

AN INVESTIGATION OF ORGANISATIONAL GROWTH AND STRATEGIC PLANNING; A CASE STUDY OF KEYSTONE BANK NIGERIA LIMITED

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Abstract

One of the reasons that strategic planning is undergoing resurgence is simply because many organizations have realized that the uncertainty of the current environment is precisely the reason why an organization should proceed with strategic planning. In times of uncertainty, managers need technology, a mechanism, a procedure, a methodology – to monitor and react to the environment. Strategic planning is that methodology. This study investigated the correlate of strategic planning on organizational performance with Keystone bank as the case study. Both primary and secondary data were employed. Data collected were subjected to detailed scrutiny through the use of Yamane formula, regression analysis under Statistical Package for Social Science (SPSS). $R = 87.3\%$, $R^2 = 79.8\%$, 0.027 as $S.E.t < 1.6655$ and finally $T-c > T-t$ represented by $11.571 > 2.000$ (rejection of null hypothesis). There was a firm affirmation that over all expansion of an organization is dependent on strategic planning and the implementation of new technology is paramount in strategic planning. Better options among others in form of suggestions were that banks/ organizations experiencing set backs are advised to engage experts who can formulate strategies that will enhance organizational growth. Strategic planning should be embraced to edge them over other competitors.

Keywords: *Investigation, Organizational growth, Strategic planning, Performance, Methodology.*

Introduction

Strategies, planning and critical thinking are human tools that most organizations need to face today's challenging and competing business environment. The importance of strategic planning in the recent time all over the world is being emphasized for the purpose of business enhancement (Kabuoh, 2013). Employers go as far as exporting experts who formulate strategies that aid the success of their organizations, they also go as far as sending employees to different parts of the world for training in order to acquire more knowledge and critical thinking skills, which can help them think of new ideas and ways that will take the organization to the next level.

For an organization to successfully pursue its course of action, it is necessary to understand its current position and the possible avenues through which it can pursue a particular cause of action. Strategic planning is a management's game plan for strengthening the performance of the enterprise and it is considered as the formal process of determining long run objectives and how to achieve them (Kramer, 1988).

Planning is the process of studying the future and setting goals, developing strategies, outlining task and schedules to accomplish the goals. Strategic planning is an organizations process of defining its strategy, direction and decision making on allocating its resources to pursue the strategy. Uffort (1989) in differentiating strategic planning from other planning considers the word “strategy” in strategic planning to be an epithet emphasis in the type of planning that embodies two essential components, time span and strategic formulation. Mintzberg (1995) summarizes strategy into five “Ps” of plan, ploy, pattern, position and perspectives. Where by strategy as a plan implies a means of attaining, making and implementing decisions. As a ploy, it is a specific “maneuver” instead to out-wit an opponent or competitor. Strategy as a pattern implies consistency in behavior whether intended or not. As a position it refers to locating an organization in what organizational theorists called an environment and as a perspective strategy looks inside the organization that is, strategy is to the organization what personality is to the individual.

Despite the importance of strategic planning, it has been observed that some organizations do not embark on strategic planning because of fear of failure. Taking the risk of implementing a strategy which has a possibility of succeeding as well as failing can discourage an organization from embarking on strategies that can aid the success of that organization. It has also been observed that some organizations are reluctant to adopt strategic planning, because of the possible danger of losing money or resources to pursue a strategy that could eventually help the business develop, giving their competitors advantage over them. It has been noticed that lack of key personnels who are competent to detect what a good strategy ought to be and what strategies are needed for an organization to move to the next level may not be existing in that organization. This can lead to the failure of any business or company. This study therefore tends to investigate the following:

1. To find out if the overall expansion of the bank has a relationship with strategic planning.
2. To examine the importance of new technology in the implementation of strategic planning.
3. To make possible suggestions on strategic planning based on the findings.

Research hypotheses:

The two formulated research hypotheses to be tested are in null form as;

Ho: Strategic planning has no impact on organizational growth.

Ho: New technology is not important in the implementation of strategic planning.

Theoretical and Conceptual frame work

We shall examine the factors and dynamics that relate to the initiation of strategic planning efforts within organizations, and the relationship between strategic planning, thinking, and organizational performance adopting internal strength, weakness, opportunity & threat (SWOT) as well as the conceptual frame work.

Strategic planning

Strategic planning has suffered a downturn in popularity and influence since the early 1980s. However, during the 1990s, strategic planning regained some of the reputation that it had previously lost Elbanna (2010). Kenneth Andrews, long-time Harvard professor and editor of the Harvard Business Review, published the first edition of *The Concept of Corporate Strategy* in 1971 and updated it in 1980. His published definition of strategy took this form in the 1980 edition: “the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.” (Andrews' definition of strategy is rather all-encompassing and is perhaps best viewed as a variation on the military notion of “grand strategy”).

Porter (1986) another Harvard professor, became well known with the publication of his book, *Competitive Strategy*. Porter defined competitive strategy as “a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.” (In contrast with Andrews' definition, Porter's is much narrower, focusing as it does on the basis of competition.)

Strategic planning and strategic thinking

When strategic planning arrived on the scene in the mid-1960s, corporate leaders embraced it as “the one best way” to devise and implement strategies that would enhance the competitiveness of each business unit. True to the scientific management pioneered by Frederick Taylor, this one best way involved separating thinking from doing. In fact strategic planning is not strategic thinking. Planning has always been about analysis—about breaking down a goal or set of intentions into steps, formalizing those steps so that they can be implemented almost automatically, and articulating the anticipated consequences or results of each step. While Strategic thinking, in contrast, is about synthesis. It involves intuition and creativity.

The outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of direction Mintzberg (1994). One of the useful ways for selecting the appropriate strategies is “SWOT” technique which was presented by Anderson in 1980. This technique is used as one of the strategic planning tools Rezaian (2008).

SWOT is the acronym for internal strengths and weaknesses of an organization or business and opportunities and threats existing in the external environment. SWOT analysis is the organized set of identifying these factors and strategies that reflects the best combination among them. This analysis is based on this logic that effective strategies maximize the strengths and opportunities, while minimize its weaknesses and threats Pearce & Robinson (2009).

SWOT (Strengths, Weaknesses, Opportunities, Threats):

Strength:

It is a resource, skill or other advantage compared to competitors and the needs of markets that the institution or organization operates or will operate in them. Strength is a distinctive competence which becomes the comparative advantage of the institution or organization in the market.

Weakness:

It is a limitation or shortage in resources, skills and capabilities that prevents effective functions seriously.

Opportunity:

It is a major desirable situation in organization's environment. For example improving and strengthening relationships with customers or suppliers.

Threat: This according to Pearce & Robinson (2009) is a major undesirable situation in organisation's environment. Such as change in regulations and laws, low growth of the market.

According to Robbins (2008), there are two common theories about strategy:

Theory I: Strategy has planning and scheming state. It is clear guidelines developed and formulated previously and managers determine where they want to go and then for reaching to that destination, they formulate a principled and organized plan and after that provide the necessary resources to achieve their goals.

Theory II: Strategy has "evolutional" state. It means that strategy is not basically deliberate and systematic plan, and as time passes, it emerges as a pattern during the important decisions.

To formulate the strategy for an organization, various models and methods are provided by management experts. It should be noted that the use of any model depends on the correct understanding of that organization and its requirements.

Conceptually, various authors views strategic planning differently. Strategic planning simply means planning the direction and scope of the organization over the long term, matching resources to its environment so as to meet stakeholder's expectations. Planning is not a new phenomenon. It has roots in military history. The Greek word stratego means "to plan the destruction of one's enemies." Planning has over the years been approached in many different ways by companies. Successful Organizations will anticipate and address environmental turbulence through strategic planning.

Strategic planning was presented as a set of concepts, processes, and tools for shaping "what an Organization (or other entity) is, what it does, and why it does it". In the long run, its purpose is to promote strategic thinking, acting, and learning on an ongoing basis Poister (2010).

Strategic plans are those which are designed to achieve the comprehensive goals of the organization, so as to ensure the execution of organization's mission Rezaian (2008). Strategic planning is not just planning like long-term financial Planning or capital planning, but involves a

thorough assessment of the environment and organization Hendrick (2010). Strategic planning helps employees understand that their smaller goals contribute to something bigger than themselves, it provides meaning to the work (Arasa, and K' Obonyo, 2012).

It is essential to remember that strategic planning is a process, not a product. It is ongoing and permanent Carter (1999). In fact, Strategic planning is generally pursued as a rational undertaking to reduce the firms' performance uncertainty through trade-off decisions from controversial choices Karnani (2006). It determines end goals to be achieved and strategies for accessing, allocating, and managing resources to achieve predetermined goals. In complex global environment, unpredictable changes, time and uncertainty play an important role. Such changes have removed many organizations from the competition area and predictions about the future have failed Hanafizadeh, Arabi & Hashemi (2006). Today organizations try to identify, strengthen and improve their capabilities for adapting and completing their knowledge and skills to cope with this turbulent environment, while in such a complex and competitive environment where there are saturated and compact markets, lacking strategic planning, place organizations in a poor competitive situation and eventually confront them to failure Hamidi zadeh & Shahri (2007).

Purpose of Strategic planning

The purpose of Strategic planning is helping organizations to gain competitive advantage. However, with strategic planning, future state is not predicted, but in turbulent environments, strategic planning can help organizations to;

think strategically and develop effective strategies

develop a coherent and defensible basis for decision making

improve organizational performance

deal effectively with rapidly changing circumstances

Provide employees with clear objectives and directions with associated motivations

Methodology:

The study population is the staff of Keystone Bank Limited in three of its departments in its head quarters at Keystone bank house, 1 Keystone Bank Crescent Victoria Island. There is one hundred and twenty staff (120) in the said departments namely Inspection department, Human Resource department and Marketing department.

The random sampling technique was used. Under this sampling design, every item of the universe has an equal chance of inclusion in sampling. The Yamane formula was further used to determine the sample size of this study.

$$n = \frac{N}{1 + Ne^2}$$

Where n= sample size desired

e= desired margin of error

N= population size
 The sample error is 0.05%

N= 120

120

$$n = \frac{120}{1 + 120(0.05)^2}$$

120

$$n = \frac{120}{1 + 120(0.025)^2}$$

120

120

$$n = \frac{120}{1.3} = 92$$

1.3

Two sets of questionnaires were used; section A consists of the personal data of the respondents while section B consists of research related questions on the topic out of which two questions nos 4 and 6 were used to test the stated hypotheses.

Five liker scale questions ranging from strongly Agree, Agree, partially agree, Strongly Disagree and Disagree was adopted. Both primary and secondary sources of data were collected. The techniques used to analysed the data is the Regression Analysis, in order to find out the extent strategic planning adopting new technology has led to the growth of the bank which will in-turn be used to accept or reject the various hypotheses. The model can be specify as

$$Y = a + bx + e$$

Where: Y = Organizational Growth (OG) (Dependent Variable)

a = intercept/autonomous

b = Coefficient of SP

x = Strategic Planning (SP) (Independent Variable)

e = stochastic (error)

Decision rule: if T calculated is higher than T tabulated accept H1 and reject H0

Also if T calculated is lower than T tabulated reject H1 and accept H0

A-priori Expectations

a > 0

b > 0

Which assumes that the parameter estimates of a and b are theoretically meaningful and that there is a direct relationship between dependent variable and the independent variable.

Data was presented in frequency and percentage table in rows and columns.

However, the hypothesis was tested using Regression Analysis.

Results and Discussions

Table 1; personal data

	Standard/Level	Frequency	Percentage	Cumulative percentage
Questionnaire distributed	Received	92	100	100
	Wrongly filled	0	0	100
Sex	Male	41	45	45
	Female	51	55	100
Marital status	Single	12	13	13
	Married	77	84	97
	Divorced	3	3	100
Age group	21-30	43	47	47
	31-40	30	33	80
	41 & above	19	20	100
Academic qualification	HND/BSC	33	36	36
	MSC/MBA	50	54	90
	Ph.D/Others	9	10	100
Bank departments	Operations/Inspection	33	36	36
	Marketing	44	48	84
	Human Resources	15	16	100
Work experience	1-5yrs	45	49	49
	5-10	36	39	88
	10 & above	11	12	100

The above result recorded 100% receipt of the questionnaire distributed 92 (100) which affirms high cooperation and good relationship of distributor and respondents. Keystone bank from the survey has more female staff than male counterparts. This represents 51 (55) and 41 (45), while divorced staff is the least with 3 (3). 21-30 years age bracket took the lead with 43 (47), followed by 31-40 with 30 (33) staff and the rest 19 (20) are old adults of the bank. No wonder it is now so difficult to gain employment in the banking industry as a fresher if one is above 26 years of age. Younger people are preferred now than older ones.

Majority of the respondents are MSC/ MBA holders with 50 (54), followed by HND/BSC graduates with 33 (36) while Ph.D and others rank the least with 9 (10). It was seen that Keystone has more of its staff in marketing than any other department as seen from the table. Most of the bank staffers are assigned to generate deposits from the public to face competition and maintain the CBN stipulated capital base. For work experience group, those within 1-5yrs are 45 (49), 5-10 years follows with 36 (39) and 11 (12) carries the bottom pot from work experience men and women of above 10 years. This affirms that banker's turnover rate is high. They move to other bank or organization that offers them better working conditions coupled with hiring and firing experience all over the country in the recent time.

Table 2: Response on The Overall Expansion Of Your Bank Is As A Result Of Strategic Planning

	Frequency	Percent	Cumulative Percent
Strongly agree	45	49	49
Agree	45	49	98
Partially agree	2	2	100
Disagree	0	0	
Strongly disagree	0	0	
Total	92	100	

Source: Researchers field survey, 2013

The above tabular illustration opined that 45 representing a total of 49% of the entire population strongly agreed to the fact that the overall expansion of your bank is as a result of strategic planning, 45 (49%) also agreed, 2 (2%) partially agreed while non disagreed or strongly disagreed.

Table 3: Response On New Technology Is Important In The Implementation Of Strategic Planning.

	Frequency	Percent	Cumulative Percent
Strongly agree	32	35	33
Agree	30	33	68
Partially agree	8	9	77
Disagree	12	13	90
Strongly disagree	10	10	100
Total	92	100	

Source: Researchers field survey, 2013.

From the above tabular illustration which shows New technology is important in the implementation of strategic planning, 32(35%) Strongly agreed, 30(33%) agreed and 8 representing 9% of the population partially agreed and 12(13%) disagreed. And lastly 10(10%) strongly disagreed.

1. Variable Interpretation.

Table 4: Variables Entered/Removed (b)

Model	Variables Entered	Variables Removed	Method
1	new technology is important in the implementation of strategic planning(a)		Enter

a All requested variables entered.

b Dependent Variable: overall expansion of your bank is dependent on strategic planning

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.873(a)	.798	.594	.34664

a Predictors: (Constant), new technology is important in the implementation of strategic planning

Table 6: ANOVA(b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.088	1	16.088	133.888	.000(a)
	Residual	10.814	90	.120		
	Total	26.902	91			

a Predictors: (Constant), new technology is important in the implementation of strategic planning

b Dependent Variable: overall expansion of your bank is dependent on strategic planning

Table 7: Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	3.331	.105		31.838	.000
	new technology is important in the implementation of strategic planning	.309	.027	.773	11.571	.000

a. Dependent Variable: overall expansion of your bank is dependent on strategic planning
 Regression analysis was used to carry out the test

From the above result, it could be seen that strategic planning has significant effect on organizational growth. Using the linear regression model which was earlier formulated

$$OG = \hat{\alpha}_0 + \hat{\alpha}_1(SP) + e$$

Where OG= ORGANIZATIONAL GROWTH

$\hat{\alpha}_0$ = autonomous/intercept

$\hat{\alpha}_1$ = Coefficient of OG

SP= STRATEGIC PLANNING

e=stochastic

A-Priori theoretical expectation

$$\hat{\alpha}_0 > 0, \hat{\alpha}_1 > 0$$

the regression result shows

$$\hat{\alpha}_0 = 3.331$$

$$\hat{\alpha}_1 = 0.309$$

Therefore,

$$OG = 3.331 + 0.309_{SP}$$

Where $\hat{\alpha}_0$ = autonomous

R-Square

R^2 = coefficient of determination of the two variables. This shows the percentage of total variation of the dependent variable explained by the independent variable. The R-Square in this research work shows that strategic planning has a strong/positive correlation with organizational growth. According to our analysis, $R^2 = 0.798$ (79.8%), which is high implies that the variation in organizational growth are explained by changes in the rate of strategic planning. The remaining 20.2% variation is explained by stochastic error term (e) meaning that 20.2% of changes in organizational growth are explained by factors that are not explained in the model.

Standard Error Test

The decision rule for the standard error test goes thus:

If $S.E (B1) > B1/2$ Accept null hypothesis and reject alternative hypothesis.

If $S.E (B1) < B1/2$ Accept alternative hypothesis and reject the null hypothesis.

From the analysis above: $S.E (B1) = 0.027$, $B1/2 = 0.309$,

Now $0.309/2 = 0.1545$ Therefore:

$0.027 < 0.1545$

So we accept the alternative hypothesis and reject the null hypothesis. This SP has a strong relationship with OP.

t-Test Analysis

This deals with the determination of $T_{\text{calculated}}$ and $T_{\text{tabulated}}$

According the regression result, $T_c = 11.571$

To obtain T_t , we have to ascertain the degree of freedom which we have to use.

$DF = V$, $V = (N-1)$, Where N = number of respondents

Therefore we have

$(92-1) = 91$, Checking 91 at 5% level of significance on the T distribution table,

We have that, $T_t = 2.000$

Decision Rule

$T_c > T_t$ accept H_1 reject H_0 , $T_c < T_t$ reject H_1 accept` $T_c = 11.571$

$T_t = 2.000$, $T_c > T_t$, $11.571 > 2.000$

Result

Accept the alternative hypothesis which states that overall expansion of the bank is dependent on strategic planning, New technology is important in the implementation of strategic planning leading to organizational growth.

Conclusion and Recommendations

From this research work, it is discovered that the introduction of strategic thinking can aid the formulation of better strategies in Keystone Bank. Managers who have capability of strategic thinking are able to encourage staff for finding innovative solutions to achieve organizational

success. The overall expansion of Keystone bank is dependent on strategic planning. The study concluded also that new technology is important in the implementation of strategic planning. Strategic thinking should therefore precede strategic planning. Strategic planning is a series of concepts, procedures and tools that are designed to help leaders, managers and planners to think and act strategically. Strategic planning is not a substitute for strategic thinking, but both work together in a process which makes them essential to effective strategic management. Given that strategic planning's sole purpose is to improve strategic performance, then, improving, assessing and monitoring the effectiveness of the strategic planning process which would appear to be a key managerial task is paramount.

From the conclusions drawn from the study, it is therefore, important to suggest that all banks especially those who have setback in terms of growth and development should adopt strategic planning. It will help them expand and stay ahead of competitors. The following recommendations are drawn from the outcome of the research work:

1. Keystone Bank Limited should embrace strategic planning in their organizations process because it will give them an edge or competitive advantage over their competitors.
2. Many banks as well as organizations should employ experts who can formulate strategies that will aid the success of their organizations, there may be need to send employees to different parts of the world for training in order to acquire more technological knowledge and critical thinking skills, these can help them think of new ideas and ways to help their organizations achieve set goals and objectives
3. Banks and other organizations must understand their current position before they formulate any strategy they wish to pursue. They have to also consider possible avenues through which they can pursue their cause of action.
4. There must be a thorough understanding of the importance and benefits of strategic planning in any department or the entire bank as a whole. This will enable the decision makers to have the need and focus on such departments.
5. We recommend the identification of competent workers within the organization who are dedicated and have innovative skills to improve setbacks in the bank or organization. This group may be used as a bench mark for others.

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