

Corporate Strategic Planning and Nigerian Deposit Money Banks' Financial Performance

Abstracts

The study assesses the relationship and difference between international and national corporate strategic planners' of Nigeria deposit money banks' financial performance, that is, capital adequacy ratio-CAR, return on asset-ROA, Non-performing loan-NPL and Loan to deposit ratio-LTDR. The population of the study involves all the 23 deposit money banks licensed and insured by Central Bank of Nigeria (CBN) and Nigeria Insurance Deposit Corporation (NDIC) respectively, data were collected in respect of their financial performance from their audited annual accounts and reports for six years (i.e. 2010-2015). T-test and Karl Pearson product moment correlation coefficient was used to analyze the data via statistical package for social science students (SPSS) version-23. The analysis reveals that there is positive significant relationship between capital adequacy ratios (CAR) and there is positive insignificant relationship between Non-Performing Loans (NPL) of international and national corporate strategic planners among Nigerian deposit money banks. While there is no significant difference between international and national deposit money banks 'financial performance indicators (i.e. return on asset-ROA and loan to deposit ratio-LTDR); that is, corporate strategic planning of the two categories of deposit money banks has not caused any substantial or significance difference in financial performance of international and national Nigerian deposit money banks. The result or outcomes indicate that the levels of corporate strategic planning in both international and national banks are strongly correlated with financial performance. It was recommended amongst others that financial institutions should therefore not waver in their determination to embed strategic planning as a means to sustainable management reform in their activities. On the other hand, the government should provide a conducive atmosphere for the financial service sector and for corporate entities in Nigeria.

Key words: Corporate Strategic, Deposit Money Banks, Financial Performance, Nigeria.

1.1 Introduction

Corporate strategic planning is a forward-looking exercise and all business executives should be involved with it. If strategic plan is available and well executed, an institution will have little or no challenge in managing external changes. For companies to survive, it should be able to function

successfully with environmental forces that are unsteady and uncontrollable and which can greatly influence decision making process. Companies adjust to these environmental forces as they plan and carry out strategic activities. It is through strategic planning that businesses can predict changes in the environment and take prompt action (Adeleke, Ogundele and Oyenuga, 2008; Bryson, 1988, Uvah, 2005 in Ajao, & Olubisi, 2012).

The success of an organization is typically attributed to effective strategic corporate planning. It details the scope of the business, defines organization goals, establishes roles and job responsibilities draw up detailed plans to achieve those goals, allocates resources and oversees operations. It is a structured approach aimed at ensuring that an organization meets its objective. It involves the bringing together of competent skills to tackle problems facing the entire business organization. It makes it possible for organization to look into the long run and determine how it can reach that state within the target period. Effective corporate strategic planning reduces uncertainty by anticipating risk. It uses historical data to study trends and it forecasts the future based on information. Although, it is not possible to predict the future with certainty corporate planning allows management to prepare for unforeseeable events and to design contingency plans. It is the systematic objective; taking into consideration the organization resources, capability and the environment in its totality corporate planning defined organizational units, such as accounting, purchasing and sales, organizational locations such as places where a company operates, key functions of the business, such as product development and business planning, entity type, such as data about equipment, places and people managed, information system, such as supporting programs and software.

This decreases ambiguity, establishes clear boundaries and decision making framework, clarifies opportunities and threats, determines cost-effective, business methods, provides a well-defined vision for the future, confirms the value of the organization and fosters an organized outline for decision-making. It involves a team of experts working closely with senior management of the organization for the future. It mashes medium and long-term planning future of an organization by defining the mission, vision, organization performance, weighing factors within and outside the organization which will affects the achievement of the organizational performance. It enables organization to define their purpose of existence and as well answers the question of what do we do to reach target position. Douglas (2003) asserted 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 & Petterson, 1999 in Ajao, and Olubisi, 2012). St-Hilaire (2011) believes that the usage of strategic plan is very important to organization's ability to achieve it targeted performance and maintain competitive advantage over other organizations.

Studies have shown that there is a significant positive relationship between strategic corporate planning and organizational performance (Danso, 2005; Hill, Jones, & Galvin, 2004; McIlquham-Schmidt, 2010; Pearce & Robinson, 2007; Robbins, Bergman, Stagg and Coulter, 2008; Silverman, 2000). Without a visibly demarcated strategy, organizations will have no supportable basis for creating and sustaining a competitive advantage in the sector where they function. They affirmed that effective planning and execution has positive contribution to the overall performance of business. In like manner, Aremu (2000) founds that some Nigerian business organizations are without formal plans or where there are formal plans; organizations operate without sticking to them. Dauda, Akingbade and Akinlabi (2010) established that strategic management practices enhance both organizational financial (company market share) and non-financial performance; and therefore suggest that strategic planning concepts should be

embraced by business organizations. Nevertheless, Miller and Cardinal (1994); Rogers, Miller and Judge (1999) in Ajao, and Olubisi, (2012) resolved that the role of strategic corporate planning (formal planning systems) in organisations or business management is only informational.

Fehnel (2000) opined that many business executives now willing to consider the use of strategic planning as an important tool in determining how best to revitalize and modernize their organisations. It was nonetheless noted that most studies on strategic corporate planning and organizational performance relationship focused on non-financial performance while little or nothing had been done on organization's financial performance such as: profitability, liquidity, solvency, leverage, activity ratios and market share, expansion, etc. as the performance measurement. The performance indicators in the banking sector may not necessarily be applicable to all the Nigerian economy sectors; therefore, strategic planning seems not to be too popular in all Nigerian business sectors. This may be attributed to the lack of understanding of the concept of strategic planning by the internal stakeholders, especially the employers and employees. The lack of involvement of this particular group may make the plan unpopular, thereby making implementation a difficult task. This study therefore tried to fill this gap by investigating the relationship and difference between corporate strategic planners' financial performance among the Nigerian deposit money banks. The uneven corporate strategic plan among the three levels of deposit money banks which covers all aspects of banks' activities and system may be what is responsible for low financial performance and challenges being faced in the banking sector. It is important to discover whether the concept of strategic planning is understood and embraced in the system. Today's business often fail to achieve its goals due to some militating factors such as poor planning, lack of direction, lack of awareness of needs, poor infrastructure and unstable business environment. A lack of a sufficiently developed infrastructure and good business environment has had a negative influence on the organizations in Nigerian economy sectors. Therefore the study intends to assess the relationship and difference between financial performance of Nigerian deposit money banks' international and national corporate strategic planners; through an empirical study. To achieve this, the following research questions and hypotheses which were expressed in their null (H_0) forms and tested at 5% level of significance will be stated as follows:

- i. What is the relationship between Non-Performing Loans (NPL) and capital adequacy ratio (CAR) of international and national corporate strategic planners among Nigerian deposit money banks?
- ii. To what extent has corporate strategic planning caused difference in return on asset (ROA) and Loan to Deposit Ratio (LTDR) of international and national Nigerian deposit money banks?

Hypothesis

- i. There is no significant relationship between Non-Performing Loans (NPL) and capital adequacy ratio (CAR) of international and national corporate strategic planners among Nigerian deposit money banks.
- ii. Corporate strategic planning has not caused any substantial difference in return on asset (ROA) and Loan to Deposit Ratio (LTDR) of international and national Nigerian deposit money banks.

The rest of the paper is structured as follows: part one introduces concepts and the formulated research questions and hypotheses under investigation. Part two presents the literature review and the subdivisions which the study is based. Part three is the research design and methodology. Part four presents data presentation and analysis while Part five details the study findings, conclusion and recommendations.

2.1 Review of Related Literature

Conceptual Review

Corporate Strategic Planning

Systematic process of determining goals to be achieved in the foreseeable future. It consists of: Management's fundamental assumptions about the future economic, technological, and competitive environments. Setting of goals to be achieved within a specified timeframe. Performance of SWOT analysis. Selecting main and alternative strategies to achieve the goals. Formulating, implementing, and monitoring the operational or tactical plans to achieve interim objectives.

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 planning 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 (Adeleke, Ogundele and Oyenuga, 2008; Thompson & 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:

- i. Environmental Analysis: the environment in strategic planning emphasizes the need for organization to establish a link between their internal and external environments.
- ii. Resource Analysis: this is an inevitable means of identifying the strength and weaknesses of a firm over its competitors
- iii. 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)
- iv. Decision-Making: this bothers on what to do and how it is to be done

- v. 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.
- vi. 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.
- vii. 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).
- viii. 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 importance of business organizations to the individual in particular and the society in general has resulted in the rise for the demand for infrastructural development. Effective strategic planning in business can aid in solving the mammoth challenges identified in this study which has made it impossible for any Nigerian organizations to be listed in the world's best 100 organisations. Strategic planning can help organisations to precisely define the purpose of the organisations in a mission statement, provide a framework for decision making throughout the organisation, reveal and clarify future opportunities and threats, provide a basis for measuring performance and increase productivity from increased efficiency and effectiveness (Uvah, 2005; Ajao, & Olubisi, 2012). 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.

Performance

There are different opinions on what performance is, one view is concerned with record of output achieved that is, performance is regarded as accomplishments. Another view is that performance is about doing the work which is behavioral in nature. Bates and Holton (1995) in Akintonde, (2013) opined that performance is a multi-dimensional construct, the measurement of which varies depending on whether the measurement objective is to assess performance outcomes or behavior. Nnabuife, (2009) sees performance as individual efforts that will lead to a specific outcome that will be matched with expected reward by managers. Armstrong (2004) defined performance as the outcomes of work because they provide the strongest linkage to the strategic goals of the organization, customer satisfaction, and economic contributions. Performance could be regarded as behavior i.e. the way in which organizations, teams, and individuals get work done (Armstrong, 2004 as cited in Akintonde, 2013). Hornby, et al., (2010) see

performance as the act or process of performing a task, an action that involves a lot of effort, or how well or badly you do something or something works. Brumbach (1988) in Akintonde, (2013) has a comprehensive view of performance: Performance connotes both actions and outcomes. Behaviors originate from the performer and change performance from perception to action. Not just the instruments for outcomes, actions are also out-comes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results.

The meaning embraces both the behavior and outcomes and indicates that when managing the performance of teams and individuals both inputs (behaviors) and outputs (results) need to be considered. That is, there is need for performance evaluation, assessment or appraisal which assists management to plan, control activities and to make viable economic financial decisions which is the objectives of the organization as a whole to be met (Adeniyi, 2011). The term “performance appraisal” has been called by many names like performance assessment, performance review; performance evaluation etc. Performance appraisal is an analysis of overall capability, potential and total evaluation process carried out to assess an organizational status in terms of being where it is supposed to be (Bratton & Gold, 1999 in Nnabuife, 2009). Vern and Edson (2002) in Akintonde, (2013) opined that performance assessment helps to determine what management or a personnel had accomplished, which approaches provided the best results and the degree to which you are reaching your career goals. Performance assessment is an improvement in performance through careful design and feedback, not merely to audit it or judge it (Akintonde, 2013). Adeniyi, (2011) suggested that performance evaluation method ideally should promote goal congruence, encourage long run and short-run views, provide relevant and regular feedback to management and encourage initiative and motivation. Organizational performance evaluation or appraisal can be viewed from both financial and non-financial; this study is concerned with the aspect of organizational financial performance.

ROA (Return on Assets): The return on assets (ROA) shows the percentage of how profitable a company's assets are in generating revenue. Adesugba, and Bambale (2016) explained Return on Assets or ROA for short, as an indicator for how much profit a company generated for each #1 in assets. The return on assets figure is also a sure-fire way to gauge the asset intensity of a business. An indicator of how profitable a company is relative to its total assets.

NPL (Non-Performing Loans): A non-performing loan is a loan that is in default or close to being in default. Many loans become non-performing after being in default for 90 days, but this can depend on the contract terms. A loan is nonperforming when payments of interest and principal are past due by 90 days or more, or at least 90 days of interest payments have been capitalized, refinanced or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons to doubt that payments will be made in full” By bank regulatory definition, non-performing loans consist of:

- i. Other real estate owned which is taken by foreclosure or a deed in lieu of foreclosure,
- ii. Loans that are 90 days or more past due and still accruing interest, and
- iii. Loans which have been placed on nonaccrual (i.e., loans for which interest is no longer accrued and posted to the income statement).

Generally NPL problems are resolved in two ways:

i. Centralization – This happens when all the concerned parties including the banks, regulators and government get together to find solutions. This generally takes the form of a central organization/agency such as an Asset Management Company.

ii. Decentralization – This approach involves steps taken by the affected banks. The decentralized approach is common for bad loans arising from bad lending. In this approach, the banks are left alone to manage their own bad loans by giving them incentives, legislative powers, or special accounting or fiscal advantages.

Loan to Deposit Ratio (LTDR): The formula for the loan to deposit ratio is exactly as its name implies, loans divided by deposits. The loan to deposit ratio is used to calculate a lending institution's ability to cover withdrawals made by its customers. A lending institution that accepts deposits must have a certain measure of liquidity to maintain its normal daily operations. Loans given to its customers are mostly not considered liquid meaning that they are investments over a longer period of time. Although a bank will keep a certain level of mandatory reserves, they may also choose to keep a percentage of their non-lending investing in short term securities to ensure that any monies needed can be accessed in the short term. Loan-deposit ratio, also known as the LTD ratio, is a ratio between the banks total loans and total deposits. Deposits are considered to be a more stable form of funding (unless there are doubts about the solvency of the bank) and in the current environment the loan to deposit ratio is one of the key risk metrics to consider when looking at a bank.

CAR (Capital Adequacy Ratio): CAR is a ratio that measures the total capital of bank articulated as a percentage of its risk weighted credit coverage). CAR can be calculated as:

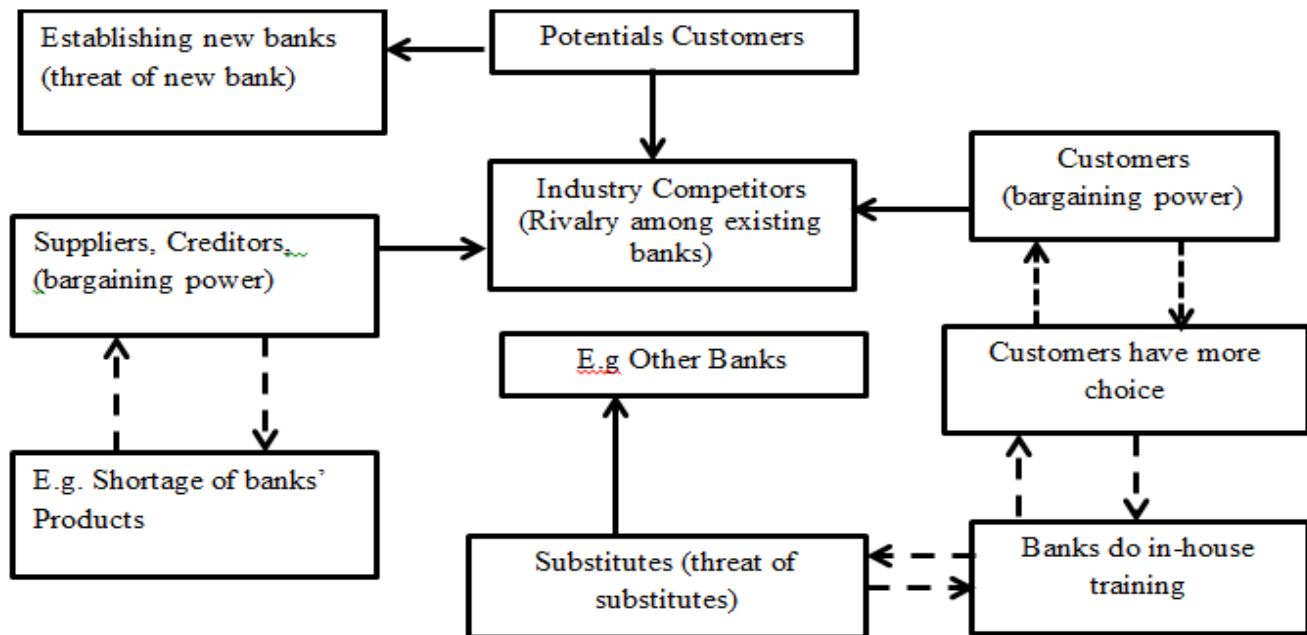
$$\text{CAR} = \text{Capital Fund} / \text{Risk Weighted Asset}.$$

Theoretical Framework

The study anchored on the Simon's Satisfying Theory (SST); Resource-based theory of the firm (RBT); Action Theory Approach (ATA) by Fresce and Zaph (1994); and the Simon's Satisfying Theory (SST) the theory describes firm's principle objectives as not maximizing profits but satisfying or satisfactory profits. In Simon's word, we must not expect firm to be maximizing profit only but attaining certain level which is increase and/or organizational growth. 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). While Action Theory Approach (ATA) by Fresce and Zaph (1994). The theory describes performance from a process and structural point of view. The process point of view focuses on the sequential aspects of an action, while the structural point of view refers to organization hierarchy. From the process point, goal development, information search, planning, execution of action and its monitoring and feedback process can be distinguished in organizations. Thus, emphasizing that performance depends on high goals, a good mental model, detailed planning and feedback processes. The relevant of these theories to the study is that organizations should plan not to achieve profit objectives rather to increase performance in order to withstand uncertainty (aspiration level) which is satisfying or satisfactory. 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 & 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. Figure-1 illustrates the nexus of environmental factors that may impact on the firm, using Porter's model.

Figure1: Modified Porter's Five Forces Model of Corporate Strategic Planning



Source: Adapted with modification from Ajao, & Olubisi, 2012. (A Strategic Planning Primer for Higher Education)

Review of Related Empirical Studies

Different empirical researches have been conducted to create the connection between corporate strategic planning and business performance with divergent inferences. Thune and House (1970) in Arasa, and K'Obonyo, (2012) studied 36 companies employing the approach of examining the performance of each company both before and after formal strategic planning were initiated. Their study covered both formal and informal planners. The comparison showed that formal planners outperformed the informal planners on all the performance measures that were used. Herold (1972) in an attempt to cross-validate Thune and House (1970), surveyed 10 companies, comparing performance of formal and informal planners over a 7-year period. Based on the survey results, He concluded that formal planners outperform informal planners and hence, supporting the results of Thune and House (1970).

Gershefski (1970) in his study 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 to conclude that companies with formal strategic planning outperformed or outpaced companies with little planning. Ansoff (1970) studied 93 firms using various variables of financial performance. The findings shown that companies, which do extensive strategic planning, outperformed the other companies. Karger and Malik (1975), taking a comparable 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 examining empirical data from nine surveys (8 in USA and 1UK within the manufacturing business) on the relationship between strategic planning and company overall performance noted varied inferences with

five studies concluding the existence of the correlation while the rest conclude that higher levels of performance did not necessarily relate to the utilization of strategic planning (Greenley, 1986 as cited in Arasa, & K'Obonyo, 2012).

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. Caeldries and VanDierdonck (1988) surveyed 82 Belgian Business firms and reported a link between strategy and performance. 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 noted that managing a large business without a plan is like trying to organize a car rally without a map, not impossible, but difficult. Published research from Africa also indicates that strategic planning is an effective tool in improving firm performance. Imoisili 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 (Imoisili, 1978, as cited in Arasa, & K'Obonyo, 2012).

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. Steiner (1979) points out that a wrong strategy or a wrongly formulated strategy may not translate into the anticipated value for the organization. Johnson, Scholes and Whittington (2005), note that strategic drift occurs when the organization's strategy gradually moves away from relevance to the forces at work in its environment. Tourangeau (1987) shares these sentiments but cautions that strategic business planning cannot be expected to cure all that ails an organization i.e. address other shortcomings 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 their survey to see how successful companies translate their strategies into performance, Mankins and Steele (2005) observed that companies typically realize only about 60 percent of their strategies potential value because of defects and breakdowns in planning and execution. Hofer and Schendel (1978) 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.

3.1 Methodology

Research Design

Research design refers to the overall strategy chosen to integrate the different components of the study in a coherent and logical way, thereby, ensuring effective solution is provided to the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data or is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem research study. The design of a study defines the research problem, study type (descriptive, correlational, semi-experimental, experimental, review, meta-analytic) and sub-type (e.g., descriptive-longitudinal case-study), hypotheses, independent and dependent variables, experimental

design, and, if applicable, data collection methods and a statistical analysis plan. Research design is the framework that has been created to find answers to research questions (Adèr, Mellenbergh, & Hand, 2008; Bell, 1999; Creswell, 2012; Muaz, 2013; Robson, 1993). This study adopts correlational research design (i.e. observational study). In statistics or management sciences, an observational study draws inferences from a sample to a population where the independent variable is not under the control of the researcher because of logistical constraints. One common observational study is about the possible effect of a treatment on subjects, where the assignment of subjects into a treated group versus a control group is outside the control of the investigator. This is in contrast with experiments, such as randomized controlled trials, where each subject is randomly assigned to a treated group or a control group (Porta, 2008).

The study is conducted or carried out in Nigeria, Nigeria is located in West Africa is one of the African nations with largest population and largest economy market; it main economy resource is petroleum; the Nigerian stock exchange is divided into twelve sectors (i.e. Agriculture, Conglomerates, Construction/Real-Estate, Consumer-Goods, Financial-Services, Healthcare, Industrial-Goods, Information & Communications Technology, Natural Resources, Oil & Gas, Services and Utilities) with financial service been one of the largest sectors, that has the highest number of organisations listed or quoted on it. The study will cover five years financial data (i.e.2010-2015).The population of the study entails all the financial institutions (i.e. commercial banks) or deposit money banks insured, registered and licensed by National Deposit Insurance Corporation and Central Bank of Nigeria. The banking sector can be categorized in line with the type of authorization license granted by regulatory authorities, that is, international (11), national (10) and regional (2) deposit money banks, this nomenclature will help to classify the banks into different corporate strategic planners. The study will considered the entire deposit money banks since is a manageable size; there be no need for sampling size and techniques; only two banks from national and international and regional deposit money banks will be excluded from the study because they did not meet up with the requirements of the study; if they are consider for the study; they can increase or give a spurious result (bias analysis outcome). Table-1 gives more details about the deposit money banks.

Table-1: List of Deposit Money Banks /Commercial Banks Licensed by Central Bank of Nigeria (CBN).

S/N	Names of Banks	Type of Licence
1	Access Bank Plc.	International
2	Citibank Nigeria Limited	National
3	Diamond Bank Plc.	International
4	Ecobank Nigeria Plc.	National
5	Enterprise Bank	International
6	Fidelity Bank Plc.	International
7	First Bank Nigeria Limited	International
8	First City Monument Bank Plc.	International
9	Guaranty Trust Bank Plc.	International
10	Heritage Banking Company Ltd.	National
11	Key Stone Bank	National
12	MainStreet Bank	National
13	Skye Bank Plc.	International
14	Stanbic IBTC Bank Ltd.	National
15	Standard Chartered Bank Nigeria Ltd.	National

Table-1 (continued)

16	Sterling Bank Plc.	National
17	SunTrust Bank Nigeria Limited	Regional
18	Union Bank of Nigeria Plc.	International
19	United Bank For Africa Plc.	International
20	Unity Bank Plc.	National
21	Wema Bank Plc.	National
22	Zenith Bank Plc.	International
23	Jaiz Bank Limited	Regional

Source: Central Bank of Nigeria, (2016)

Instrument for data collection

The annual audited accounts and reports of the studied deposit money banks will be used for the study five years financial data will be collected from the audited financial statements; covering Return on asset (ROA), Capital adequacy ratio (CAR), Non-performing Loan (NPL) and Loan to deposit ratio (LTDR), these will be used as indicators of financial performance; while the taxonomy, that is, the group each of the deposit money banks belong to will serve as the moderator (i.e. international and national banks). This will help to divide the deposit money banks into international and national corporate strategic planners, so that, the difference and relationship between their performances can be measured.

Validation and Reliability of the Instrument

Since the annual audited accounts and reports had been audited and endorsed or approved by management, professional accountant(s) or external auditors; it has also been used for listing on Nigerian Stock Exchange (i.e. approval by Securities and Exchange Commission); accepted by concerned regulatory authorities (National Deposit Insurance Corporation and Central Bank of Nigeria) for annual returns of banks. Henceforth, the data collected from audited financial statement is deemed fit to be valid and reliable.

Method of Data Collection and Analysis

The study will adopt both inferential and descriptive statistics; the inferential statistic adopted is Karl Pearson Product Moment Correlation Coefficient (PPMCC) and t-test in order to test the hypotheses and determine the relationship and difference in financial performance respectively. The descriptive statistics is used to answer the research questions.

Decision Rule

Accept H_0 if the probability value (P_{value}) is equals to or exceeds the level of significant 5% (0.05); that is, [i.e. accept H_0 if $P_{\text{value}} \geq 5\% (0.05)$] otherwise reject and accept the alternate hypothesis H_a [i.e. accept H_a if $P_{\text{value}} \leq 5\% (0.05)$].

4.1 Data Analysis and Presentation

- i. *What is the relationship between Non-Performing Loans (NPL) and capital adequacy ratio (CAR) of international and national corporate strategic planners among Nigerian deposit money banks?*

Table-2: Karl Pearson Product Moment Correlation Coefficient of Nigerian Deposit Money Banks' Financial Performance Indicators for Five Years (2010-2015).

Correlations	National Deposit Money Banks' CAR	National Deposit Money Banks' NPL
Pearson Correlation - Int'l Deposit Money Banks' CAR	.270 [*]	
Pearson Correlation - Int'l Deposit Money Banks' NP L		.201

Source: Researcher's computation using SPSS version-23

Table-2 shows that there is a positive relationship or association between capital adequacy ratios(CAR) of international and national Nigerian deposit money banks corporate strategic planners (CAR); the correlation co-efficient of the aforesaid factors shows a positive correlation co-efficient of ($r = .270$). Likewise, Table-2 also indicates that there is a positive association between Non-performing Loan (NPL) of international and national Nigerian deposit money banks corporate strategic planners (CAR); the correlation co-efficient of the aforementioned variable shows a positive correlation co-efficient of ($r = .201$). Can we conclude that there is significant relationship in the financial performance of deposit money banks as a result of the corporate strategic planning adopted? This will lead us to test of hypothesis.

ii. *To what extent has corporate strategic planning caused difference in return on asset (ROA) and Loan to Deposit Ratio (LTDR) of international and national Nigerian deposit money banks?*

Table-3: Descriptive Group Statistics of Nigerian Deposit Money Banks' Financial Performance Indicators for Five Years (2010-2015).

Variables	Taxonomy of Nigerian Deposit Money Banks	N	Mean	Std. Deviation
Return on Asset	International Deposit Money Banks	60	9.46	28.63
	National Deposit Money Banks	54	30.18	175.58
Loan to Deposit Ratio	International Deposit Money Banks	60	87.90	349.92
	National Deposit Money Banks	54	62.09	167.66

Source: Researcher's computation using SPSS version-23

Table-3 shows the mean or average and standard deviation of return on asset (ROA) and Loan to deposit ratio (LTDR) (i.e. five years financial data, from 2010-2015) of International and National Nigerian Deposit Money Banks. Table-3 shown that national deposit money banks' return on asset mean (30.18) is higher than international deposit money banks return on asset mean (9.46); while the loan to deposit ratio mean or average (87.90) of international deposit money banks is higher than national deposit money banks' loan to deposit ratio mean (62.09) for periods under study, this can be attributed to the adoption of corporate strategic planning by the respective Nigerian deposit money banks nomenclature. Can we conclude that there is significant difference in their financial performance as a result of their classification in corporate strategic planning? This prompted us to test hypothesis.

Test of Hypotheses

- i. *There is no significant relationship between Non-Performing Loans (NPL) and capital adequacy ratio (CAR) of international and national corporate strategic planners among Nigerian deposit money banks.*

Table-4: Karl Pearson Product Moment Correlation Coefficient of Nigerian Deposit Money Banks' Financial Performance Indicators for Five Years (2010-2015).

Correlations		National Deposit Money Banks' CAR	National Deposit Money Banks' NPL
Int'l Deposit Money	Pearson Correlation	.270*	
Banks' CAR	Sig. (2-tailed)	.037	
	N	60	
Int'l Deposit Money	Pearson Correlation		.201
Banks' NP L	Sig. (2-tailed)		.123
	N		60

Source: Researcher's computation using SPSS version-23

Table-4 shows that there is a positive relationship or association between capital adequacy ratios(CAR) of international and national Nigerian deposit money banks corporate strategic planners (CAR); the correlation co-efficient of the aforesaid factors shows a positive correlation co-efficient of ($r = .270$, $p < .05$).Based on the correlation statistics gotten we reject the null hypothesis (H_0) and accept the alternate hypothesis (H_a), that is, There is positive significant relationship or association between capital adequacy ratios(CAR) of international and national corporate strategic planners among Nigerian deposit money banks.

Table-4 also indicates that there is a positive association between Non-performing Loan (NPL) of international and national Nigerian deposit money banks corporate strategic planners; the correlation co-efficient of the aforementioned variable shows a positive correlation co-efficient of ($r = .201$, $p > .05$). Based on the correlation statistics obtained we upheld the null hypothesis (H_0), that is There is positive insignificant relationship between Non-Performing Loans (NPL) of international and national corporate strategic planners among Nigerian deposit money banks. From the analysis we discovered that our findings are with mixed results, we concluded that there are other factors that made the performance of international and national deposit money banks in Nigeria to indicate close association. The result or outcomes indicate that the levels of corporate strategic planning in both international and national banks are strongly correlated with financial performance.

- ii. Corporate strategic planning has not caused any substantial difference in return on asset (ROA) and Loan to Deposit Ratio (LTDR) of international and national Nigerian deposit money banks.

Table-5: Independent Samples Test of Nigerian Deposit Money Banks' Financial Performance Indicators for Five Years (2010-2015).

t-test for Equality of Means	t(112)	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Decision
Return on Asset	-.901	112	.369	-20.72	22.99	Accept H_0
Loan to Deposit Ratio	.493	112	.623	25.81	52.32	Accept H_0

Source: Researcher's computation using SPSS version-23.

Table-5 shows an independent-samples t-test that was conducted to compare financial performance (return on asset-ROA) of international and national Nigerian Deposit Money Banks. There was no significant difference in the return on asset mean for International Nigerian Deposit Money Banks ($M=9.46$, $SD=28.63$) and National Nigerian Deposit Money Banks ($M=30.18$, $SD=175.58$) conditions; ($t(112) = -.901$, $p = .369$). These results suggest that corporate strategic planning really does not have an effect on financial performance. Specifically, our results suggest that when corporate strategic planning implemented the effect between the two groups does not differ significantly. We therefore accept the null hypothesis (H_0) and reject the alternative hypothesis (H_a) and concluded that the corporate strategic planning has not caused any substantial difference in return on asset (ROA) of international and national Nigerian deposit money banks.

The same condition also hold for loan to deposit ratio; International Nigerian Deposit Money Banks ($M=87.90$, $SD=349.92$) and National Nigerian Deposit Money Banks ($M=62.09$, $SD=167.66$) conditions; ($t(112) = .493$, $p = .623$). We therefore accept the null hypothesis (H_0) and reject the alternative hypothesis (H_a) and concluded that the corporate strategic planning has not caused any substantial difference in loan to deposit ratio (LTDR) of international and national Nigerian deposit money banks. This shows that both international and national deposit money banks' corporate strategic planning is effective and efficient; since there is no any significant difference in financial performance.

Discussion of findings

The result of hypothesis one shows that there is a significant relationship between the categories of banks involved in strategic planning. The result agrees with the submission of Arasaand 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 organizations; that is, international and national deposit money banks benefit from strategic planning which is evidence from the analysis computed. The organisations 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 organizational performance; this can be seen from our results that shown that there is positive relationship between the two categories of deposit money banks. 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 compliance with strategic plan has significant effect of reducing, eliminating difference or equalizing corporate financial performance among related organisations. 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. The study findings supported the outcomes in Dauda, Akingbade and Akinlabi, (2010), Danso(2005) and Phillip and Petterson (1999). They all agreed that compliance with corporate strategic planning has positive correlation with performance.

The result of the second 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 financial and non-financial 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 corporate planning and non-financial or 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 corporate strategic planning. Therefore, it is very important for financial institutions to take corporate strategic planning as a very vital aspect of organizational development as this will ensure a better financial and non-financial performance.

Conclusion and Recommendations

In this study, it has been established that effective strategic planning indeed has a positive relationship with 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 firm is a challenge considering economic situation in the country and the general economic meltdown. Banks’ management in their quest to maintain standard and meet the expectations of stakeholders need to deploy better ways of performing their operations in order to stay on course and provide a relief to the banking industry in the country. By adopting strategic planning as a tool for advancement, banks would have chosen a path that will bring progress. The financial institutions should therefore not waver in their determination to embed strategic planning as a means to sustainable management reform in their activities. On the other hand, the government should provide a conducive atmosphere for the financial service sector and for corporate entities in Nigeria.

It was proven that the extent of corporate strategic planning, and the categories of deposit money banks involved are variables that affect the achievement of higher financial performance in a financial service industry like the bank and this process should not be ignored. Similar research should be conducted on strategic planning in micro-finance banks and mortgage institutions in order to see the impact it would have and whether it will reduce the rate of poor financial performance.

This study has contributed knowledge to banks’ management. This result will help the banks management to see that corporate strategic planning has a positive impact on corporate financial performance and therefore, it is necessary to carry out strategic planning in other sectors of the economy. All these put together will ensure that deposit money banks in Nigeria are categorized among the best in the international capital market.

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Appendix-I

Statistical Data Analysis output from Statistical Package for Social Science Students (SPSS) version-23.

FREQUENCIES VARIABLES=CAR ROA LTDR NPL
/STATISTICS=STDDEV MINIMUM MAXIMUM MEAN
/ORDER=ANALYSIS.MEANS TABLES=CAR ROA LTDR NPL BY CODES /CELLS=MEAN STDDEV MAX MIN.

Means

		Notes
Output Created		23-APR-2017 13:00:50
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	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	114
Missing Value Handling	Definition of Missing	For each dependent variable in a table, user-defined missing values for the dependent and all grouping variables are treated as missing.
	Cases Used	Cases used for each table have no missing values in any independent variable, and not all dependent variables have missing values.
Syntax		MEANS TABLES=CAR ROA LTDR NPL BY CODES /CELLS=MEAN STDDEV MAX MIN.
Resources	Processor Time	00:00:00.05
	Elapsed Time	00:00:00.13

DATASET ACTIVATE DataSet1.

SAVE OUTFILE='C:\Users\NWOKOCHA\Downloads\RESEARCH MATERIAL\CALEB RESEARCH\strategic mgt '+
'nzewi_1.sav' /COMPRESSED.DATASET ACTIVATE DataSet1.

Correlations

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Correlations		Int'l Deposit Money Banks' Capital Adequacy Ratio	National Deposit Money Banks' Capital Adequacy Ratio	Int'l Deposit Money Banks' Non-performing Loan
Int'l Deposit Money Banks' Capital Adequacy Ratio	Pearson Correlation	1	.270*	-.109
	Sig. (2-tailed)		.037	.406
	N	60	60	60
Int'l Deposit Money Banks' Non- performing Loan	Pearson Correlation	-.109	-.198	1
	Sig. (2-tailed)	.406	.130	
	N	60	60	60

Correlations		
		National Deposit Money Banks' Non-performing Loan
Int'l Deposit Money Banks' Non- performing Loan	Pearson Correlation	.201
	Sig. (2-tailed)	.123
	N	60

*, Correlation is significant at the 0.05 level (2-tailed).

T-TEST GROUPS=CODES(1 2)
/MISSING=ANALYSIS /VARIABLES=ROA LTDR /CRITERIA=CI(.95).

T-Test

Group Statistics	Taxonomy of Nigerian Deposit Money Banks	N	Mean	Std. Deviation
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Return on Asset	international deposit money banks	60	9.45513	28.627126
	national deposit money banks	54	30.17754	175.577302
Loan to Deposit Ratio	international deposit money banks	60	87.90327	349.916936
	national deposit money banks	54	62.08898	167.657369

Group Statistics	Taxonomy of Nigerian Deposit Money Banks	Std. Error Mean
Return on Asset	international deposit money banks	3.695746
	national deposit money banks	23.893044
Loan to Deposit Ratio	international deposit money banks	45.174082
	national deposit money banks	22.815278

Independent Samples Test		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
Return on Asset	Equal variances assumed	2.692	.104	-.901
	Equal variances not assumed			-.857
Loan to Deposit Ratio	Equal variances assumed	.858	.356	.493
	Equal variances not assumed			.510

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
Return on Asset	Equal variances assumed	112	.369	-20.722404
	Equal variances not assumed	55.538	.395	-20.722404
Loan to Deposit Ratio	Equal variances assumed	112	.623	25.814285
	Equal variances not assumed	86.661	.611	25.814285

Independent Samples Test				
		t-test for Equality of Means		
		Std. Error Difference	95% Confidence Interval of the Difference	
			Lower	Upper
Return on Asset	Equal variances assumed	22.988471	-66.271113	24.826305
	Equal variances not assumed	24.177182	-69.164013	27.719206
Loan to Deposit Ratio	Equal variances assumed	52.320979	-77.853028	129.481598
	Equal variances not assumed	50.608642	-74.781417	126.409987