

# Business Information Utilisation: As A Strategic Tool To Organizational Growth Of Commercial Banks In Nigeria

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*Abstract: The banking system contributes significantly to economic development of nation. Banks compete with one another to tap into this huge opportunity of making profit. They could use relevant information at their disposal to gain competitive advantage over other rival banks. The main focus of this paper therefore was to highlight the various ways of using business information as strategic tool to contribute to the developmental growth of these organizations in Nigeria. Availability and accessibility of business information in Nigerian Banks encouraged its utilization and contributed in no small measure to the reduction of banks crisis in Nigeria. The researcher employed a desk study and narrative analysis in writing this paper. This paper therefore concluded by suggesting banks could start establishing competitive intelligence teams that would provide the managers with relevant business information to help in making decisions. Also organization should start treating business information as a strategic tool and asset of the organization.*

*Keywords: Business Information, Business Intelligent utilization, Competitive Advantage, Intelligence, Strategic.*

## I. INTRODUCTION

The problem of distress in Nigeria commercial banks could be observed as far back as 1930 when the First bank failure was reported. According to (CBN/NDIC 1995:1) between 1930 and 1959, over 21 banks failures were recorded. Available records show that, by 1954, there were twenty five (25) indigenous banks in Nigeria NDIC (1993: II) about 90% of these banks failed. The trend of failure is still observed in the last one decade, the most memorable, was when 26 banks closed show due to insolvency. The recent Central Bank of Nigeria (CBN) banking reform, which brought about general overhauling of the financial system and stability to the sector through consolidation and mergers.

Banks failure and distress is a phenomenon that is world wide but its occurrence is well pronounced and noticeable in Nigeria. According to (Adewunmi, 1995; Ebhodaghe, 1996) some of the factors that are responsible of this crisis ranges from gross under capitalization in relation to level of operation to weak management and poor credit quality. This paper agrees with some of these points but strongly believes that Business Information was not strategically used to their

advantage to avert some of the crises. Examining the causes of banks' crises in Nigeria, as observed in the literature, the power of business information as a strategic remedy to the sick or ailing banking sector seems to be underestimated. This however, is the focus of this paper, to examine Business Information, its strategic use to enhance growth in the banking industry in Nigeria.

Organizational growth, such as in the banks is a continuous process that is necessary to meet the demand of its dynamic environment. This includes, making informed decision that are instrumental to the organization's growth and removing obstacles that necessitate using Business Information intelligently. When you visit some banks in Nigeria, one finds out that there are many things that are lacking, poor customer services are observed, poor communication with both customers and staff as some of them are not motivated and the poor internet connectivity, which gives the impression that the information technology is outdated and obsolete. These banks stand the risk of losing business to their competitors who strategically position themselves to take advantage of their weakness. Most organizations including the banks in Nigeria know that

information revolution is underway. They cannot pretend or dispute the importance of competitive intelligence and use of Business information because business information occupies such a strategic position in an organization.

## II. STRATEGIC SIGNIFICANCE OF BUSINESS INFORMATION

The information tides that are blowing through our economy is the one that no organization can escape its effects. Especially as regard its process, transmission and the use of information in changing business process. Conversely, business information now affect how we use information in the banking industry in Nigeria. Today's business environment is very dynamic and constantly undergoing rapid changes, such that the use of business information at every serious organization disposal, is required to give them competitive advantage over their competitors.

Nigeria banking industry of the 21<sup>st</sup> century operates in a complex and competitive environment which is characterized by changing conditions and highly unpredictable economic, social and political climate. Banks generally occupy a sensitive and critical position in any nation's economy. Popoola and Okiki (2013) put banks as the "most important financial system that supplies money and credit". It can be argued therefore, that the need for business information utilization in the banking industry cannot be underestimated. For a bank to develop and grow internally and externally it must be able to use information intelligently to remain competitive.

## III. COMPETITIVE STRATEGY

Examining the present day competition, this paper illustrates clearly the fundamental reasons for competition. Drawing an analogy from the fundamental reasons behind the struggle of a man on earth right from the day of birth to death. It involves a competitive rivalry. Man's live daily to fight for survival through contest. Just as same way organizations struggle to survive through competition.

Competitive strategy has become a crucial tool that must be understood by different organizations who wants to record success in life. As it applies to individuals, micro society, organizations, macro society and the worldwide generally. Strategy is associated with some peculiar words like tactics, plan competition, it is a phenomenon that has no consensus definition among scholar but all its description is centered on "means to achieve an objective or a goal".

Oghojafor (2000) describes strategy as a plan or intention designed by the owner to achieve a particular vision or mission. Strategy from different literature point of view, involves building the tactics that will allow and individual or organization to gain a position of advantage over his or their competitors, or contemporaries to have overwhelming success. Thompson, Meelia, Boyd, and Hosburgh (2006) and Porter (1990) emphasized on activities and approaches consisting of competitive moves which managers' employs to grow the business.

Also, Johnson, Scholes and Whittington (2008) considers strategy as the "direction and scope of an organization over the long term which achieves advantage in a changing environment through configuration of resources and competences, with the aim of fulfilling stakeholders' expectation". However, this paper agrees with this school of thought on their definition of strategy. It is futuristic and identities a long term of action. It involves planned action to achieve a goal in an organization such goals could be profit making and market sharing.

The whole essence of the facts of strategy focuses on how organizations position themselves to compete and beat their competitors in the business race. An organization that does not position itself to win in their modern day competitive business environment has no strategy. Strategy has the characteristics of forward looking, an intent to make a decision in what you want to do, how you want to do it, where, and when to do it. Any strategic plans must use systematic approach to achieve a goal.

The nexus between business information and strategy is the strategic utilization of the information intelligently, to achieve a goal. Every business organization is engaged in an activity of producing goods and services to make a profit. They combine all their resources to produce goods and service that will satisfy their customer needs in order to earn a profit. To achieve these objectives and goals, business information is the inevitable tools required for day to day running of the business. Business information is whatever information that helps a business to know its environment.

Banks in Nigeria operate in a dynamic and complex environment. Highly competitive environment that can be tagged "Survival of the fittest. It is a consistent configuration of its activities and utilization of its business information, strategically that distinguish them from their rivals.

According to Oghojafor (2000) who says "strategy at any point in time is meant to give one a competitive edge over one's rivals". Banks using business information strategically is of tremendous value in solving their problem. It is used in evaluating the market place, surveying changing business environment needs and more importantly monitoring customers' intentions and attitudes. Business information generally is a strategic tool that helps business to grow and have competitive advantages over competitors.

## IV. FORMS OF BUSINESS INFORMATION

This paper does not see business information as espionage. It is not mainly spy ventures like Central Intelligence Agency (CIA) British Intelligence Agency (BIA) or Komitet Gosudarstvennoy Bezopsnosti (KGB). Although it can be similar, but the legitimate sources of collection differentiates them. Such as, general surveys, data, articles, books, references, annual reports, interviews, technical reports, conferences, seminars, search engines, and internet records that guide in planning and evaluating business activities.

This article however, is far from saying that business has no trade secret. Every business must jealously guide and protect its trade secrets. Trade secret is completely outside the

jurisdiction of this paper. It rather focuses on business information in the realm of public domain, which needs only intelligence to gather, analyze and applying it in all business activities to have an edge over the competitors.

Business information is loosely scattered all over the place without any restriction. Business information comes from different sources. It comes from customers, friends, associates and vendors. It is published in different print media like daily newspapers, financial, trade and association magazines, databases government statistics, directories, technical manuals. However, business information is usually categorized by business analysts as external and internal information. The external information are made available to the public while internal information is sole created for the use of the organization that produces it such as personnel files, trade secrets and minutes of board meetings.

The power of information be it external or internal cannot be underestimated in today's, dynamic banking industry. It is critical in the competitive banking business. It watches new products development and bench marking them with other rival banks. It also watches trends of shifts in market shares and other banks performance. The role of managers' aside managing people is to action all these processes applying intelligence. Intelligence helps managers to forecast legal and political changes, monitor economic conditions. The information enables the managers to identify the organization strength, and the weakness of the organization and that of the competitors. Managers, seize the available opportunity to their best interest, this ability to recognize competitive imperfection in a market place is the key attribute of a successful entrepreneur. In light of Ogunsiji and Ladamu (2010) argued that entrepreneurial orientation is the panacea to ebbing productivity.

Productivity and good service delivery are often determined by the process which organizations gather business information and apply into their short and long term strategic planning. The knowledge gained must be used to enhance the organization's own competitiveness. For a bank to be successfully, the business needs to understand and know the business environment it operates knowing themselves and the other competitors that offer comparable products and services to customers is very crucial. The business is like fighting a war to gain the same resource within the same environment.

An organization that wants to have a competitive advantage of other competitors who are like enemy must have the ability to know how the competitors think, what are their strength and weakness. Most importantly they must know themselves. According to Sun Tzu the great Chinese military strategist, around 500BC in his book "The Art of War" he wrote "If you know your enemy and yourself you will win enemy battle".

Ironically, with the volume of business information available in the banking industry, libraries, universities and government agencies, Nigeria banks are not tapping into these huge opportunities in utilizing them to their own advantage.

## V. BUSINESS INFORMATION UTILIZATION IN NIGERIA BANKS

Utilization of business information is fundamental to the growth and sustainability of banks in Nigeria. It is a requirement for local and national competitiveness, because other banks that offer similar products and services have the same goal of making profit and retaining customers. Assessing the impact of information utilization in an organization like banks in Nigeria, an important focus of this paper. According to Haliso and Okunfulure (2010) they implied that, information is an essential tool in the development of any nations, individual and organization. It is as useful in aiding workers to perform their tasks effectively. This paper shares the same opinion even though their study was not mainly directed to banks; but it can be applied to the banks that need information to survive.

The effective use of information enhances any organization's performance. When managers in the banks have access to valuable and useful information, they will probably make quality decisions that will enable them have competitive advantage over their competitors. The power of information cannot be underestimated. It is a life wire of any organization in making a decision.

The most important aspect of business information is its availability and accessibility in an organization. Information availability can be simply put as provision of the right information to be used for a goal. Information can only be used when it is available and accessible. Information is available to organization through formal and informal sources and it can be either in electronic or printed formats. Usually the formal source of information are primary sources such as, journals, annual report, company financial statements, interviews, newspapers, articles, government documents, reports and findings of community analysis, memos, patents.

The sources of information depend on the trust and information seeking behaviours of the user of the information. This paper likes to draw a reference from Leckie model of information behaviour. This is a unidirectional model that is restricted to the professionals. The work role and dark are prime motivators for seeking information. The model postulates awareness of information sources and content motivate a person, also familiarity and prior success of the search strategy employed, trust and ease accessibility of the sense will influence users, information seeking behaviour. This will have a knock on effect on the use of information.

Managers generally, need access to timely, accurate information to perform their duties and specific tasks of decision making. Good and reputable banks in Nigeria possibly have competitive advantage over their contemporaries by the quality of services they offer their customers. This kind of quality services is achievable by the kind of information they seek or utilize in accomplishing their goals. In organizations, people with managerial roles like bank managers are expected to make decision as part of their responsibilities. A wide range of information is needed, so access the silos of information to be used for prompt decision making, accurate control of market shares and effective planning is very crucial. It is worth note that the extensive use

of information in providing services for their customers allows good lasting customers' relationship and high level of loyalty.

This paper discovers from the available literature, that accessibility and availability are not only the determinant factors to the use of information in an organization. According to Aiyepetu (1982) one of the obstacles to the use of information could be attributed to what a user perceives to be the information. Actionable data is information, so therefore the manner, data are processed and used depends on the perception of user of the information. Other factors that influence information utilization in an organization, according to Burch and Grudniteski (1986) these are nature, categories, size, structure and management style. These factors contribute to how managers effectively use available information at their work place.

It is important that available information in an organization must be accurate, relevant and reliable so that its utilization can have positive effect on decision making. However, managers sometimes overlook some vital information that are needed to render quality service to their customers. Arguably, this error of oversight can probably make all available and accessible information not to be used in an organization.

#### VI. RELATIONSHIP BETWEEN COMPETITIVE INTELLIGENCE AND BANK PERFORMANCE

Competitive intelligence is a phenomenon that has been evolving in the last decade along with other "family of intelligence" such as, emotional intelligence, artificial intelligence. Intelligence can be attributed to cognitive or mental ability of understanding is essentially understanding what is happening within and outside a business environment to provide a competitive edge to an organization. In a nutshell, competitive intelligence is an art of gathering analyzing and distributing intelligence business information about a product, customer, services or data needed to support managers and executives to make strategic decisions for the organization. This paper emphasizes the effects of such decisions on the performance of organizations like banks.

According to Karl Albrecht; (2011) Organizational performance is the extent to which an organization achieves a set of predefined goals, targets that are unique to its mission.

Organizations such as banks have majorly one aim amongst others, to make profit. In order to achieve this goal banks must be competitive, have the ability to capture and retain their customers. In the advent of liberalization banking sector in Nigeria has changed the patterns of competitive advantage in the industry. The banking industry now is dynamic and competitive. It makes economic sense now for banks especially in Nigeria to use competitive intelligence to coordinate and monitor business actions of their competitors wherever and whoever they may be. These are other banks they consider rivals in business and with whom they compete for market share. For banks to increase their organizational performance level, they may have to strategically gain foreknowledge of their competitors' plans and counter these plans before they are executed.

#### VII. CONCLUSION AND RECOMMENDATION

Business information utilization is obviously an effective tool any organization needs to give confidence to their managers for effective decision making. Business information in any dimension helps organization like banks to understand their business, environment and probably give them competitive advantage over their competitors. Organization that treats business information as a strategic corporate asset is likely to be in business and ahead of its contemporaries too. Such organization will in no doubt increase its existing investment and retain its customers because of its good quality of service to the customers.

Organization that uses business information as a strategic tool will enhance good control that enables them to optimize their business processes more effectively.

This paper has emphasized well enough on importance of using trusted business information, its availability and accessibility is very crucial to managers to enable them make effective decisions that will help their organization achieve their set goals. This paper recommends that business organization should have competitive intelligent teams that will monitor the activities of their competitors. The team will also analyze customer needs, and satisfy these needs. Management should make information available and accessible for use as required.

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