**RELEVANCE OF STRATEGIC MANAGEMENT IN A COMPETITIVE BANKING ENVIRONMENT**

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**Abstract**

Relevance of strategic management in a competitive banking environment. The total population for the study is 200 staff of UBA, Enugu state. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made human resource managers, accountants, customer care officers and marketers were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

 **CHAPTER ONE**

**INTRODUTION**

* 1. **Background of the study**

Firms are facing turbulent operating environments characterized by changing technologies and markets that represent both problems and opportunities. Technology has catalyzed this change and innovation is increasingly becoming the norm to keep pace with the ever changing needs of the customers. This has led to cut throat competition amongst business players; small, medium sized or large, each is striving to gain and maintain market leadership. With it has come great competition. Cut throat competition is virtually present in all markets and industries and is a major threat to the long term survival and prosperity of any organization (Dulo, 2006). In order to keep up with competition, firms must constantly search for a competitive strategy and practices that will ensure competitive advantage in the long term and yield market leadership. To successfully implement the intended strategies firms must deploy good strategic management practices which shall then be used to vehicle the adopted strategy in a competitive environment. What importance, value and energy a firm’s management has put to implement these practices demonstrates the intensity of their strategic management implementation. Developing a competitive strategy is thus basically developing a broad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out those goals. It is therefore a combination of the ends (goals) for which the firm is striving and means (policies) by which it is seeking to get there. In order for a business to achieve competitive advantage its competitive strategy should involve positioning a business to maximize the value of the capabilities that distinguish it from its competitors. Therefore the successful achievement of competitive advantage would result if a company is clear about its competitive strategy which may be cost leadership, differentiation or focus or a combination of competitive strategies. During the last few years, the banking industry has undergone a series of changes through financial reforms, advancement of communication and information technologies globalization of financial services and economic development. Those changes have had a considerable effect on efficiency, productivity change, market structure and performance in the banking industry. The increasingly competitive environment in the financial services market has resulted in pressure to develop and utilize alternative delivery channels. According to Koivu (2002), the rising need for convenient ways of accessing financial resources beyond the conventional norms has thus seen the recurrent expansion and modernization of banking patterns which has led to use of alternative channels gaining popularity as a competitive tool in the banking industry. The threat of none banking institutions and the dynamism that has become of the business environment, has left banks with no other choice other than to integrate the application of alternative channels in their strategies as a competitive tool. This provides the motivation for this study which intends to provide commercial banks in Nigeria with the necessary answers they may require to successfully apply strategic management intensity for the achievement of competitive advantage.

* 1. **STATEMENT OF THE PROBLEM**

The problem include

i.    A low growth of our put

ii.   A persistent depreciation of naira exchange rate and its inflatimary effort on prices.

iii.   High rate of unemployment

iv.   Excessive of high borrowing rate which discourage productive investment

v.     Reduction activities in the manufacturing sector.

* 1. **OBJECTIVE OF THE STUDY**

The objectives of the study are;

a.         To reduce uncertainty in decision making as far as possible by anticipating and planning for future events.

b.         to make management move in a systematic way and form a long term perspective, about concerns and short term decisions.

c.         To ensure that the external environment and trends in it are monitored for potential opportunities and threats.

d.         To provide a mechanism for systematic appraisal of the internal strengths and weakness of the organization.

e.         To provide a framework against which raw ideals for business development can be checked.

f.          To element in learning and motivation, enabling individuals to appreciate the role gauge than progress and evaluate the exact to which their effort and energy is being constructively spent.

g.         To organization need a yardsticks against which success or lack of it can be measured (if doesn’t know where it’s going or won’t know its arrival)

h.         To help management to predict organization behavior to some extent.

* 1. **RESEARCH HYPOTHESES**

For the successful completion of the study, the following research hypotheses were formulated by the researcher;

**H0** there is no uncertainty in decision making as far as possible by anticipating and planning for future events.

**H1:**   there is uncertainty in decision making as far as possible by anticipating and planning for future events

**H02:**  there is no mechanism for systematic appraisal of the internal strengths and weakness of the organization.

**H2:**  there is mechanism for systematic appraisal of the internal strengths and weakness of the organization.

* 1. **SIGNIFICANCE OF THE STUDY**

The main significance of the study is to examine the United Banks for Africa Plc carries out the strategies management in this area of deregulation. This research aims to describe and assess the following.

i.     The extent to which the banks engaged in strategic planning

ii.   The opportunities and threats traced by the banks

iii.   The factor militating against its competitiveness.

The study shall also take a look at the internal structure at the bank with particular reference to:

i.     The decision making and planning process

ii.   The operational strength and weakness

Finally, the study tries to proffer solution ton problems being encountered and recommended alternative strategies.

* 1. **SCOPE AND LIMITATION OF THE STUDY**

The scope of the study covers relevance of strategic management in a competitive banking environment. The researcher encounters some constrain which limited the scope of the study;

 **a) AVAILABILITY OF RESEARCH MATERIAL:** The research material available to the researcher is insufficient, thereby limiting the study

**b) TIME:** The time frame allocated to the study does not enhance wider coverage as the researcher has to combine other academic activities and examinations with the study.

**c) Organizational privacy**: Limited Access to the selected auditing firm makes it difficult to get all the necessary and required information concerning the activities.

 **1.7** **DEFINITION OF TERMS**

**STRATEGIC MANAGEMENT:**Strategic management involves setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies and ensuring that management rolls out the strategies across the organization.

**COMPETITIVE:** Competition is, in general, a contest or rivalry between two or more entities, organisms, animals, individuals, economic groups or social groups, etc., for territory, a niche, for scarce resources,

**BANKING ENVIRONMENT:** The Chief Executives of some of the world's largest banks created the Banking Environment Initiative (BEI) in 2010. Its mission is to lead **the banking** industry in collectively directing capital towards environmentally and socially sustainable economic development.

**1.8 ORGANIZATION OF THE STUDY**

This research work is organized in five chapters, for easy understanding, as follows

Chapter one is concern with the introduction, which consist of the (overview, of the study), historical background, statement of problem, objectives of the study, research hypotheses, significance of the study, scope and limitation of the study, definition of terms and historical background of the study. Chapter two highlights the theoretical framework on which the study is based, thus the review of related literature. Chapter three deals on the research design and methodology adopted in the study. Chapter four concentrate on the data collection and analysis and presentation of finding. Chapter five gives summary, conclusion, and recommendations made of the study

**CHAPTER TWO**

**REVIEW OF RELATED LITERATURE**

**2.** **1STRATEGIC MANAGEMENT INTENSITY**

Strategic management is the process of specifying an organization's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the highest level of managerial activity, usually performed by the company's top management and executive team. It is aimed at providing overall direction to the whole enterprise. It seeks to refine the management process, dealing rather with the long term issues instead of operational issues. The discipline of management has been useful in addressing management challenges for more than a century. Many of the challenges faced by managers during earlier periods were similar to those faced by managers today (Pearce & Robinson, 2009). Strategic management intensity seeks to provide solutions to these issues by maintaining a long term focus to anticipate and deal with issues facing the organization with a view of long term growth, profitability and survival. Strategy of an organization is the roadmap towards attainment of its long term goals and objectives. Strategic management is the process of operationalization of the firm’s strategy (Pearce & Robinson 2009). This process integrates different functions of the organization. For an organization to be successful, it is very important to chalk out a sound strategic system. Strategic management helps in the formulation of effective organizational goals. The effective formulation and implementation of strategic management techniques can lead an organization to the path of success. The pitfalls in the strategic planning can be overcome with successful implementation of strategic management techniques. An effective strategic management process is imperative for gaining sustainable competitive advantage in the market (Thompson & Strickland 2005). Strategic management intensity is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i.e. regularly] to determine how it has been implemented. It assesses whether the strategy has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment (Lamb, Robert & Boyden, 2004) While various schools of strategic thought exist, at the normative level there is general agreement in the literature on the strategic process, i.e. the process of designing and implementing strategy. The strategic process can be divided into three main areas of activity: Strategic formulation, strategic implementation and strategic evaluation (Thompson & Strickland, 2005), although Mintzberg, (2003), would argue that this division into three areas is more convenient than realistic and consequently promote a holistic view of the entire process. Further, Allen (1988) stated that in making strategic decisions the managers should consider what the relevant others for example, the competitors, customers, government and labor are likely to do. Since strategies are based on what managers forecast rather than what they know, the emphasis of such decisions is thus placed on the development of projections that would enable the firm select the most promising strategic options. Needless to say, in the turbulent and competitive environment in which any business operates, its success would thus be pegged on its proactive and anticipatory stance that it takes towards change

**2.2 COMPETITIVE ADVANTAGE**

According Gartner (2012) the difference between a company and its competitors that matters to the customers is what we can term as competitive advantage. The perceived difference is what forces competitors to transform their business just to compete. The competitors are forced to transform if only to maintain viability and relevance when one company introduces competitive advantage. Competitive advantages give a company an edge over its rivals and an ability to generate greater value for the firm and its shareholders. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage. According to Claire (1988) to formulate competitive strategies that would deliver competitive advantage is an inexact process in that the achievement of competitive advantage and hence superior profits are central of any organization. Comparative advantage, or cost advantage, is a firm's ability to produce a good or service at a lower cost than its competitors, which gives the firm the ability sell its goods or services at a lower price than its competition or to generate a larger margin on sales. A differential advantage is created when a firm's products or services differ from its competitors and are seen as better than a competitor's products by customers. Differentiation looks to make a product more attractive by contrasting its unique qualities with other competing products. Successful product differentiation creates a competitive advantage for the seller, as customers view these products as unique or superior. Developing a competitive strategy is thus basically developing a broad formula for how a business is going to compete, what its goals should be and what policies will be needed to carry out those goals. It is therefore a combination of the ends (goals) for which the firm is striving and means (policies) by which it is seeking to get there. According to Porter (1980) the formulation of competitive strategies is based on relating the company to its environment which broadly encompasses the social as well as the economic forces. However, critical to the firms’ environment is the industry or industries in which it competes as it determines the competitive rules of the game as well as the strategies potentially available to the firm. In order for a business to achieve competitive advantage its competitive strategy should involve positioning a business to maximize the value of the capabilities that distinguish it from its competitors. Therefore the successful achievement of competitive advantage would result if a company is clear about its competitive strategy which may be cost leadership, differentiation or focus or a combination of competitive strategies. Customers are now looking for multiple delivery channels and flexible as well as convenient working hours where neither the clock nor the geographical locations are constraints, Vijay (2009). Therefore, as a means of survival banks have no choice but to engage in application of alternative banking channels by taking banking services where customers are using mobile phones and internet technology

**2.3 STRATEGIC MANAGEMENT INTENSITY AND COMPETITIVE ADVANTAGE**

**Environment Scanning**

Environmental scanning refers to the managerial activity of learning about events and trends in the organization’s environment (Miller and Friesen, 2003). Strategic planning process has been depicted as the development of decision-making rules that guide future organizational actions. To understand the strategy making process by examining the organizational environmental context is crucial. Strategy formation can be viewed as the interplay between external and internal dynamics of changing environment with leadership mediating these two variables. When the scanning intensity is insufficient, the managers or owners of Small and Medium Enterprises will confront some serious problems. Thus there has been a tendency to emphasize the role of strategic planning propensity of managers in recent years. Environmental scanning is one component of the global environmental analysis. Environmental monitoring, environmental forecasting and environmental assessment complete the global environmental analysis. Environmental scanning refers to the macro environment. The global environment refers to the macro environment which comprises industries, markets, companies, clients and competitors. Consequently, there exist corresponding analyses on the micro-level. Suppliers, customers and competitors representing the micro environment of a company are analyzed within the industry analysis. Environmental scanning is congruent with the entrepreneurial process (Miller and Friesen, 2003). Scanning provides managers with information about events and trends in their relevant environments, which facilitates opportunity recognition. In addition, scanning is a method of ‘uncertainty absorption,’ although the uncertainty absorption component of scanning is a two-edged sword. In addition, industries that pay a premium for innovative behavior require constant monitoring and analysis to remain understood. Examples of environmental settings, called high-velocity environments, that fit this profile include the electronics, computer software, biotechnology, and health care industries. These industries are characterized by products and services that have relatively short life cycles. As a result, firms that compete in these industries must adopt short planning horizons and develop scanning mechanisms that focus on detecting shifts in environmental trends that provide opportunities for new products and services. Today scanning is important to managers for more benign, yet similar reasons. Scanning provides managers with information about events and trends in their relevant environments, which facilitates opportunity recognition (Grant, 2000). In addition, scanning is a method of ‘uncertainty absorption,’ although the uncertainty absorption component of scanning is a two-edged sword. Thus, scanning can help managers cope with uncertainty, but only if they realize that uncertainty can only be reduced, not eliminated. Managers must remain vigilant, regardless of the degree of rigor in their scanning practices.

**Planning Flexibility**

Flexibility is often substituted for comprehensive planning. If time is available in the design process, the energy engineer should propose scenarios describing how the progress of research in the lab space can lead to renovation, major or minor. Alternatively, scientists who will use the laboratory can describe how the progress of their research projects will create new design requirements in the space, or how their past work evolved to require new changes in existing lab spaces (Covin, 2001). All of these scenarios should include the best projections of the likely changes through the life of the facility. Planning flexibility refers to the capacity of a firm’s strategic plan to change as environmental opportunities/threats emerge. Flexibility is a complex and multidimensional concept that is difficult to define satisfactory suggest that flexibility is the ability to change direction quickly or deviate from a predetermined course of action, or as Evans (2001) defines it, ability to do something other than that which was originally intended. Generally, the available definitions suggest that flexibility is ability or a capability that an organization has to change or to react (Chakravarthy, 2007). However, the notion of strategic flexibility has received a great attention in strategic management and organization theory literature. Conceptually, strategic flexibility suggests the ability to take some action in response to external environmental changes and thus can be viewed as a strategic capability. Flexible planning system runs the risk of disrupting rather than facilitating a firm’s business activities. There is a danger that plans may change too frequently, more as an artifact of the planning system rather than as a result of competitive necessity. Flexible planning systems allow firms to adjust their strategic plans quickly to pursue opportunities and keep up with environmental change. Kukalis (2009) theorized that firms in highly complex environments need flexible planning systems because of the frequency of change in their business environments. In general, planning flexibility is an organizational design attribute that has not received much research attention, but scholars have noted that planning has a natural tendency to engender inflexibility. Newman (2003) observed that ‘the establishment of advanced plans tends to make administration inflexible; the more detailed and widespread the plans, the greater the inflexibility. Rhyne (2005) observed that ‘one of the hallmarks of good strategies is the willingness of the drafters to encompass the likelihood of change and consequent uncertainties.’ Similarly, Koontz (2008) wrote, ‘effective planning requires that the need for flexibility be a major consideration in the selection of plans.

**Planning Horizon**

A firm’s planning horizon is the time frame for planning strategic activities and for accomplishing strategic goals. This time frame is often 5 years, but the appropriate horizon depends on the industry. For example, 2 years in the fashion industry and 10 or 15 years in the forest products industry. For most firms, this period corresponds to the length of time necessary to execute the firm’s routine strategies. According to Rhyne (2005), the planning horizon for individual firms can vary from less than one year to more than fifteen years. The rationale for a given planning horizon is that it should be long enough to permit planning for expected changes in strategy and yet be short enough to make reasonably detailed plans available. Conservative firms are not predisposed to continually look for opportunities to introduce new products or services as a result of environmental change. As a result, these firms tend to operate in stable, predictable environments (Covin, 2001). In these environmental settings, competitive advantage is usually derived from reliability in production and brand awareness rather than speed of new product introduction. Firms achieve reliability of production in part through longterm planning and forecasting, which are compatible with a relatively long-term planning horizon. Clearly, within this broad framework firms will have a portfolio of planning horizons that are necessitated by the need to manage both short-term and long-term strategies simultaneously. Conservative firms have less to gain from a high level of employee participation in planning. Although strategic planning may be just as complex in a conservative firm as it is in an innovative firm, it does not emphasize opportunity recognition and the pursuit of new ideas to the same extent. As a result, deep participation in planning, which is expensive in terms of managerial time and energy, may not be necessary. In addition, there are pitfalls associated with a high degree of employee participation in planning that conservative firms can avoid. For example, a deep locus of planning may necessitate providing a large number of employees with access to proprietary information and other sensitive data (Judge and Zeithaml, 2002). A reliance on a long-term planning horizon may engender a reluctance to deviate from a long-term view of the future despite short-term environmental change, which runs counter to the proactive nature of the innovation process. In addition, innovative firm operating in turbulent environments must survive the short term to get to the long term. As a result, a reliance on long-term planning would not be practical (Rhyne, 2005).

**Control Attributes**

Firms are unable to successfully implement their chosen strategies unless they exercise effective strategic control. This consists of two types. First, informational control requires that the organization continually monitor and scan the environment and respond effectively to threats and opportunities. Second, behavioral control involves the proper balance of rewards and incentives, culture, and boundaries (or constraints). Organizations that have strong and effective cultures and reward systems typically require fewer rules and regulations because employees tend to understand and internalize the “boundaries” of acceptable behavior. The purpose of a control system is to make sure that business strategies meet predetermined goals and objectives. In the context of this study, this means that the control systems of firms that are rigorous in implementing strategic management practices must stimulate innovation, proactiveness, and risk-taking. Two forms of control are particularly relevant to this discussion. These are strategic controls and financial controls (Turock, 2001). Financial controls are congruent with the distinctive competencies of most conservative firms. Financial controls are clear and unambiguous, which introduces a high degree of discipline into the control process. Financial controls also provide an opportunity for the parties involved to agree on objective performance standards well in advance of any performance evaluation. These factors may be particularly beneficial to conservative firms, which are firms that do not have as salient a need to encourage creativity and innovation. Financial controls base performance on objective financial criteria such as net income, return on equity, and return on sales. In contrast, strategic controls base performance on strategically relevant criteria as opposed to objective financial information (Chandler, 2000). Examples of strategic control measures include customer satisfaction criteria, new patent registrations, success in meeting target dates for new product or process introductions, and the achievement of quality control standards. Because strategic controls and financial controls can both be present simultaneously in a firm, they do not represent opposite ends of a conceptual continuum. These characteristics of strategic controls are important to sustain the innovation process because long time-lags frequently intervene between innovative initiatives and their eventual pay-off (Kanter, 2009). A well-designed strategic control system is capable of rewarding firm employees for incremental but substantive progress on product or process innovations that take a long time to reach market. Conversely, for conservative firms, strategic controls are less important. Conservative firms do not gain their competitive advantage by pursuing opportunities through innovation. There are costs involved in maintaining strategic controls in terms of managerial time and effort which conservative

**2.4 THE CONCEPT OF STRATEGY**

The word strategy comes from the Greek word Strategies which refers to military generalship and combines stratus (the army) and ago (the lead). The history of strategic planning has its roots in, and is a heritage of the military (David, 2003). The Webster‟s New World Dictionary alludes to this militarism, defining strategy as the science of planning and directing large scale military operations of maneuvering forces into the most advantageous position prior to actual engagement with the enemy. Clearly, the key aim of both business and military strategy is to gain competitive advantage or combat superiority over competitors or foes as the case may be. What business strategy is all about is, summed up in two words ‘competitive advantage’ … the sole purpose of strategic planning is to enable a company gain, as efficiently as possible, a sustainable edge over its competitors. Competitive strategy is therefore an attempt to alter a company‟s strength relative to that of its competitors in the most efficient way and also to mould actions and decisions of managers and employees in a coordinated, company-wide game plan (Ohmae, 1983). Military strategy books such as “The Art of War” by Sun Tzu (1965) “On War” by Von Clausewitz (1975) and “The Red Book” by Mao Zedong (1965) have been an invaluable knowledge base for many of the concepts especially on business tactics, the dynamic and unpredictable future and principles of guerrilla warfare; these have guided and informed the writing of many books on strategic management in general and marketing warfare strategy in particular (Wikipedia, 2009). The word “strategy” has always been associated with and indeed been prominent in any discussion on the subject of management of an organization because of its importance. Pitts et al (2003) explain that it is to ensure that an organization applies its strengths and distinctive competences in such a way that it gains a competitive advantage over its rivals in any given environment. Chandler (1962) defined it as “the determination of the long-term goals and objectives of an enterprise and the adoption of causes of action and the allocation of resources for carrying out these goals”. It is the framework which guides those choices that determine the nature and direction of the firm (Tregoe and Zimmerman, 1980). In the view of (Johnson et al, 2008; and Mintzberg, 1994), strategy is a game plan, a pattern in a stream of decisions and actions, a position and a ploy intended to outwit competitors while fulfilling stakeholders‟ expectations in line with the organization’s scope of business. Johnson and Scholes in their book Exploring Corporate Strategy define strategy as follows; „„Strategy is the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations.‟‟Andrews, 1965, defines strategy as „„the pattern of objectives, purposes, goals and the major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or it is to be.‟ According to (Wheelen and Hunger, 2006), a corporation‟s strategy forms a comprehensive master plan that states how the corporation will achieve it mission and objectives. The typical business firm usually considers three types of strategy; corporate, business and functional. In general, strategy can be defined as competitive moves and business approaches to produce successful performance. It is the management „game plan‟ for; running the business, strengthening the firm‟s competitive position, satisfying customers and achieving performance targets. Nickols (2008) in his article on “Strategy, Strategic Management, Strategic Planning and Strategic Thinking” explained that before coming to a good understanding of the term “strategic planning” it is best to examine the terms separately. He thus deposes that strategic means “of or having to do with strategy” and being “of great significance or import”. This underscores the reason why strategies exist or must exist at various levels of the organization to give a clear direction (where it is headed) and destination (what is it to become). For our purposes then, strategic means “of great importance” be it at the corporate, business unit or functional level and whether it be for medium or long-term; 2-7 years purposes (ibid). Plans of action and planning whether for business or the battlefield always consider what is to be achieved (the ends, goals or objectives) and how it is to be achieved (the means; steps, actions or programmes). Simply, plans are a set of intended outcomes coupled with the actions by which those outcomes are to be achieved. On the other hand, (Ackoff, 1981; Nickols, 2008) point out that planning involves thinking about the future, identifying and specifying in advance (now) what has to be done or achieved (objectives) and selecting the most suitable means to accomplish these objectives Planning can be formal or informal involving a lot or very little documentation. The information base could be large; stated in reports, studies, databases and analyses or depend on a few knowledgeable people. Plans, and thus the planning activities that produce the desired ends frequently set time frames, milestones, detailed schedules and allocate resources whether in the form of money, people, equipment etc. (ibid)

 **2.5 LEVELS OF STRATEGY**

Corporate strategy describes a company‟s overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines. Corporate strategies typically fit within the three main categories of stability, growth, and retrenchment. Business Strategy usually occurs at the business unit or product level, and it emphasizes improvement in the competitive position of a corporation‟s products or services in the specific industry or market segment served by that business unit. Business strategies are classified into two; competitive and cooperative. Functional Strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. This is concerned with developing and nurturing distinctive competence to provide a company with a competitive advantage. Examples of research and development (R & D) functional strategies are technological followership (imitation of the products of other companies) and technological followership

**2.6 THE CONCEPT AND EVOLUTION OF STRATEGIC PLANNING**

Strategic planning has been defined differently by various authors. The substantive issues are however, the same; they focus on making plans and taking actions today for the future prosperity and competitiveness of a firm in its environment with the optimal use of available resources. McNamara (2008), identifies some of the major activities that are common to all strategic planning processes as conducting a strategic analysis; setting the strategic direction, action planning that is, carefully laying out how the strategic goals will be accomplished etc. which will be explained later. Chandler, 1962; Andrews, 1980; Porter,1980; Wyland, 2004 are unanimous in stating that strategic planning is a systematic process by which an organization formulates achievable policy objectives for the future growth and development over the long term, based on its mission, vision and goals and on a realistic assessment of the human and material resources available to implement the plan. Dubrin (2006) sees it as encompassing all those activities that lead to the statement of goals and objectives and the choice of strategies to achieve them. Gluck (1972) adds that it is a unified, comprehensive and integrated plan designed to ensure that objectives of the enterprise are achieved. These comprehensive definitions are concurred by Bryson (1998) who states that it is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does what it does. The process defines its medium and long term goals and objectives and approaches by which to achieve them. It is a look into the future that identifies the mission, vision, goals and objectives of an organization with prescribed actions necessary to achieve the vision. The importance of strategic planning to any organization cannot be overemphasized. It is the first in order, and safe to say the most critical management process. This is evident from the (Nickels et al 2000)‟s definition of management which is “the process used to accomplish organizational goals through planning, organizing, directing and controlling organizational resources‟‟. Thompson et al (2004), buttress it further stating that the central thrust of strategic planning is undertaking moves to strengthen the company‟s long term competitive position and financial performance. This intricate and complex nature is borne out by David (2003) who espouses that strategic planning takes an organization into uncharted territories and does not provide ready-to-use prescriptions for success. Instead it takes an organization through a journey and offers a framework for addressing questions and solving problems, aware of the potential pitfalls and being ready to address them and being successful. These views are shared by McConkey (1999) who adds that plans are less important than planning. This just means that though plans are vital as business road maps with goals, objectives or targets to be met, the idea of planning being a process introduces the dimension of a continuous, ongoing and never-ending paradigm of implementation, monitoring and adjustments (Mintzberg, 1978, 1994; Markidis, 1999) to ensure that any unforeseen, un-anticipated or emerging developments arecontained. It emphasizes the point that process (planning) may be much more influential than content (the plan). Success in business or military exploits does not come by fluke but is the product of both continuous attention to changing external and internal conditions and the formulation and implementation of the insightful adjustments to those conditions. It entails the use of an organization or army‟s strengths to exploit the competitors‟ weaknesses and cash in on opportunities in the external environment. At the same time the firm takes steps to avoid, foil or defend possible attacks from competitors into its areas of weakness. It is thus both an attack and defense weapon which Hofer and Schendel (2005) see as the mediating force or „match‟ between the organization and the environment. The term strategic planning according to David (2003) originated in the 1950‟s and gained prominence in the mid-1960s to mid 1970s. Its use has traversed the 1990‟s and become widely practiced as an indispensable tool in the management process in almost all organizations because of the influence of globalization, technological advancements and internet capabilities for business

**2.7THE RELATIONSHIP BETWEEN STRATEGIC PLANNING AND PERFORMANCE**

It may appear that making profit which is the obvious intention of any commercial enterprise is enough. A survey conducted on a number of Chief Executive Officers (CEO‟s) in America however, showed that they did not place „strong and consistent profit‟ as their top priority, in fact it was ranked fifth (Hitt et. al 2003). Instead they regarded a strong and well thought-out strategy as the most important factor to make a firm promising in the future. Indeed, Thomas J. Watson Jr. formerly IBM chairman is quoted as having once cautioned people to remember that “corporations are expendable and that success at best is an impermanent achievement which can always slip out of hand” ( ibid p.9). For example, Levi Strauss, a once successful company with a global brand and good financial performance suffered setbacks in the 1990s and began its first lay-offs in 1997 as a result of mistakes and ineffective strategy. This was exploited by Gap and Tommy Hilfiger its closest rivals. Xerox, a name synonymous with photocopying in the 1970s and 80s also lost out to its competitors for lack of focus and foresight (Business Week, May 2001). The foregoing points to the transient nature of success and what an ineffective strategy (planning) or the absence of it could do to any company. Achieving acceptable financial results is crucial because without adequate profitability and financial strength, a company‟s pursuit of strategic vision, long term health and ultimate survival is jeopardized. Shareholders, potential investors and lenders will not continue to sink in any more money. However, it is as important to note that good financial performance alone is not enough in itself. Thompson et al (2004) therefore, recommend two very distinct performance yardsticks; one relating to financial performance and the other relating to strategic performance. The former looks at performance indicators like sales revenue and profitability whereas the latter includes output growth, technical progress, efficiency, shareholder value added, economic value added and human resource capital etc. The company’s performance in terms of its strategic well-being, its competitiveness and market position is crucial and unless it‟s performance in the market place reflects improving competitive strength and market penetration, its progress is not considered inspiring and its ability to continue posting good financial performance is in doubt. Affirms financial performance measures are „lagging indicators‟ that reflects the result of the past decisions and organizational activities. Its „lead indicators‟ are future financial performance expectations to achieve competitiveness and strength in the market place (ibid pp 157).

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

* 1. **Research design**

The researcher used descriptive research survey design in building up this project work the choice of this research design was considered appropriate because of its advantages of identifying attributes of a large population from a group of individuals. The design was suitable for the study as the study sought to relevance of strategic management in a competitive banking environment

* 1. **Sources of data collection**

Data were collected from two main sources namely:

(i)Primary source and

(ii)Secondary source

**Primary source:**

These are materials of statistical investigation which were collected by the research for a particular purpose. They can be obtained through a survey, observation questionnaire or as experiment; the researcher has adopted the questionnaire method for this study.

**Secondary source:**

These are data from textbook Journal handset etc. they arise as byproducts of the same other purposes. Example administration, various other unpublished works and write ups were also used.

* 1. **Population of the study**

Population of a study is a group of persons or aggregate items, things the researcher is interested in getting information on the study a study relevance of strategic management in a competitive banking environment. 200 staff of UBA, Enugu state was selected randomly by the researcher as the population of the study.

* 1. **Sample and sampling procedure**

Sample is the set people or items which constitute part of a given population sampling. Due to large size of the target population, the researcher used the Taro Yamani formula to arrive at the sample population of the study.

n= N

 1+N(e)2

n= 200

1+200(0.05)2

= 200

1+200(0.0025)

= 200 200

1+0.5 = 1.5 = 133.

**3.5 Instrument for data collection**

The major research instrument used is the questionnaires. This was appropriately moderated. They staff were administered with the questionnaires to complete, with or without disclosing their identities. The questionnaire was designed to obtain sufficient and relevant information from the respondents. The primary data contained information extracted from the questionnaires in which the respondents were required to give specific answer to a question by ticking in front of an appropriate answer and administered the same on staff of the organizations. The questionnaires contained about 16 structured questions which were divided into sections A and B.

* 1. **Validation of the research instrument**

The questionnaire used as the research instrument was subjected to face its validation. This research instrument (questionnaire) adopted was adequately checked and validated by the supervisor his contributions and corrections were included into the final draft of the research instrument used.

* 1. **Method of data analysis**

The data collected was not an end in itself but it served as a means to an end. The end being the use of the required data to understand the various situations it is with a view to making valuable recommendations and contributions. To this end, the data collected has to be analysis for any meaningful interpretation to come out with some results. It is for this reason that the following methods were adopted in the research project for the analysis of the data collected. For a comprehensive analysis of data collected, emphasis was laid on the use of absolute numbers frequencies of responses and percentages. Answers to the research questions were provided through the comparison of the percentage of workers response to each statement in the questionnaire related to any specified question being considered.

Frequency in this study refers to the arrangement of responses in order of magnitude or occurrence while percentage refers to the arrangements of the responses in order of their proportion.

The simple percentage method is believed to be straight forward easy to interpret and understand method.

The researcher therefore chooses the simple percentage as the method to use.

The formula for percentage is shown as.

% = f/N x 100/1

Where f = frequency of respondents response

N = Total Number of response of the sample

100 = Consistency in the percentage of respondents for each item contained in questions.

**CHAPTER FOUR**

**PRESENTATION ANALYSIS INTERPRETATION OF DATA**

**4.1 Introduction**

Efforts will be made at this stage to present, analyze and interpret the data collected during the field survey. This presentation will be based on the responses from the completed questionnaires. The result of this exercise will be summarized in tabular forms for easy references and analysis. It will also show answers to questions relating to the research questions for this research study. The researcher employed simple percentage in the analysis.

**DATA ANALYSIS**

The data collected from the respondents were analyzed in tabular form with simple percentage for easy understanding.

A total of 133(one hundred and thirty three) questionnaires were distributed and 133 questionnaires were returned.

Question 1

Gender distribution of the respondents.

TABLE I

|  |
| --- |
| **Gender distribution of the respondents** |
| Response | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 77 | 57.9 | 57.9 | 57.9 |
| Female | 56 | 42.1 | 42.1 | 100.0 |
| Total | 133 | 100.0 | 100.0 |  |

From the above table it shows that 57.9% of the respondents were male while 42.1% of the respondents were female.

Question 2

The positions held by respondents

TABLE II

|  |
| --- |
| **The positions held by respondents** |
| Response | Frequency | Percent | Valid Percent | Cumulative Percent |
| **Valid** | HRMS  | 37 | 27.8 | 27.8 | 27.8 |
| Accountants  | 50 | 37.6 | 37.6 | 65.4 |
| Customer care officers | 23 | 17.3 | 17.3 | 82.7 |
| Marketers  | 23 | 17.3 | 17.3 | 100.0 |
| Total | 133 | 100.0 | 100.0 |  |

 The above tables shown that 37 respondents which represent27.8% of the respondents are human resource managers, 50 respondents which represents 37.6 % are accountants 23 respondents which represents 17.3% of the respondents are customer care officers, while 23 respondents which represents 17.3% of the respondents marketers

**TEST OF HYPOTHESES**

 There is no uncertainty in decision making as far as possible by anticipating and planning for future events.

 **Table III**

|  |
| --- |
| **there is no uncertainty in decision making as far as possible by anticipating and planning for future events .** |
| Response  | Observed N | Expected N | Residual |
| Agreed | 40 | 33.3 | 6.8 |
| strongly agreed | 50 | 33.3 | 16.8 |
| Disagreed | 26 | 33.3 | -7.3 |
| strongly disagreed | 17 | 33.3 | -16.3 |
| Total | 133 |  |  |

|  |
| --- |
|  |
|  | there is no uncertainty in decision making as far as possible by anticipating and planning for future events .  |
| Chi-Square | 19.331a |
| Df | 3 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.3. |

Decision rule:

There researcher therefore reject the null hypothesis that state there is no uncertainty in decision making as far as possible by anticipating and planning for future events as the calculated value of 19.331 is greater than the critical value of 7.82

Therefore the alternate hypothesis is accepted that state there is uncertainty in decision making as far as possible by anticipating and planning for future events

 **TEST OF HYPOTHESIS TWO**

There is no mechanism for systematic appraisal of the internal strengths and weakness of the organization

Table V

|  |
| --- |
| **there is no mechanism for systematic appraisal of the internal strengths and weakness of the organization**  |
| Response  | Observed N | Expected N | Residual |
| Yes | 73 | 44.3 | 28.7 |
| No | 33 | 44.3 | -11.3 |
| Undecided | 27 | 44.3 | -17.3 |
| Total | 133 |  |  |

|  |
| --- |
| **Test Statistics** |
|  | there is no mechanism for systematic appraisal of the internal strengths and weakness of the organization  |
| Chi-Square | 28.21 1a |
| Df | 2 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 44.3. |

Decision rule:

There researcher therefore reject the null hypothesis that state that there is no mechanism for systematic appraisal of the internal strengths and weakness of the organization as the calculated value of 28.211 is greater than the critical value of 5.99

Therefore the alternate hypothesis is accepted that state that there is mechanism for systematic appraisal of the internal strengths and weakness of the organization

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 Introduction**

It is important to ascertain that the objective of this study was on relevance of strategic management in a competitive banking environment. In the preceding chapter, the relevant data collected for this study were presented, critically analyzed and appropriate interpretation given. In this chapter, certain recommendations made which in the opinion of the researcher will be of benefits in addressing the challenges of strategic management in a competitive banking environment

**Summary**

This study was on relevance of strategic management in a competitive banking environment. Six objectives were raised which included: To reduce uncertainty in decision making as far as possible by anticipating and planning for future events, to make management move in a systematic way and form a long term perspective, about concerns and short term decisions, to ensure that the external environment and trends in it are monitored for potential opportunities and threats,  to provide a mechanism for systematic appraisal of the internal strengths and weakness of the organization, to provide a framework against which raw ideals for business development can be checked, to element in learning and motivation, enabling individuals to appreciate the role gauge than progress and evaluate the exact to which their effort and energy is being constructively spent, to organization need a yardsticks against which success or lack of it can be measured (if doesn’t know where it’s going or won’t know its arrival),to help management to predict organization behavior to some extent, In line with these objectives, two research hypotheses were formulated and two null hypotheses were posited. The total population for the study is 200 staff of UBA, Enugu state. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made human resource managers, accountants, customer care officers and marketers were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

**5.3 Conclusion**

The study concludes that banks emphasize on research and development, technological leadership, and products and services. The organizations are always proactive and take the 1st step, proper and regular business controls that are able to measure the business position against pre-determined goals and objectives and have short term (5years) strategic goals. The study also concludes that explicit tracking of the policies and tactics of competitors are used by the firms to gather information about their business environment as well as special marketing research studies, gathering of information from suppliers and other channel members. The study also concludes that shifts in economic conditions are easily changed, the market entry of new competition, shifts in customer needs and preferences as well as modifications in supplier strategies and the emergence of a new technology. On planning horizon, the study concludes that considerable emphasis are placed on managing business strategies and firm investments at the top management level and board of director’s level.

 **5.4 Recommendation**

The researcher draws the following recommendations for managerial policy and practice to enhance the improvement of the strategic intensity practices in the banking industry which will go a long way in enhancing their competitive advantage.

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**QUESTIONNAIRE**

**INSTRUCTION**

Please tick or fill in where necessary as the case may be.

Section A

1. Gender of respondent

A male { }

B female { }

1. Age distribution of respondents
2. 15-20 { }
3. 21-30 { }
4. 31-40 { }
5. 41-50 { }
6. 51 and above { }
7. Marital status of respondents?
8. married [ ]
9. single [ ]
10. divorce [ ]
11. Educational qualification off respondents
12. SSCE/OND { }
13. HND/BSC { }
14. PGD/MSC { }
15. PHD { }

Others……………………………….

1. How long have you been UBA bank
2. 0-2 years { }
3. 3-5 years { }
4. 6-11 years { }
5. 11 years and above……….
6. Position held by the respondent in UBA Bank
7. HRM { }
8. Accountant { }
9. Customer care officer { }
10. Marketer { }
11. How long have you been working in UBA bank
12. 0-2 years { }
13. 3-5 years { }
14. 6-11 years { }
15. 11 years and above……….

SECTION B

1. There is no competition in banking environment
2. Agrees { }
3. Strongly agreed { }
4. Disagreed { }
5. Strongly disagreed { }
6. Can we determine the strategies that affect competition in the banking industry

(a) Agrees { }

(b) Strongly agreed { }

(c) Disagreed { }

(d) Strongly disagreed { }

1. Can we determine how environment affects competition in the banking industry?
2. Agreed { }
3. Strongly agreed { }
4. Disagreed { }
5. Strongly disagreed { }
6. Can we determine how customers service affect competition in the banking industry
7. Agreed { }
8. Strongly agreed { }
9. Disagreed { }
10. Strongly disagreed { }
11. There are financial strategies that affect the competition of the banks
12. Agreed { }
13. Strongly agreed { }
14. Disagreed { }
15. Strongly disagreed { }
16. There is freedom of entry and exit of firms in the banking industry.
17. Agreed { }
18. Strongly agreed { }
19. Disagreed { }
20. Strongly disagreed { }
21. There are some artificial interference’s with the activities of banks and their customers.
22. Agreed { }
23. Strongly agreed { }
24. Disagreed { }
25. Strongly disagreed { }
26. The better bank is the one that is capable of offering that little extra service over and above what other competition offer.
27. Agreed { }
28. Strongly agreed { }
29. Disagreed { }
30. Strongly disagreed { }
31. UBA is one of the best bank in Nigeria
32. Agreed { }
33. Strongly agreed { }
34. Disagreed { }
35. Strongly disagreed { }