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Impact Of Strategic Planning And The Performance Of Deposit Money Banks In Nigeria

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Abstract: This project assessed the impact of strategic planning and the performance of deposit money banks in Nigeria. The specific objectives is to; assess the impact of strategic planning and the performance of deposit money banks in Nigeria. Five research questions and five research hypotheses were formulated. Ordinary Least Linear Regression Analysis method was adopted for the study and data covering 2008 to 2022 were used for the study. EVIEW statistical tool was employed to run the regression analysis. The research was conducted using data gotten from CBN statistical bulletin, NDIC, NSE and Federal bureau of Statistics. The data gathered covers; return on Equity, Bank Lending Rate, Bank Capitalization, Non-performing Loans, Lending Interest Rate, Profit Before Tax. The findings revealed that; strategic planning has significant impact on the performance of deposit money banks in Nigeria, strategic planning does not significantly affect banks liquidity, that there is significant relationship between strategic planning and the capitalisation of deposit money banks in Nigeria, that there is significant relationship between strategic planning on non-performing banks loans and that strategic planning has no significant effect on the lending rate of deposit money banks. Based on these findings, the researcher recommended that; Banks should endeavour to pursue sound strategic planning in other to achieve business excellence and enhance shareholder value, good liquidity as well as investment policy should be put in place in other to achieve effective management of assets and liabilities to enhance good returns on investment and liquidity availability, effective capital budgeting system should be encouraged to help in the acquisition and replacement of long-term capital assets that will help in operations to generate adequate inflows, sound strategic policy should be put in place to cover for bank's good portfolio management by ensuring that terms and conditions are met before giving out loans, loans performance monitoring and also ensure measures are in place to mitigate the possibility of bad debts and making adequate provisioning and the study finally recommended that interest rate strategic policy should be re-engineered to provision for market risks that mighty occur due to market fluctuations.

Keywords: Strategic planning, profit before Tax, return on equity, interest rate, performance.

I. INTRODUCTION

Strategic planning has offered a unique opportunity to organizations especially the Nigerian banking industry in terms of helping them to create plan that are attuned to assumptions about the future as well focusing on using the plan as a blue print for daily operations. Strategic planning is a progressive process and captains of Nigerian banks should be part of it agenda. If strategic plan is properly organized and accessible, Nigerian banks will be able to cope with the challenge of managing external changes. For businesses to thrive, they should be able to function effectively with environmental factors that are impulsive and uncontainable which may affect the decision making process. Organizations adapt to these environmental factors if they plan and carry out strategic tasks. From strategic planning, Nigerian banks can forecast or predict changes in the environment and take swift action.

The success of any Nigerian bank is greatly attributed to its inclusion of effective strategic planning on its corporate task schedule. It entails the scope of the business, defining organizational goals, allocate resources, establishing roles and job responsibilities, drawing up detailed plan to achieve these goals and monitoring its operational processes. Strategic planning is a structured approach aimed at ensuring that an organization meet it objectives. It involves the bringing together of competent skills to tackle the problems facing or militating against the success of the bank in achieving its corporate objectives. Effective strategic planning reduces uncertainty by anticipating risk and uses historical data to study trends and forecast the future based on information.

In recent times, management process at a larger proportion have become relatively cumbersome and more tasking in service delivery and in maintaining standard for both human and material resources and the drive for optimal performance in order to achieving organizational goals; hence strategic planning becomes imperative. These processes respond to increase in the size and number of competing roles of government as a buyer, seller, regulator and competitor in the free enterprise system, supplying increasingly scarce resources; customers whose preferences often shift inexplicably; political priorities and technological development. These internal and remote external environments affect the growth and performance of banks. Therefore, banks need competitive advantage to survive and acquire high performance over a period which must be driven by a sound and effective strategic planning with highly intellectual individuals who sees planning as a key role in achieving organizational goals.

It is predicted that through strategic planning, an organization can notice environmental change (s) and act proactively, Adeleke et al (2017) as cited in Owolabi and Makinde (2017). This confirms that a well-articulated long-term planning aids in identifying future organizational opportunities and threats, there by encouraging a favourable attitude to change among alternative course of action and financial change among financial benefits in bank performance.

However, it has been observed that most organizations are more concerned with formulation of strategic plan and do not know how to implement them. Thompson and Strickland (2015) and Draft (2018), opined that plans without effective and measurable ways of implementation is no plan at all and that managers must combine good strategy execution for banks performance approach to win maximum potential. It was observed that deposit money banks in Nigeria faces many challenges such as increased competition, harsh economic condition and most times experience failure and distress in their overall performance, probably not keeping pace with accelerating industrial change and organization's strategic policies. Adegbie and Facile (2013) noted that between 2006 and 2019, most distressed deposit money banks in Nigeria were liquidated, resulting to loss of depositors' confidence, job losses by workers, and adverse effect on other sectors of the economy due to panics that might have been created in this regard. Some deposit money banks could not maintain sustainable performance growth and have either been silently merged or acquired. The key question remains, could there be relationship between strategic planning and performance of deposit money banks in Nigeria? The answer which this research work tend to answer.

Strategic planning is formal and systematic in approach and therefore involves an organized and structural process. It entails sequence of steps, It has a long-term perspective, It is continuous and an on-going process, It involves planning for the whole organization rather than some component units, It is often comprehensive in nature involving both strategic planning and operational or tactical planning. Strategic planning intends to take care of the future of the organization that is why some people refer to it as *anticipatory decision making*.

Most organization fail to adopt the information on their strategic plan in the course of their day-to-day operations. Strategic management is more than just developing a strategic plan. It involves managing the organization in line with the plan established in the strategic blue prints of the organization. Some organization spend so much time and money developing strategic plans that can drive growth, but ignore the need to create enabling structures and culture that will facilitate the execution of these plans.

More importantly too, deposit money banks in Nigeria should structure their strategic plan agenda to capture its performance by using the CAMELS model rating analysis due to its effectiveness in performance appraisal.

Capital Adequacy involves the rating and assessing an institution's capital adequacy and its growth plans, economic environment, ability to control risk, and loan and investment concentrations.

Asset Quality covers an institutional loan's quality which reflects the earnings of the institution. Assessing asset quality involves rating investment risk factors the bank may face and balance those factors against the bank's capital earnings.

Management assessment determines whether an institution is able to properly react to financial stress. This component rating is reflected by the management's capability to point out, measure, look after and control risks of the institution's daily operations.

Earnings A bank's ability to maximize earnings to be able to sustain its operations, expand, remain competitive are a key factor in rating its continued viability.

Liquidity looks at interest rate risk sensitivity, availability of assets that can easily be converted to cash and dependent on short-term volatile financial resources.

Sensitivity covers how particular risk exposures can affect institutions. Examiners assess an institution's sensitivity to market risk by monitoring the management of credit concentrations. In this way, examiners are able to see how lending to specific industries affects an institution. These loans include agricultural lending, medical lending, credit card lending, and energy sector lending. Exposure to foreign exchange, commodities, equities, and derivatives are also included in rating the sensitivity of banks to market risk.

Statement of Problem:

The importance of strategic planning on the performance of banks is to meet the need of bank customers. Nevertheless, there are several problems militating against effective execution of such strategic planning. These problems are; narrow outlook to issues or problems in a unit or department, lack of support from top management, poor and ineffective information system which hinders effective communication among the component part of the bank's facility, implementation of the plans, over emphasis on short-term result to the neglect of long-term goals. These problems have been linked to overall banks performance, liquidity availability, capitalization needs, lending rate policy and loan performance appraisal.

These problems are mostly associated with Nigeria banks and therefore, requires solutions as revealed from research been carried out so as to encourage the performance of deposit money banks in Nigeria and stimulates economic development through the effective formulation and implementation of strategic planning by deposit money banks in Nigeria for their optimal performance.

OBJECTIVES OF THE STUDY

The main objective of this study is to assess the impact of strategic planning and the performance of deposit money banks in Nigeria. Specifically, the researchers intends to;

- ✓ Assess the impact of strategic planning and the performance of deposit money banks in Nigeria.
- ✓ Ascertain the impact of strategic planning and the liquidity of deposit money banks in Nigeria.
- ✓ Examine the level of relationship between strategic planning and the Capitalization of deposit money banks in Nigeria.
- ✓ Investigate the impact of strategic planning and the effectiveness of lending rate policy of deposit money banks in Nigeria.
- ✓ Ascertain the impact of strategic planning and the level of non-performing loan of deposit money banks in Nigeria.

SCOPE AND LIMITATIONS OF THE STUDY

This research work is on the impact of strategic planning and the performance of deposit money banks in Nigeria and it covered the operations of some selected Deposit money banks in Nigeria from 2008 to 2022. These banks are: Zenith Bank plc, Access Bank plc, First City Monument Bank plc, United Bank for Africa plc and Eco Bank plc.

The study used data sourced from the financial statements of these selected deposit money banks in Nigeria. The financial statement of these banks were gotten from Nigerian Deposit Insurance Corporation (NDIC), Nigerian Stock Exchange (NSE), Federal Bureau of Statistics and the CBN quarterly/annual reports covering the period 2008 to 2022.

Every effort has been made to make this work up-to-date as much as possible; users are reminded that the world of finance and banking are fast changing. Such changes are more breathe taking in Nigeria today. Attention is therefore drawn to the many banking reforms by the Central Bank of Nigeria, official reports, Government white papers, individual banks consolidation/merger and post consolidation reports and periodic report of either quarterly, biannual and annual reports in the Nigerian financial system which the researcher used to update the literature of this work.

The attention of the reader is also drawn to the aggregated nature of data for the study. Another constraint arose from the intrinsic weakness of database in Nigeria, having regard to the poor statistical culture in the Nigerian financial system. We have poor habit in record keeping and data management. Oftentimes, records from various corporate organizations are in conflict with one another and more uninterestingly, the fear of violation of the duty of secrecy by the banks make them to be biase in releasing vital information. Despite these odds, the researcher was able to come up with reasonable facts about the subject of the study.

II. REVIEW OF RELATED LITERATURE

CONCEPTUAL REVIEW (CAMELS MODEL RATING)

For the purpose of this research work, the performance of deposit money banks in Nigeria is examined by the use of Camels model rating.

The CAMEL rating is a supervisory rating system originally developed in the United States to classify a bank's overall condition. It is applied to every bank and credit union in the United States (approximately 8,000 institutions) and is also implemented outside the United States by various banking supervisory regulators. The ratings are assigned based on a ratio analysis of the financial statements, combined with on-site examinations made by a designated supervisory regulator. In the United States, these supervisory regulators include the Federal Reserve, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Federal Deposit Insurance Corporation. Ratings are not released to the public but only to the top management to prevent a possible bank run on an institution which receives a CAMELS rating downgrade.

Institutions with deteriorating situations and declining CAMELS ratings are subject to ever increasing supervisory scrutiny. Failed institutions are eventually resolved via a formal resolution process designed to protect retail depositors.

During an on-site bank examination, supervisors gather private information, such as details on problem loans, with which to evaluate a bank's financial condition and to monitor its compliance with laws and regulatory policies. A key product of such an examination is a supervisory rating of the bank's overall condition, commonly referred to as CAMELS rating. The acronym "CAMEL" refers to the five components of a bank's condition that are assessed: Capital adequacy, Asset quality, Management, Earnings, and Liquidity. A sixth component, a bank's Sensitivity to market risk was added in 1997; hence the acronym was changed to CAMELS. CAMELS is basically a ratio-based model for evaluating the performance of banks. Various ratios forming this model are explained below:

CAPITAL ADEQUACY - C

Capital base of financial institutions facilitate depositors in forming their risk perception about the institutions. Also, it is the key parameter for financial managers to maintain adequate levels of capitalization. Moreover, besides absorbing unanticipated shocks, it signals that the institution will continue to honour its obligations. The most widely used indicator of capital adequacy is capital to risk-weighted assets ratio (CRWA). According to Bank Supervision Regulation Committee (The Basle Committee) of Bank for International Settlements, a minimum 9 per cent CRWA is required. Capital adequacy ultimately determines how well financial institutions can cope with shocks to their balance sheet. Thus, it is useful to track capital-adequacy ratios that take into account the most important financial risks like foreign exchange, credit, and interest rate risks by assigning risk weightings to the institution's assets.

A sound capital base strengthens confidence of depositors. This ratio is used to protect depositors and promote the stability and efficiency of financial system around the world. The following ratios measure capital adequacy:

CAPITAL RISK ADEQUACY RATIO

CRAR is a ratio of Capital Fund to Risk Weighted Assets. Reserve Bank of India prescribes banks to maintain a minimum Capital to risk-weighted Assets Ratio (CRAR) of 9 % with regard to credit risk, market risk and operational risk on an on-going basis, as against 8 % prescribed in Basel documents. The higher the CRAR, the stronger is considered a bank, as it ensures high safety against bankruptcy.

CRAR = Capital/ Total Risk Weighted Credit Exposure

DEBT EQUITY RATIO

This ratio indicates the degree of leverage of a bank. It indicates how much of the bank business is financed through debt and how much through equity.

BER = Borrowings/ (Share Capital + reserves)

TOTAL ADVANCE TO TOTAL ASSET RATIO

This is the ratio of the total advances to total asset. This ratio indicate banks aggressiveness in lending which ultimately results in better profitability. Higher ratio of advances of bank deposits (assets) is preferred to a lower one. Total advances also include receivables. The value of total assets is excluding the revolution of all the assets.

TATAR = Total Advances/ Total Asset

GOVERNMENT SECURITIES TO TOTAL INVESTMENTS

The percentage of investment in government securities to total investment is a very important indicator, which shows the risk taking ability of the bank. It indicate a bank's strategy as being high profit high risk or low profit low risk. It also gives a view as to the availability of alternative investment opportunities. Government securities are generally considered as the most safe debt instrument, which, as a result, carries the lowest return. Since government securities are risk free, the higher the government security to investment ratio, the lower the risk involved in a bank's investments.

GSTI = Government Securities/ Total Investment.

ASSET QUALITY – A

Asset quality determines the healthiness of financial institutions against loss of value in the assets. The weakening value of assets, being prime source of banks problems, directly pour into other areas, as losses are eventually written-off against Capital, Reserves and Profits which ultimately expose the earning capacity of the institution. With this backdrop, the asset quality is gauged in relation to the level and severity of non-performing assets, adequacy of provisions, recoveries, distribution of assets etc. Popular indicators include non-performing loans to advances, loan default to total advances, and recoveries to loan default ratios. The solvency of financial institutions typically is at risk when their assets become impaired, so it is important to monitor indicators of the quality of their assets in terms of over exposure to specific risks, trends in non-performing loans, and the health and profitability of bank borrowers - especially the corporate sector. Share of bank assets in the aggregate financial sector assets: In most emerging markets, banking sector assets comprise well over 80 per cent of total financial sector assets, whereas these figures are much lower in the developed economies.

MANAGEMENT – M

Management of financial institution is generally evaluated in terms of capital adequacy, asset quality, earnings and profitability, liquidity and risk sensitivity ratings. In addition, performance evaluation includes compliance with set norms, ability to plan and react to changing circumstances, technical competence, leadership and administrative ability and most importantly, the pursuit of corporate strategic plan. Sound management is one of the most important factors behind financial institutions performance. Indicators of quality of management, however, are primarily applicable to individual institutions, and cannot be easily aggregated across the sector. Furthermore, given the qualitative nature of management, it is difficult to judge its soundness just by looking at financial accounts of the banks. Nevertheless, total advance to total deposit, business per employee and profit per employee helps in gauging the management quality of the banking institutions.

EARNINGS & PROFITABILITY – E

Earnings and profitability, the prime source of increase in capital base, is examined with regards to interest rate policies and adequacy of provisioning. In addition, it also help to support present and future operations of the institutions. The single best indicator used to gauge earning is the Return on Assets (ROA), which is net income after taxes to total asset ratio. Strong earnings and profitability profile of banks reflects the ability to support present and future operations. More specifically, this determines the capacity to absorb losses, finance its expansion, pay dividend to its shareholders, and build up an adequate level of capital. Being front line of defense against erosion of capital base from losses, the need for high earnings and profitability can hardly be overemphasized. Although different indicators are used to serve the purpose, the best and most widely used indicator is

Return on Assets (ROA). However, for in-depth analysis, another indicator is Interest Income to Total Income and other income to Total Income is also in use.

LIQUIDITY – L

An adequate liquidity position refers to a situation where institution can obtain sufficient funds, either by increasing liabilities or by converting its assets quickly at a reasonable cost. It is, therefore, generally assessed in terms of overall assets and liability management, as mismatching gives rise to liquidity risk. Efficient fund management refers to a situation where a spread between rate sensitive assets (RSA) and rate sensitive liabilities (RSL) is maintained. The most commonly used tool to evaluate interest rate exposure is the Gap between RSA and RSL, while liquidity is gauged by liquid to total asset ratio. Initially, solvent financial institutions may be driven toward closure by poor management of short-term liquidity. Indicators should cover funding sources and capture large maturity mismatches. The term liquidity is used in various ways, all relating to availability of, access to, or convertibility into cash. An institution is said to have liquidity if it can easily meet its needs for cash either because it has cash on hand or can otherwise raise or borrow cash. A market is said to be liquid if the instruments it trades can easily be bought or sold in quantity with little impact on market prices. An asset is said to be liquid if the market for that asset is liquid. The common theme in all three contexts is cash. A corporation is liquid if it has ready access to cash. A market is liquid if participants can easily convert positions into cash or conversely. An asset is liquid if it can easily be converted to cash. The liquidity of an institution depends on: The institution's short-term need for cash; Cash on hand; Available lines of credit; the liquidity of the institution's assets; the institution's reputation in the marketplace.

SENSITIVITY TO MARKET RISK – S

It refers to the risk that changes in market conditions and could adversely impact earnings and/or capital. Market Risk encompasses exposures associated with changes in interest rates, foreign exchange rates, commodity prices, equity prices, etc. While all of these items are important, the primary risk in most banks is interest rate risk (IRR). The diversified nature of bank operations makes them vulnerable to various kinds of financial risks. Sensitivity analysis reflects institution's exposure to interest rate risk, foreign exchange volatility and equity price risks (these risks are summed in market risk).

Risk sensitivity is mostly evaluated in terms of management's ability to monitor and control market risk. Banks are increasingly involved in diversified operations, all of which are subject to market risk, particularly in the setting of interest rates and the carrying out of foreign exchange transactions. In countries that allow banks to make trade in stock market or commodity exchanges, there is also a need to monitor indicators of equity and commodity price risk.

III. EMPIRICAL REVIEW

Adegbie and Fakile (2016) investigated strategic planning and performance: catalyst for sustainability and stability in the Nigerian financial sector using Multivariate Analysis of variance (MANOVA) model. The findings from the empirical study revealed that strategic planning was not properly instituted and in some cases, missing in the financial sector which created serious problems for the nation's financial sector which is the wheel that drive the economic system. The study recommended an inclusion of a sound strategic blue print into the operational processes of the deposit money banks in Nigeria to enable them cope with unforeseen circumstances. The study further suggested that strategic planning be incorporated to be one of the requirements in the memorandum and articles of association of all the deposit money banks in Nigeria to avoid its omission in their operational agenda.

In a related development. Falilat (2013) examined strategic marketing planning and the Nigerian banking industry. Using Chi-square technique, he found that marketing department is the main revenue generating department in the banking industry. Therefore, he concluded that for a bank to successfully achieve its goals and objective for processing an increase in long-run profitability and optimal performance; it has to develop a good marketing plan and strategy that are attuned to its corporate objectives, visions and missions. We therefore, strongly suggest that from this research statement of problems, it rightly pointed out narrow outlook to issues in a unit/department as one of the setbacks in strategy implementation. Hence, for maximum result to be achieved in the application of strategic planning in evaluating banks performance, the entire departments should be incorporated in performance drive to ensure all employees' inclusiveness and collaboration.

Alaka et al (2011) assessed the impact of strategic planning on the performance of insurance companies in Nigeria. Using Analysis of Variance (ANOVA) technique, their findings showed that strategic planning enhances customer patronage and reduces unethical practices in the Nigeria insurance industry, thus, indicating that strategic planning can prepare companies irrespective of sectors for the future, establish long-term direction and indicate the company's intent to stake out a particular business position.

Hitt, et' al (2011) conducted a study with a sample drawn from the list of 100 largest law firms in the United States with final sample of 252 observations which included data of 93 firms, they reported that human capital moderates the relationship between strategy and firm performance, leveraging of human capital showed a positive effect on performance. Furthermore, their results showed that human capital exhibits a U-shaped (curvilinear) effect on firms' performances.

In Australia the study of Mazzarol (2017) with final useable retuned sample of 55 survey forms, providing a response rate of 62.5 per cent found that possession of a formal business plan was significantly associated with higher gross revenues and growth in sales. A discriminant analysis found twelve variables that differentiated firms with formal plans from those with informal plans. And recommended that for corporations to expect high yield of sales, they must include a sound corporate strategic plan into marketing operational policies.

Study of El-Mobayed (2018) which was conducted with 185 completed received questionnaires in Palestine (in Gaza Strip) showed a significant positive correlation between strategic planning and growth in sales/revenues. The study also showed a significant positive relationship between strategic planning and market share expansion. The results further showed a significant positive relationship between strategic planning and new sites expansion and increasing of staff in the firm.

Wang et al. (2016) in a study with a total of 486 useable returned questionnaires in Western Australia conducted a study and reported that operators in business who are desirable to achieve financial goals were more likely to engage in strategic planning than operators motivated by lifestyle change and those 'pushed' into small business ownership. Operators driven by personal achievement goals (e.g., self-development, personal challenge and recognition) were similar to 'financial' operators and showed a greater likelihood to strategic plan.

Gruber (2017) in his study with data collected in Germany with the sample of 348 VC-backed firms indicated that planning is beneficial, yet planning processes need to be governed by different planning regimes depending on the type of founding environment. In a highly dynamic environment, entrepreneurs will get most value from planning when they focus on selecting planning processes and speed up the planning task. In less dynamic environment, they are better of pursuing a munificent approach to planning.

The findings of a study of Veskaisri et al. (2017) conducted in Thailand indicated that the level of strategic planning is positively associated with the growth of the SME. This conclusion is very significant for SMEs because it shows them the usefulness and benefits of practicing strategic planning. Furthermore, their results reveal that certain demographic factors, such as age and education level, were significantly and positively related to the decision to use strategic planning. However, neither the gender of the SME decision maker nor the age of the SME business was related to the decision to use strategic planning.

The study of Rudd et al. (2018) conducted in United Kingdom reported in its findings that two types of flexibility in planning mediate the relationship between strategic planning and financial performance, while the other two types mediate the relationship between strategic planning and non-financial performance. Both operational and financial flexibility mediate the influence of strategic planning on financial performance, while structural and technological flexibility mediate its influence on non-financial performance. These were new insights that have not been empirically investigated in the literature.

Glaister et al. (2018) conducted a study in Turkey with 135 useable questionnaires received from largest manufacturing companies and reported in the findings that there is a good deal of support for the study's hypotheses. A strong and positive relationship was formed between formal strategic planning and firm performance, which tends to confirm the arguments of the prescriptive strategic management literature. The test results also verified the moderating roles of environmental turbulence, organizational structure and firm's size on the strategic planning and performance link.

Fisher, (2004) study of 77 Australian firms revealed no significant correlation between planning comprehensiveness and performance in Australia. Fisher, (2004) study took into consideration the important contingent variables identified by previous researchers – organizational size, environmental turbulence and industrial sector – but observed no relationship between formal planning process and subjective company performance in a study of 113 UK companies. Measuring organizational performance in the public sector is quite tricky because a different set of indicators must apply: how to measure government performance is complex and politically sensitive. Secondly, there is the matter of unit of analysis, because government departments perform different functions, and outcomes/performance often depends on the interaction between different departmental outputs. In attempting to address the question "Is there a relationship between strategic planning and performance?" we must bear in mind that irrespective of the quality of the strategic plan, there are many factors that impact on the planning implementation and performance relationship. (Paterson, A.2009).

IV. THEORETICAL FRAMEWORK

The question "What is strategy?" has spurred numerous doctoral dissertations, countless hours of research, and hearty disagreement among serious management thinkers. Perhaps this is why many scholars and executives also struggle with the phenomenon of business strategy. Nevertheless, decision makers seeking to steer a business to sustainable success need a succinct and pragmatic response. A comprehensive understanding of the meaning and use of strategy can only help persons in charge of organizational governance to have a shared definition when they are creating, communicating, and implementing a strategy for their organizations. What is a business or organizational strategy? Strategy is different from vision, mission, goals, priorities, and plans. It is the result of choices executives make, on where to play and how to win, to maximize long-term value.

Beard & Dess (1981) asserted that a strategy typically is a document that clearly articulates the direction a business will pursue and the steps it will take to achieve its goals. In a standard business model, the business strategy results from goals established to support the stated mission of the business. A typical business strategy is developed in three steps: *analysis, integration and implementation.*

In the analysis step of business strategy development, one of several methods is used to analyze a firm's market, resources, challenges and opportunities. The goal of strategic analysis is to identify what an organization wants to accomplish, the strengths it can bring to bear on accomplishing the goal and weaknesses that need to be addressed prior to integration and implementation. Strategic assessment methodologies can include evaluating the business internal and external environments, develop various competitive scenarios, determining what market forces are at work and rating competitors, among others.

Shrader, Taylor & Dalton (1998), argued, however, that formulating business policy and strategic planning as a means to improving organizational performance play a key role in the competitive advantage of a business life cycle. The argument articulated by Shrader et al., (1998) collectively represents the diversified and varied strategic planning techniques that have been implemented in organizations to achieve both long term and short term goals. Taylor (1997) echoed Shrader et al., (1998) conceptualization of strategic planning when he asserted that there has been an evolutionary process of strategic planning that appeared in many guises. According to Taylor (1997), its evolutionary process has catapulted "from Long Range Planning to Strategic Planning in the 1960s, from Strategic Planning to Strategic Management in the 1980s and from Strategic Management to Strategic Leadership in the 1990s. However, the planning, organizing, and strategizing that form the foundation of strategic planning must be related to the various theoretical constructs that is behind the concept of strategy (Rudd, Greenly, Beatson & Lings, 2008; Shrader et al. 1998). *Wright et al (1994) introduced the theories behind the various business strategic models by articulating that strategic management is always evolving and hinges upon a variety of theoretical frameworks following a critical analysis and synthesis of theoretical constructs that contributed to the field of strategic management.*

V. THEORY OF EVOLUTION

In an attempt to evaluate and analyze the development of the various forms of strategic constructs, Wright et al., (1994) presented the *theory of evolution* and argued that the evolutionary changes that occurred in strategic management have significantly influenced the paradigm in which a business operates. Also, they asserted that environmental changes, which are gradual, influenced organizational behaviors; thus effective organizations are those that developed a strategic fit and conformed even most closely to environmental requirements (Wright et al., 1994). Further, they proposed that an economic environment is one that enjoys long periods of stability punctuated by brief periods of discontinuous and revolutionary changes (Wright et al., 1994).

INDUSTRIALL ORGANIZATIONAL THEORY

Similar to the theory of evolution, the *industrial organizational theory* emphasizes the influence of the industry environment upon the organization (Wright et al., 1994). Additionally, the theory asserted that organizations which develop a strategic fit within the industry's forces will survive and prosper; and that the firm's profitability is determined by the core competences working within the external environment (Wright et al., 1994). An analysis of the industrial theory found that the theory is deterministic by its assumption that an organization's continuity relies heavily on its ability to adapt to an industry's forces, and that an organization's strategies, resources and competencies are reflections of the industry's environment (Porter, 2008; Wright et al., 1994).

CONTIGENCY THEORY

Following the industrial organization theory, Wright et al., (1994) presented the *contingency theory* and argued that high financial returns are associated with organizations that focus on developing a strategic and beneficial fit within its environment. According to Wright et al., (1994), unlike the theory of evolution and industrial organization, the contingency theory sees a continuous link between an organization and its environment at different levels of strategic implementation. Further, the contingency theory asserted that organizational performance is a joint outcome of environmental elements and a firm's strategic actions (Porter, 2008; Wright et al., 1994).

In addition to the environmental changes that impacted strategic constructs in business, Tang & Thomas (1992) argued that in order to be effective, an organization can choose to become proactive by operating in industries where the opportunities and threats are similar to the organizations strengths and weaknesses. Should the forces of the industry were to turn unfavorable, the firm may choose to relocate to a more favorable location where its resources and competencies could be better utilized (Tang & Thomas, 1992). For example, Tang & Thomas (1992) articulated that a firm may choose to diversify its market portfolio by investing in advertising, but strategic choices alone are not enough to explain the ability of an organization to compete with clusters of firms in a saturated industry. Furthermore, any proactive initiatives the organization implements to differentiate itself from its competitors will depend on the ability of the firm to react to its competitor's strategic initiatives in a systematically different manner (Tang & Thomas, 1992).

Grinyer et al (1986) argued that literature on the issues of strategic constructs can be traced to scholars such as Fiedler who developed the contingency theory. According to the contingency theory, there are many ways that strategists can organize and lead an organization, and that which works well for organizations in one environment may not work for another in a different or similar environment.

CONCEPTUALIZATION OF THE RESOURCES-BASED THEORY

Further, Grant (2001) also articulated Wright et al., (1994) *conceptualization of the resource-based theory* by arguing that in addition to an organization's environmental forces, the ability for the firm to develop and sustain its competitive strategic advantage depends on the firm's unique resources that complement its key variables such as capital, equipment, employees, knowledge, and information.

COMPETITIVE ADVANTAGE THEORY

Porter's (2008) *theory of competitive advantage* asserted that it is imperative for an organization to take an offensive or defensive action to defend its strategic position in the industry. To support his assertion, porter (2008) presented five

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forces that shape an industry's competition: namely, the threat of new entry, the power of suppliers, the power of buyers, the threat of substitute products or services, and rivalry among existing competitors. Porter (2008) further argued that once an organization understands these competitive forces, it will be able to identify its root of profitability and develop a competitive framework for anticipating its competitors' strategic move in the industry. Porter (2008) confirmed Grant's (2001) argument by defining the resource - based theory of competitive advantage as the strategic fit the organization makes with its internal resources, and the way the organization implements those scarce resources in the external environment to capitalize on the abundance of opportunities.

MANAGEMENT BY OBJECTIVE THEORY

Similarly, Schwenk (2001) presented the *management by objective theory* by articulating that the theory is a concept in which the general objectives for the management team is first defined and then used to compare the organizational performance against the objectives. However, Schwenk (2001) noted that the objectives must be specific, measurable, achievable, realistic, and time - related.

THEORY OF BALANCED SCORECARD

Further Davig et al, (2004) represented the *theory of Balanced Scorecard* and defined the model as a strategic approach that an organization can use to measure the performance of its management system and to translate its strategic vision into implementation. Davig et al., (2004) identified the four perspectives model as "financial, customer, business process, learning and growth.

EXPECTANCY THEORY

In a similar manner, Rudd et al, (2007) defined the *expectancy theory* when they argued that human behaviour is derived from conscious choices among alternatives with a conscious effort to maximize pleasure and minimize pain. They further asserted that the perception of behaviour as it relates to work and the achievements of goals were not as easily defined as previous study would suggest. Thus, the expectancy theory is hinged on the pillows of valence, expectancy and instrumentality (Rudd et al., 2007).

STAKEHOLDER THEORY

Berman et al (1999) normative approach to the *stakeholder theory* asserted that managers' responsibilities to stakeholders are based on normative, moral commitments rather than a guise to improve their personal gain. For this purpose, a moral commitment to stakeholders should drive strategic decision making (Berman et al., 1999). Additionally, the argument by Berman et al. (1999) holds that the ultimate objective of management's decision is to enhance the organizational success or goals, and that while management is part of the company's strategy, the strategic decisions that managers make are driven by the company's stakeholders.

DeJonge (2006) conceptualized McKinsey *framework theory* by asserting that the theory is based on the value that management contributes to the organization: This includes the shared beliefs of the management team; the allocation of scarce resources; and the interrelation of the divisional structure within an organization which determines how well the organization is designed.

DeJonge (2006) also represented the definition of the *core competences theory* by asserting that an organization's core competencies emanates from its ability to compete at a lower cost, and with rapid movements of its resources than that of its competitor. To effectively compete, the theoretical approach calls for continuous improvements and enhancements of the organization's corporate strategy and strategic architecture (Wright et al., 1994).

VI. METHODOLOGY

RESEARCH DESIGN

This study used ex post factor research design. This was to enable the researcher measure quantitatively, the relationship between strategic planning and the performance of deposit money banks in Nigeria within the period 2008-2022. This study extensively made use of regression analysis to ascertain the level of significance or otherwise of the Hypotheses deployed.

POPULATION OF THE STUDY

The population of this research work was based on some selected commercial banks in Nigeria as was contained in the scope. These banks includes Zenith Bank Plc, Access Bank Plc, First City Monument Bank Plc, Union Bank Plc, United Bank for Africa and Eco Bank Plc.

SOURCES OF DATA COLLECTION

The data needed for this research work are issues on strategic planning and the performance of deposit money banks within the period under review (2008-2022). Strategic planning will be proxied by Profit After Tax (PBT). Other data sources that is required for this research work are profitability proxied by Return on Equity (ROE), Bank Liquidity (BLR), Bank Capitalization (BCAP), Non-performing Loans (NPL), Bank Lending Rate (BLR). All these constitute secondary data. These data were sourced from the Central Bank of Nigeria (CBN) publications, particularly the Statistical Bulletin and World Bank data base, data sourced from the financial statements of these selected deposit money banks in Nigeria, The financial statement of these banks were gotten from Nigerian Deposit Insurance Corporation (NDIC), Nigerian Stock Exchange (NSE) and Federal Bureau of Statistics covering the period 2008 to 2022.

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MODEL SPECIFICATION

The study made use of six micro economic variables to enable it assess the relationship between strategic planning and the performance of deposit money banks in Nigeria.

To determine the type of relationship between strategic planning, and the performance of selected deposit money banks in Nigeria, the study specified a linear model as follows:

$$Y = a_0 + b_x + e_x ------------ (1)$$

The model specification for this research is;

$$PBT = a_1 + b_1ROE + U_1 ------------ (2)$$

$$PBT = a_2 + b_2BLR + U_2 ------------ (3)$$

$$PBT = a_3 + b_3BCAP + U_3 ------------ (4)$$

$$PBT = a_4 + b_4NPL + U_4 ------------ (5)$$

$$PBT = a_5 + b_5LIR + U_5 ------------ (6)$$

Where;

ROE = Return on Equity
BLR = Bank Lending Rate
BCAP = Bank Capitalisation
NPL = Non-performing Loans
LIR = Liquidity Rate

a_1, b_1 are parameters to be estimated for model 1
a_2, b_2 are parameters to be estimated for model 2
a_3, b_3 are parameters to be estimated for model 3
a_4, b_4 are parameters to be estimated for model 4
a_5, b_5 are parameters to be estimated for model 5

U_1, U2, U_3, U_4 and U_5= stochastic error terms for model 1, 2,3,4 and 5 respectively.

Equation 1 shows the general regression mode for the study

Equation 2 shows the relationship between strategic planning proxied by Profit Before Tax (PBT) the profitability of deposit money banks proxied by Return on Equity

Equation 3 captured the relationship between strategic planning proxied by Profit Before Tax (PBT) and banks lending rate of deposit money banks

Equation 4 covers the relationship between strategic planning proxied by Profit Before Tax (PBT) and the capitalization of deposit money banks.

Equation 5 carpeted the relationship between strategic planning proxied by Profit Before Tax (PBT) and Non-performing loans of deposit money banks.

Equation 6 dwells on the relationship between strategic planning proxied by Profit Before Tax (PBT) and liquidity rate of deposit money banks.

METHOD OF ANALYSIS

The study adopted analytical method of data analysis. The analytical tool consisted of Ordinary Least Square (OLS) regression. Three separate regressions were estimated for 2008-2022.

The essence was to enable the researcher reveal the relationship between strategic planning and the performance of deposit money banks in Nigeria within the period under study.

EVALUATION OF ESTIMATE

Equation 1, 2, 3 and 4 will be estimated by ordinary least square method.

The judgment on the test of hypothesis will be made based on the following parameters after the data has been regressed.

THE COEFFICIENT OF DETERMINATION (R^2)

These are used to judge the explanatory power of the explanatory variables on the dependent variable. The R^2 denotes the percentage of variations in the dependent variable accounted for by the variations in the independent variables. Thus, the higher the R^2, the more the model is able to explain the changes in the dependent variable, hence the better the regression based on ordinary least square (OLS) techniques, and this is why the R^2 is called the coefficient of determination, as it shows the amount of variation in the dependent variable explained by explanatory variables.

ADJUSTED R^2

If R2 equals one, it implies that 100% explanation of the variation in the dependent variable by the independent variables, and this indicates a perfect fit of regression line. While where R^2 equals zero. It indicates that the explanatory variables could not explain any of the changes in the dependent variable. Therefore, the higher and closer the R^2 is to 1, the better the model fits the data.

THE P-VALUE

This is used to determine the reliability/statistical significance of each variable coefficient. Here, the absolute p-value of each coefficient is compared with 0.05 and if greater than 0.05, such variable possessing the coefficient is accepted as statistically significant and fit to be used for inferences and possibly for forecasting.

VII. DATA PRESENTATION

The secondary data used for the purpose of this research work are presented in table below:

Year	BLR	BCAP	NPL	LIR	ROE	PBT	NIM
2008	-10.3	44.2	22.6	21.27	115.27	53.24	9.200187683
2009	23.8	75.2	19.7	23.44	114.29	95.12	11.509869580
2010	-10.8	101.3	21.4	24.77	113.09	92.20	10.886611940
2011	8.6	122.7	20.5	20.71	89.78	90.89	8.770344734
2012	19.4	142.3	21.6	19.18	27.23	88.60	8.007416725
2013	-3.3	172.3	18.1	17.95	4.81	81.63	2.602374315
2014	-0.4	170.5	8.8	16.90	4.12	619.16	11.242019650
2015	11.6	153.0	6.3	16.94	36.83	603.88	9.939882278
2016	4.2	210.9	37.3	15.48	22.12	-137.33	5.511044502
2017	23.7	219.5	20.1	18.36	-64.72	607.34	6.794497967
2018	-42.3	249.7	5.8	17.59	162.98	-6.71	3.946104288
2019	5.9	220.2	3.7	16.02	-0.28	525.34	8.334549904
2020	6.9	188.4	3.4	16.79	22.20	539.97	7.837739468
2021	10.2	205.6	3.0	16.72	20.71	601.02	7.858862400
2022	11.4	231.4	25.6	16.55	20.34	619.16	7.993736353

Source: CBN Statistical Bulletin, NDIC National Bureau of Statistics (2008-2022)

Table 4.1: Data on strategic planning and the performance of deposit money banks in Nigeria (2008-2022)

FINDINGS

The following findings was put forward from this research work:

- ✓ That strategic planning has significant impact on the performance of deposit money banks in Nigeria.
- ✓ Strategic planning does not significantly impact banks liquidity.
- ✓ That there is significant relationship between strategic planning and the capitalisation of deposit money banks in Nigeria.
- ✓ That there is significant relationship between strategic planning non-performing banks loans.
- ✓ That strategic planning has no significant impact on the lending rate of deposit money banks.

RECOMMENDATIONS

- ✓ Banks should endeavour to pursue sound strategic planning in other to achieve business excellence and enhance shareholder value.
- ✓ Good liquidity as well as investment policy should be put in place in other to achieve effective management of assets and liabilities to enhance good returns on investment and liquidity availability.
- ✓ Effective capital budgeting system should be encouraged to help in the acquisition and replacement of long-term capital assets that will help in operations to generate adequate inflows.
- ✓ Sound strategic policy should be put in place to cover for bank's effective portfolio management by ensuring that terms and conditions are met before giving out loans, loans performance monitoring and also ensure measures are in place to mitigate the possibility of bad debts and making adequate provisioning.
- ✓ The study strongly recommends that interest rate strategic policy should be re-engineered to provision for market risks that mighty occur due to market fluctuations.

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