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STRATEGIC PLANNING AND ORGANISATIONAL PERFORMANCE: THE NIGERIAN EXPERIENCE

Ohachosim Celestine Ikem
Dept. of Accountancy, University of Nigeria, Enugu Campus, Enugu State
Onwuchekwa faith chidi, Ph. D
Dept. Of Business Administration, Nnamdi Azikiwe University, Awka, Anambra State
Ifanyi titus tochukwu, Ph. D
Federal College Of Education Technical (Fce (T), Umunze, Anambra State

Abstract

This paper evaluated the effects of strategic planning on the performance of firms in Nigeria. A ten year study of ten firms most susceptible to competition was undertaken. Both survey and ex post facto design were adopted. Structured questionnaire was utilized in collecting primary data while the secondary data was obtained from the annual reports/statements of accounts of the selected firms. Descriptive statistics and dummy variable regression technique were utilized in the analyses. It was found that the firms embark on strategic planning but this has contributed only but negligible proportion of the companies' performance. The paper, therefore, recommended that firms should identify all relevant strategic factors while setting their strategic plans to be sure their actions were igned to firms' objectives.

Keywords: strategic factors/indicators, strategic agility, competitive ability.

INTRODUCTION

It is possible that an organization having equal capacity in man, money and material with another could perform better or poorer than that other organisation. What makes the difference? To provide answer to this seemingly simple question, management effectiveness should be evaluated. The management responsiveness to relevant changes in a firm's business environment (responsiveness to technological changes, responsiveness to customer changes in taste, appropriate responsiveness to political, social and cultural changes) determine how strategically a company is prepared to attain and maintain a competitive position/ability (Adeleke, Ogundele and Oyenuga, 2008; Owolabi and Makinde, 2012). The ability of a firm to respond appropriately to the variables that affect the operations of an organization is dependent on the effectiveness of its strategic plans.

It is the need to position companies strategically that brought about planning and consequently, strategic planning. Planning produces better alignment and financial results than do trial-and-error learning (Miller and Cardinal, 1994). In management literature, advocates of planning like Thompsom and Strictland (1978), Ansof (1984), Hax and Majluf (1984) opine that strategic planning contributes to managerial effectiveness and thus, to corporate success. Strategic planning is a complex horizon because it implies that a firm's strategic process involves explicit systematic procedure used to gain the involvement and commitment of the stakeholders most affected by the plan. Strategic planning involves a process of bringing to the notice of all stakeholders why the firm or the body corporate should take a certain direction at a certain occurrence.

Stakeholders of a corporate organization encompass wide ranging groups which ordinarily not all are determining agents in the simple day-to-day activities of the firm. However, these groups are strategically, very crucial for the firm to attain and maintain a competitive position. Stakeholders include: the government, the shareholders, the workers, the management, the society, the host environment, and the customer/clients of the firm; creditors, suppliers and such other groups that have identifiable interests in the body corporate. Strategic planning outlines the various processes of continuously and responsively attaining to these varieties of interests, as well as, ensuring high performances for the firm. Strategic planning helps the firm to predict changes in the environment and act pro-actively (Bryson, 1988; Adeleke, Ogundele and Oyenuga, 2001; Uvah, 2005). There are many reported studies on the effects/impacts of strategic planning on firm's performance. The criteria used in measuring performance are numerous.

Oyedijo (2012) asserts that a company with effective strategic plan can always increase the shareholders' earnings. In this case, shareholders' earnings have become the yardstick for measuring performance. Other criteria include earnings per share, net profit criterion, market value per share (MVPS) et cetera. These criteria, however, are quantitative in nature. There are other measures which are more qualitative in nature. Studies have shown that consumers' perception of the company is one performance measurement criterion. Does the company respond appropriately to changes in its environment? Gehani (1995) expresses the effectiveness of strategic plan on the basis of that company's agility. An effective strategic plan enhances firms' agility. Gehani (1995) also asserts that "an agile organization can quickly satisfy customer orders, introduce new products frequently in a timely manner… get in and out of its strategic alliance speedily". A timely response to environmental changes enables the company to maintain its market share and remain at its profit level. Qualitative performance measures like operating efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas and social impacts, et cetera result to increase in quantitative measures like profit growth, sales revenue, et cetera. Quite often, steady performances result to maintainable profit margin: new ideas are always the outcomes of steady satisfaction of customers' needs through new technology, innovative marketing mix and so on. It could be seen that qualitative measures precede the quantitative performance measures. In estimating the effectiveness of strategic planning, painstaking efforts should be directed to evaluate the qualitative measures.

The fact that strategic planning helps firms to improve their performance cannot be overemphasized. Some notable earlier studies (woodburn, 1984; Adegbite, 1986; Fubara, 1986) have shown that firms which embraced strategic planning recorded better performances. Most recent studies attest to the submissions of these earlier studies that strategic planning is of great value to modern firms (Veskaisri, Chan and Pollard, 2007; Dauda, Akingbade and Akinlobi, 2010; Ajao and Makinde, 2012; Ade, 2012; Arasa and K'obonyo 2012). There are, however, a number of researches that produced contradictory submissions (Sheehm, 1975; Fredrikson and

Mitchell, 1984; Whitehead and Cup, 1985). To worsen it all, some researches were identified to have produced inconclusive results (Bracker and Pearson, 1986; Hopkins and Hopkins, 1997).

Amidst the highlights above there is even more confusion than clarity as regards the strategic planning - firm performance relationship. Controversies exist thus: for, against and undecided. Some of these studies are long overdue for revalidation to keep pace with the global development in business. This would call for deliberate review of the potencies of the variables/proxies used for strategic planning. It is possible that due to passage of time, those studies included irrelevant variables or missed very crucial variables and thus yielded nonfactual and ambiguous results. Also, most of the studies were carried out in places with different business environment other than Nigeria, thus creating a very crucial gap as results of studies sometimes vary geographically. The research gaps created by these identified weaknesses of the past researches need to be bridged, and hence, the motivation for this study.
Sequel to the identified weaknesses of the past studies shown above and the consequent research gaps, this paper has the general objective to find out the nature of relationship between strategic planning and organisational performance in Nigeria. Its specific objectives include: to find the relationship between response to environmental changes and organisational performance, to find the relationship between leadership succession plan and organizational performance, to find the relationship between responses to technological changes and organizational performance, to find the relationship between responses to market variations and organizational performance and to find the relationship between responses to economic policy changes and organizational performance.

LITERATURE REVIEW

Theoretical Review

Positive versus Normative views

Burgelman, Maidique and Wheelwright (2001) explained that the positive view of strategy is concerned with the firm's strategy and how it comes to be while the normative view is concerned with what the firm's strategy should be. Burgelman (1983) explained that the positive view of strategy proposes that the firm's strategy reflects top-management beliefs about the basis of the firm's past and current success. These beliefs concern (a) core competencies, (b) product market areas, (c) core values and (d) people, as well as associations between these elements and the firm's success. They can be viewed as the result of organizational learning processes. They drive top management‘s efforts to establish a strategy that will take advantage of this organizational learning. Not surprisingly, there is likely to be a good deal of inertia associated with this set of beliefs (Burgelman, 1991). Hence, to understand a firm's strategy, it is necessary not only to consider top management statements and assertions about the firm's strategy but to observe what the firm actually does. Quite often, especially in the dynamic environments associated with high-technology firms, there is divergence between professed strategy and strategic action.

Product-Market versus Resources-Based Views

The product-market view of strategy is primarily concerned with how the firm competes with its products and services. The resource-based view of strategy is concerned primarily with how the firm can secure the factors needed to create the core competencies and capabilities as the bases for establishing and sustaining competitive advantage. Strategy is inherently a function of the quantity and quality of a firm's capabilities. Strategy without capability has no force. On the other hand, capabilities without strategy remain aimless. Strategy asks the question; how do competencies and capabilities help create and sustain competitive advantage? Strategy thus articulates the ways in which the opportunities that are created by the firm's capabilities can be exploited.

Conceptual Review

Strategy, what does it mean?

The world strategy has gained prominence in both public and corporate administration. It could be defined as a pattern in a stream of decisions. It is the human attempt to get to desirable ends with available means (Mintzberg, 1978). Strategy refer to attainment and maintenance of a position of advantage over adversaries for the military, competitors for the business enterprises and challenges for the public organizations through the successive exploitation of known or emergent possibilities rather than committing to any specific fixed plan designed at the outset. Koutsoyiannis (2003) defines strategy as specific courses of action with clearly defined values for the policy variables. The word variable came in for the purpose of acknowledging the effects of change which are capable of affecting adoptable courses of action.

Strategy, derived from the Greek word 'strategie'; means generalship or leading army. It is the art of troop leader or office of the general command. Strategy is originally related to sensitive issues in the military, such as; attack, defense, maintenance of peace or putting a civil unrest under control. Military activities are strategic in nature and demand the predetermination of several options, to ensure that if plan A fails, plan B works, and so on. The world 'strategy' in the sense in which it is used today is identified with the military intelligence. It should be noted that many terms associated with strategic planning, such as objective, mission, strength and weakness, were developed by or used in the military (Swayne, Duncan and Ginter, 2008). A good strategy provides for means and consequent alternative means to take care of possible changes in the long run.

Levels of Strategy in Business Organisations

There are three main levels of strategy in today's businesses. They are; corporate-level strategy, business unit strategy and functional level strategy (Stoner, Freeman and Gilbert, 1997).

Corporate-level strategy is formulated by top management to oversee the interests and operations of organizations made up of more than one line of business. Under this level, questions such as: what kinds of businesses should the company engaged in? What are the goals and expectation for each business? How should resources be allocated to reach those goals?

Business-Unit Strategy: According to Stoner, Freeman and Gilbert (1997), business unit strategy is also called line of business strategy. It is concerned with managing the interests and operations of a particular line of business. It deals with questions such as these: How will the business compete within its market? What products/services should it offer? Which customers does it seek to serve? How will resources be distributed within the business? The business-unit strategy tries to determine what approach to its resources and the conditions of the market. Most big corporations enhance this level of strategy through what is called Strategic Business Units (SBUs)

Functional-level Strategy: These levels of strategies create a framework for managers in each function- such as marketing or production-to carry out business unit strategies and corporate strategies. Functional-level strategies complete the hierarchy of strategies and they yield operations plans.

Planning, a central concept in Management

Planning is one of the management functions which is the process of setting goals and objectives in an organization and determining how to achieve such goals and objectives (Alaka, Tijani and Abass, 2011). Schendel and Hofer (1979) assert that it is an anticipatory decision making process for effective performance. Planning occupies a central position in management and obviously, it is difficult to talk about management without planning. The function of planning involves evolving mission statement and objectives as well as designing the actions to achieve them (Oyedijo, 2004). Other important management functions include; organizing, controlling, directing and coordinating.

Defining Strategic Planning

A number of definitions of strategic planning have been advanced by management experts in management science literature. One of the earliest definitions is the one given by Drucker (1954), it states that strategic planning is management by plans, an-analytical process and is focused on making optimal strategic decisions. Ansoff (1970) conceptualizes strategic planning as the process of seeking a better match between a firm's products or technology and its increasingly turbulent markets. This definition looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumer attitudes, new dimensions of social control and above all, a questioning of the firm's role in society. Sharing this view, Hofer and Schendel (1978) define strategic planning as an evolution of managerial response to environmental change in a focus moving from internal structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification. Wendy (1997) explained strategic planning as the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities. Wendy (1997) further argues that strategic planning aims at defining and documenting an approach to doing business that will lead to satisfactory profits and growth. Steiner (1979) defines strategic planning as the systematic and more or less formalized effort of a company to establish basic company purposes, objectives, policies and strategies. It involves the development of detailed plans to implement policies and strategies to achieve objectives and basic company purposes. Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy including its capital and people (Adeleke, 2001).

These plethoras of definitions are complementary in the sense they express and sometimes confused with planning itself. Is strategic planning synonymous with planning? We willrely on the insights drawn in the definitions given above, to propose a description of strategic planning as means designed to pursue well articulated goals of an organisation with reliable alternative means to ensure the attainment of these articulated goals. What makes strategic planning different from ordinary planning include the following:

- Strategic planning is aimed at capturing, occupying and maintaining competitive positions to have edge over contemporaries while planning is aimed at undergoing normal flow of business activities.

- Strategic planning is intended to have long run effects on the firm while planning may only have short run effects.

- Strategic planning due to its affiliation with the military and sensitive issues creates actions and alternative actions (intended to responds to possible future changes) towards the goal of the organization while planning may not because there is always time to change the one and only plans without much damage.

Strategic Implementation and strategic agility: Following strategic planning is strategic implementation. Stoner, Freeman & Gilbert (1997) define strategic implementation as the actions based on that kind of planning. It is the actions of the managers at various levels to achieve strategic planning. Effective strategic implementation demands that organization should be responsive. This has brought to the existing management literature the concept of strategic agility. Geheni (1995) asserts that “an agile organization can quickly satisfy customer orders, introduce new products frequently in a timely manner … get in and out of its strategic alliances speedily”. Ren, Yusuf and Burn (2005) assert that agile organizations deliver on cost, quality, speed, flexibility and innovation simultaneously without compromising on any of these criteria. Drawing insights from the above views, strategic agility could be defined as the ability of an organization to align its strategies with the fast changing environment and maintain its competitive ability. Oyedijo (2012) believes that strategic agility has the focus on the ability of the organization to thrive in a competitive, rapidly changing volatile and high velocity environment.

Strategic Planning Process

It is important at this junction to review as part of this literature review to discuss strategic planning process. Strategic planning process according to Argenti (1968) is a systematic and explained study designed to help identify the objectives of an organization or corporate body, determine an appropriate target, decide upon suitable constant and devise a practical plan by which the objectives may be achieved. In trying to clarify the view of strategic planning process, Miles and Snow (1978), define strategic planning process as the mission and domain as well as policies that guide managers towards the strategic goal in an organization.

Relying on these descriptions of strategic planning process, Alaka, Tijani and Abass (2011), write that the strategic planning process consists of the following steps:

· Analyze the environment (characteristic of the industry, product demand, homology, among others).

· Analyze the organization (product and market situations, capital structure, technical skills, organization structure and human resources).

· Analyze key skills required (critical skills necessary for success).

· Access the problems and opportunities that may be the basis for organizing action.

· Generate, evaluate and select alternative strategies to take advantage of opportunities.

Which level of management should the process begin? A strategic planning process beginning with top management is favoured by most corporations. The fact remains that the mission of the organisation is set by top executive but it will not be right to formulate the means of attaining these goals without the involvement of workers at the lower trunk. According to Ogundele

(2007), many large firms adopted a formalized top-down strategic planning model. Under this model, strategic planning becomes a deliberate process in which top executives would periodically formulate the firm's strategy and then communicate it down the organization for implementation. In any case, strategic planning is a task before top management but a responsible and a responsive top management must align all interests as well as acquaint all levels of management on means and alternative means for attaining the set objectives.

The main strategic Factors/Indicators

Ordinarily, all companies claim to have adopted strategic planning, how management knows that a firm has effective strategic planning in place? No matter the evaluation techniques applied, the concern of the management should be how the strategic factors affect the operations of the firm. These strategic factors include the following: Environmental changes, technological changes, changes in customer tastes/market changes, leadership change and policy changes. How does management of Nigerian firms plan for the following identifiable possible changes?

Environmental changes as a strategic factor

Today, a firm is in good terms with its host environment. Is it possible that the very friendly environment today may be very hostile tomorrow? Is it also possible that by the firm's business operations, the very neat environment may become polluted and very filthy? This is why response to environmental changes is very crucial. More so, firms start smaller and expand. There is hardly an organization that does not have growth as one of its firms' objects. With regards to the environment, a firm's strategic planning should design patterns of responding to the demands of the changing future environment. A firm that has effective strategy to be responsive to the environment should commence from the location of industry stage. It should site factories where it is possible to acquire more space for possible future expansions. The dynamics of the environment has been emphasized in several studies including Mcllquam-Schmidt (2010). A firm's corporate social responsibility (CSR) is one step to influence the environment in favour of the organization. The presence of a firm, no doubt, causes some externalities to the host environment, the issue of environmental pollution and air pollution as a result of emission from factory machine and sometimes deposits of waste condemn drinking water and make the air very filthy. Recently, organisations, such as: Green Alliance Nigeria (GAN), Federal Environmental Protection Agency (FEPA) of Nigeria, et cetera, have shown interests in the increasing environmental changes caused by business activities (Chouigbe and Egbide, 2012). A responsible firm that realizes the effects of its environment on its business activities should embark upon CSR as a corporate strategy to reduce externalities. CSR is a process that a firm applies to strategically make itself relevant in its host environment (Idemudia, 2010; Bala, 2012).

Technological Changes

Technology affects product quality and price. Burgelman Maidique and Wheelwright (1996) explained that a firm's strategy is expressed in the products and services it brings to the market. It should be noted that once technology is mentioned, the means of production is noted. Onodugo (2000) define technology to be the methods and techniques employed in productive activities. Technology changes as a result of breakthroughs in research and development. The responsiveness of management to changes in technology is a determining factor with regards to the effectiveness of the firm's strategic planning. Burgelman Maidique and Wheelwright (1996) pointed out that Porter (1983) observe that technology is among the most prominent factors that determine the rules of competition. A firm that does not follow up with the changing production methods may be forced out of the market. Primitive or out-dated technologies may not be efficient as new discoveries. The results of inefficiency in the use of out-dated technology may include: low quality products, high prices of products, less quantities of products in the production runs, among others.Technology has gone a long way in the improvement of management effectiveness. The fact that technology has facilitated office communication, management has overcome the biggest challenge in sending messages and receiving feedbacks.

Leadership as a Strategic Factor

Leadership can be defined as a process by which individual influences others towards the attainment of group or organizational goals. A remarkable strategic factor is the issue of leadership change. No organization remains entirely under the leadership of one man. Most firms retain their captains for period of five to ten years. Though tenure ship of most captains of firms are short but it has great strategic implications. A leader who does not understand the strategies in place before the assumption of office may make decisions that will disorganize an already working strategy. For strategic planning conscious firms, every leadership change is a long-term planning project. Records of employee activities: their exploits and their continuous assessment of the understanding of the entire firms are factors considered before effective changes are made. Consistency in the leadership change process makes for effective strategic planning. In highly consistent firms, leadership training starts from the first day an employee comes in as a trainee.

The importation of captains of firms, mostly behavior identified among multinationals, could mean a change of strategy when the need has not arisen or even worse still if the new leadership must understand the already existing strategy because resources have to be lost to allow for appropriate acclimatisation. Often, the results of bringing outside persons to assume the leadership of firms are regrettably dramatic. Sometimes the concerned firm may experience remarkable increases in product prices, significant variations in product quality, dramatic changes in relationship management and public relationships. All these may have great unpredictable effects on the sales and profit, contract attraction, among others, especially in Nigeria where firms' relationship with people in power matter so much. A leader who comes from outside of the firm could mean a complete new initiative in the leadership style. Wang, Chich-Jen and Mei-Ling (2010) upheld in their research that the interaction of the leadership style and the human resource management strategy significantly contributes to the organizational performance. It could not be undermined that it should result to remarkable improvements. Some captains of firms don't care about the views of their followers. It should be known that a good leader wins the acceptance of the followers. When workers see the captains of firms as leaders, they follow willingly and organizations add value.

Market Share

A market is a set of all actual and potential buyers of a product or service. It is a medium that allows buyers and sellers of a specific good or service to interact in order to facilitate an exchange. The fact that firms have to sell their products or services for production to be complete has made market a very strategic issue. It will not be complete to do a work on strategic planning without devoting some parts of the work to this important variable. The size of market glaringly shows the impact of effective strategic planning. It should be remembered that strategic planning is defined in relation to acquisition and maintenance of competitive ability. One way of evaluating a firm's competitive ability is to measure the company's market share (Olagide and Aremu, 2009). In simple language, what percentages of the consumers/clients/patients consume the firm's product or access the services? Is there always an ongoing effort to increase this proportion? Is there effort to discover new market? It should be noted that larger market share implies high turnover and presumably more accounting profit.

Economic Policy Change

Government dish-out policies in the normal cause of government business of running the state. Policies are put in place as predictors of the economy: Firms who are proactive build shocks to absolve swinging effects of policy change. A firm that manufactures beer whose raw materials are imported may be out of business if embargo is placed on the importation of such items as grain, barley malt and other beer making raw materials. However, a firm that has effective strategic plan must have provided for alternative local supplies recognizing the fact that government may put such regulations. There are many other activities of firms that government policy can affect, in fact, on the top of the board of all firms is the government of any nation provided the firm is located within the nation's territorial boundaries. Firms producing oil and gas should have very high responsiveness to policy changes. Due to the position of items such as; crude oil, compliance to government policy is no subject to bargain. Presently, deregulation and liberalization policy of government has stiffened the competitiveness of firms and weak firms are either swallowed or merged with strong ones. Firms that are recalcitrant to policy changes for whatever reason will go under.

Organisational Performance Measurements

Organisational Performance (OP), Firm Performance (FP) or Corporate Performance (CP) are used interchangeably to express the various yardstick/criteria by which the body corporate is evaluated vise avis the attainment of its set objectives. Performance of firms should be evaluated because firms are set-up to create values. This view of the firm is based on the value chain of the firm. Dess & Miller (1993) explained that the value chain assumes that a firm's basic economic purpose is to create value. Several ways are used to weigh if firms really create values. Mcllquham-Schmidt (2010) distinguished two broad subdivisions of corporate performance measures: the quantitative and the qualitative measures.

Quantitative Measures: - Relying on the clarification of Mcllquham-Schmidt (2010), quantitative measures are subdivided into the market - and accounting - based measures. The market - based measures of corporate performance reflects the notion that the shareholders of the company are a primary stakeholders group that greatly influences the company's fate and therefore, should be of primary concern to the management. Market Price Per share is one major proxy for market-based measures of corporate performance. During the strategic planning process, strategies of the firm should be developed and align with the objectives of the firm showing primary concern for the wellbeing of shareholders of the firm. The accounting-based performance measures focus on measurement of efficiency of internal decision-making capabilities and managerial performance rather than external market responses to organizational (non market) actions. Return on assets and return on equity (ROE) are very vital methods of assessing internal efficiency of firms.

Qualitative Measures: -The qualitative measures are subjective in nature. It is based on the perceptions of people related to the firm: the employees, the customers or even the host environment. Mcllquham-Schmidt (2010) point out that qualitative measures of CP ask survey respondents to provide subjective estimates of, for instance, “overall firm performance/success relative to competitors” or “the profitability of the company”.

Empirical Review

Thune and House (1970) studied 36 companies employing the approach of gap analyses; examining the performance of each company both before and after formal strategic planning was initiated. This covered both formal and informal planners. The comparison showed that formal planners outperformed the informal planners on all the performance measures that were used.

Gershefski (1970) in his survey compared the growth of sales in companies over a 5-year period before strategic planning was introduced, and over a period of 5 years after planning was introduced. The results of the comparison led Gershefski (1970) to conclude that companies with formal strategic planning outperformed companies with little planning. This conclusion is similar to those of Thune &House (1970) further authenticating the assertion that strategic planning has positive relations with firm performance. Ansoff (1970) studied 93 firms using various variables of financial performance. The findings revealed that companies, which do extensive strategic planning, outperformed the other companies.

Herold (1972) in an attempt to cross-validate Thune and House (1970) study, surveyed 10 companies, comparing performance of formal and informal planners over a 7-year period. Based on the survey results, Herold (1972) concluded that formal planners outperform informal planners and hence, supporting the results of Thune and House (1970) that strategic planning has positive relation with company performance. Karger and Malik (1975), taking a similar approach to that taken by Ansoff, compared the values of a range of variables of planners to those of the non-planners and based on the results concluded that the planners outperformed the non-planners.

Greenley (1986) examining empirical data from nine surveys (8 in USA and 1 UK within the manufacturing business) on the relationship between strategic planning and company overall performance noted mixed conclusions with five studies concluding the existence of the relationship while the rest conclude that higher levels of performance did not necessarily relate to the utilization of strategic planning.

Caeldries and VanDierdonck (1988) surveyed 82 Belgian business firms and reported a link between strategic planning and performance of the firms. They noted that strategy enables a firm to strengthen its competitive position, and facilitates integration and coordination of members’ behavior. Pealtie (1993) observed that the main reason for the introduction of formalized strategic planning is to improve company performance through the development and implementation of better strategies. Pealtie (1993) noted that managing a large business without a plan is like trying to organize a car rally without a map, not impossible, but difficult. Miller and Cardinal (1994) employed a meta-analytic approach using data from 26 previously published studies and concluded that strategic planning positively influences firm performance.

Published research from Africa also indicates that strategic planning is an effective tool in improving firm performance. Imoisili (1978), studying indigenous and multinational companies in Nigeria, concluded that the more effective companies are found among organizations which maintain consistency between environmental perception and management practices, do long-term planning, use more flexible control systems and have smaller spans of control.

Fubara (1986) did a survey in Nigeria and observed that companies that engage in formal planning experienced growth in profits. It has been argued that although there is a general perception and belief that strategic planning improves organization effectiveness, if wrongly pursued the anticipated value may not be tapped. It should be noted that steiner (1979) pointed out that a wrong strategy or a wrongly formulated strategy may not translate into the anticipated value for the organization.

Tourangeau (1987) shares similar views as with the widely held view that strategic planning improves organizational effectiveness, however, a lot of emphasis is laid on the cautions that strategic business planning cannot be expected to cure all that ails an organization i.e. address other shortcoming of the management process, but can best be seen as a partial solution to management problems. Strategic planning, or any other management technique is of limited value by itself, only a partnership with all parts of the management particularly execution, controls and rewards can result in synergy and lead to substantial advancement.

In the survey to see how successful companies translates their strategies into performance, Mankins and Steele (2005) observed that companies typically realize only about 60 percent of their strategies' potential values because of defects and breakdowns in planning and execution. This conclusion goes to lay emphasis on strategic planning process as with Hofer and Schendel (1978) who argue that strategy is important and therefore its formulation should be managed and not left to chance. Therefore, each of the stages in the strategic planning process cannot be taken for granted.

Adopting the method of meta-analytical review of 45 years of research, Mcllquham-Schmidt (2010) arrived at the conclusion that the answer to the hypothesis on the relationship between strategic planning and corporate performance is affirmative. The result of this meta-analysis show that there is a very small but positive relationship ($r = 0.0830$); therefore, strategic planning does improve corporate performance.

Arasa and K'Obonyo (2012) evaluated the relationship between strategic planning and firm performance in thirty-one companies in Kenya. It was found out that the firms included in the study embraced strategic planning. By applying the Pearson correlation co-efficient, a positive correlation between strategic planning and firm performance is found. Their research established links between each of the strategic planning steps and firm performance (both financial and non-financial firm performance). The research is a further substantiation of the fact that strategic planning enhances the attainment of higher firm's performance.

METHODOLOGY

Both survey design and ex post facto design was adopted in this study. A ten year study of ten firms was carried out (2005-2014). The criterion for selecting the companies included in the study is that the study chose top most firms that are most susceptible to competition. The study made use of both primary and secondary data. Structured questionnaires were utilized in collecting the primary data while the secondary data was sourced from the statement of accounts/annual reports of selected firms. Descriptive techniques like tables were used to present responses in most comprehensible manner. Regression analyses were undertaken and related R, R-adjusted, t- and f- statistics, as well as, the probability value (P-value) of the estimates were interpreted for the achieved conclusions. All analyses were done at 5% level of significance

The population of this study was hundred (100). This was also the sample. This represented the number of officials occupying strategic positions in ten (10) most competitive firms in Nigeria. It should be noted that firms which are known for products that have many close substitutes are regarded as competitive firms in this work. This work considered the positions of; chief executive officer/managing director or its representatives, production manager, marketing manager, finance controller/Accountant, company's public relations officer, company's secretary, stock controller/purchasing manager, head research and development and quality controller, as very strategic posts. This study adopted the format of the model specified in the work of Oyedijo (2012) on "strategic agility and competitive performance in the Nigerian telecommunication Industry: An empirical investigation". Oyedijo (2012) has alliance with co relational studies of Kerlinger (1973) and Bordens and Abboth (2002). Oyedijo (2012) states that: Performance is a function of strategic agility. That is: Performance = F (strategic agility) --------- (1)

This study modified the model above by replacing strategic agility with strategic planning because the identified strategic factors are the indicators for the presence of strategic planning. The model for the study, therefore, is specified as follows:

Organisational performance (OP) = F (strategic planning) ------------- (2)

Where organizational performance (OP) which is proxy with

Earnings per share (EPS)

And strategic planning is proxy with

(1) Environmental adaptation (EA)

(2) Technological adaptation (TA)

(3) Economic Policy adaptation (EPA)

(4) Market share (MS)

(5) Leadership Style (LS)

Functionally, the model is thus stated as follows:
EPS = F (EA, TA, EPA, MS, LS) ----------------------------------- (3)

This model is structurally stated as follows:
$EPS = \alpha_0 + \alpha_1EA + \alpha_2TA + \alpha_3EPA + \alpha_4MS + \alpha_5LSP + \varepsilon_0$ ------------------- (4)

Where α_0 ---α_5 are coefficients of the variables and ε_0 is the stochastic error term.

The nature of the design of this research demands that qualitative/subjective responses should be converted to quantities/figures. The researcher has achieved this with the following ratings:
A five point likert rating
Strongly Agreed = 5, Agreed = 4, Undecided = 3, Disagreed = 2, Strongly Disagreed = 1
A five point rating
To a great extent = 5, To an extent = 4, To less extent = 3, To a lesser extent = 2, To no extent = 1
A three point rating (adapted from Burgelman, Maidique & Wheelwright, 2001)
Poor = 0, Average = 5, Excellent = 10
ORDINARY LEAST SQUARE
The econometrics method of ordinary least square (ols) technique was relied upon for regression analyses. The choice of Ordinary least square is influenced by its optimal properties which enables estimates to have minimum variance (Koutsoyiannis, 1997; Gujarati, 2004).

Analyses

Out of the intended sample of one hundred members of staff drawn from the ten selected firms, ninety members of staff were reached. The responses collected via questionnaires were analysed as follows.

Descriptive Statistics

The mean values of the individual strategic factors show that each of the firms scored very close to the maximum score and the highest rank attached to the factors. This implies that the firms make effort to respond to the changes in the strategic factors. The median values for environmental adaptation (EA), technological adaptation (TA), economic policy adaptation (EPA) and leadership succession plan (LS) are 6, 10, 6 and 5 respectively. These figures are equal to the highest ranks allowable to each of the factors. The median score for market share (MS) is 4 which is second to 5 the highest rank attached to the variable. On the basis of this figures, we can assert that these selected firms make effort to meet up with changes in the strategic factors. The minimum value for each of the factors is not the lowest rank allotted to each of the factors. This is evidence that none of the firms relent in effort to respond to changes in strategic factors. It is obvious, therefore, that all the firms selected for this research indulge in strategic planning.

Table I DESCRIPTIVE STATISTICS

	EPS	EA	TA	EPA	MS	LS
Mean	217.7170	5.133333	8.111111	5.155556	4.355556	4.322222
Median	125.5000	6.000000	10.00000	6.000000	4.000000	5.000000
Maximum	941.0000	6.000000	10.00000	6.000000	5.000000	5.000000
Minimum	-244.0000	2.000000	5.000000	2.000000	3.000000	2.000000
Std. Dev.	280.0767	1.191732	2.437739	1.340058	0.641471	1.089560
Skewness	1.233269	-0.979823	-0.504184	-1.300241	-0.475537	-1.346515
Kurtosis	3.648323	2.843415	1.254202	3.379168	2.320659	3.248177
Jarque-Bera	24.39050	14.49275	15.24232	25.89851	5.122673	27.42752
Probability	0.000005	0.000713	0.000490	0.000002	0.077201	0.000001
Observations	90	90	90	90	90	90

Regression Analyses

The regression results show that all the variables are individually significant. The p-values of the t-statistics for each of the variables are greater than the a priori level of significance of 5% (0.05). The p-value of the f-statistics regrettably show that the variables are collectively non significant (p-value = (0.014606 < 0.05). Though it is asserted that strategic planning is one major criterion for the determination of organizational performance in Nigeria, not all the strategic factors can be combined to obtain positive results. Firms that have sound strategic planning are likely to maintain high level of performance but managers should be careful in combining strategic factors.

Table II Regression results

Variable	**EA**	**TA**	**EPA**	**MS**	**LS**	
Coefficient	**-6.793658**	**3.810048**	**29.95211**	**23.68859**	**-4.166244**	
t-statistics	**-0.281343**	**0.271513**	**1.08226**	**0.70206**	**-0.13907**	
p-value	**0.7791**	**0.7867**	**0.2822**	**0.4820**	**0.8954**	

Dependant variable: EPS
R2 = 0.134309
Adjusted R2 = 0.093570
F-statistics = 3.296855
Prob (f-statistics) = 0.014606

The coefficients of EA and LS are -6.793658 and -4.166244 which means negative relationship. The coefficients of TA, EPA and MS are 3.810048, 29.95211 and 23.68859 respectively which represent positive relationship. This implies that not all the strategic factors possess direct positive effects on the organizational performance. Factors relating to environment and factors relating to leadership as strategic as they may appear do not exhibit direct positive relationship on the firm's performance. The R^2 and R^2 adjusted are; 0.134309 and 0.093570 respectively. It could be seen that strategic planning as crucial as it is to firm's progress possesses very weak positive relationship with organizational performance in Nigeria.

Discussion

Strategic planning has been identified by modern managers to possess very strong positive relationship with organizational performance (Ansof, 1970; Mcllquham-Schmidt, 2010 and Arasa and K'Obonyo, 2012). Several studies have been carried out to study the nature of the relationship between strategic planning and organizational performance. Most of these studies lack empirical merit. However, the study by Oyedijo (2012) tried to approach the phenomenon from the way firms respond to strategic factors. It was called strategic agility. This study is related to the work of Oyedijo (2012) but the strategic factors are proxy for strategic planning itself and not strategic agility.

Evidence of efforts by firms to make effective strategic plans is shown by descriptive statistics. All the firms tilt towards the highest score allotted to each strategic factor. It is evidence that firms have imbibed strategic planning as a management master plan for achieving maintainable progression in the firm's profitability.

The regression analyses show that the strategic factors used as proxy for strategic planning are all individually significant but collectively non significant in the model adopted in the study. Some of the factors like technological adaptation, economic policy adaptation and market share possess positive coefficient while others like environmental adaptation and leadership succession plan possess negative coefficients. This is mixed result. This revelation has not authenticated the submission of the studies such as Oyedijo (2012), Arase & K'Obonyo (2012). It implies that firms have a lot to undergo in order to build effective strategic planning. Also, it could be seen that the coefficient of determination R^2 and R^2 adjusted possess weak positive relationship just as the work of mcllquham-schmidt (2010). Strategic planning, therefore, determine less than one percent of organizational performance. This finding may seem surprising but it should be remembered that strategic planning is to a very great extent a qualitative issue. Qualitative issues stabilize other physical factors which exert magnifying effects on the overall organizational performance.

Conclusion

Strategic planning is such a critical issue in the life of firms as it determines firms' ability to respond to changes and above all attain firms' objectives. Firms who have effective strategic planning actually attain organizational goals. Evidence from our analyses shows that firms in Nigeria make efforts to embark on effective strategic planning. Further analyses show that most firms in Nigeria have not achieved putting effective strategic planning in place and this accounts for mixed results obtained in the regression analyses. The true nature of the relationship is that performance of firms in Nigeria does not have strong relationship with most strategic factors even though there is enough evidence to accept that firms embark on strategic planning.

Relying on the outcomes of the above analyses, this paper recommends that firms should first and foremost identify relevant strategic factors before setting up their strategic plans as this would align actions to plans.

This paper has achieved expository empirical study of strategic planning-firm performance relationship in Nigeria but not without a number of limitations. The analyses are based on qualitative data and this depended largely on the fairness of the respondents. It could be known that qualitative data could be distorted in the process of translating it to quantitative equivalent. It is believed that in the future, studies of this nature will be achieved without much translation of qualitative data to quantitative data.

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E-VIEWS OUT OUTPUT

Dependent Variable: EPS
Method: Least Squares
Date: 05/10/15 Time: 21:50
Sample(adjusted): 1 91
Included observations: 90
Excluded observations: 1 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EA	-6.793658	24.14725	-0.281343	0.7791
TA	3.810048	14.03268	0.271513	0.7867
EPA	29.95211	27.67548	1.082262	0.2822
MS	23.68859	33.54347	0.706206	0.4820
LS	-4.166244	31.58478	-0.131907	0.8954

R-squared	0.134309	Mean dependent var	217.7170
Adjusted R-squared	0.093570	S.D. dependent var	280.0767
S.E. of regression	266.6515	Akaike info criterion	14.06372
Sum squared resid	6043758.	Schwarz criterion	14.20259
Log likelihood	-627.8672	F-statistic	3.296855
Durbin-Watson stat	0.328381	Prob(F-statistic)	0.014606