# RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT AND FIRMS' PERFORMANCE IN NIGERIAN BANKING INDUSTRY

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**Abstract**

The current trends in the business environment revealed that the only inevitable thing is change. An organization that desires to survive and succeed must strategically manage all the resources at its disposal to obtain maximum output. The change in the business environment is such a one that can be likened to the speed of a light and any organization that is not proactive in its managerial approach to responding and adapting to this change is most likely going to underperformed and hence not survive it. It is in view of this that this research work aimed at examining the impact of strategic management on organizational performance with a focus on some selected banks in Ilorin Metropolis, Ilorin, Kwara State, Nigeria. The objectives of this study were to evaluate the significant relationship between strategic management and organizational performance and also to assess the difficulties associated with implementing the strategic plans which hinders effective organizational performance.

This study employed survey research. Primary data were used for the study with questionnaires as research instruments. The organization under review pertained to financial institutions. Thus, five banks were randomly selected and one hundred questionnaires were administered. Statistical techniques were adopted in order to express the variables in statistical, measurable terms. The hypothesis was tested using T-test and Multiple Regression Analysis with the aid of Statistical Package for Social Science (SPSS). The findings of the study revealed that the strategic management affected organizational performance. The research work also showed that no matter how well-structured and organized a plan may be, if not implemented business failure is inevitable. Based on the findings, it is recommended that the process of strategic management must be strictly adhered to in order for an organization to be outstanding in its performance (i.e. competitive advantage) and therefore stay afloat in the dynamic competitive environment.

**Key words:** Strategic Management, strategic planning, environment, organizations and banks

## Introduction

Strategic Management is a concept that has posed so many problems to several organizations in its applicability. However, for any organizations to thrive well in this modern contemporary age, there is need for such organization to embrace strategic management in its fullness. The era of business environment in which we are in presently is such a one that we can refer to as "The Age of Discontinuity" (Drucker, 1969). That is the era in which changes are very rapid due to the effect of globalization, internationalization, increased uncertainty, cutthroat competition, financial crises, digital-based business models, emerging countries and increasing technological advancement. Hence, firms need to respond faster, control costs better, embrace technological changes and be more proactive in its approach to strategic management.

The concept of strategy is central to understanding the process of strategic management. The word "strategy" was coined from the Greek word "strategos" which means "a general". The Greek verb "stratego" means to plan the destruction of one's enemies through effective use of resources. The concept of strategy first became prominent in the military / political context for a relatively long period until when Socrates went to console Nichomachides, Greek militarist who lost an election to the position of general to Antisthenes, a Greek businessman. Socrates compared the duties of both a general and a businessman and showed Nichomachides that in either case one plans the use of one's resources to achieve one's targets/objectives. The viewpoint was lost, for all practical purposes, with the fall of the Greek-city states and was not to rise again until after the Industrial Revolution.

The need for a concept of strategy as related to business became greater after World War II as business moved from a relatively stable environment into a more rapidly changing and competitive environment. From thence up till now, the business environment has never ceased to change with the changes moving at the speed of light. The accelerated rate of change put a premium on the ability to anticipate change, to take advantage of new opportunities and to take timely action in avoiding threats to the firm. Thus, the term "strategy" became central to the process of strategic management. However, strategy can only be fashioned as a weapon to combating competitive attacks after having a thorough understanding of the business organization and its environments.

Therefore, strategic management can be seen as a systematic process which aims at maximizing the utilization of resources in relation to organizational objectives which are in conformity with the demands of the environment both internal and external. It is worth knowing at this instance that strategic management looks beyond the mere day-to-day operations of the business; it is long-term in nature. Hence, it aims at creating the future without neglecting the present thereby providing an appropriate platform for reacting to changes in business environment.

## Statement of the Research Problem

As mentioned in the last section that the present business environment is in "The Age of Discontinuity (Drucker, 1969) in which changes occur on a continuous basis therefore making it difficult to predict the future with accuracy through extrapolation from past data/trends. These changes may be minor or significant. However, the degree of the changes is not what really matters but the abilities of organizations to effectively cope with these uncertainties in the internal and external environments as they present themselves and still achieve the expected levels of performance is the big challenge. This therefore becomes the entry point for strategic management in every organization and hence, the issue underlying this study. The objective of this study is to critically examine the impact of strategic management on organizational performance.

**Literature Review and Theoretical Framework**

Strategic management is basically a systematic approach for managing changes which are fundamental to the success and survival of an organization. Strategic management has been defined in several ways by varying authors and scholars. Hence, there is no absolute consensus on the definitions of strategic management. One of such definitions is that strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives (Mahesh P. Joshi). Ansoff (1990) defined strategic management as a systematic approach to a major and increasing important responsibility of the general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from shocks. Strategic management is a stream of decisions and actions which leads to the development and implementation of an effective strategy or strategies to achieve organizational goals and objectives (Glueck and Juanxh, 1984). The Free Encyclopedia Online (Wikipedia) defined strategic management as that set of managerial decisions and actions that determines the long-run performance of a corporation. It includes environmental scanning, strategy formulation, strategy implementation and strategy evaluation.

According to The Academy of Management Review (1980), strategic management entails the analysis of internal and external environment of a firm to maximize the utilization of resources in relation to objectives while Harvard Business Review (2007 defined strategic management as the process of identifying and executing the organization's strategic plan by matching the company's capabilities with the demands of its environments.

Strategic management is a process of which the starting point is strategic planning. Strategic management should not be confused with strategic planning even though both are often used interchangeably. According to Owolabi (2001), strategic planning is an offshoot of strategic management. Thus, if strategic planning is well-conceptualized and implemented, it should lead to strategic management. Of the seven steps which are involved in the process of strategic management, the first five steps relates to strategic planning. Therefore, there is no how we shall be discussing strategic management and its impact on organizational performance without making reference and great emphasis on strategic planning and its impact on organizational performance. Arguably, strategic planning is an important aspect in the process of strategic management.

Strategic planning is essentially about devising and formulating strategies that would enhance the competitiveness of each business unit, generate decisions about deployment of resources towards fixed goals and priorities and building a sustainable long-term future with a constantly changing or dynamic environment. Daniyan (2002) states that the purpose of planning is to make decisions about the future before the future either forces the decisions on us or renders any decisions irrelevant. Strategic planning is only useful if it leads to strategic management – the basis for an effective organization.

According to Winston Churchill who says "He who fails to plan is planning to fail" is a statement which does not only apply to individuals but also to organizations. Every organization that fails to plan is already planning to fail. However, it is worth knowing that a plan is not effective until it becomes implemented. That is, no matter how well-structured and beautiful a plan may look like, if it is not implemented it is useless. It, therefore, becomes imperative for organizations that desire success both at the micro and macro (i.e. global) levels to imbibe the culture of implementing their strategic plan. It has been discovered through past research findings that effective planning does not come easy; it has with it associated costs such as time-consuming, data-gathering and relevant skills, hence many organizations shy away from the task. Many organizations therefore spend most of their valuable resources (time, finance, e.t.c.) reacting to unexpected changes which they ought to have anticipated and prepared for beforehand. They use up their energy coping with immediate problems with little energy left to anticipate and prepare for the next challenge. This vicious cycle locks many organizations into a reactive position.

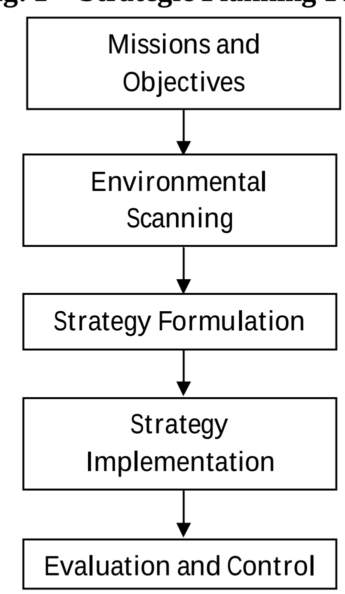
Thus, the concept and practice of strategic planning has been embraced worldwide and across sectors because of its perceived contribution to organizational performance. There are so many empirical research on this work, especially between 1970s and early 1990s with one limitation or the other. Some of such limitations were that very few empirical research work examined the relationship between strategic planning and organizational performance in small organizations and that little or no attention were given to the individual steps that make up the strategic planning process (Robinson and Pearce 1983; Robinson et al 1984; Pearce, Robbins and Robinson 1987; Ackelsberg and Arlow 1985; Shrader 1989 e.t.c.)

While this research work on its own cannot attempts to fill in the gaps created by these limitations, an effort shall be made at examining the impact of each of the variables of strategic planning which contributes to the process of strategic management.

**The Process Of Strategic Planning**

Almost all the authors and scholars who have contributed to the definitions of strategic planning have argued and concluded that the concept (i.e. strategic planning) is a process which comprises of a series of steps aimed at producing a given result (i.e. the attainment of organizational goals and objectives). These steps are interrelated such that a deviance from a particular step could lead to a breakdown of the entire process. Thus, it has been advocated that for a given strategic plan to work out successfully, organizations must endeavour to adhere to the steps involved therein. A typical strategic plan aims at defining an organization’s goals and objectives, assesses its surrounding environment (both the internal and external environment of the business), formulate strategy, implement the strategy, evaluate the impact of the strategy on organization’s goals and make adjustments where necessary to stay on track. Thus, a well-conceptualized strategic plan ought to lead to strategic management, all things being equal. A simplified view of the process of strategic planning is shown below:

**Fig. 1 – Strategic Planning Process**




**Source: QuickMBA/Strategy**

***(a)*** ***Missions and Objectives:*** The starting point of the process of strategic planning is the definition of the organization's vision and mission cum its goals and objectives. No organization comes into existence for coming sake. There is always a definite purpose for which a company is established. Therefore, the most basic strategic decisions manager make is to answer the questions which are crucial to their existence, survival and sustenance. These fundamental questions include: who are we, where are we, where do we want to be in the nearest future given our strengths and weaknesses compared to the opportunities and threats surrounding us as a company and how do we get there. e.g. a company must decide on the products to sell or the services to offer, where it will sell/offer these products or services (in terms of its geographical location and its markets), and how its products/services will differ from its competitors. Thus, it is always important for organizations to have a succinct definition of who they are and what they do. This is what leads to the development of an organization's mission and vision statement. This step of the planning process is very important to an organization as whatever the organization will do afterwards will be influenced, directed and guided by the composition of the mission and vision statement. Therefore, an organization cannot afford to be careless or carefree when developing its mission and vision statement.

The mission and vision statement of an organization lays the foundation for setting its goals and objectives. In other words, an organization's goals and objectives streams down from its mission and vision statement. Goals are often incorporated into an organization's mission. The definition of an organization's goals differs from each other; it is therefore possible for two similar companies in the same industry to have differing goal structure. Also, it is possible for a particular organization to have different goals. However, no matter the number of goals an organization may have, what must be of utmost importance to the organization is what we call goal congruency. Goal congruency refers to how well the goals of an organization combines with each other i.e. how compatible are the goals? This enables an organization to easily attain its goals and objectives. Also, the managers of an organization must try to integrate the personal goals of its employees with its organizational goals to avoid goal conflicting and employees' dissatisfaction which hinders effective organizational performance. Organizational goals should be clearly stated and fully communicated to the employees to aid their understanding and influence the direction to which they expend their resources. Goals and objectives are often used interchangeably; however, in a situation where a strategic planning model separates the goals from the objectives, it means that the goals are broad and timeless statements of the end results that the organization considers that they can use to achieve their mission. Thus, objectives are specific, measurable and time bound. They bring into even greater focus the goals of the organization.

***(b)*** ***Environmental scanning*** (or situational analysis as it is often called) is the detailed analysis of the surrounding environments of a business. The business environment comprises of both external and internal environment which are complex and are always changing. There are several tools for analyzing a given business environment; examples include the SWOT (i.e. strengths, weaknesses, opportunities and threats) analysis, the PEST (i.e. political, economic, social and technological) analysis, the EPISTEL (Environment, Political, Informatic, Social, Technological, Economic and Legal) tool and ARM (Antecedent Conditions, Target Strategies, Measure Progress and Impact) approach. This study shall, however, limit itself to the use of SWOT analysis. The SWOT analysis studies both the internal and the external environment of a business organization to gather data for analysis which will further be used for strategy formulation. The external environment is often beyond the control of the organization. It includes factors outside the firm's control which can lead to opportunities for or threats to the organization. In other words, they are factors which can influence an organization's performance but over which the organization has little or no influence. These factors may be demographic, natural, political, economic or cultural. Hills and Jones (2004) postulates that opportunities arise when a company can take advantage of these factors in its external environment to formulate and implement strategies that enable it to become more profitable while threats arise when conditions in the external environment endanger the integrity and profitability of the company's business. Opportunities could be as a result of changes in the regulatory environment, changes in government legislation, technological changes, improved buyer or supplier relations or changes in competitive situation. Threats, on the other hand, can emerge from any of the following situations: entry of new competitors, major technological changes, slow market growth, e.t.c. While opportunities are often desirable by organizations, threats are undesirable situations in an organization.

Internal analysis is the process of examining a firm's market and distribution, research and development, production and operations, corporate resources and personnel finance and the accounting to determine where the firm has significant competencies so that it can most effectively exploit the opportunities and also meet the threats to the company's weaknesses which would need to minimized if not eliminated in order to achieve organizational objectives. It has to do with identifying the quantity and quality of a company's resources and capabilities and ways of building skills, competencies are considered in the area of competitive advantage. The key purpose of the internal analysis is to identify core competencies of an organization that will give it an edge (i.e. competitive advantage) over and above other companies in the industry to which it belongs. The determination of an organization's strengths and weaknesses is done in this phase (i.e. the internal analysis). The organization's strengths lead to superior performance while its weaknesses translate to inferior performance. Its weakness could be as a result of inefficient management, obsolete office equipments, out-of-date information system, cash flow difficulties, limited supply of raw materials and poor performance trends in labour costs, selling prices and gross profit while its strengths could be from sound human resources who are versatile and up-to-date in their technical know-how, latest technologies and efficient management. The aftermath effect of this analysis should be that organizations maximize its strengths and minimize its weaknesses.

The success or failure of environmental analysis depends largely on the characteristics of the environment such as the complexity of the environment, the rate of change and the cost of available information about the environment in which an organization operates. This second step of the process of strategic planning (i.e. environmental scanning) should be used to come up with sound strategic formulation which will guide the organization in achieving its mission.

Before considering the next step of the process (i.e. strategy formulation), the importance of SWOT analysis shall be briefly discussed: SWOT analysis has proved to be a very valuable tool in the aspect of strategic planning because of its positive contributions towards organizational performance. SWOT analysis has made managers of organizations to be more conscious of the external environment of their business without neglecting its internal environment by looking for opportunities which contributes to its overall performance. It forces managers to think strategically by analyzing the operating business environment in order to assess their competitor's position and seek for ways of outwitting them. If carried out on an objective basis (i.e.

the managers of the organization are sincere with themselves in the process of analyzing their strengths and weaknesses), it makes the organization to become wary of its weaknesses and therefore seek for ways of working on its weaknesses in order to turn it into strengths. The major limitation of SWOT analysis is that it does not have any in-built mechanism for handling the uncertainty of the future neither does it give any holistic model of an organization. Thus, it can cause an organization to define itself too narrowly. Also, SWOT analysis does not provide the basis for evaluating a given strategy. Despite these limitations, the importance of SWOT analysis in strategic planning cannot be overemphasized. SWOT analysis guides strategy formulation.

**Fig. 2 – Analysis of an organization's strengths-weaknesses, opportunities-threats**


**Source: Rezaian, 2008**

***(c)*** ***Strategy Formulation:*** The completion of the environmental scanning should lead managers to formulating strategies which will lead to the attainment of organizational goals and objectives; hence, the realization of it vision. Strategic formulation is the process by which an organization chooses the most appropriate courses of action to achieve its set goals and objectives. The objectives of the organization are the "ends" while the strategy is the "means" of achieving them. All the data gathered in the environmental scanning (both internal and external) phase should be carefully and objectively analyzed to come up with a strategy which shall be used in achieving the targeted short-run and long-run goals that are consistent with the organization's mission. It is often done across the three levels of a business organization (i.e. corporate, business and functional levels). In other words, there should be strategy for the organization as a whole (often the responsibility of the top-level management), each line of business in the organization should also have strategies which direct their operations and lastly, there should also be strategy formulation at the operating levels e.g. for each functional department and unit in order to be able to carry out the details of functional area strategy. This step of the planning process is often critical; requiring high degree of concentration on the part of the managers in order to choose the best strategy among competing alternatives to achieving organizational goals. To survive and gain competitive advantage, organizations of all sizes increasingly need to pursue well developed and clear cut strategies (Ghoshal & Bartlett, 1990). The major problem confronting managers at this stage is identifying and selecting the best strategy. There are different types of strategies and the situation on ground determines which strategy to be selected. Thus, the best strategy to be selected should be one that effectively tackles the problem on ground and also enable the organization to effectively cope with competition (Pearce II and Robinson Jr., 1998). In formulating strategies for any given organization, the uniqueness of that organization must also be taken into consideration. The strategy formulation must be customized strictly for the organization to accommodate all the relevant internal and external circumstances that surround the organization.

**The Concept Of Organizational Performance**

Every organization is established for one reason or the other; hence, basically there are two forms of organization which are profit-oriented organizations and not-for-profit oriented organizations. Profit-oriented organizations places more emphasis on profits; hence, they measure performance against profitability while not-for-profit-oriented organizations regards such factors as customers satisfaction and communal responsibility highly; hence, they measure their performance against such bases. Thus, the purpose for which an organization was established will determine the factors against which its performance will be measured. Thus, organizational performance simply refers to measuring the actual outputs or results against its intended (expected) outputs. According to Richard et al (2009), organizational performance encompasses three specific areas of firm's outcomes, viz: (a) financial performance such as profits, return on assests, return on investments, e.t.c. (b) product market performance such as sales, market share, e.t.c. and (c) shareholders' return such as economic value added, total shareholders return, e.t.c.

It is often tempting to let things roll along year in year out, thinking that since the organization is busy manufacturing goods and providing services, it must be meeting its goals. That kind of approach is misleading as it takes no account of the effectiveness of services and often leads to organizations serving themselves rather than their clients. Therefore, measuring organizational performance is a very important aspect of operational activities which must not be neglected by managers of an organization. It serves as a means of being accountable to stakeholders of an organization and it is a practical way of ascertaining the need for a change. Performance measures means using indicators and measures to monitor, evaluate and establish the: appropriateness of the organization's services, effectiveness and impact of the organization on its clients and the community at large and lastly the efficiency of the organization.

Basically, there are two forms of measuring organizational performance, viz: quantitative and qualitative. The quantitative method makes use of statistics to provide clues to performance and not necessarily answers while the qualitative method makes use of reasoning. Unfortunately, there is no single method of measuring organization performance; it is often a combination of methods that give an accurate assessment of an organization's performance.

**Methodology**

The design for this study is a survey research design which measured two variables: independent and dependent variables. The scope of this paper is to examine the impact of strategic management on organizational performance within the Nigerian business economy context with a focus on selected banks in Ilorin Metropolis, Kwara State, Nigeria for the period of 2005 to 2012. Strategic management, considering both the conceptual and theoretical approach, is a very broad topic and time allotted to the programme will not permit total dwelling of the concept.

This study was limited to selected banks in Ilorin metropolis of Kwara State. The banks used include: Skye Bank, United Bank of Africa (UBA), Union Bank, Mainstreet Bank, and Keystone Bank. Primary data was used for this research work and it was collected using a questionnaire so as to enable the study obtain accurate and adequate information relating to the research work. Twenty employees were randomly chosen from each of the selected banks; thus one hundred employees of all the selected banks constituted the sample size which was purposefully drawn from the population. One hundred questionnaires were administered to the employees which comprises of management staff, senior staff and junior staff. All the questionnaires were returned and found usable for analysis.

**Research Hypothesis**

**Ho:** There is significant relationship between strategic management and organizational performance.

**Data Analysis and Discussion**

The study revealed that that out of 100 respondents, 63 (63%) of the respondents are male while 37 (37%) of them are female. This implies that there were more male respondents than female respondents who responded to the questionnaire. The investigation further revealed that out of 100 respondents, 12 (i.e.12%) of the respondents of them fall below the ages of 25 years, 73 (i.e. 73%) of them were between the ages of 26 and 35 years and the remaining 15 respondents (i.e. 15%) were above 35 years. The implication of this is that most of the respondents fall between the ages 26 and 35 years which means we have more respondents to the questionnaire who belong to the active working population.

Results further shows that 18 (18%) of the respondents are in the marketing department, 64 (64%) of the respondents are in the operations department, 4 (4%) of the respondents are in department of Administration, 2 (2%) of the respondents belong to the department of research and development, 6 (6%) of them are in customer care department and the remaining 6% belong to other department which are not specified. Thus, it can be concluded that majority of the respondents are in the operations department followed by marketing department thereby putting the respondents in a better position to understand the import of questionnaires.

The study further revealed that the respondents based on their perception on whether their organization analyze its business regularly in order to determine its strengths and weaknesses. Result reveals that out of 100 respondents, 54 (54%) of the respondents strongly agreed, 36 (36%) agreed, 8 of the respondents are uncertain while the remaining 2 respondents disagree. Thus, 90% of the respondents agree to the question that their organization regularly determines its strengths and weakness. With this, the organization is able to ascertain its true worth in the competitive business environment.

It was further revealed that 44 out of the 100 (i.e. 44%) respondents to whom the questionnaires was administered strongly agreed that organizations level on its strengths to maximize the opportunities presented by its external environment, 38% agreed, 16 (i.e. 16%) respondents were uncertain and the remaining 2 (i.e. 2%) respondents disagreed. Thus, a total of 82% of the respondents agreed to the statement. The essence of conducting both the internal and external analysis of the business environment is to enable the management of the organization to know and understand both the strengths and weaknesses of the organization as well as the opportunities and threats coming from the external environment and then concentrate on its strengths in order to maximize and exploit the opportunities thereof.

With respect to strategic planning as a top priority activity in the selected banks, out of 100 respondents to whom the questionnaires was administered, 45 (i.e. 45%) respondents strongly agreed, 43 (43%) agreed and the remaining 12 (12%) respondents were uncertain. In other words, most of the respondents (i.e. 88%) agreed that strategic planning is a top priority activity in their organizations. This means that the management of their organizations knows the importance and benefits of planning strategically to achieve organizational goals and objectives; hence, they do not joke with strategic planning at all. The management emphasizes the role of strategic planning across all levels thus making the employees to embrace it wholly as well.

On the performance of strategic planning on a regular basis in the selected banks, 33 out of 100 respondents (i.e. 33%) strongly agreed, 55 (55%) respondents agreed, 10 (10%) respondents were uncertain and the remaining 2 (2%) strongly disagreed. Thus, a total of 88% of the respondents agreed to the statement. As stated in the analysis of the previous table, the role of strategic planning cannot be overemphasized in any given organization. This therefore makes it imperative for the management of the organization to ensure that it is performed on a regular basis to avoid waste of resources and eventual failure of the organization.

**Test of Hypothesis**

$H_0$ = There is no significant relationship between strategic management and organizational performance

Table 1: Summary table showing a significant relationship between strategic management and organizational performance

| Variable | Mean | Minimum | Maximum | Standard deviation | N | R | P | Remark |
|---|---|---|---|---|---|---|---|---|
| Organizational Performance | 10.9900 | 6.00 | 19.00 | 3.00335 | 100 | .830** | .000 | Sig. |
| Strategic Management | 51.90000 | 30.00 | 79.00 | 10.94107 | | | | |

Source: Author's computation, 2013

The result from the above table shows that the mean value of 10.99 for Organizational Performance and 51.90 for Strategic Management falls within the minimum and maximum values of 6.00 and 19.00 and 30.00 and 79.00 respectively. The result also shows a low standard deviation of 3.00 and 10.94. Based on the outcome therefore, we conclude that there is a significant relationship between Strategic Management and Organizational Performance. The alternative hypothesis is accepted

**Table 2**: Summary Table showing whether strategy management significantly determines organizational performance

| Variable | Coefficient | Standard Error | T-test | Prob. |
|---|---|---|---|---|
| Strategic Management<br><br>$R^2$ = 689<br>Adjusted $R^2$ = .686 | .228 | .015 | 14.728 | .000 |

Source: Author's computation, 2013

The result presented above shows a good outcome. From the result, strategy management positively affects organizational performance. The outcome however, proves that a 1 percent improvement in the encouragement of strategic management in the organization will help improve the organizational performance with about 23 percent.

Looking at the t value, the result shows the t value to be 14.728, this result was greater than the tabulated value of 2.306, this shows that $t_c > t_t$ i.e. the calculated t is greater that the tabulated t with 14.728>2.306.

From the t value, the probability result shows a value of 0.0000. This results indicates that P < 0.0 showing a significant value at 1 percent.

Based on this result, we conclude that strategic management will significantly determine organizational performance. Hence, we reject the null hypothesis and conclude that strategic management will significantly determine organizational performance.

**Conclusion and Policy Recommendations**

Although, there have been several write-ups by different scholars on this particular research work (i.e. the impact of strategic management on organization), this research also serves to buttress the conclusion of the past works that strategic management significantly affect organizational performance positively. Drawing from the result of the analysis presented in this research work, there is a strong correlation between strategic management and organizational performance: a 1% change in strategic management will lead to about 23% improvement in organizational performance. It was also revealed that there is a positive relationship between strategic planning and organizational performance.

There is an improvement in the performance of any organization that wholly embraces the principles of strategic management in its operational activities. The hypothesis tested established a positive correlation between the environmental scanning, strategic formulation, strategic implementation and strategic evaluation on organizational performance. Hence, it established that there is a significant relationship between strategic management and organizational performance.

**Policy Recommendations**

First and foremost, the study recommends that any organization that desires high output performance (financially and non-financial wise) should endeavour to embrace the principles of strategic planning which is embedded in strategic management. To avoid failure or the death of an organization, the managers of the organization should be committed to institutionalizing the practice of strategic management in its culture by ensuring that strategic planning permeates every nook and cranny of the organization and making sure that strategies planned are implemented else it will be a waste of time and resources. The strategic plans should not be too many or cumbersome for implementing; rather, it should be realistic, simple to understand and to act upon. Employees should be made accountable for various aspects of the plan assigned to them. There should be a standard or benchmark for tracking the progress of the plan as it is being implemented. Resources needed for implementing the strategies should be made available at the right time, to the right people in the right quantity and quality. There should be mechanism for feedback to ensure that actual output is not deviating from the planned output. Feedback mechanism is a very important aspect of strategic management that should not be neglected.

Every research work is open to criticisms and further development. Thus, after this study a window has been opened for further specific studies to be pursued. Due to time constraint and other constraints, several issues have been left unattended to in this research work thereby giving room for further developments. Some of the areas that may require attention include the examination of the relationship between the strategic planning intervening outcomes and performance and the implications of a participatory orientation to strategic planning and performance.

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