THE EFFECTS OF STRATEGIC PLANNING ON CORPORATE PERFORMANCE IN UNIVERSITY EDUCATION: A STUDY OF BABCOCK UNIVERSITY

OWOLABI, Sunday Ajao
Department of Accounting, Babcock University, Nigeria

MAKINDE, Olubisi Grace
Department of Business Administration and Marketing, Babcock University, Nigeria

ABSTRACT
The study examined the effects of Strategic Planning on Corporate Performance using Babcock University as the case study. It further probed into how this has impacted on the management efficiency and effectiveness as strategic planning is essential in corporate organisations. Primary and secondary data were used for the study. The study made use of questionnaire to elicit information from employees of Babcock University. Data collected were analysed using descriptive and inferential statistics. The hypotheses were tested using the using the Pearson’s Product Moment Correlation Coefficient to establish the significance of relationship between the various variables used in measuring performance. The results of the hypotheses revealed that there is a significant positive correlation between strategic planning and corporate performance. The study therefore, concluded that strategic planning is beneficial to organisations in achieving set goals and recommends that universities and other corporate organisations alike, should engage in strategic planning in order to enhance corporate performance.

Key Words: strategy, strategic planning, performance, organisation, university

INTRODUCTION
Strategic planning is a forward-looking exercise and all managers should be involved with it. If strategic plan is available and well implemented, an organization will have little or no challenge in managing external changes. For businesses to survive, it should be able to operate successfully with environmental forces that are unstable and uncontrollable and which can greatly affect decision making process. Organizations adapt to these environmental forces as they plan and carry out strategic activities. It is through strategic planning that an organization can predict changes in the environment and act pro-actively. (Adeleke, Ogundele and Oyenuga, 2008; Bryson, 1988 in Uvah, 2005).

However, It has been observed that most organizations are more concerned with the formulation of strategic plan and not how to implement them (Douglas (2003). He therefore concluded that “plan without effective and measurable implementation is no plan at all.”

No matter how super a plan is, it has to be well implemented to achieve the desired result (Phillips and Petterson, 1999). St-Hilaire (2011) believes that the usage of strategic plan is very
important to organization’s ability to achieve and maintain competitive advantage over other organizations.


Veskaisri, Chan and Pollard (2007) posited that without a clearly defined strategy, a business will have no sustainable basis for creating and maintaining a competitive advantage in the industry where it operates. They are also of the opinion that effective planning and implementation has positive contribution to the financial performance of organizations. In the same vein, Aremu (2000) states that some Nigerian business organizations are without formal plans or where there are formal plans, organizations operate without adhering to them. Dauda, Akingbade and Akinlabi (2010) Metropolis concluded that strategic management practices enhance both organizational profitability and company market share and therefore suggest that strategic planning concepts should be adopted by business organizations. On the other hand, Miller and Cardinal (1994) and Rogers, Miller and Judge (1999) concluded that the role of formal planning systems in business management is only informational.

Fehnel (2000) in his position paper on “Strategic Planning and the Nigeria University System Innovation Project” observed that many Vice- Chancellors “now appear willing to consider the use of strategic planning as an important tool in determining how best to revitalize and modernize their institutions”.

It was however observed that most researches on strategic planning and performance relationship focused on organization’s profitability, market share, earnings per share, net asset, working capital, expansion, etc. as the performance measurement. The performance indicators in the business sector may not necessarily be applicable to the higher educational institutions, therefore, strategic planning seems not to be too popular in the university system. This may be attributed to the lack of understanding of the concept of strategic planning by the university internal stakeholders, especially the employees. The lack of involvement of this particular group may make the plan unpopular, thereby making compliance a difficult issue. This study therefore tried to fill this gap by investigating the relationship between strategic planning and corporate performance in the university system.

The lack of a strategic plan which covers all aspects of the university community may be what is responsible for the challenges being faced in the sector. The challenges suggested by past studies includes but are not limited to distorted academic calendar, industrial disputes, inadequate water supply, decayed facilities - hostel accommodation, laboratories, classrooms facilities, unhealthy rivalry among staff, shortage of qualified teachers, challenges of accreditation, deteriorating quality of graduates, the list seems to be endless. It is important to discover whether the concept of strategic planning is understood and embraced in the university system. The role of the staff in the planning process and the effect of compliance on performance should also be investigated.

The objectives of the study therefore seek to assess the knowledge and understanding of the concept of strategic planning by workers in the organization,to evaluate the categories of workers
that are involved in carrying out these plans and how often it is done, to discuss the level of the institution’s compliance with the established plans in order to ensure corporate performance. In order to achieve the objectives of this research work, the following questions guided the Work:

1. To what extent does the organization carry out strategic planning?

2. What is the extent to which staff are involved in the strategic planning process?

3. To what extent does the organization comply with plans to ensure performance?

4. To what extent does the use of strategic planning affect corporate performance?

The following hypotheses were also tested:

H1: The categories of workers involved in strategic planning has no significant effect on how effective the plan is

Hypothesis Two:

H2: The level of compliance with strategic planning has no significant effect on corporate performance.

Hypothesis Three:

H3: There is no significant relationship between the extent of strategic planning and corporate performance

REVIEW OF RELEVANT LITERATURE AND THEORETICAL FRAMEWORK

Aremu (2010) posits that strategy is needed to focus effort and promote coordination of activities. Without strategy an organization becomes bunch of individuals, hence strategy is required to ensure collective actions and concentration of efforts towards achieving organizational plans and objective.

Johnson and Scholes (1993) in Aremu (2010) view corporate strategy from cultural perspective, he described it as a strategy based on the experiences, assumptions and beliefs of management overtime and which may eventually permeate the whole organization.

Strategy is a broad based formula for how business is going to compete and what policies will be needed to carry out the goals in order to achieve success (Porter 1980, in Aremu, 2010), (Kazmi, 2008). In other words, strategic management is involved in deploying a firm’s internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adieleke, Ogundele and Oyenuga, 2008; Thompson and Strickland (2003); (Nwachukwu, 2006). Strategic planning is all about an enabling environment to achieve and sustain superior overall performance and returns. (Johnson, Scholes and Whittington, 2008) Strategic management is thinking through the overall mission of a business by establishing what the business is all about (Drucker (1974), in Akingbade, Akinlabi, and Dauda, (2010))

The process of strategic planning takes into account the entire decision making process and the issues that an organization faces. According to Uvah, (2005), the strategic planning process is as important as the actual plan and its implementation. He further suggested a strategic planning
process which includes - Plan Design which deals with the design stage of a strategic planning exercise and should resolve questions such as who should be responsible for what? The next stage is the formulation stage. According to Minzberg (1991) in Adeleke (2008), the following processes in formulating plans were highlighted:

a) **Environmental Analysis**: the environment in strategic planning emphasises the need for organization to establish a link between their internal and external environments.

b) **Resource Analysis**: this is an inevitable means of identifying the strength and weaknesses of a firm over its competitors

c) **Determination of the Extent to which Strategy Change is required**: this is a top level management decision on whether or not to modify the existing strategy or its implementation. This is based on what is called performance gap (Stoneir and Andrews, 1977)

d) **Decision-Making**: this bothers on what to do and how it is to be done

e) **Implementation**: this requires the practice of the chosen strategy. It is implemented through a process of allocation of resources, adapting the organizational structure to suit the strategy and creating an appropriate climate for carrying out the chosen strategy.

f) **Control**: this is to ensure that implementation is being achieved in line with objectives and in conformity with the chosen strategy. This may be accomplished by establishing a planning unit or forming a review committee made up of top-level managers.

The next stage is the implementation stage which includes outlining the achievements of goals, allocation of necessary resources, tasks, schedules and other actions being specified (Daft 2008).

It must be noted that the hardest part of strategic planning is implementation, that is to effect what is planned and to be alert to the event of any opportunity for action that is clearly better than that in the original plan and then to adjust the plan accordingly to fit emerging circumstances. (Uvah, 2005). The last stage is the evaluation and review stage. This stage deals with monitoring, evaluation, feedback and review of the plans. This is necessary so as to ensure consistency between implementation and the planned strategic directions.

The role of education as an instrument for promoting the socio-economic, political and cultural development of any nation can never be over-emphasised (Ajayi and Ekundayo, 2008). According to Abdulkareem (2001), a nation’s growth and development is determined by its human resources. The provision of the much-needed manpower to accelerate the growth and development of the economy has been said to be the main relevance of university education in Nigeria (Ibukun, 1997 in Ajayi and Ekundayo, 2008).

The belief in the efficacy of education as a powerful instrument of development has led many nations to commit much of their wealth to the establishment of educational institutions at various levels (Ajayi and Ekundayo, 2008). According to Ajayi and Ekundayo (2007), the funds allocated to higher education should not be considered as mere expense, but as a long-term investment of immense benefit to the society as a whole. The importance of university education to the individual in particular and the society in general has resulted in the rise for the demand for university education in the last twenty years, resulting in a very high percentage of unsatisfied demand every year.

Effective strategic planning in universities can help in solving the enormous challenges enumerated in this study and many more which has made it impossible for any Nigerian university
to be listed in the world’s best 200 universities. Strategic planning can help universities to clearly define the purpose of the institution in a mission statement, provide a framework for decision making throughout the institution, reveal and clarify future opportunities and threats, provide a basis for measuring performance and increase productivity from increased efficiency and effectiveness. (Uvah, 2005)

According to Olayemi (2004) “an organization is productive if it achieves its goals by transforming inputs into outputs at the lowest cost”. An organization is effective when it attains its goals but productivity depends on achieving these goals efficiently.

Ogundele and Oni (1995) in Adeleke, Ogundele and Oyenuga (2008) posit that things which determines performance are - technology, structure and size, communication, the human elements (management and employees) the larger market, competition, source of raw materials and supplies, legal structure, socio-cultural contents, globalization and so on.

Abdulkareem and Oyeniran (2011) suggested the following parameters for measuring performances in Nigerian universities - Number of Students, the teaching indicators (graduation-number of recipients of bachelor, master and doctoral granted by the university, teaching load of teachers), research outputs (number of publications i.e. books, book chapters, journal articles, conference papers and other scholarly articles, quality of research publication, total grant received), community service (social assistance, scientific meetings, consultant activities, seminars and symposia for the local communities, technical services rendered)

THEORETICAL FRAMEWORK

The study adopted the resource-based theory of the firm. This theory combines concepts from organizational economics and strategic management (Barney, 1991).

In this theory, the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities (Johnson, Scholes and Whittington, 2008)

Traditional sources of competitive advantage such as financial and natural resources, technology and economies of scale can be used to create value. However, the resource-based argument is that these sources are increasingly accessible and easy to imitate. (Jackson & Schuler, 1995; Pfeffer, 1994).

Critics of this theory are of the opinion that the core position of this theory which sees resources as strategically valuable, rare, inimitable and organizationally embedded as sources of competitive advantage is not scientifically proven (Sanchez, 2008).

On the other hand, Kraaijenbrink, Spender and Groen (2010) in their review and assessment of the critiques of this theory summarised as follows:

- The resource-based view has no managerial implications. They are of the opinion that not all theories should have direct managerial implications although the resource based view can be considered to have evident impact.
- The applicability is limited. Uniqueness cannot be generalised and resource based view only can only apply to small firms which operates in predictable environments.
- It is not considered to be a theory of the firm because it does not explain the reason for the firm’s existence.
- The firm’s valuable, rare, inimitable and non-substitutable resources and capabilities plus organization are not always sufficient to explain a firm’s sustained competitive advantage
- The resource based value does not recognize the role that judgement and mental models of individuals play in value assessment and creation.
- Value of a resource is too insignificant to provide for useful theory, and that
The definition of resources is all inclusive. It does not recognise the differences between resources as input and resources that enable the organization of such input. It does not differentiate how the various types of resources may contribute to sustained competitive advantage.

IMPLICATION FOR THE STUDY

Barney’s resource based view reflects the fact that rival organizations may not perform at a level that could be identified as considerable competition for the organizations that have been well established in the market because they do not possess the required resources to perform at a level that creates a threat and competition.

An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments; hence, an organization should be engaged in resource management.

There is always high uncertainty in the environment and for organizations to survive and stay ahead of competition, new resources become highly necessary. (Crook, Kettchen, Comb and Todd, 2008).

Strategic planning process will give the organization the needed opportunity to analyse the environment effectively and be able to prepare for any eventuality that may affect the plans therefore negatively affecting the performance of the organization.
Porter’s Five Forces Model of Strategic Planning

METHODOLOGY

The research design adopted for this study was the survey design. The study adopted survey method in form of administering questionnaires to the employees and management staff of Babcock University which is one of the first three private universities approved in Nigeria.

Mainly primary data was sourced and utilized for purposes of addressing and testing the formulated hypotheses. Primary data was collected on strategic planning process, employee participation and expected performance. The main data collection instrument was a structured questionnaire divided in five sections. This questionnaire was administered to the teaching staff and non-teaching staff at the management level.

Data were analysed using descriptive statistics and the Pearson’s Product Moment Correlation Coefficient (r) the Statistical Package for Social Sciences (SPSS) version 16 was employed in analyzing the data for this study.
The descriptive statistics was used to present percentages and bar charts. This was used to analyse the research questions while the Pearson’s Product Moment correlation coefficient was used to analyse the hypotheses to determine the relationships between variables of the study.

**DATA ANALYSIS AND DISCUSSION**

**Table I: Hypothesis One:**

| Hypothesis One: The category of workers involved in strategic planning has no significant effect on how effective the plan is. |
| Results according to Table 2 show that all the variables in the result have positive correlation. From this result the $H_0$ is rejected and $H_1$ which states that the category of workers involved in strategic planning has significant effect on how effective the plan is was accepted. Hence all things being equal, a better workers’ participation in strategic planning will bring about a corresponding better performance. |

<table>
<thead>
<tr>
<th>All managers whose work might be significantly influenced by strategic planning participate in the planning process</th>
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<th>It ensures improved coordination and control of organization’s activities.</th>
<th>Strategic planning helps in understanding the organization’s environment</th>
<th>Ensures remarkable improvements in student enrolment</th>
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**. Correlation is significant at the 0.01 level (2-tailed).**
Table I: Hypothesis One:

H$_0$: The category of workers involved in strategic planning has no significant effect on how effective the plan is.

Results according to Table 2 show that all the variables in the result have positive correlation. From this result the H$_0$ is rejected and H$_1$, which states that the category of workers involved in strategic planning has significant effect on how effective the plan is, was accepted. Hence all things being equal, a better workers’ participation in strategic planning will bring about a corresponding better performance.

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Source: Field Survey, 2011
Table 2: Hypothesis Two

H_0: The level of compliance with strategic planning has no significant effect on corporate performance. Results in table 2 show that all the variables in the result have positive correlation. From this result the H_0 is rejected and this invariably results to accepting H_1 which states that the level of compliance with strategic planning has significant effect on corporate performance. Hence, once organizations comply with strategic plans, there will be a corresponding better corporate performance.

<table>
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<th>Strategic planning ensures sustainable competitive advantage</th>
<th>Ensures remarkable improvements in student enrolment</th>
<th>Effective implementation of strategic plans helps in meeting set targets.</th>
<th>Strategic Planning provides direction on new projects and priorities.</th>
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**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2011
Table 3: Hypothesis Three

H\(_0\): There is no relationship between the extent of strategic planning and corporate performance

Table 3 shows that all the variables in the research question used to test this hypothesis revealed a positive correlation between strategic planning and corporate performance. Therefore, H\(_0\) is rejected and H\(_1\) which states that there is a significant relationship between the extent of strategic planning and corporate performance is accepted. Therefore, it can be concluded that, a better strategic planning will bring about a corresponding better corporate performance.

<table>
<thead>
<tr>
<th></th>
<th>Strategic planning ensures sustainable competitive advantage</th>
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<td><strong>Strategic plan is being effectively implemented in the organization</strong></td>
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**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2011

DISCUSSION

The result of hypothesis one shows that there is a significant relationship between the categories of workers involved in strategic planning and how effective the plan will be. The result agrees with the submission of Arasa and Machuki (2011). They concluded in their study that participatory orientation of strategic planning does influence the realization of the strategic planning outcome significantly. It can also be related to the study of McIlquham-Schmidt (2010) with the conclusion that there is a positive relationship between strategic planning and corporate performance and that both the organization and the workers benefit from strategic planning in the sense that the organization can achieve their goals while workers can benefit in the sense that it provides clarification of individual responsibilities thereby contributing to motivation.
Furthermore, it will encourage favourable attitude to change, stimulates cooperative, integrated and enthusiastic approach to tackling problems and opportunities, encourage forward thinking and the integration of the behavior of individuals in the organization into a total effort. The study of Prevos (2005) also concluded that if an integrated approach to strategic planning is adopted, there will automatically be a positive influence on performance. Therefore, every segment of the organization should be involved in the planning process in order to make the plan an all-inclusive one and thereby making the implementation successful.

The result of the second hypothesis also confirms that the level of compliance with strategic plan has significant effect on corporate performance. The is in line with the findings of Mankins and Steele (2005) that companies typically only realise 63% of the potential value of their strategy because of defects in planning and execution. If full compliance is achieved, performance will increase. It also supported the outcomes in Dauda, Akingbade and Akinlabi, (2010), Danso(2005) and Phillip and Petterson (1999). They all agreed that compliance with plans has positive correlation with performance.

The result of the third hypothesis also reveals that there is a positive correlation between strategic planning and corporate performance. This can be related to the result of Akinyele and Fasogbon (2007) that strategic planning enhances better organizational performance, which in the long run has impact on the survival of the organization. It also supported the study of Smith and Golden (1989); Hill, Jones and Galvin (2004) and Nmadu, (2007) and Akingbade (2007) where they all concluded that it was concluded that “there is a very strong positive relationship between formal planning and qualitative performance”. Hill, Jones and Galvin (2004) also took a position that “strategic Planning on the average has a positive impact on company performance. Nmadu, (2007) and Akingbade (2007) in their studies supported the claim of positive relationship between strategic management and corporate performance in Nigeria. These studies revealed that an organization’s financial performance tends to increase with a unit increase in the level of practice of strategic management. The higher the overall level of strategic management practice, the higher the financial performance of the organization.

The result also agreed with the conclusions of Robbins, Bergman, Stagg and Coulter (2008) and Silverman (2000) where they stated that an organization’s performance is dependent on strategic planning. Therefore, it is very important for higher educational institutions to take strategic planning as a very vital aspect of organizational development as this will ensure a better performance.

POLICY DIRECTION

In this study, it has been established that effective strategic planning indeed has a positive impact on performance. Although formal planning only will not bring about better performance, effective implementation will suffice. Strategic formulation and the process of strategic planning is a complex one but it does not mean it is a futile effort because there is something to be gained at end of the day.

Strategic planning is vital for ensuring continued good corporate performance and only those organizations that practice some form of strategic planning will survive. Successful strategic planning is not just a rational model to plot the course for years ahead, but as a narrative between the organization and the environment, anticipating the unpredictability of external influences.
Running a successful university is a challenge considering economic situation in the country and the general economic meltdown. University authorities in their quest to maintain standard and meet the expectations of their constituencies need to devise new and improved ways of running their activities in order to stay on course and provide a relief to the university educational industry in the country.

By adopting strategic planning as a tool for improvement, universities would have chosen a path that will bring progress. The university should therefore not waver in its resolve to entrench strategic planning as a means to sustainable management reform in its operations. On the other hand, the government should provide a conducive environment for the educational sector and for corporate organizations in Nigeria. Autonomy should be encouraged so that Federal and State higher institutions can formulate and implement strategies without undue interference in order to ensure greater performance.

The result of this study revealed the university is also a part of the global economy and is not exempted from what is happening and therefore should not feel it is not important to embark on strategic planning process. It was established that the extent of strategic planning, the categories of workers involved and the level implementation are variables that affect the achievement of higher performance even in a service industry like the university and this process should not be ignored. Similar research should be conducted on strategic planning in federal and state universities in order to see the impact it would have and whether it will reduce the rate of crisis that happens every now and then.

This research work has brought knowledge to university administrators. This result will help the university management to see that strategic planning has a positive impact on corporate performance and therefore, it is necessary to carry out strategic planning in universities and not only in business concerns where profitability and market share are always considered. The university system can benefit from strategic planning on the long run and their outputs which are the students are the ones to project the image of the institution. By planning effectively, the universities can have enough grants for researches which. All these put together will ensure that universities in Nigeria are ranked among the best in the world.
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