Asian Journal of Economics, Business and Accounting

21(19): 34-45, 2021; Article no.AJEBA.58715
ISSN: 2456-639X

Assessing the Impact of Strategic Management Practices on the Performance of Commercial Banks in Makurdi – Nigeria

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Authors' contributions

This work was carried out in collaboration among all authors. Author DAK designed the study, performed the statistical analysis, wrote the protocol, and wrote the first draft of the manuscript. Author VU and Author DI managed the analyses of the study. Author DI managed the literature searches. All authors read and approved the final manuscript.

Article Information

DOI: 10.9734/AJEBA/2021/v21i1930504
Editor(s):
(1) Dr. Fang Xiang, University of International and Business Economics, China.
(2) Dr. María-Dolores Guillamón, University of Murcia, Spain.
Reviewers:
(1) Samir Kumar Bandyopadhyay, University of Calcutta, India.
(2) FHA. Shibly, South Eastern University of Sri Lanka, Sri Lanka.
(3) Sanjay K Deshpande, Visvesvaraya Technological University, India.
Complete Peer review History, details of the editor(s), Reviewers and additional Reviewers are available here:
https://www.sdiarticle5.com/review-history/58715

Original Research Article

Received 20 May 2021
Accepted 03 July 2021
Published 14 December 2021

ABSTRACT

The aim of this study is to assess the impact of strategic management practices on the performance of some commercial banks in Makurdi – Nigeria. The study utilized primary data obtained through structured questionnaire administered to 160 respondents sampled from seven commercial banks in the study area. The collected data from the study were analyzed using descriptive statistics, percentages, correlation and regression analysis. The correlation results showed that strategic management practices are highly positively and significantly related to organizational performance. The regression result which explains about 99.9% variability in the model revealed that strategic management had positive and significant impact on the performance and profitability of commercial banks. The study recommended among other things that the management of the commercial banks should enhance the strategic management techniques in order to improve performance.

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Keywords: Strategic management; organizational performance; resource-based theory; commercial banks; Nigeria.

1. INTRODUCTION

The business environment in which firms operates today is dynamic and agitated with constant changes such that the competition in the market is ever increasing among industries. This calls for top management and decision makers of firms to frequently think strategically about the future of their organizations. The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, weakness to be overcome, opportunities to be exploited, and threats to be countered [1]. To contend emulously in today's dynamic business environment, business enterprises need to continue making some strategic plans and taking some serious actions to improve productivity and product quality, reduce product cost, promote product and process innovations, and improve service delivery to the market and customers' goodwill. Business organizations therefore need to be continually striving in order to meet the global change, achieve competitive advantage and enhance performance relative to their competitors [2].

A vast number of documented evidence in research and practical experiences in business proved that an effective and efficient strategic management practices can improve efficiency and profitability of business organizations [3]. It is generally believed that business organizations which practice strategic planning and management system strive better to achieve their organizational goals in terms of sales and profit growth than the organizations that do not. It is therefore obvious that practicing the strategic planning and management in any business organization will show better performance compared with to non-planning system; also it helps the firms in getting back on track and to enhance the business ability to predict changes in the environment [3].

Today, commercial banks in Nigeria are being shut down or merged as a result of non-performance, brought about by rapid changes in business environment and formulation of poor management strategy. Even though, strategy formulation has brought tremendous transformation in many business organizations, it is still faced with some constraints in the Nigerian banking industry. Some of these restrictions are wrong application of strategy formulation, bad implementation of strategy, poor organizational structure in the Nigerian banking industry and non-conformity of laid down plans by banks managers towards actualization of profitability of the firm [4].

There has also been a rapid reduction in the number of customers due to inadequate evaluation of customer's satisfaction which prevents banks from knowing the level of satisfaction the customer derives from doing business with them [4]. Customers are deemed to be reliable and important measure of success in the banking industries [5]. Provision of quality service is one of the indicators of customer satisfaction, which ensures retention of customers and survival of the banks. The commercial banks in Nigeria fail to do proper strategy evaluation and control causing them to lose customers as a result of not being able to meet customer's demand which in turn reduces sales volume and turnover. Furthermore, dissatisfied customers make complaints which frequently tends to chase other customers. This study is undertaken to assess the impact of strategic management practices on the performance of some selected commercial banks in Makurdi, Benue State of Nigeria.

1.1 Objectives and Research Hypothesis

The main objective of this study is to assess the impact of strategic management practices on organizational performance taking seven commercial banks in Makurdi-Nigeria as case study. The specific objectives are:

i. To examine the relationship between environmental scanning and organizational performance of commercial banks in Makurdi-Nigeria;
ii. To establish the effect of strategy formulation on the performance of commercial banks in Makurdi-Nigeria;
iii. To investigate the impact of strategy implementation on the performance of commercial banks in Makurdi-Nigeria;
iv. To investigate the effect of strategy evaluation and control on the performance of commercial banks in Makurdi-Nigeria.

This study is guided by the following hypotheses:

H_{0_1}: There is no significant relationship between environmental scanning and the performance of commercial banks in Makurdi-Nigeria

H_{0_2}: Strategy formulation has no significant impact on the performance of commercial banks in Makurdi-Nigeria;

H_{0_3}: Strategy implementation has no significant relationship with the performance of commercial banks in Makurdi-Nigeria;

H_{0_4}: Strategy evaluation has no significant impact on the performance of commercial banks in Makurdi-Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Framework

Strategic Management is concerned with the actions organizations take to achieve competitive advantage and create value for the organization and its stakeholders. Strategic management can also be defined as the systemic process of identifying internal and external factors of an organization to define better objectives, formulate, evaluate and implement strategies to achieve the objectives [4]. Strategic management involves deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems [6]. Harrison and St. John [7] define strategic management as "the process through which organizations analyze and learn from their internal and external environments, establish strategic direction, create strategies that are intended to help achieve established goals, and execute these strategies, in the bid to satisfy key organizational stakeholders.

Institute of Strategic Management, Nigeria [8] defined strategic management as an integrative process of management in which all managers of an organization engage in continuous rethinking and auditing of themselves; the organization and the environment; and in developing, implanting, implementing and controlling the organization direction, strategies and programmes, aimed at effecting positive changes, building competitive advantage and achieving all time successful performance. This study centres on the underlying processes on independent variable (Strategic management) and dependent variable (Performance) that are intended to create a more favourable outcome for a company which includes Environmental scanning, Strategy formulation, Strategy implementation, Strategy evaluation, profitability, customer satisfaction and customer loyalty. The elements of strategic management are discussed below:

2.1.1 Environmental scanning

Environmental scanning is a future research technique that gathers information from the environment under examination [9]. It was also described by Aguilar [10] as the process of seeking information about events and relationships in a company's outside environment, the knowledge of which would assist top management in its task of charting the company's future course of action. With environmental scanning, different forces of change are identified and analyzed from the market environment by investigating different data sources [11]. Thus, traditionally, scanning has been used to provide opportunities and threats for planning new strategies. The process of environmental scanning includes partitioning of the external environment into sectors (e.g. political, economic, technological, cultural), collecting data by continuously scanning, monitoring and forecasting changes in key variables in those sectors, and interpretation and integration of these informational inputs into an organizations strategic management process [12].

2.1.2 Strategy formulation

Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision. Strategy formulation includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines, it is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative [13]. The process of strategy formulation is mainly carried out at three levels, which include the corporate level, business level and the functional level. The lower level managers drive the functional strategies, which have short-term horizons and relate to a functional area. In strategy formulation, we try to modify the current objectives and strategies in ways to make the organization more successful.

2.1.3 Strategy implementation

Strategy implementation is defined as the manner in which an organization develops, utilizes, and amalgamates organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance [14]. It is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives. Organizational structure allocates special value developing tasks and roles to the employees and states how these tasks and roles can be correlated so as to maximize efficiency, quality, and customer satisfaction-the pillars of competitive advantage. A good strategy without proper implementation is like a poor strategy or no strategy at all. However, having a good strategic plan is half the battle won through effective strategy implementation [4]. Pearce [15] identified two dimensions of strategy implementation as structural arrangements, and the selection and development of key roles. Effective strategy implementation is affected by the quality of people involved in the process. He claimed that the quality of people such as skills, attitudes, capabilities, experiences and other characteristics are required by a specific task or position.

According to [16], 90% of well-formulated strategies fail at implementation stage and only 10% of formulated strategies are successfully implemented. The successful implementation of strategy is fully dependent on involvement of all the stakeholders in an organization. Communicating progress of implementing the strategy to the stakeholders will assist them in determining whether corrective action is required. Njagi and Kombo [17] examined the effect of strategy implementation on performance of commercial banks in Kenya. Results revealed that there was a strong relationship between strategy implementation and organizational performance.

2.1.4 Strategy evaluation and control

Strategy evaluation and control is a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. For effective evaluation and control measures, managers must obtain clear, prompt, and unbiased information from their subordinates. Evaluation and control also has the ability to pinpoint weaknesses in previously implemented strategic plans and makes the entire process to begin all over. For effective strategic management process, these four basic elements must work together in order to boost performance in any organization [15].

2.2 Organizational Performance

Organizational performance is the product of interactions of different components or units in the organization. The performance of an organization depends on the environment where the organization operates. Santos and Brito [18] define organizational performance as the organization's ability to achieve its goals and objectives. Daft *et al.* [19] defined organizational performance as the ability of the organization to attain its goals by using resources in an efficient and effective way. An effective performance management provides valuable information to a decision make about present condition of performance and the deviation from the objectives. Performance is manifested by production effectiveness and production efficiency [18]. Organizational performance is measured in several ways, in this study however, organizational performance is measured by the following ways:

2.2.1 Profitability

Profitability is expressed as financial ratios which look at profits generated in relation to the capital that has been employed to create them. Profitability means ability to make profit from all the business activities of an organization. It shows how efficiently the management can make profit by using all the resources available in the market. According to [4] profit is defined as revenue minus cost and cost as calculated by the economist is greater than cost calculated by accounting profit. Economic profit is what you earn over and above the normal profit. It is the main aim of all business ventures, which the business cannot survive without in long run. Measuring the past and future profitability is very essential [4]. Profitability has been considered as a measure of improved internal efficiency and value added. This is because in the beginning, firms may not enjoy higher net profits to repay investment or fund further investment. However, internal efficiency gained later may lead to reduced costs, at the same time; improved product performance may increase the price of the product in the market [4].

2.2.2 Customer satisfaction

Customer satisfaction is defined as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be satisfied. Otherwise, if the perceived expectations are met with performance, customers are in an indifferent or neural stage [14]. In general, increased customer satisfaction leads to higher customer retention rate, increases customer repurchases behaviour, and ultimately drives higher firm profitability. Qazi *et al*. [20] defined customer satisfaction as an overall assessment of a customer's total purchase and consumption experience of a product and service over time. Customer satisfaction enables companies to create customer loyalty which results to customer retention and most importantly increased profits and market share. Customer satisfaction has been found to reduce the costs of attracting new customers and dealing with weak quality, defects and criticism [14].

2.2.3 Customer loyalty

Customer loyalty is a measure of a customer's likeliness to do repeat business with a company or brand. It is the result of customer satisfaction, positive customer experiences, and the overall value of the goods or services a customer receives from a business. Customer loyalty is what drives repeat purchases and prompts existing customers to choose your company over a competitor offering similar benefits [21].

The relationship between the independent variable, strategic management process measured by environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control as well as the dependent variable, organizational performance measured by profitability, customer satisfaction and customer loyalty is represented in Fig. 1.

2.3 Empirical Literature

Many scholars from the world over have conducted researches to investigate the impact of strategic management on organizational performance. For example, [22] explored the influence of strategic management practices on the performance of Floricultural Firms in Kenya. Primary data were collected through questionnaires. Hypotheses were tested via Chi-Square test. The findings of the study showed that strategy formulation, implementation, evaluation and control had significant influence on the performance of Floricultural Firms. Abdel-Aziz and Saed [23] examined the effect of strategic management by using Balanced Scorecard (BSC elements) on Jordanian Pharmaceutical Manufacturing (JPM) organizations' business performance. Data were collected from 13 companies out of 16 companies by means of questionnaire. Statistical techniques such as descriptive statistics, t-test, ANOVA test, correlation, simple and multiple regressions were employed. The result of the study showed that there was a high relationship among balanced scorecard variables and JPM Organizations' business performance. The result of the simple regression and the multiple regressions analysis showed that strategic management had a direct impact on Jordanian

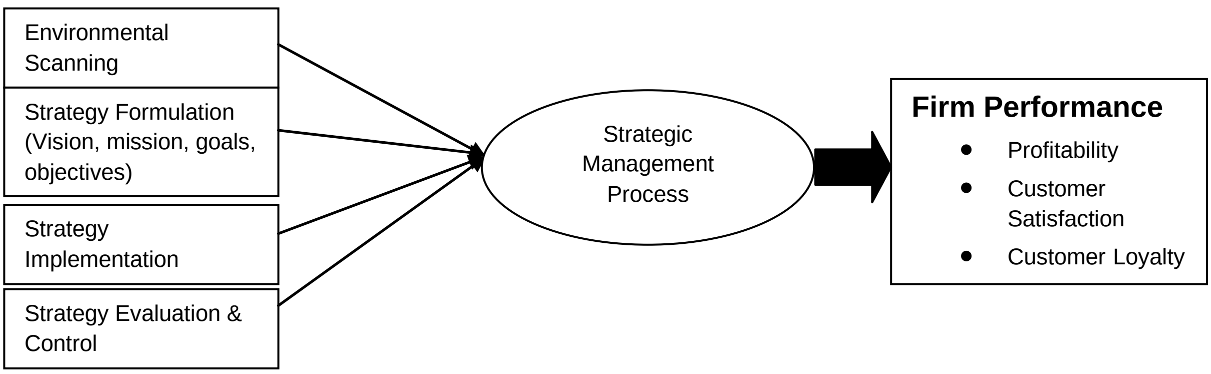

Fig. 1. The relationship between strategic management and organizational performance

Pharmaceutical Manufacturing Organizations' business performance. Wambugu and Waiganjo [24] conducted a study to establish the effect of strategic management practices on organizational performance of construction companies in Nairobi City County, Kenya and found similar results.

Mohamud et al. [13] investigated the links between strategic management and firm performance in Mogadishu, Somalia. Both descriptive and correlation analysis were used to establish the nature of the relationships. The findings of the study revealed the existence of statistically significant positive relationship between strategic management and organizational performance. Issack and Muathe [25] looked at strategic management practices on performance of public health institutions in Mandera County, Kenya. The study adopted a mixed research design method. The study employed correlation and regression analysis as methods of data analysis. The findings revealed that environmental analysis, strategy formulation, strategy implementation, strategy evaluation and performance of public health institutions in Mandera County were positively and significantly related. Correlation analysis showed that environmental analysis, strategy formulation, strategy implementation and strategy evaluation were significantly and positively related to performance of public health institutions in Mandera County.

In Nigeria, documented evidence on the subject matter is also found in literature. For example, [26] conducted a study to provide further evidence on the effects of strategic management on the performance of manufacturing industries in Nigeria. Five large-scale quoted manufacturing firms located in Lagos metropolis were selected. The study utilized primary data obtained through structured questionnaire administered to 50 purposively selected respondents of the selected firms. The data collected were analyzed using Analysis of Variance (ANOVA) and correlation analysis as well as descriptive analysis. The result showed that strategic management had significant impacts on the profitability and operational performance of manufacturing firms. This study concluded that the practice of strategic management was sine qua non in boosting organizational performance in the manufacturing industries in Nigeria. Adeyemi et al. [27] investigated the impact of strategic management on the performance of SMEs in Lagos, Ogun, Osun and Oyo States and found that strategic management practices had significantly assisted SMEs in increasing their sales and improving profits levels. The authors asserted that owners and managers of SMEs in Nigeria were poorly aware of the contribution of strategic management practice to the success of their organization and the way in which it can be undertaken.

Agwu [28] investigated the adoption of strategic management practices among SMEs in Nigeria and how it has increased their number of customers, transaction volumes, market shares and consequently their business performances. Data were collected through the use of structured questionnaires from 120 owners of SMEs in Lagos state, Nigeria. The data collected was analyzed using descriptive statistics and regression analysis. SME's competitive advantage and business strategies were found to contribute significantly to increase in their number of customers and market shares respectively. However, the result indicated that organizational structure has positive influence on SMEs' transaction volumes but was not significant. Taiwo and Idunnu [29] conducted a study to examine the effect of strategic planning on firm performance and survival. The study assessed the planning-performance relationship in organization and how strategic planning affected First Bank of Nigeria. The findings revealed that planning enhanced better firm's performance, which in the long term impacts its survival.

3. RESEARCH METHODOLOGY

The population of this study comprised seven commercial banks in Makurdi the capital city of Benue State in Nigeria. The commercial banks selected for the study were First Bank Limited, Union Bank Plc, Zenith Bank, United Bank for Africa, Access Bank Plc, Fidelity Bank and First City Monument Bank all in Makurdi, Benue state of Nigeria. The sample size consists of 175 respondents with 25 managers selected from each of the commercial banks. A simple random sampling scheme was used to recruit both top and middle managers into this study.

The study utilized primary data which was collected through the use of a structured questionnaire. The questionnaire was specifically designed to accomplish the objectives of the study. The questionnaires were divided into three sections. Section A collected basic socio-demographic information regarding the respondents such as gender, age, academic qualification, years of working experience and cadre. Section B sought to determine the extent to which strategic management is practiced by the commercial banks; Section C captured information on factors that determines the firm's performance. Section A consisted of closed-ended questions. Sections B and C used a structured 5-points Likert scale battery of strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1).

Validity refers to how accurately a method measures what it is intended to measure. If research has high validity, it means the research produces results that correspond to real properties, characteristics and variations in the physical or social world. Therefore, validity of the instrument was ascertained by test experts to ascertain its content before its use. The experts were three senior lecturers with PhD from the College of Management Sciences, Federal University of Agriculture, Makurdi. The validity of the instrument was ascertained by giving out copies of the draft questionnaires, research questions/hypothesis, alongside with the objectives of the study. The suggestions and recommendations of the experts were used to correct the drafted questionnaire. The reliability of the instrument was tested by subjecting the questionnaire to a pilot study. The questionnaire was subjected to 15 managers of the banks and the reliability coefficient was computed using SPSS version 22. The Cronbach alpha was more than 0.7 which indicated that the instrument was reliable.

This study utilized Pearson Product Moment Correlation Coefficient to examine the degree of relationship between strategic management practices and organizational performance as well as multiple regression model to assess the impact of strategic management practices on organizational performance. Pearson product moment correlation coefficient of x on y (r_{xy}) is computed using the formula:

$$r_{xy} = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{\{n\sum x^2 - (\sum x)^2\}\{n\sum y^2 - (\sum y)^2\}}} \quad (3.1)$$

where

n is the number of observations. The regression equation is presented in functional form as:

$$BP = [ES, SF, SI, SE] \quad (3.2)$$

which can mathematically be written as:

$$BP = \beta_0 + \beta_1 ES + \beta_2 SF + \beta_3 SI + \beta_4 SE + \varepsilon \quad (3.3)$$

where

$BP =$ Banks' Performance, $ES =$ Environmental Scanning, $SF =$ Strategy formulation, $SI =$ Strategy implementation, $SE =$ Strategy evaluation, $\varepsilon =$ is the error term which captures the random errors or factors not included in the regression model, $\beta_0 =$ intercept of the regression model while $\beta_1, \dots, \beta_4$ are the coefficients of the independent variables to be determined.

The descriptive statistics such as frequencies and percentages were used to analyze the socio-demographic characteristics of the respondents while correlation and regression analysis were used in testing the hypotheses of the study. SPSS statistical software version 22 was used to run the analyses. The hypotheses were tested at 0.05 level of significance. At 5% level of significance, we reject null hypotheses for tests with p-values lower than 0.05 and conclude that they are statistically significant. Otherwise, we accept the null hypotheses with p-values that are above 0.05 and conclude that there is no overall statistically significance.

4. RESULTS AND DISCUSSION

4.1 Data Analysis and Presentation

One hundred and seventy-five (175) copies of the questionnaire were administered in the study, while one hundred and sixty (160) copies were thoroughly filled and returned giving a response rate of approximately 91%. Some of the respondents declined filling the questionnaires for reasons best known to them. The data analysis began with the socio-demographic characteristics of the respondents which include gender, age of the respondents, academic qualification, years of working experience and management cadre. The result of the socio-demographic characteristics of the respondents is presented in Table 1.

The result of the analysis in Table 1 showed that 115 respondents representing 72% of the total respondents were male while the remaining 45 representing 28% were female. Sixty-one (61) respondents representing 38% were below the age of 30 years, 45 respondents constituting

28% fall in the range of 30-39 and 40-49 years while 6% of the total respondents were 50 years and above. For academic qualification of respondents, only 20 respondents constituting 13% had OND/NCE related qualifications, 70 respondents representing 44% had at least a first degree or its equivalent, whereas 70 respondents representing 44% had at least a master's degree or its equivalent. All the respondents had a good knowledge of strategic management and therefore the information provided could be seen as adequate to a very large extent.

In addition to their academic qualifications, 73 of the respondents constituting 46% of the total respondents occupied top management positions while 87 of the respondents constituting 54% occupied middle management positions both with good years of service experience in the banks. The positions include Retail Banking/Marketing Managers, Loan Servicing Managers, Human Resource Managers, Commercial Banking Managers, Electronic Banking Managers, Wire Transfer Operations Managers, Risk Managers, Deposit Operations Managers, Wealth Managers, and Cash Managers. The results showed that the respondents were conversant with strategic management practices which are usually associated with top/middle management. Therefore, the data obtained from this category of respondents could be adjudged reliable.

4.1.1 Correlation results

To investigate the degree of association between environmental scanning, strategy formulation, strategy implementation and strategy evaluation on the performance of commercial banks in Makurdi, Pearson product moment correlation

Table 1. Socio-Demographic Characteristics of the Respondents

Respondent Characteristics		Frequency	Percentage
Gender	Male	115	72
	Female	45	28
	Total	160	100
Age (in years)	Below 30	61	38
	30-39	45	28
	40-49	45	28
	50+	9	6
	Total	160	100
Educational Qualification	GCE/SSCE	0	0.00
	OND/NCE	20	13
	HND/BSC/BA	70	44
	MA/MSC/MBA	70	44
	Total	160	100
Years of Experience	1-4	70	44
	5-8	8	23
	9+	53	33
	Total	160	100
Management Cadre	Top Management	73	46
	Middle Management	87	54
	Total	160	100

Source: Researchers' Computation from Field Work, 2020

Table 2. Correlation matrix

	ES	SF	SI	SE	BP
ES	1.000				
SF	0.977**	1.000			
SI	0.974**	0.943**	1.000		
SE	0.960**	0.985**	0.950**	1.000	
BP	0.961**	0.988**	0.942**	0.999**	1.000

*Key: ES=Environmental Scanning, SF=Strategy Formulation, SI=Strategy Implementation, SE=Strategy Evaluation, and BP=Bank Performance.**denotes significance of correlation coefficient at 1% level.*
Source: Researchers' Computation from Field Work, 2020

coefficient was employed and the results are presented in Table 2.

The results presented in Table 2 indicate that there is a strong positive and significant correlation between environmental scanning (SE) and performance of commercial banks (BP). Also, the results of correlation show that strategy formulation (SF), strategy implementation (SI) and strategy evaluation (SE) are positively related to performance of commercial banks in Makurdi, Benue State of Nigeria. Results indicate that strategy formulation, strategy implementation and strategy evaluation are significantly and positively related to performance of the sampled commercial banks. Conducting audit of environmental scanning, strategy formulation, strategy implementation and strategy evaluation increases the performance of the commercial banks.

We also apply Pearson Product Moment Correlation Coefficient to test the overall relationship between strategic management practices and the performance of commercial banks and the result is presented in Table 3. The result of Table 3 indicates that there is a strong positive and significant relationship between strategic management practices and organizational performance. This means that as the practice of strategic management increases, organizational performance also increases. This result agrees with the findings of several previous studies such as [2,13,25 & 26] among others.

4.2 Hypothesis Testing

To test the four hypotheses of this study, the levels of strategic Management practices were regressed with organizational performance of the commercial banks. Results are summarized in Tables 4, 5 and 6.

From the analysis reported in Table 4, it means that the independent variables: environmental scanning, strategy formulation, strategy implementation and strategy evaluation explains about 99.9% of the total variability in the dependent variable which is performance of the commercial banks in Makurdi as indicated by the R^2 value. This result further explains that the regression model applied to examine the impact of strategic management practices on organizational performance was adequate and satisfactory. Also, there was a strong positive relationship between strategic management practices and the organizational performance (R = 0.999). This indicates that as the level of strategic management practices increases, organizational performance also increases.

Table 3. Relationship between strategic management and organizational performance

		Strategic Management	**Organizational Performance**
Strategic Management	Pearson Correlation	1.000	0.984**
	Sig. (2-tailed)		0.002
	N	6	6
Organizational Performance	Pearson Correlation	0.984**	1.000
	Sig. (2-tailed)	0.002	
	N	6	6

Table 4. Model summary

Model	**R**	**R Squared**	**Adj R^2**	**Std. Error**	**Durbin Watson**
1	0.999[a]	0.999	0.998	0.03374	2.746

a. Predictors: (Constant), SE, SI, SER, ES, SF
b. Dependent Variable: BP

Table 5. ANOVA

Source of variation	**Sum of squares**	**Df**	**Mean square**	**F-ratio**	**P-value**
Regression	2.502	4	0.625	549.353	0.000[b]
Residual	0.001	1	0.001		
Total	2.503	5			

a. Dependent Variable: BP; b. Predictors: (Constant), SE, SI, ES, SF

Table 6. Parameter estimates of regression coefficients

Variable	B	Std. Error	Beta	t-statistic	P-value	VIP
C	0.090	0.113	Na	0.802	0.570	Na
ES	0.669	0.088	0.765	7.602	0.000	8.778
SF	0.652	0.134	0.697	4.867	0.013	10.208
SI	0.710	0.120	0.811	5.917	0.002	4.676
SE	0.984	0.160	1.014	6.149	0.000	6.789

Source: Researchers' Computation from field work, 2020

The result of the analysis of variance (ANOVA) reported in Table 5 showed that the overall regression model was statistically significant and a good-fit. The ANOVA result further explains that, the independent variables are good predictors of organizational performance. This was supported by an F-statistic value of 549.353 with a reported p-value (0.000) which is less than the conventional 0.05 significance level. The ANOVA result also showed the existence of a significant difference between the dependent variable and the independent variables of the study. This result is consistent with previous similar studies conducted by [2,13,25 & 26] among others which revealed that strategic management enhanced organizational performance.

4.2.1 The impact of strategic management on organizational performance

To investigate the impact of the independent variables (environmental scanning, strategy formulation, strategy implementation and strategy evaluation) on the dependent variable (organizational Performance), multiple regression model was employed and the result is presented in Table 6.

From the regression result reported in Table 6, the optimal regression model of the study is represented as:

$$BP = 0.090 + 0.669ES + 0.652SF + 0.710SI + 0.984SE \qquad (4.1)$$

From the regression result, all the independent variables are statistically significant and positively related to organizational performance. The overall result of the regression model shows that increasing environmental scanning by 1 unit will increase performance of the commercial banks by 0.669 units; increase in strategy formulation by one unit will increase performance of the banks by 0.652 units while increasing strategy implementation by one unit will increase performance of the commercial banks by 0.710 units. Also, if strategy evaluation is increased by one unit, the performance of the banks will also increase by 0.984 units. The positive constant (0.090), although not statistically significant represents other factors which can increase the performance of the banks but have not been included in the model. The result of this study indicates that strategic management practices have positive and significant impact on the performance of commercial banks in Makurdi-Nigeria.

5. CONCLUSSION AND RECOMMENDATIONS

The main objective of this study is to assess the impact of strategic management on the performance of commercial banks in Nigeria, taking seven commercial banks in Makurdi as case study. The study utilized primary data obtained through structured questionnaire administered to 160 respondents sampled from seven commercial banks in the study area. The collected data from the study were analyzed using descriptive statistics, correlation and regression analysis. The correlation results showed that strategic management practices are highly positively and significantly related to organizational performance. The regression result which explains about 99.9% variability in the model revealed that strategic management had positive and significant impact on the performance of commercial banks in Makurdi-Nigeria.

Based on the findings of this study, the following recommendations are hereby presented:

i. The commercial banks should periodically carry out SWOT analysis in order to determine its strengths and weaknesses so as to be more equipped to take advantage of the opportunities in the external environment while minimizing the threats posed by the external environment.

ii. The commercial banks in the study area should consider as many alternatives as possible before selecting the best possible strategy. In addition, all levels of the organization should be involved in formulating the strategy so as to garner support for the strategy across different levels of the organization.
iii. Once a strategy is chosen, the bank should ensure proper implementation while monitoring changes in the external environment in order to make necessary adjustments. This will enable the organization
to be responsive to the changing needs of customers thereby improving organizational performance.
iv. In order to generalize the study results on the banking industry in Nigeria, a similar study should be conducted on other commercial banks and allied institutions outside the study area in Nigeria.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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