7%.

RESEARCH JUSTIFICATION:

Having highlighted the banking/financial systems' antecedents and related fallouts, the study is apt to proceed to its main intent of locating the position of Nigerian banks in the SCP-CP dilemma. The debate bothering on the relevance on SCP to banks' performance remains on-going (even) on the global terrain and is yet to abate. The ambiguity that surrounds this debate coupled with the dearth of indigenous literary contributions in this regard have compelled this research effort. [5]

With regard to the above, notable studies in this field have come to separate the success of those banks with *formal* planning system and those with *informal* (*autonomous*) one (Bettinger, 1986; Gup & Whitehead, 1983, 1989; Pragad, 1984; Whitehead & Gup 1985; Wood, 1980}. The study is apt at this time of Nigeria's banking *reformation* (and in spite of the efforts put in place by the monetary authority) to furnish a complementary assessment or a check of competence on extant banks based on strategic explanation of targeted/tested ones.

Thus, in view of the paucity of available researches in this growing field, particularly in this part of the *developing* world, the study would be a door-way to further enquiry/research from time to time – for the purpose of resolving the 'purposive strategic issues', its relevance and reliability. This thus create a menu for application by bank conceptual planners, capital markets pundits and further academics, market researchers and financial regulators, etc.. .

2.0: LITERATURE REVIEW

2.1 THE STRATEGIC CORPORATE PLANNING DILEMMA

Generally, the subject matter of *Strategic corporate planning and Corporate Planning impact on corporate performance* has many times been discussed in unending contexts. Quite a number of notable authors have readily disagreed on both sides of the divide – gong by various "contradictory" submissions on same. Sometimes, the basis of raging arguments could simply be found in the indexes of performance. (Daniel, 1986; Greenley, 1986).

In this segment, the attempt is to aggregate and analyze the various contributions in the context of the *protagonists, antagonists* and the *middle-roaders* who have all assumed different positions on the issue at stake.

Firstly, the PROTAGONIST who values the notion of strategic corporate as a potent tool of corporate performance and survival. On the other hand, the ANTAGONIST who would not trust strategic plan as being adequate for corporate survival and performance.

Finally, the MIDDLE-ROADERS or the indifferent asserts or rather entertain a lot of flexibility or tread cautiously in tracing the actual impact of strategic corporate planning on banks' performance.

The advocates of Strategic corporate planning on performance ability {sharing common view with -Garretson (1974), Ansoff et al(1970), Herold (1972), Karger and Malik(1975)} have purposively argued that strategic corporate planning has positive bearing on corporate performance. These writers claimed that organizations adopting strategic planning have unassailable edge over those ignoring or those that down plays its significance.

[4] However, (this segment profiles some environmental contributions to corporate performance as seen by Osuagwu, 2005) Kudla (1980) posits that the major defect with these cited studies is their indifference to environmental factors. Specifically, environmental uncertainty has been seen as one of the factors linking organizational environments with organizational practices (such as corporate planning) and performance measures (Huber et al., 1975). According to Leontiades (1982), the critical factors that impact on corporate planning include organizational managers' values, organizational management style, organizational structure, and organizational degree of planning emphasis, among others. These factors help in defining the type of corporate planning an organization practices, and the degree of efficiency and effectiveness in corporate planning practices. It may, therefore, be said that not minding the perspective canvassed, progress has been achieved in strategic corporate planning (Howard, 1983; Day, 1977, 1981; Des and Miller, 1993). On the whole, this school of thought settles on the note that the environment in which strategic planning practices take place has a significant influence on the strategic planning process (Silverblatt and Korgaonkar, 1987).[4 ,] relate both opposing arguments using environmental dimension to Corporate strategic planning).

Buttressing further the inadequacy of Strategic corporate planning practice, it's been asserted that strategic corporate planning forecasts are sometimes inaccurate, thereby resulting in faulty strategic management decisions. More so that, corporate decision makers may lack the necessary managerial power and authority required to enforce strategic corporate plans (Nutt, 1987).

Still on an antagonistic note, it has variously been argued that most limiting factors to the attainment of a positive Corporate strategic planning on corporate performance equilibrium sometimes could be said to exist in the question: "How well is Strategic corporate planning implemented" by the practioners (Mintzeber, 1994; Selznick, 1979, Steiner, 1957 ; and Thomson and Strickland, 1987;) in other words successful outcome of any CSP practice would depend largely on the practitioners who are the implementers and "how well" they put their efforts into it. Thus in this line of thinking, it goes without saying that "even if you have the very best of tools of implement, the outcome of the task involved remains a function of who does what"

In a related fashion, Kudla (1980), in his own submission agrees that though there be proliferation in the strategic management literature advocating strategic corporate planning practices, substantial disagreement exists regarding its (strategic corporate planning) practice and relevant impacts. Organizational corporate planning may be neither well accepted nor well practiced as documented by its extant literature. For example, Gerstner (1972) has concluded, via empirical evidence, that corporate planning in some companies is an academic, ill-defined managerial activity having little or no effect on organizational performance.

Quite in line with the current thinking, some mixed contributions abide in some many other authors on the corporate strategic planning and performance linkage. Grinyer and Norburn (1975) found no significant relationship between corporate planning and measures of organizational performance. Also, Cosse and Swan (1983) posit that writings on strategic planning are mostly conceptual in nature, describing only how planning should be done and excluding the types of information needed and used by organizational executives in strategic planning practices. Although planning and strategy in the organic business functions (marketing, personnel, finance, and production) should ordinarily flow from, and be consistent with, corporate planning and strategy, this logical integrated corporate perspective of planning and strategy is more observed in theory than practice (Jam, 1981: Leontiades, 1983). Even Mintzberg (1993) has argued that there are many approaches to create organizational strategy other than through corporate planning. Thus by logical extension, corporate strategic planning has further been viewed by (Cohen, 1977) as sharing between been used as political weapon or merely cosmetic.

However, Hopkins[2] attempted to close the gap in strategic planning literature by actually examining the relationship between Strategic corporate planning and bank financial performance whilst employing a LISREL causal modeling tool. He was able to analyze the mediating effect of strategic planning intensity between certain factors (managerial, environmental and organizational) and banks' financial performance. Their research effort was able to identify the 'mix ups' in the strategic planning – performance relationships courtesy of spurious research emanating from the researcher focus on wrong performance index.

In a nutshell, they developed an "*integrative model of relationships among managerial, environmental and organizational factors, strategic planning intensity and financial performance. The applicable test was effected with data sourced from 112 banks. Their findings suggested that the intensity with which the banks engage in strategic planning process impacts positively on banks performance also mediates the effects of managerial and organizational factors on banks performance. Besides, a reciprocal relationship between strategic planning, intensity and performance was also discovered.*" *(Hopkins and Hopkins-ibid)*

2.3 A BRIEF CONTEMPORANEOUS REVIEW

At this juncture, this study pauses to beam a search light on the contemporaneity of various research contributions to the strategic planning-performance dilemma. Some notable researchers were able to engender robust contributions by taking somewhat simultaneous positions at various times – with 'decade-wide' separation.

Firstly, some of the renowned Protagonist of corporate strategic planning and a performance line of thinking emerged in the 1970's on the platforms of Ansorf, 1971,;Eastlack and McDonald, 1970, Herold, 1972; Karge and Malik, 1975; Thune and House, 1970. They have all agreed to the positive contributions of corporate strategic planning in enhancing financial performance. The discovery came after some key financial variables[1] [1]{such key variables that are vital to financial performance were sales and return on sales, net operating income, return on investment, etc.} were examined pre- and post application of Strategic corporate planning.

On the contrary, during the 1980s emerged Armstrong, 1986; Greanly, 1986; Shrader, Taylor and Danton, 1984 came on the scene to criticize the Corporate Strategic planning and performance relationship and well expressed their reservation when it comes to the impact of strategic planning on organizational performance.

In the 1990s however, Miller and Cardinal, 1994; Shwenk and Cardinal, 1993 came variously with findings that proved the sufficient reliability of Corporate strategic planning to achieve good corporate performance.

More generally, Torben (2000) has summarily generated some "cut across positions" regarding the twin issue of *organizational strategy* and *performance*.

As a corollary, this paper further dwell on some of notable comments attributable to Torben (2000) that are quite relevant to the cause of this topic Amongst the key expressions highlighting his findings include,

> **"Autonomous action might enforce the positive performance impact of strategic planning"**
>
> **"No evidence has emerged to inequvocably demonstrate performance effect from strategic planning".**
>
> **"It is claimed that important strategies can emerge without the awareness of managers"**

"Adaptive strategic thinking is expected to have a particularly pervasive effect in dynamic industries. "autonomous action might enforce the positive performance effect of strategic planning"

3.0: METHODOLOGY

3.1. QUESTIONNAIRE TECHNIQUE, CONTENT VALIDITY AND METHODOLOGY:

The study is based on both primary and secondary data sources. The primary data are sourced via opinion *questionnaire* responded by 'well informed respondents picked from existing staff strength of four commercial banks in Nigeria[1] [1]{these are picked from the bracket of the prevailing first tier banks that comprise of ACCESS BANK, GT BANK, FIRST BANK AND ZENITH BANK) – all resident in Lagos between March and May, 2013[2]. [2]{Lagos is the epicenter of most socio-economic interplays in Nigeria} In view of the fact that the extracted primary data focused on banks' officials, this study apparently purports to view the "supply-side "of the Nigerian financial system. The secondary data are obtained from the financial statements of the two (target) banks, i.e., Access Bank Plc and Zenith Bank Plc (A-Z banks) [3] [3]{Data applied for "descriptive analysis relying on the BGL contributions). A total of 180 questionnaire were distributed for responses but only 125 were found usable, thus translating to an overall response rate of 69.45% (or 70% approximately.) The target respondents were distributed in qualitative manner in order to capture the unbiased essence of the study. This involves, executing a selection process that favours only graduates of higher institutions with qualifications of Bachelor & Higher National Diploma degrees holders as the minimum so as to lend meaning to comprehensions of the questionnaire content. The content validity of the questionnaire was also considered in the affirmative.

On the application of data sourced to make inference, the *Pearson Correlation* technique was adopted. The Pearson correlation statistical technique is an inferential statistics that describes the magnitude and direction of relationship between two or more variables. Correlation coefficient (r) ranges between -1 to+1 and the closer the r value to +1, the stronger the relationship between the variables of study. The essence is to test a direct correlation existing between corporate strategic planning and impact on performance on one hand; the dimension of autonomous actions of bank managers on the other hand. This is done (repeatedly) for both our choice *MODEL BANKS* and the *GENERAL BANKING INDUSTRY*. On the other hand a further in depth analysis is made on devised application.

4.0 PART FOUR: ANALYSIS AND FINDINGS

4.1. A REVIEW OF MODEL BANKS' PERFORMANCE

At this juncture, the paper applies a descriptive analysis whilst building on data furnished by the BGL [1 1] (the BGL contribution is well profiled here).

This paper now profile the *ratio-decided* of selected A-Z banks survival strategies using some key banking ratio *((i.e. asset quality ratio, liquidity ratio, capital adequacy ratio, & profitability ratio)*.The dates (2005-2009 and banks (access bank plc and zenith plc) have been specifically chosen going by their posted financial records and unique reputations.

The selection criteria also extends to the positive point of considering that whilst one is - currently a huge product of consolidation practice (access bank); the other maintains a "stand-alone" posture consistently (Zenith bank).

ACCESS BANK

Asset quality ratio:

Access bank Plc has a rich history of mergers/acquisition of prospective banks. This development has constituted a major strategic thrust of Access Bank Plc. In terms of financial performance over the years, it has improve its asset quality (which experienced an initial dip in 2009 reforming years) to an enviable height.
A brief review of financial figures posted by the bank (in the years of assessment) would reveal that over the years that *Non-performing loan (NPL) ratio increased by 0.84%. Loan loss provision as a percentage of classified loans stands at 150.23% in 2009, up from 117.95% in 2008. The bank's cost of bad and doubtful loans declined from 1.52% in to 1.95% in 2009. In addition, the bank has made adequate provisioning, which is 2.19 times higher than in 2008. Additional*
provisioning may to some extent shield it from losses.

Liquidity ratio:

Access bank had its own fair share of the financial crisis which rocked the banking industry in 2009, Access Bank seems to have been somehow affected using liquidity ratio as a criterion. The bank's liquidity ratio was 30.99% at the end of 2009, down from 170.29% in 2008 and well below the 40% statutory benchmark at that time.

Capital adequacy ratio:

Measuring equity level as a proportion of loan facilities and total assets, both experienced a clear downward trend from the commencement of the consolidation period (2005) to ending period of consideration (2009). It does reflected a diminishing ownership control by insiders of available capital fund. This does not quite augur well where the debt-equity level have not fallen to date. External capital funds are more relied on than owners fund.

Profitability ratio :

With particular reference to profitability, Hopkins (2000) position[2] on the relevance of using *net income*, *ROE* and *deposit growth* as bench marks for bank performance after strategic application is not an isolated case. These three measures of profitability (amongst others) have occasioned diverse comments and these could succinctly be put as follows:

NET INCOME:

This measurement of bank performance post corporate strategy planning have variously been applied for this purpose by writers like Ansoff and others (1971), Herold (1972), karger and Malik ((1975);

Return on Equity:

The return on equity as been justified by Earle and Mendelson (1991) that, "*the ultimate measure of the strength of any financial institutions (typically banks) does not reside in its asset size, nor its branch network but its RETURN ON EQUITY*." Bird (1991) and Hector (1991) also share similar view.

DEPOSIT GROWTH:

Gup and Whitehead (1989), Lenzner and Mao (1995) have all posited in support of it as acceptable bench mark of performance index. However with regard to earnings of Access bank, earnings performance, as measured by the returns on average assets and returns on average equity, improved. Return on Equity (ROE) and Return on Assets (ROA) as at March 2009 stood at 11.66% and 2.37% respectively, a drop from 15.83% and 2.31% in 2008.In similar vein figures posted regarding the **RETURN ON CAPITAL EMPLOYED** and the **RETURN ON ADJUSTED EQUITY** have shown a positive trend over the forecast period, 2011 & 2012. This is not so when **PRICE EARNING** ratio is used as a benchmark.

On the aggregate whole, Access bank Plc has shown a strong evidence of being a huge beneficiary from its acquisitive tendencies courtesy of its Corporate strategy planning. It ability to take advantage of synergetic dispensations embedded in merger and acquisition is quite commendable. This has invariably rubbed on other indicators of financial performance and thus place Access bank in a position of leadership in the financial system.

ZENITH BANK

Asset quality ratio:

Zenith bank on the other hand, has a reputation of possessing a "stand alone" trait but has been able to leverage on strategic policies to expand its branches even beyond the shores of Nigerian A cursory review places the bank's asset quality in a depleting position in 2008, as the Non-performing loan ratio increased to 2.08% from 1.37% in 2007. . but this is quite ephemeral as the loan structure changed in composition with a redirection towards commercial papers now valued at N124.70 billion or 27.13% of the total loans in 2008. There was also an 18.02% increase in overdrafts to N201.59 billion in 2008; however this represents a decline of 24.45% in the total loans composition. Loan loss provision as a percentage of classified loans was 143.55% in 2008 as against 151.48% in the previous year, a 5.24% decline from 2007. Cost of bad loans increased from 0.62% in 2007 to 1.38% in 2008; also increasing is the cost of debt from 2.61% in 2007 to 4.37% in 2008, due to a rise in non-performing loans. Despite the slowdown in lending activities by Nigerian banks, Zenith Bank's September 2009 Interim results show a 46% growth of its loans, the highest amongst its Tier1 peers. This growth in risk assets led to an improvement in the bank's Loans to Deposits ratio of 60% (38%, September 2008)s. It also led to a 29% increase in Interest Earnings in September 2009 to N146.5 billion (N113.9 billion, September 2008).

Liquidity ratio:

A trace down of financial data reveals an initial decline in the bank's liquidity ratio in 2007, the bank showed significant improvement by increasing its asset portion of this ratio by 120.47% and liability by 68.84%. The liquidity ratio stands at 90.27% in 2008 a 30.51% improvement over the 69.32% recorded in the preceding year.

Capital adequacy ratio::

Going by equity level as a proportion of loan facilities and total assets initially experienced a downward trend from the period 2006 but later picked up just a year later till the ending period of consideration (2009). This clearly reflected a promising ownership control by insiders of available capital fund. It thus shows that the insider owners of the bank are being mainly patronized for funding sake.

Profitability ratio:

The bank's ability to generate income showed strong prominence in 2008, going by the Return on Average Assets and Returns on Average Equity, the bank's ROAE and ROAA stood at 22.46% and 3.77% respectively compared to

17.00%, and 2.32% in 2007. Dividend payout of 1.70 in 2008 (N1.00, 2007), amounts to a total figure of N28.45 billion, a significant rise of 207.01%. Corporate strategy as it relates to financing operations and new investments are very questionable with dividends consistently rising over the five years and the bank having raised capital from the public 3 times within the same period. In 2009, Earnings have been halved by write off totaling N26.14 billion in September 2009 interim results, leading to a PAT of N16.241 billion (N34.634 billion September 2008), as a result of which ROE and ROA dropped 55% and 50% respectively.:

Thus put in a nut shell, zenith banks financial results in the applicable years of review have show a somewhat consistent result of reasonable rise in performance . these were the trying times. In particular the model bank has been able to benefit in a remarkable dimension from the fall-outs of its main strategy at the time – through expanded branch project.

4.2 TEST OF HYPOTHESES AND RESULTS' ANALYSES

4.2.1 Test of Hypotheses

In this segment, four (4) hypotheses were formulated based on sourced data from *questionnaires*. The responses to the questionnaire were subjected to applicable tests in order to determine the validity of the proposed statements of four hypotheses. In order to arrive at reliable findings and conclusion from the analyzed data, hypotheses are tested at 0.05 level of significance. The study employs the Pearson Product Moment Correlation analysis for the responses while the questionnaire are processed through the *statistical package for social sciences*.

Hypothesis One

H_o: There is no significant relationship between general influence of corporate strategic planning and corporate performance of banks in the Nigerian economy

H_o: There is significant relationship between general influence of corporate strategic planning and corporate performance of banks in the Nigerian economy

Table 4.2.1 Pearson's Correlation Matrix showing relationship between general (but formal) influence of corporate strategic planning and corporate performance of banks in the Nigerian economy

		Influence of CSP	Corporate performance
Influence of CSP	Pearson Correlation	1	.872**
	Sig. (2-tailed)		.000
	N	110	110
Organizational performance	Pearson Correlation	.706**	1
	Sig. (2-tailed)	.000	
	N	110	110

*****.Correlation is significant at the 0.01 level (2-tailed).***

Source: Field Survey, 2013

As evident from the above table, result revealed that the calculated correlation coefficient r =0.706 at 0.01 level of significant. Since the calculated r value is greater than the tabulated r value, the null hypothesis is rejected while the alternative hypothesis is accepted with the conclusion that "there is significant relationship between the influence of corporate strategic planning and corporate performance. The product of this finding is that an increase in the technical competency of strategic planning g process by the banks' Board of Directors (engendered by a conscious/formal Corporate strategic Planning process) the likelihood of good performance up to about **70.6%** proportional increase will be achieved.

Hypothesis Two

H_o: There is no significant relationship between general dimension of **Autonomous (informal) actions** and corporate performance of banks in the Nigerian economy

H_o: There is significant relationship between general dimension of **Autonomous actions** and corporate performance of banks in the Nigerian economy

Table 4.2.2: Pearson's Correlation Matrix showing relationship between general dimension of CSP and corporate performance of banks in the Nigerian economy

Correlations

		Dimension of autonomous actions	Corporate performance
Dimension of autonomous actions	Pearson Correlation	1	.818 **
	Sig. (2-tailed)		.000
	N	110	110
Corporate performanxce	Pearson Correlation	.818 **	1
	Sig. (2-tailed)	.000	
	N	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2014

Result indicated on the above table shows that the calculated correlation coefficient r =0.818 at 0.01 level of significant . Since the calculated r value is greater than the tabulated r value, the null hypothesis is rejected while the alternative hypothesis is accepted with the conclusion that "There is a significant relationship between the proportion of informal contributions of corporate planning by bank managers corporate performance of their respective banks. The finding implies that proportional increase in the number of autonomous planning contribution would likely lead to about **81.8% increase** in the good corporate performance of banks generally.

Hypothesis Three

H_o: There is no significant relationship between the formal influence of specific Corporate strategic planning of model banks and their corporate performances.

H_o: There is significant relationship between the influence of specific corporate strategic planning of model banks and their corporate performances.

Table 4.2.3: Pearson's correlation matrix showing relationship between the influence of specific CSP of model banks and their corporate performances.

Correlations

		Influence ofSCSP	Corporate performance
Influence of Specific CSP	**Pearson Correlation**	**1**	**.869 ****
	Sig. (2-tailed)		**.000**
	N	**110**	**110**
Corporate performance	**Pearson Correlation**	**.869 ****	**1**
	Sig. (2-tailed)	**.000**	
	N	**110**	**110**

****. Correlation is significant at the 0.01 level (2-tailed).**

Source: Field Survey, 2014

Indicated on the table above is the results of the Pearson correlation between op and corporate performance, it can be observed that the calculated correlation coefficient r =0.869 at 0.01 level of significant. Since the calculated r value is greater than the tabulated r value, the null hypothesis is rejected while the alternative hypothesis is accepted. Thus a significant relationship **(i.e. 0.869)** exists between the influence corporate planning in our model banks and corporate performances of their respective banks.

Hypothesis four

H_o: There is no significant relationship between the dimension of specific **autonomous (informal)** actions of model banks and corporate performance

H_o: There is significant relationship between the dimension of specific autonomous actions of model banks and corporate performance

Table 4.2.4: Pearson's correlation matrix showing relationship between the dimension of specific CSP of model banks and their corporate performances.

Correlations

		Dimension of Specific CSP	Corporate performance
Dimension of Specific CSP	Pearson Correlation	1	.941**
	Sig. (2-tailed)		.000
		110	110
Corporate performance	earson Correlation	.941**	1
	ig. (2-tailed)	.000	
	N	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2013

Indicated on the table above is the results of the Pearson correlation between the dimension of specific autonomous actions of model banks and corporate performance -It can be observed that the calculated correlation coefficient r =**0.941** at 0.01 at a probability value of 0.01 significant level. Since the calculated r value is greater than the tabulated r value, the null hypothesis is rejected while the alternative hypothesis is accepted.

4.3. DISCUSSION OF FINDINGS

Findings from above thus declare a positive relationship between formal and informal contributions of CSP to banks performance for both model banks (A—Z) and the generality of the Nigerian banking system. However, the focus of findings in all the hypotheses relates to theexent to which performances in the various banks are triggered by CSP.

In both instances, the auto-influence is more pronounced – i.e. 81% for the generality of the entire banking system and 94.1% for the model banks. These recorded data of relationships between *CSP (auto) influence* and *banks corporate performance* towers significantly above formally planned ones with lower figures of 70.6% and86.96% respectively. The impact is further enunciated below.

Summary Table: - (survey research method)

INFORMAL (AUTO) INFLUENCE VS FORMAL (PLANNED) INFLUENCE OF CSP ON BANKS' CORPORATE PERFORMANCE

INFLUENCE OF CSP ON CP	SCORE	REMARK
(i)general influence (courtesy of other banks)	70.6%	The various Tests indicate the dominance of autonomous/informal impact over both general and specific impact of CSP in contemporary dispensations.
(II)AUTO INFLUENCE	**81.8%**	"
(i)specific influence [via model (A--Z) banks]	86.9%	"
(II) AUTO-INFLUENCE	**94.1%**	"

Thus the above findings are in consonance with general submissions of Hopkings& Hopkins (2000). On a more specific note however, Gup and Whitehead (1989) apparently have hit the mark when they reported their findings in favour of auto-influence that more banks record a higher performance of profitability (i.e. Return on Investment) when applying CSP unconsciously.

Where this findings are applied to banking scenario in Nigeria, particularly with regard to our model banks, one locates a blend of mix-ups of both *conscious* and *unconscious* planning impact.

Where the model banks are further considered, for one thing, both Zenith and Access banks have the hall mark of embarking on massive network of branch network development as a matter of corporate strategy that should rake in enormous return on investment at financial year end [5]{[5]See CBN Report, 2011}.. For another, the direction of testimony is quite different. This is because the much appreciated impact of their strategic moves are balanced up in the slowing *interest earned income (*which is a return on loan asset invested on bank customers). The *return* revealed a declining trend over main period of study (2005 -- 2009). It however, shows a positive movement in 2009 – which is the *reformation* year (BGL Report). This unsteady trend could well consist in the perspective of the commonly observed *theory* in Nigeria. This 'theory' suggests that most banks income in Nigeria are "unearned". The protagonist of this theory believes in the notion that banks in Nigeria do not declare their major source of income, even in the best state of sincerity. This is so either for fear of not being targeted by tax authorities or simply to distract some illegitimacies Sanusi, 2009.}

The above bothers on ethical and corporate governance leanings (Sanusi, ibid). Most banking dispensations in the annals of the prevailing financial system cannot be said to be exonerated from this unwholesome some trend . The clear danger from this unwanted fall out can be traced to the possibility of eroding strategic planning as key contribution to performance by the modern day bank. This development casts a questionable mark on the root of Nigerian Banks profitability.

4.4. RECOMMENDATIONS

Further on the above findings, developments here call for the following recommendations:
Firstly, effective supervision of the banking system operation by the regulatory authorities should be primed above other considerations. . It is largely observed by financial pundits that the laxity and high flexibility of the financial authorities largely account for the corporate governance deficiency experienced between the study periods (2005 - 2009)[7]. This has serious implications for corporate strategic planning. Glad, however enough to state that, the advent of Sanusi Lamido Sanusi, the recently out gone governor of CBN has largely put paid to this assertion.

In addition to regulatory alertness, a regulatory framework should be in place to monitor the true 'profit' position of these banks. Such mechanism should be able to aggregate the totality of success and otherwise contributions of its guidelines and of course, corporate strategic planning.

On the part of the banks as corporate entities, the findings of the study has positioned on the blend of both corporate strategic planning process using conceptual corporate skills at the board level and the contributions of middle level managers who applies tactical skills to offer the benefits of positive "strategic planning" (albeit at less than conceptual/board level). The demarcation between the two can be located in the fact that one is consciously done and programmed by individual banks; while the latter is deemed an unconscious/accidental dispensation in the annals of banking operation.

The probable 'best' lesson to learn from this submission is for banks as (corporate entities) to thoroughly imbibe the positive principles of management by objective (MBO) and IDEATION[8].{idea generation} in their regular operations. By these two interwoven principles, you find a situation where strategic ideas are made manifest and discussed at collaborative points between the middle and top level managers that are suggestive of strategic plans. This ends up blending short/medium range process (as offered by the middle-level managers) and the long term corporate plan, i.e. the hall mark of top level board members.

CONCLUDING REMARKS

Thus where all the suggestive positions above are harmonized, their sum-total apparently speak in the study's direction/expectations, namely: **strategic corporate planning is a potent tool that could achieve substantial banks' corporate performance but not without autonomous contributions of managers who might not necessarily occupy the strategic hierarchy of an organization. Such managers contribute (albeit unconsciously) "strategic input" into their corporate target and this deserves recognition wish could take a relatively long term to process. One highly recommended concept for adoption in this regard is the Management by objective MBO[6](a practice which entails a combined efforts/suggestions of lower or middle level managers with tactical skill to engage the conceptual skilled top manager/Board of Directors for the purpose of formulating the objective of affected organization and charting the way forward in the process)**

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