

EFFECTS OF STRATEGIC PLANNING ON ORGANIZATIONAL PERFORMANCE OF EXXONMOBIL PRODUCING UNLIMITED AKWA IBOM STATE, NIGERIA

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Abstract

The study focused on the effects of strategic planning on organizational performance, using Exxonmobil Producing Unlimited AkwaIbom as the study organization. The study broad objective evaluated the effect of strategic planning on organizational performance, by investigating various strategic planning processes and the implication of effective strategic planning on organizational competitiveness. The methodology adopted was a descriptive research method of data collected

through a questionnaire administered on a sample size of 60 respondents selected from a population of 260 employees of the study organization, the data was analyzed with Karl Pearson's coefficient of correlation computed with SPSS 22 version. The result showed a significant relationship between strategic planning and organization performance. Hence the study recommends that organizations should adopt inculcate all strategic planning processes involving; proper formulation, implementation and control/review of the organization mission, vision, goals, objectives, environmental scan and channeling employee activities in totality to achieve competitiveness and attain organizational performance.

Keywords: *Strategic Planning, Competitiveness, Organizational Performance.*

Introduction

The global business environment is characterized with stiff competition among organizations in the same business industry. Each organization continually remodel their business operations so as to remain in business for an unforeseeable future. Therefore most organizations are adopting newer procedures of creating business models that will enable them achieve their organization's objectives. This newer forms of developing business models has greatly focused on strategic planning. According to Olusanya and Oluwasanya (2014) stated that formal planning process emerged when most organizations

began developing annual operating budget in the post war era in the late 1950s and early 1960s. Hence strategic planning cannot be considered to be entirely new in the business management environment, though the rapid increase of detailed strategic planning in most organization started in the late twentieth century, when noble researchers began an empirical examination on the level of organizational performance achieved through formal strategic planning (Thune and House, 1999; Ansoff, Miller and Friesen, 2000) and over the years numerous strategic planning performance studies has emerged since that period.

Interestingly strategic planning is the process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organizational expectations (Mintzberg, 1994). Gundars, (2015) opine that strategic planning is considered as one of the most complex types of human activity mainly due to the necessity to operate with abstract information and events that have not yet taken place, but in order for an organization to reach these results, however, it is necessary for these events to take place. Thus strategic planning can be best described as a systematic envisagement of an organizations future which requires developing a realistic plan and process of achieving it, adopting it and implementation of the plans. Simply put planning is generally helps to increase the level of efficiency and effectiveness in an organization which, on its turn, discloses and reduces the potential enterprise risks, enables a focused

coordination of all processes taking place in an organization (Gundars, 2015).

The upmost focus of every organization is to achieve higher performance after every business year. However Odongo and Datche, (2015) noted that the ultimate goal of most organizations is profit, which is mostly measured by their net profit, revenue, and other financial data are often utilized as "bottom-line" indications of performance or through sales figures, number of employees, physical expansion, or other criteria to judge organizational performance. Performance is a key goal and objective for emerging organizations and management must carefully determine the best way to combine the core competencies within an organization's functional departments to provide the organization with the best opportunity for achieving and sustaining a competitive advantage in its chosen environment (Marks, 2007).

The pathetic scenario is the dwindling world economy has greatly affected the performance of most organizations alongside competitions. Therefore it important to note that businesses in a developing country like Nigeria are also affected. On the other hand, Olusanya and Oluwasanya, (2014) observed that the worldwide recession affects organizations structure and practices while global management has brought organizations face to face with complex cross-cultural issues and competitions. For an organization to circumvent winding up in a dynamic business economy, most organizations

embarked on strategic planning using a number of business innovations. On that premises Akinyele and Fasogbon, (2010) stated categorically that strategic planning is a process by which we can envision the future and develop the necessary procedures and operations to influence and achieve that future. Hence strategic planning is a key driver of organizational performance (Odongo and Datche, 2015).

The federal government of Nigeria pays high concentration on the oil sector considering the revenue generated from the sector. As at 2009, oil sector revenue generation share was 78.8% while non-oil sector accounted for just 21.3% (CBN, 2010). Therefore Nigeria government through the regulatory agencies continually remodel operations of organizations operating within the oil sector, ranging from deregulation policy, removal of subsidies, withdrawal of operating licenses of some oil business and also revoking and re-awarding of oil blocks. These happenings strategically raised the competition level in the industry and have made most commercial operators in the oil sector to constantly review their business plan in order to assist them remain in business. Strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favourable outcome for an organization (Akinyele and Fasogbon, 2010). Also Olusanya and Oluwasanya, (2014) emphatically stated that any organization that places much emphasis on strategic planning and implement it will have little problem in meeting present, emerging and future business

challenges. Exxonmobil Producing Unlimited Akwa Ibom has not being exempted from the various turmoil raising in the oil sector yet they have remained in business, therefore it is against this backdrop that this study will painstakingly evaluate the strategic planning processes of Exxonmobil and how it has enhances the organizational competitiveness and in the long run facilitates their performance.

The broad objective of the study is to assess the effects of strategic planning on organizational performance. While the specific objectives are to;

- i. Examine the effects of strategic planning processes on organizational performance.
- ii. Determine if effective strategic planning enhances organizational competitiveness.

The null hypothesis that guided the study was: Strategic planning has no significant relationship with organizational performance.

Review of related literature

Concept of Strategic Planning

Strategic planning revolves within and outside an organizational activities, it carefully select the 'Do's and Don'ts' of an organization. Grant, (2014) defined strategic planning as the procedure of creating and upholding consistency between

the establishment's goals and possessions and its shifting prospects. Expectedly business environment present lots of dynamic operational platform which requires internal organization changes to fit into the global business field. Grant and Jordan, (2015) noted that the key constituents of strategic planning practices involve probing questions on where the establishment intends to go, the current situation of the organization, how the organization will get there and what alterations or fluctuations will occur in the establishment's environment.

The primary focus of strategic planning is to develop an organizational functional process designed to assist the objectives of the organization to be fully achieved in any economic situation. Every management priority is focused on ensuring that their organization is set on the right track that will produce the desirable expectation of profit maximization for shareholders. Hence the strategic planning process, in general, comprises business objectives, a vision, and a clear design to accomplish the idea and achieve the objectives (Dole, 2013). Therefore strategic planning helps the organization prepare a suitable action based on organizations objectives and business environment (Guerras-Martína, Madhokb and Montoro-Sánchezc 2014). Strategic planning is defined as a management tool that continually and systematically evaluate a business, identify its long-term goals and quantifiable objectives, develops a plan to implement, monitor performance, allocated resources, redefine the plan where need be, to ensure the

organizational members work towards the defined goals in changing environment (Thompson and Stickland, 2007). The theoretical evidence is that strategic planning takes an overhauling analysis of an organization with the sole aim of facilitating the competitiveness and sustainability of an organization in the global market.

Strategic Planning undergoes numerous processes, these processes are mostly developed with the aim to model business concepts and ideology that befits the organizations structure and number of the levels of hierarchy, business environment and business clause (Gundars, 2015).

Akinyele and Fasogbon, (2010) noted that strategic planning components includes:

- i. Formulating strategy
- ii. Implementing strategy
- iii. Controlling strategy

Strategy formulation is the most important part of strategic planning. According to Wheelen and Hunger, (2004) Strategy formulation is the development of long-range plans for the effective management environment opportunities and threats, in light of corporate strengths and weaknesses. The strategic formulation involves setting the mission and vision, goals,

objectives, programs, budgets, policies and the drivers of these key success factors of strategic planning in an emerging firm, that is, the business owner or management, stakeholders and the employees (Olusanya and Oluwasanya, 2014).

Implementing Strategy is the process by which strategies and policies are put into action through the development of programs, budgets, and procedures Wheelen and Hunger (2004). This process might involve changes within the overall culture, structure, and or management system of the entire organization. Sometimes referred to as operational planning, strategy implementation often involves day-to-day decisions in resource allocation except when such drastic corporate-wide changes are needed, however, the review by top management.

Controlling strategy involves evaluation and control of information consisting of performance data and activity reports from the executed strategy. The process of reviews of strategic plan, and the implementation process are geared to examine how well the plan has either contributed an increase to the wellbeing of the organization or to a decrease it. Olusanya and Oluwasanya, (2014) underpin role of controlling is to identify if obtained undesired performance results because the strategic planning processes were inappropriately used, it is the duty of managers to identify them so as correct the wrongly implemented process or employee activity. The authors added that top management need not be involved. If, however, undesired performance results from the processes themselves, top managers, as well as operational managers, must know

about it so that they can develop new implementation programmes or procedures. Controlling strategy information must be relevant to what is being monitored.

Interestingly other authors viewed strategic planning process in with different parameters. Dole, (2013) stated that strategic planning process, in general, comprises business objectives, a mission, a vision, and a clear design to accomplish the idea and achieve the objectives. In the same line Torok, (1997) observed that a strategic plan process should encompass, a vision, mission and organizational values. A vision is an insight into the long-term future, which should be short, understood by everyone, describes a static stage. A mission is the route followed to achieve a vision. Appleby, (1994) defined a mission as an organization clear objectives depicting its activities hence a narrow purpose. However, basic strategic planning process includes: Identify the purpose (mission statement). This is the statement(s) that describes why the organization exists, i.e., its basic purpose (Odongo and Datche, 2015).

Therefore, it is important to note that strategic planning process of organizations seek to offer the organization detailed forecasted information with high consideration of two prevalent environmental participants, which includes the internal environment and external environment. Saunders (2015) opined that strategic planning process also entails a scan of the environment, thereby helping the organization prepare a

suitable action based on this information (Guerras-Martína *et al*, 2014). Every organization operates within a cosmopolitan business environment, which could be turbulent or favorable. The dynamic nature of business environment requires strategic planning process that x-rays the environmental threats and aligns it with the internal strength that will enable the organization to survive. According to Odongo and Datche (2015), strategies are often what change the most as the organization eventually conducts more robust strategic planning, particularly by more closely examining the external and internal environments of the organization. Identify specific action plans to implement each strategy. A common instruments for environments scanning is the *SWOT* analysis, which aims at studying internal strengths and weaknesses and matching them with the enterprise's external opportunities and threats (Andrews, 1987). A *SWOT* analysis can be used as a basis for developing future strategies as well as for developing the business plan. Another part of the environmental analysis is the *PEST* analysis identified by Analoui and Karami, (2003) the *PEST* analysis tries to identify political and legal (P), economical (E), socio-cultural (S), and technological (T) factors influencing the enterprise. Finally, the *industry analysis* tries to assess the attractiveness of a specific industry for the enterprise.

Strategic planning process could vary according to organizations setting, yet the most obvious scenario is that strategic planning helps organizations to achieve their objectives. According to Thompson and Stickland, (2007) a

strategic plan is a process that involves assessment of treats and opportunities of an organization, determining weakness and strengths in changing environment. The planning process of an organization outlines specific activities that each department must undertake to ensure effective implementation of each strategy. Objectives of an organization are clearly stated to the extent each department and employee can assess if the objectives have been achieved or not. The planning process includes monitoring and updating of the plan. Planning process regularly reflect on the extent to which the goals are being met and whether action plans are being implemented (Odongo and Datche, 2015).

Strategic Planning for Organizational Competitiveness

Business environment is characterized with competition, therefore organizations goal to remain or become market leaders demand the development of business competitive approaches that overrides their rivalries. Leaders in governance, captains of industries, entrepreneurs and managers in the private and public sectors of the economy and the entire world over are faced with the dilemma of how to respond to intense competition particularly in a rapidly changing environment (Olusanya and Oluwasanya, 2014). To surmount the competitions, strategic planning enhances organization to improve its product services, ensure prompt service delivery, customer satisfaction, render valued corporate social services

etc. Ibraimi (2014) noted that a solid competitive advantage is based on the capacity to create, strengthen, and broaden the firm's core competencies to make new products that will be a success on the market. Prahalad and Hamel (1990) define "core competence" as "the collective learning in the organization, especially how to co-ordinate diverse production skills and integrate multiple streams of technology". Through strategic planning an organization understands fully the business environment in which it operates it ensures that it utilizes its competitive advantage to accumulate the various opportunities that presents itself. For a winning competition Akinyele and Fasogbon, (2010) opine that strategic planning provides overall direction for specific units such as financial focuses, projects, human resources and marketing.

Strategic Planning and Organizational Performance

Organizational performance is the basic aim of every management while strategic planning acts as a road map to achieve the expected performance of the organization. In the past decades numerous studies have been conducted to establish the relationship between strategic planning and organization performance, (Langat and Auka 2015; Pangarkar 2015). A study by Dubilihla and Sandada (2014) revealed that strong positive relationship exist between strategic planning and the performance of organizations in South Africa. While findings made by Hakimpoor (2014) revealed that organizations that conducted a strategic planning process performed better than

those that had no strategy formulation procedures. Akinyele and Fasogbon, (2010) analysis on how strategic planning enhances performance and survival, proved 95% responses of from the respondents agreed strongly that strategic planning enhances better organizational performance.

Olusanya and Oluwasanya, (2014) enumerated activities for successful planning and implementation which includes: Developing budgets that steer resources into those internal activities critical to strategic success, establishing strategy-supportive policies, repeatedly use the planning pyramid as the basis for future decision and monitor progress daily, create a company culture and work climate conducive to successful strategy implementation, install internal support systems that enable company personnel to carry out their strategic roles effectively day to day. Ikoro and Nwosu, (2017) advocated appropriate choosing of strategies by firms and correctly matching every strategic plans and as well adopting and effectively implementing the full tenets of strategic plans for the attainment of organizational performance, while Arasa and K'Obonyo (2012) noted that there is a positive relationship between strategic planning and organizational performance.

Research Method and Material for the Study

The research method is descriptive. According to Udeze (2005) descriptive research method simply calls for a researcher making an observation of his environment and recording events

in a particular phenomena or condition. The descriptive nature implies gathering information through a simple and well-structured questions revolving on the subject matter “Strategic planning and organizational performance’ from a target population, i.e the employees of Exxonmobil Producing Unlimited Akwalbom.

For reliable responses on the operational status of the study organization, the study utilized a sample size 60 respondents from a target population of 270 employees. Mugenda and Mugenda, (2003) stated that for any meaningful and representative research, a sample of at least above 10% is representative enough. Hence the representatives was selected from the top managers, heads of departments, middle managers and selected few general staff who have worked for a period of five years and above, this was obtained using 4 strata of a stratified random sampling method.

The study utilized questionnaire as the instrument for data collection, the questionnaire contained two clusters revolving on how strategic planning affects organizational performance of the study organization. The questions was structured in closed-ended format with clarity and brevity, question response was on a 4 scale point where 4 is Strongly Agree, 3 is Agree, 2 is Disagree and 1 is Strongly Disagree. This removed all uncertainties that the respondents may come across. Mean score responses below 2.5 was not accepted for decision making. The hypotheses formulated was tested using

Karl Pearson's coefficient of correlation computed with SPSS 22 version revealing the variables and their effects.

Data analysis, presentation and interpretation

The researcher distributed 60 copies of the questionnaires to the respondents and 51 copies was correctly filled and retrieved. The response rate represented 85% response rate, this implies that the sample was well represented in the questionnaire distributed.

Objective 1: The questions sought to examine the effect strategic planning processes of Exxonmobil Producing Unlimited Akwa Ibom on their organizational performance.

From Table 9.4.2.1, the pool mean of \bar{x} 3.38 and standard deviation of .80 was obtained on the questions which seek to examine the effect of strategic planning processes of Exxonmobil Producing Unlimited Akwa Ibom on their organizational performance. The respondent responses revealed a strong acceptance that there is proper formulation and communication of organizations mission and vision statement and adequate implementation of formulated goals and objectives with the mean and standard deviation of \bar{x} 3.52;.81 and \bar{x} 3.15;.98 obtained respectively. However mean of \bar{x} 3.35 and standard deviation of .86 was equally obtained from respondent responses showing strong acceptance that the study organization carries out proper environmental scanning. While statement to ascertain if there strategic planning processes that

integrates all departments for one goal and control and review of planning processes revealed a high mean of \bar{x} 3.51; \bar{x} 3.37 and a standard deviation of .85;.69 respectively.

Table 9.4.2.1: The mean and standard deviations of the respondents' response on the effects of strategic planning processes on organizational performance.

	N	Mean \bar{x}	SD	Decision
Proper formulation and communication of organizations mission and vision	51	3.52	.81	Accept
Adequate implementation of formulated goals and objectives	51	3.15	.98	Accept
Result oriented environmental scanning	51	3.35	.86	Accept
Strategic planning processes integrates all departments for one goal	51	3.51	.85	Accept
Control and review of planning processes	51	3.37	.69	Accept
Pool mean		3.38	.80	Accept

Objective 2: The questions seek to determine if effective strategic planning enhances Exxonmobil Producing Unlimited Akwa Ibom organizational competitiveness.

Table 9.4.2.2: The mean and standard deviations of the respondents' response on how effective strategic planning enhances organizational competitiveness

	N	Mean\bar{x}	SD	Decision
Informed decisions taken to enhances competitiveness	51	3.61	.66	Accept
Adequate utilization of organization human, material and financial resources	51	3.25	.99	Accept
Increased stakeholders and shareholders satisfaction	51	3.45	.87	Accept
Easily adapt to economic and regulatory policy changes	51	3.47	.70	Accept
Employee activities are channeled towards achieving competitiveness	51	3.25	.95	Accept
Pool mean		3.41	.80	Accept

From Table 9.4.2.2, the pool mean of \bar{x} 3.41 and standard deviation of .80 was obtained on the questions which seek to determine if effective strategic planning enables the organizational competitiveness of Exxonmobil Producing Unlimited Akwalbom. The responses equally revealed that through effective strategic planning informed decisions are taken which enhances competitiveness and there is adequate utilization of organization human, material and financial resources with the mean of \bar{x} 3.61 and \bar{x} 3.25 and standard deviation of .66 and .99. Also there is increased stakeholders and shareholders satisfaction and easy adaptation to economic and regulatory policy changes through effective strategic planning showing mean and standard deviation of \bar{x} 3.45; \bar{x} 3.47 and .87 and .70 respectively. Lastly mean of \bar{x} 3.25 and standard deviation of .95 was obtained on the responses revealing that through strategic planning processes employee activities are channeled towards achieving competitiveness.

Test of Hypotheses

Hypotheses: Strategic planning has no significant relationship with organizational performance.

Table 9.4.2.3: Coefficient of Correlation result showing the significant relationship between organizational performance and strategic planning of Exxonmobil Producing Unlimited Akwalbom.

Coefficient of Correlation

Table 9.4.2.3 shows the Karl Pearson’s coefficient of correlation (r) positive relationship between organizational performance and human, material and capital utilization showing .951 correlation figure; organizational performance and environmental scan revealed .852 correlation figure; organizational performance and mission and vision revealed .907 correlation figure; while organizational performance and

	Org. performance	Human/Material &Capital Utilization	Environmental scan	Mission/Vision	Goals/Objectives	Control/Review	Org. competitiveness
Org. performance	1						
Human/Material &Capital Utilization	.951**	1					
Environmental scan	.852**	.943**	1				
Mission/Vision	.907**	.979**	.917**	1			
Goals/Objectives	.924**	.932**	.789**	.893**	1		
Control/Review	.872**	.960**	.919**	.939**	.847**	1	
Org. competitiveness	.801**	.919**	.973**	.904**	.771**	.907**	1

goal and objectives revealed .924 correlation figure; organizational performance and control and review .872 correlation figure; and lastly organizational performance entails

high competitiveness achieved through various strategic processes showing correlation figure of .801.

Conclusion

The study showed that strategic planning enables Exxonmobil Producing Unlimited AkwaIbom organizational performance through adequate formulation, implementation and control of various strategic planning processes. The study organization develops appropriate mission and vision for the organization after taking accurate environmental scanning matching internal (strength and weakness) and external (opportunities and threats). Strategic planning enables proper formulation of policies and business strategy that are suitable with the economic changes and regulatory policy changes in the oil sector. The study proved that Exxonmobil Producing Unlimited AkwaIbom utilizes their human, material and capital resources to achieve their set out goals and objectives. The study therefore concludes that effective strategic planning increases organizational competitiveness leading to the attainment organizational performance.

Recommendations

Having carefully analyzed the data obtained from the responses and interpreted the result, the study therefore make the following recommendations:

- Organizations should properly formulate and communicate its mission and vision.
- Environmental scanning should be extensively conducted to increase organizational competitiveness.
- Adequate policies and strategies should be adopted and implemented to enable goals and objectives attainment.
- Organizations should adequately utilize its human, material and capital resources.
- All employee activities should be geared towards achieving organizational performance.

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