

STRATEGIC PLANNING AND PERFORMANCE: CATALYST FOR SUSTAINABILITY AND STABILITY IN THE NIGERIAN FINANCIAL SECTOR

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Abstract

The painful upheavals in so many companies in recent years reflect the failure of one-time industry leaders to keep up with the accelerating pace of industrial change and institute strategic policies. It was observed that the Nigerian Financial Sector is one of those sectors that have failed to keep up with the accelerated pace of change in the global economy. The Nigerian financial sector has experienced financial distress from pre-independence to date leading to the liquidation of financial institutions and loss of investments. The objective of this paper is to evaluate strategic planning and performance as catalyst for business sustainability and stability in the sector. The study is empirical with the use of research survey. Multivariate Analysis of Variance (MANOVA) was employed to analyze the results of the field survey and the testing of the hypotheses formulated in null form. The results of the surveys show that strategic planning was not properly instituted and in some cases missing in the financial sector which created serious problems for the nation. The paper recommends the transformation of the industry by reinventing strategy and run away from reengineering which is a dead end.

Keywords: Development, Distress, Economy, Evolution, Growth, Performance, Stability, Stability, and Sustainability

Introduction

Strategy is grounded in the array of competitive moves, and business management of an organization depends on how to produce successful performance. Strategy in effect is management's game plan for strengthening the organization's position, pleasing customers, and achieving performance

targets. Managers' device strategies to guide how the company's business will be conducted and to help them make reasoned, cohesive choices among alternative courses of action. The strategy managers decide or indicate that among all the paths and actions we could have chosen, we decided to follow this route and conduct our business in this manner. Without a strategy, a manager has no thought-out course to follow, no roadmap to manage by, no unified action program to produce the intended results. Indeed, good strategy and good strategy execution are the most trustworthy signs of good management. Thompson and Strickland (2005:3) stated that managers must combine good strategy making with good strategy execution for company performance to approach maximum potential. They highlight five tasks of organization strategy which include the following. (i) Deciding what business the company will be in and forming a strategic vision of where the organization needs to be headed. In effect, this is infusing the organization with a sense of purpose, providing long-term direction, and establishing a clear mission to be accomplished. (ii) Converting the strategic vision and mission into measurable objectives and performance targets. (iii) Crafting a strategy to achieve the desired results (iv) Implementing and executing the chosen strategy efficiently and effectively. (v) Evaluating performance, reviewing new developments, and initiating corrective adjustments in long-term direction, objectives, strategy, or implementing in light of actual experience, changing conditions, new ideas, and new opportunities. According to Hamel and Prahalad (1994:5-8), the painful upheavals in so many companies in recent years reflect the failure of one-time industry leaders to keep up with the accelerating pace of industrial change and institute strategic policies. It was observed that the Nigerian financial sector is one of those sectors that have failed to keep up with the accelerated pace of change in the global economy. According to Central Bank of Nigeria (2004:1), following the deregulation of the Nigerian financial sector in 1986 during era of structural adjustment programme (SPA), the banking industry witnessed remarkable growth, both in the number of deposit money banks and other types of financial institutions. In the early 1990s, Nigerian banking institutions faced many challenges, including increased competition and harsh economic conditions. Against this background, the incidence of financial sector distress induced by undercapitalization, liquidity crisis and high degree of non-performing loans characterized the banking industry in Nigeria. Some of the banks were faced with the threat of liquidation, while some were resuscitated as a result of the timely intervention of the regulatory authorities.

According to CBN and NDIC (1995:2-6), the evolution of the banking industry reveals that the industry gained astronomical growth in the number of commercial and merchant banks from 11 in 1960 to 120 with a total of

2,107 branches at the end of 1992 and above 2,500 in 2005. This phenomenal growth and expansion in the activities of banks resulted in successes and failures of banks. Despite the robust growth in financial institutions and assets and profitability, some problems remained while new ones developed, the most prominent being the financial institutions distress. The banking institutions could no longer meet their financial obligations to their customers and various stakeholders. It is evidenced that distressed banks were liquidated, depositors lost their deposits, investors lost their various investments, stakeholders lost their holdings and other sectors of the economy were adversely affected economically. Between 1990 and 2005, the financial distress was of greater intensity, both in scope and depth. During this period, confidence in the banking sector waned as the following number of banks were liquidated according to Central Bank of Nigeria 2002 and 2006 annual reports: pre-independence was 22 banks, 1992 was 3 banks, 1994 was 4 banks, 1998 was 26 banks and 14 banks in 2005. The distress and liquidation occurred because the banks could not maintain sustainable performance growth. According to Hopkins and Hopkins (1997), sustainable performance growth is the performance that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is a time path whose sustainability over the future is never less than its current consumption pattern. According to Eghodaghe (1993) and cited by CBN/NDIC (1995), a financial institution that cannot maintain sustainable performance growth is undergoing distress and this usually occurs where the evaluation depicts poor condition in all or most of the five performance factors stated thus: (a) gross undercapitalization in relation to level of operation (b) high level of classified loans and advances (c) illiquidity reflected in the inability to meet customers' cash withdrawals (d) low earnings resulting from huge operational losses and (e) weak management as reflected by poor credit quality, inadequate internal controls, high rate of frauds and forgeries, labour turn-over etc. From their analysis, they further said that based on the extent and depth of the problem, Nigeria has been experiencing generalized type of distress. The generalized type of distress exists when its occurrence is spreading so fast and cut across all the sub-sectors of the industry but its depth, in terms of the ratio of total deposits of distressed institutions to total deposits of the industry; the ratio of total assets of distressed institutions to total assets of the industry; and the ratio of total branches of distressed institutions to total institutional branches of the industry; among others, has not adversely affected the confidence of the public in the financial system. This situation arose because of the highhandedness of the Board of Directors and Management of the various institutions in the industry. This paper focus on the banking industry which

occupies a bedrock role in the economy among all other industries in the financial sector

Appraisal Of Nigerian Economic Growth

The banking industry right from the pre-independence to date has been playing very important role in Nigeria economic development by mobilizing funds from the surplus sector to finance the deficit sector. Economic development can be explained as the system of utilizing the available resources so as to achieve effective production capacity, guide against risks and limitations that can hinder investment. Sanusi (2011) averred that banks provide linkage for the different sectors of the economy and encourage high level of specialization, expertise, economies of scale and a conducive environment for the implementation of various economic policies of government intended to achieve non-inflationary growth, exchange rate stability, balance of payments equilibrium and high level of employment. Economic development is a multi-dimensional process which involves changes in structures, attitudes, and institutions, as well as the acceleration of economic growth, the reduction of inequality and eradication of absolute poverty in the system. According to USAID (2012), Nigeria has enjoyed strong economic growth over the past-seven years, but poverty is still a major concern. While oil accounts for 95percent of export earnings and 85percent of government revenue, agriculture which employs 70percent of the population accounts for only 2.6percent of export. Economic growth in Nigeria is constrained by inadequate infrastructure, electricity, incentives and policies that promote private sector development, and poor access to quality education. Sustained broad-based economic growth and poverty reduction are critical to Nigerian economic stability. Nigeria economic growth is also constrained by insufficient electricity generation which results in a lack of reliable and affordable supply of power. Nigeria economy has had a truncated history. In the period 1960-1970, the Gross Domestic Product(GDP) recorded 31 percent growth annually. Oil boom of 1970-78 grew GDP position by 6.2 percent annually which was remarkable. In the 1980s, GDP had negative growth rates. The GDP responded positively to the structural adjustment of 1988-1997 by recording a positive growth rate of 4.0percent. The manufacturing sectors which had a positive growth rate after independence recorded negative growth of between -3.2percent and 2.9percent. The economy which never experienced double-digit inflation during the 1960s, enjoyed a 23 percent inflation between 1976 and 1988. Decreased to 11.8percent in 1979, jumped to 41percent and 72.8percent in 1989, and 1995 respectively. By 1998 inflation rate reduced to 9.5percent from 29percent in 1996. (Ekpo and Umoh, 2012) .The corruption and mismanagement of Nigeria post-colonial government legacy has prevented the channeling of Nigeria abundant natural and human resources-especially

its wealth in crude oil into lasting improvements in infrastructure and the construction of a sound base for self-sustaining economic development. This has made Nigeria one of the less developed and poorer countries of the world. Nigeria has the potential to become a major economic power if the leaders of the nation resolve to learn from the past mistakes and harness the country's rich natural and human resources for a productive and sustained effort to promote economic development. Uda and Obeguagu (2011) were of the view that Nigeria is recognized globally as a country with great potential required to achieve rapid economic development and growth. As the biggest economy in West Africa, it has the capacity to acquire the right technology, physical and human capital to fast track the pace of economic development and growth, the significant gaps in the availability and quality of infrastructure, human capital and the level of rent seeking behavior of the operators. They opined that the absence of sustained economic development and growth despite huge aggregate and public investment was partly attributed to inefficiency of public investment and culture of corruption and mispent natural resources. To promote high and sustainable level of economic growth and development, government need to reduce or eliminate the culture of rent seeking, support private investment and entrepreneurship by investing on infrastructures and human development, and should sustain the current effort aimed at strengthened the financial sectors. Investing in infrastructure and human capital would boost economic growth and development and productivity.

Research problem

The Managing Directors and Chief Executive Officers of distressed banks had influencing and controlling power over operational issues which have breached the tenets of corporate governance. The four pillars of corporate governance of Accountability, Fairness, Transparency and Independence were thrown into the dustbin. Non-compliance with monetary and fiscal policies and regulatory authorities' principles and regulations resulted into abuse of power, lack of initiative to put in place, good credit policies and strategies that would aid assets and liabilities management manifested in the operations of these banks. (CBN/NDIC: 1995) The problem identified in the industry is inability of the banks to maintain business sustainability and stability. Fraud, malpractices and poor lending habit have been introduced into the system despite all the efforts of the regulatory authorities to sanitize the system. Despite the growth in business and volume of assets of these institutions, rather than attaining sustainable performance growth, what is prevailing is performance deterioration and financial distress. The performance growth indices could not be sustained. The banking institutions failed to design on their own strategies that would bring sustainability and stability into the system like developing strategies

that critically measure and analyze performance indices of capital, assets quality, profitability, liquidity, dividend paid and tax paid. In 2005 December, when the Central Bank of Nigeria concluded the consolidation exercise in the industry for a new reform and transformation, only the following banks had financial capacity to meet the minimum capital base of N25billion: First Bank Plc, Union Bank Plc, Zenith Bank Plc, Oceanic Bank Plc and Citibank Ltd. Others went into mergers and Acquisition options which eventually produced 25 megabanks in the industry and later reduced to 24 due to another merger. Fourteen (14) banks whose balance sheet did not possess any value for mergers and acquisition were liquidated. The objective of this paper is to examine the sustainability of the growth in the Nigerian banking industry and performance stability by evaluating the relationship between strategic planning (corporate governance, capital budgeting, budgetary control, tax planning, and corporate planning) and performance. The pertinent question which this paper addresses is “to what extent will strategic planning impact on the performance of banks in order to maintain business sustainable growth and stability in the banking industry”?

The hypotheses for this work are stated in null form.

1. *Hypothesis 1* H_0 Strategic planning and performance do not affect sustainability and stability in the Nigerian banking industry.
2. *Hypothesis 2* H_0 Corporate governance is not a determinant for corporate existence and performance indices in the banking industry.
3. *Hypothesis 3* H_0 The shareholders loss of investment in distressed and liquidated banks cannot be attributed to poor corporate governance.

Literature Review

The relevant literature reviewed for this work is summarized below:

Strategic Planning-Financial Performance Relationships in Banks: A Causal Examination.

Hopkins and Hopkins (1997:635-652) stated that the intensity with which banks engage in the strategic planning process has a direct, positive effect on banks' financial performance, and mediates the effects of managerial and organizational factors on banks' performance. They stated further that strategic planning intensity causes better performance and, in turn better performance causes greater strategic intensity. In their research work, they developed and tested an integrative model of relationship among managerial factors, environmental, and organizational factors, strategic planning intensity, and financial performance by using data from 112 banks. They described strategic planning as the process of using systematic criteria and rigorous investigation to formulate, implement, and control strategy, and formally document organizational expectations. Hopkins and Hopkins

posited that a strong conclusion to be drawn from the work is that strategic planning results in superior financial performance only when managers engage in the process with some intensity. In the managerial factors, they explained that the extent to which banks engage in the strategic planning process depends on managerial factors such as strategic planning expertise and planning-performance beliefs. That in banks where managerial strategic planning expertise is high, the bank managers are likely to engage in the strategic planning process with enough intensity to impact the bottom line. They explained that environmental complexity refers to the heterogeneity and concentration of elements in a firm's external environment. That is an organization must consider the number, diversity, and distribution of elements in their environment when formulating strategy. In organizational factors, they found out that as banks expand into regional markets and in different lines of business, they grow both in size and structural complexity. They concluded that the difficulty involved in managing increased size and complexity required bank managers to become more involved in planning for successful operations.

Corporate Governance and Sustainable Performance Growth

According to Al-Faki (2005:29), stability and prosperity of any economy is to a large extent dependent on the integrity of its business and markets. Good corporate governance, which can be defined as the rules and practice that govern the relationship between managers and shareholders of companies as well as other stakeholders contributes not only to the growth and financial stability of corporate enterprises, but also promotes financial markets integrity and economic efficiency. He averred that the subject of corporate governance has assumed greater significance following high profile scandals and the consequential losses in the American, European and other countries including Nigeria. Effective corporate governance therefore, requires a clear understanding of the respective roles of the board and senior management and their relationship with others in the corporate structure. The relationships of the board and management should be characterized by transparency to shareholders, fairness to employees, good corporate citizenship to the communities they operate in and a commitment to compliance with the rules and regulations of the country. Central Bank of Nigeria (2006:1-20) in avoiding grave financial scandals and collapse of institutions introduced code of corporate governance for banks in Nigeria post consolidation. It explained that financial scandals around the world and the recent collapse of major corporate institutions in the USA and Europe have brought to the fore, the need for the practice of good corporate governance, which is a system by which corporations are governed and controlled with a view to increasing shareholder value and meeting the expectations of the other stakeholders. Also that the financial industry need

to retain public confidence through enthronement of good corporate governance given the role of the industry in the mobilization of funds, the allocation of credit to the needy sectors of the economy, the payment and settlement system and the implementation of monetary policy. According to Ugwu, Olajide, Ebosedo, Adekoya, Adepetun and Oji (2009), the Central Bank of Nigeria in August 14, 2009 and October 2009, sacked the Managing Directors of eight banks in Nigeria due to excessive high level of non-performing loans, which was attributable to poor corporate governance practices. The Central Bank of Nigeria injected N620 billion in form of Tier 2 capital to be repaid from proceeds of capitalization in the near future. The problem of these banks was that they were built around single personalities which weakened corporate governance.

Budgetary Control and Performance Evaluation

In Chartered Institute of Management Accountants CIMA (1993) terminology, a budget is defined as a financial and or quantitative statement, prepared and approved prior to a desire period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. Werner and Jones (2004:365) indicated that the most commonly strategy used method of evaluating the performance of revenue centers, cost centers, and profit centers are performance to budget. This is the process of comparing actual results with budgeted to determine if there is a favourable indication or negative indication. In their work on evaluating business segments, in addition to earlier method of comparing actual results with budgets, they analyzed some nonfinancial performance measures like quality, customer satisfaction, employee morale, employee safety and efficiency. These measures help responsibility accounting for better performance. Omolehinwa (2001:10-29) analyzed that one of the reasons why organizations engage in budgeting is scarcity of resources, which always leads to claims and demands outweighing the resources to satisfy them. He stated that in any organization, some of the tasks of budgeting are: to force managers to analyze the organization's activities critically, to direct some of management's attention from the present to the future, to enable management to anticipate problems or opportunities in time to deal with them effectively, to give managers a continuing reminder of the actions they have decided upon, and to provide a reference point for control purposes.

Capital Budgeting and Sustainable Performance Growth

Edmonds, Edmonds, Tsay, Olds and Schneider (2006:274) describe capital budgeting as whether to buy or lease equipment, whether to stimulate sales or whether to increase the company's asset base, and hence take decisions on capital investment in an organization by determining which specific investment projects the firm should accept, determining the total amount of capital expenditure which the firm should undertake, and

determining how this portfolio of projects should be financed. The capital budget focuses on the long-term operations of the company to determine how an organization intends to allocate its scarce resources over the next 5,10 or even 20years.Elumilade,Asaolu and Ologunde (2006:136-151) posited that poor and unrealistic capital budgeting has long been the bane of socio-economic development in Africa and focused on Nigeria. That capital budgeting in a developing country is vital for economic development which any organization must consider in order to achieve corporate organizational growth. Capital investment decision involves large sums of money and may introduce drastic change in a company operation. They explained that in the face of competition for growth and development, a firm needs a constant flow of ideas for new products and ways to make existing products better or at a lower cost. They concluded that net cash inflow should be regarded as a desirable determination of performance ,since higher income dictates better investment return and vice versa. The result of the works shows that low investment return is a signal of poor growth performance level.

Tax Planning and Liquidity

Chartered Institute of Taxation of Nigeria (2005:6-7) describes a tax as a rateable portion of the produce of the property and labour of the individual citizens, taken by the nation, in the exercise of its sovereign rights, for the support of government, for the administration of the law, and as the means for continuing in operation the various legitimate function of the state. Taxes cannot be neglected because it is net income after a tax that is important. Hoffman (1961:274-281) in his analysis defined tax planning as a strategy and the taxpayer's capacity to arrange his financial activities in such a manner as to suffer a minimum expenditure for taxes. The tax planning that is not cut properly to suit the individual taxpayer may have the ultimate adverse effect of maximizing the tax. When the use of the designated tax planning is used to plan for liquidity retention, it means effective tax planning. Institute of Chartered Accountants of Nigeria ICAN (2006:6) explained that tax planning requires detailed knowledge of tax legislation and its application to particular circumstances, identifying and taking advantage of loopholes. That tax planning involves taking note of the applicable taxation legislation to ensure that the tax laws are properly complied with by taxpayers such that all taxes due are paid.They asserted that regardless of how simple or how complex a tax strategy is,it will be based on structuring the transaction to accomplish one or more of these often overlapping goals: reducing the amount of taxable income, reducing tax rate, controlling the time when the tax must be paid, claiming any available tax credits, controlling the effects of the alternative minimum tax, and avoiding the most common planning mistakes. The taxpayer should avail himself of

all the available opportunities to minimize his tax liability and retain enough liquidity in the business.

Gap Analysis

All the literature reviewed supported strategic planning as a management tool to ensure performance, business stability and sustainability, but were basically theoretical and not subjected to survey research. The only paper that did a survey research is Hopkins and Hopkins (1997) which study was on United Kingdom which used an Integrative model. This paper in addition to integrative used PRIMO-F Growth model.

Methodology

The study is basically empirical and descriptive work involving the study of the sample chosen from the population to assess the relationship between strategic planning and performance in the Nigerian banking industry with a view to ensuring sustainability and stability of business. The population for this study is the banking industry in Nigeria which is made up of the 24 consolidated universal banks, all the discount institutions, five regulatory bodies that have direct link with banking business in Nigeria viz: the two supervisory and regulatory authorities-Central Bank of Nigeria (CBN) and Nigeria Deposit Insurance Corporation (NDIC) that issue monetary policies for the industry and regulate the operations of the industry, two professional bodies that have been regulating ethics in the industry for more than a decade and support the CBN and NDIC in policy and merger issues in the industry-Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Bankers of Nigeria (CIBN) and the capital market regulatory body that handles the industry capital floating and daily trading of their shares-Nigerian Stock Exchange (NSE).The sample representatives cover the 24 consolidated universal banking institutions and the five regulatory bodies in the Nigerian banking industry. Corporate questionnaire was administered to each corporate institution in the sampled population.29 corporate questionnaires were administered. The questionnaire was close ended and designed in a simple-to-answer form with liker scale in use: Strongly Agree, Agree, Disagree, Strongly Disagree and undecided with scores 5,4,3,2 and 1 respectively. Out of 29 questionnaires administered, 28 were duly completed and returned. This is a percentage of 96.55percent and was considered adequate for the work. Multivariate Analysis of Variance (MANOVA) was adopted to compute the result of the field work. Statistical Package for Social sciences was used to compute the results.

Hypothesis testing:Three hypotheses stated in null were tested from the results of the field survey.

1. *Hypothesis 1H₀.Strategic Planning and Performance do not affect sustainability and stability in the Nigerian banking industry.*

2. *Hypothesis 2* H_0 Corporate governance is not a determinant for corporate existence and performance indices in the banking industry.
3. *Hypothesis 3* H_0 The shareholders loss of investment in distressed and liquidated banks cannot be attributed to poor corporate governance.

For the purpose of using MANOVA and following the rule, the respondents-sampled population were grouped into three independent variables using the profit levels as follows: Very strong bank with average profit before tax of ₦20million and above, Strong bank with average profit before tax of between ₦10million and ₦19million and Slightly Strong bank with average profit before tax of between ₦1million and ₦9million.

Types of Banks	value label	Nvalue
1	Slightly strong	13
2	Strong	6
3	Very Strong	<u>9</u>
		<u>28</u>

Analysis of results/output from Multivariate Analysis of Variance

1. Descriptive Statistics. Seven dependent variables representing questions picked for the testing of the hypotheses have the following results: These are variables that will propel performance and business growth, sustainability and stability in the groups of banks.

From the descriptive statistics, the mean of all the dependent variables on a five Liker scale point is above 2.5 average and standard deviation in each scale is below one scale point which depict the following points (a) Good corporate governance aids the increase in capital, liquidity, profitability, and efficiency which are indices of performance in a banking environment.(b)There is a strong relationship between corporate governance and financial reporting because shareholders are concerned about the management of the business as to the fairness, accountability, independence and transparency in the accounts of the institutions

Theoretical Framework: The work looks at how strategy planning can be installed in order to achieve performance that will enhance stability, sustainability and growth in the financial sector. Two theories are employed to achieve the objectives of this paper. Fielder Contingency theory which was explained by Wiiio and Golhabe (1993:1-9) that the success of the leader is a function of various contingencies in the form of coordinate, task and group variables. The theory asserts that group performance is contingent on the leaders psychological orientation and on three contextual variables of group atmosphere, task structure, and leaders power. That there is no best way to plan, organize, or control, but that managers must find different ways to fit different situations. The contingency approach seeks to match different

situations with different management methods. This prompted the use of strategic planning to enhance sustainable performance that will give birth to stability in business. The second theory is PRIMO-F business growth model of Durham University Business School. The model demonstrated that an effective organization needed to fulfill the following equation:

Organizational Growth Effectiveness

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PERFORMANCE TO DATE X POTENTIAL FOR THE FUTURE

PRIMO-F business growth model is very relevant to achieving growth by implementing strategic planning to achieve good performance for sustainability and stability by considering performance variables .

Examination of the Relationship between Strategic Planning and Performance for Business Sustainability and Stability in the banking industry.

Table 1	MEAN	SD	SA %	A %	DA %	SDA %	UD %
[1] Good corporate governance is a determinant Factor for corporate existence to ensure increased Capital, liquidity, profitability and efficiency in Resources management, absence of which will bring collapse of business in the organization.	4.6429	.4880	64.3	35.7	0	0	0
[2] There is no relationship between corporate Governance and financial reporting as stakeholders in the business are not concerned about who leads and manage the organization.	2.2857	.5345	0	3.6	21.4	75	0
[3] Poor Corporate governance can result into Downturn in business, distress and effectual liquidation of the business	4.6071	.5669	64.3	32.1	3.6	0	0
[4] The sustainable growth in the business of a banking institution can not be determined by the type of corporate governance in operation.	2.5714	.6341	0	3.6	53.6	39.3	3.6
[5] Boardroom upheavals and crisis in the banking Institutions have very strong negative impact on Customers patronage and expansion of business, and this can be attributed as one of the major causes of financial distress in the banking industry.	4.4643	.6929	53.6	42.9	0	3.6	0
[6] The shareholders lost of their investments and depositors lost of their deposits in the liquidated banks can not be attributed to poor corporate governance.	2.6071	.8751	3.6	10.7	32.1	50.0	3.6
[7] Consistence in the constitution of the Board of Directors and knowledge of the operating environment by the directors motivate the growth and expansion of Business.	4.7500	.4410	75.0	25	0	0	0

Source: Field Survey 2011

SD=StandardDeviation,A=StronglyAgree,A=Agree,DA=Disagree,SDA=Strongly Disagree, UD = Undecided.

(c) There is a strong relationship between poor corporate governance and down-turn in business which leads to liquidation. (d) Sustainability in the business of banking is determined by the type of corporate governance in place. (e) Boardroom upheavals in the business of banking negate customers confidence and expansion of business. (f) Loss of investment and deposits by investors and shareholders respectively can be attributed to the poor corporate governance in the system. (g) Consistency in board constitution as the tenure and their knowledge of the business operating environment motivate the growth and expansion of the business.

2. Results of hypotheses testing

Hypothesis 1: Strategic planning and performance do not affect sustainability and stability in the Nigerian Banking Industry

Multivariate analysis of variance (MANOVA) computed shows the following result:

a. The descriptive statistics show that the high mean of the independent variables relative to the dependent variables in each cell is highly as each dependent variable has a mean of above 2.5 point average in positive research statement in a maximum of 5 scale point and above 2 point average in negative research statement of maximum of 3 scale point.

b. The multivariate test shows there is no difference among the groups of banks on a linear relationship and linear combination. The result shows Wilk's Lambda of .924 which is higher than significance level of 0.05. The linear relationship between dependent variables and independent variables confirms that strategic planning will ensure performance for business sustainability and stability in the banking industry.

c. The tests of between subject effects i.e. significance of each dependent variable using Bonferroni Adjustment model is higher than .0072 (between 0.444 and 0.989) which shows that all the dependent variables fit into bringing business sustainability and stability and proves further the strong relationship between Strategic planning, performance and business growth.

d. The groups' means comparisons show that in all the cells, there is no significant difference in the mean of the independent variables as to the suitability of the dependent variables for decision making. In all the computations, the differences are insignificant as they are less than one scale point in each case. (Between 0.009 and 0.436). Hence all the dependent variables support and are very relevant for testing of the hypothesis, and they have proved the strong relationship between strategic planning, performance and business sustainability and stability in the banking industry.

e. The Levene's test of equality of error variances shows equality of error of the dependent variables across the groups. The significance level of

each variable is above 0.05 (between 0.057 and 0.675).The F-test is 11.740 which is higher than the tabulated of 3.38.

From the statistical outputs and analysis, the null hypothesis is rejected and the alternate accepted which prove that there is a strong relationship between Strategic planning, performance and sustainability and stability of business in the Nigerian banking industry.

Hypothesis 2: Corporate governance is not a determinant for corporate existence and performance Indices in the banking industry The Multivariate Analysis of Variance (MANOVA) reveal the mean recorded 4.6429 which is very high from a maximum of 5scale point, the standard deviation of.4880 which is less than below 1 scale point showing that corporate governance does not constitute a risk to corporate existence and performance indices.. The score of the respondents is 100percent in agreement to the research question that good corporate governance is a determinant factor for corporate existence and performance indices. The multivariate test has a result of Hotelling's Trace of .937 higher than significance level of 0.05. The between subject effect test of significance is 0.826 which is higher than Bonferroni adjusted test of 0.0072.The F-test recorded 2.497 on a degree of freedom of 2.All the results prove that good corporate governance is a determinant for corporate existence and performance indices of capital, liquidity, profitability, and efficiency in resources management in the Nigerian banking industry. We therefore reject the null hypothesis.

Hypothesis 3: The shareholders loss of Investment in distressed and liquidated banks cannot be attributed to poor corporate governance. The Multivariate Analysis of variance results reveal that the mean has a score of 2.607 which is very high from a maximum scale point of 3.The standard deviation is .8781 showing the fact that poor corporate governance is a threat to investment. The percentage of total disagreement to the research statement that shareholders loss of investment in distressed banks cannot be attributed to poor corporate governance is 82.1%.The multivariate test shows a result of Pillar's Trace of 0.909 which is higher that the significance level of 0.05.The between subject effects test of significance is 0.660 which is higher than Bonferroni adjusted test of 0.0072.At the significance level of 0.05 and degree of freedom of 2, the F-test is 0.807. All these results reflect the fact that the shareholders loss of investment in distressed and liquidated banks can be attributed to poor corporate governance in the Nigerian banking industry. We reject the null hypothesis and accept the alternate.

Conclusion And Recommendations

The result of the research has shown that poor strategic planning has been a major operating problem in the banking industry. This has resulted into lack of sustainable performance and instability in the sector. The result

further shows that good corporate governance is a determinant for corporate existence and performance in the banking industry, and poor corporate governance leads to loss of shareholders in the banking sector. The banking industry in Nigeria has been undergoing serious adjustment over the last five years sequel to previous reforms in the country that did not help situation. The new adjustment and reforms led Central Bank of Nigeria to increase shareholders fund to a minimum level of ₦25billion. This triggered off several mergers and acquisitions that have reduced the number of universal banks from 89 to 23. There was lingering distress in the industry; the supervisory structures were inadequate. There was no proper structure of responsibility accounting as strategies were not in place or inadequate to appraise performance for proper corporate planning. Key strategic planning indices in the banking industry were missing like sound corporate governance, good investment policy, effective capital budgeting, corporate planning, effective tax planning, effective budgetary control and economic profit of investment. Therefore there is the need for the industry to institute sound strategic planning techniques.

The industry together with each bank should embark on industry transformation by reinventing the banking industry, regenerate strategy and go away from reengineering processes. The strategies will reposition the industry for sustainability and stability. (a) Sound corporate governance is to achieve business excellence and enhance shareholder value. (b) Good investment policy is to achieve effective management of assets and liabilities to enhance good returns on investment and liquidity availability. (c) Effective capital budgeting system is to plan for the acquisition and replacement of long-term capital assets that will help in operations to generate adequate inflows. (d) Corporate planning will strengthening the organization's position, help in pleasing customers and propel achieving performance targets (e) Effective tax planning will help to arrange the financial activities of the organization in such a manner as to suffer a minimum tax liability. (f) Effective budgetary control will help to evaluate the performance of revenue centers, cost and profit centers for variance analysis, reasons for variances and corrective actions. (g) Economic profit of investment will help to compute the economic value of any investment. Effective implementation of strategic planning indices in the banking industry will give birth to business sustainability and stability in Nigerian economy.

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