

**THE EFFECT OF STRATEGIC PLANNING ON THE PERFORMANCE AND  
OPERATIONS OF THE AGRICULTURAL DEVELOPMENT BANK**

by

KNUST

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## DECLARATION

I hereby declare that this submission is my own work towards the CEMBA and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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## **DEDICATION**

This piece of work is dedicated to the happy memory of my father, Frank Kwame poku.

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## ACKNOWLEDGEMENT

This thesis is a synergistic piece of work of many personalities. Firstly, I owe my deepest gratitude to God for granting me His grace and blessings.

Secondly, I have never encountered any lecturer who generates such an awe-inspiring positive reaction from his students than Mr. S. K. Enninful. Sir, It was a pleasure working with you as my supervisor.

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## ABSTRACT

The purpose of this study was to assess the effect of strategic planning on the performance of banks in Ghana with reference to the operations of the Agricultural Development Bank (ADB). Secondary and Primary data was utilized in this study. Secondary data was obtained from reviewing text books, publications, financial records and internal records of ADB. Primary data was gathered with the aid of questionnaires. One hundred and sixty (160) questionnaires were sent to employees of the Greater-Accra region of ADB and one hundred and forty (140) responses were obtained representing a response rate of 87.5%. The results of the administered questionnaires showed a fairly high level of agreement for the features of the various dimensions of an effectively managed bank. However, this study showed that structures put in place for bottom-up information flow were not known to all employees. This study also showed that employees were either ignorant about program evaluation or there was a clear disregard for program evaluation at ADB. The researcher recommends that all factors of the various dimensions should be put into the right perspective so as to help the general workforce of the bank to understand the main objectives and strategic plans in place to achieve the objectives of ADB. Lastly, it is recommended that, the bank develops quarterly meetings at the zonal level to provide employees the opportunity to be heard on matters relative to strategic planning practices at ADB.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the study**

In order to assess the level of success or otherwise of a corporate body, its established strategic plans relative to the performance of the organization in all fronts of operations have to be ascertained. Formulating, implementing and the evaluation of a Strategic Plan indisputably become a major activity in both profit and not-for-profit organizations, especially, the banking sector.

Strategic Plan provides the basic direction and rationale for determining the focus of an organization; and also provides the specification against which any organization may best decide what to do and how to do it. Simply put, it is a process for creating and describing a better future in measurable terms and the selection of the best means to achieve the results desired. It is important to note that not all planning is actually strategic even though they may be termed so. It is said that failure to plan leads to planning to fail.

Strategic planning standardizes the processes of goal/objective setting, situation analysis, alternative consideration, implementation and evaluation that enable an organization to attain its goals and objectives (Tapinos et. al. 2005). Sarason and Tegarden, (2003) asserted to the positive correlation between strategic planning and performance achievements as very beneficial for organizations. In their studies Dyson, (2000); McAdam and Bailie, (2002) further emphasized the need for organizations to align their strategies with their performance measurement systems.

Performance measurement has significant influence in supporting the achievement of an organization's goals and the effectiveness and efficiency of its strategic planning process. Thus, in order to assess the level of success or otherwise of a corporate body, its established strategic plans in connection with the performance of the company in all fronts of operations had to be established.

Strategic management expert Toffler (2003) writes that a company without a strategy is like an airplane weaving through the skies, hurled up and down, slammed by winds and lost in the thunder heads. If lightning or crushing winds do not destroy it, it will simply run out of gas. In a similar line of thought, Ross et al (2000) note that, without a strategy an organization is like a ship without a rudder. It goes round in circles and like a tramp, has no specific place to go.

Clearly, these statements emphasize the importance and the need for a comprehensive, systematic and dynamic strategic planning for every company which seeks to survive competition in the ever changing global competitive business environment. Ansoff (1970) argues that planning generally produces better alignment and financial results in companies which are strategically managed than those which are not. This suggests an apparent correlation between strategic planning and the ultimate performance of a company in terms of its growth, profits, attainment of objectives and sustained competitiveness (Strickland, 2004).

Though these assertions are largely true, Pitts et al (2003) affirm that exceptional situations also arise when some companies gain not because they had in place any strategy but because they just benefited from some sudden conditions in the external environment. Nonetheless, and still consistent with the need for evolving and constantly reviewing strategy, it is important to note that having a sound strategy in itself does not necessarily translate into desired performance goals if it is not properly implemented. Both strategy and implementation must be good and timely to achieve positive results. As for a company driven by wrong strategic planning, Malamud (2004) likens it to a train on a wrong track saying, every station it comes to is the wrong station.

These fundamental principles essentially hold true for all industries globally and as should be expected, management is subject no less to the dynamics of these tendencies. It is assumed that strategic planning, like other management initiatives developed basically for business, can be adapted in spite of the differences between profit and not-for-profit organizations.

The need for organisations to plan and monitor their activities in order to focus resources and efforts to ensure their future survival has spawned an industry of practitioners, consultants and educational programmes. Strategic planning is now a routine part of business or organisations with an accompanying set of beliefs and protocols that underpin the day-to-day practice. As indicated in the works of Ring and Perry (1985), Bryson and Roering (1987) as well as Nutt and Backoff (1993), the conceptualization that best recognizes and appropriates all the possibilities of strategy may be termed strategic. Each of the three aspects is essential to the others: Strategic Thinking, Strategic Planning, and Strategic Action.

## 1.2 Statement of the Problem

Managements" lead role requiring strategic thinking, planning, decision-making and ultimate implementation could also have much to contribute to the fortunes or otherwise of the various organizations in their respective industries. Much as the differences in the performance levels of various organizations are to be expected, it is still strongly believed that the strategies pursued by each organization are largely accountable for the outcome of their performances.

Strategic planning increases the efficiency and effectiveness of organizations by improving both current and future operations. Strategic planning provides a framework for management"s vision of the future. The process determines how the organization will change to take advantage of new opportunities that help meet the needs of customers and clients. Strategic planning is a difficult process which requires that people think and act creatively. The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress. These goals can be accomplished through the steps of the strategic plan, beginning with an external and internal analysis, a clearly defined mission statement, goals and objectives, formulation of specific strategies, concluding with the implementation of the strategy and managed control process.

This research explores the extent to which a new organizational structure, policy direction and business models affect the performance and operations of ADB. ADB"s business models and policies appear to have created new relationships and roles which demand employees to



stay focused, know exactly what part they play in the plan and ultimately what is expected of them as a result. These demands have created some interest and apprehension among employees and these seem to have significant implications in the new strategic plan of ADB. It is against this background that the researcher is exploring into the effect of strategic planning on the performance of the Agricultural Development bank.

### **1.3 Objectives of the Study**

The main objective of the study is to evaluate the effect of strategic planning on the performance of banks in Ghana with reference to the operations of Agricultural Development Bank.

The specific objectives of this study are:

- To find out the operational efficiency of the strategic plan at ADB.
- To find out the main factors that affect strategic planning practices at ADB.
- To find out how strategic planning affects ADB's corporate performance.

### **1.4 Research Questions**

In order to attain the above stated objectives, the study will hunt for answers to the following questions:

- Is ADB's strategic planning operationally efficient?
- What are the main factors that affect strategic planning practices at ADB?
- How is strategic planning affecting the corporate performance of ADB?

### **1.5 Significance of the Study**

The study is expected to have an effect on strategic planning practitioners, management of ADB, academia and the general public.

The outcome of this study is to supplement the existing store of knowledge on the subject and serve as a channel for further research on innovative ways of gaining competitive advantage for the overall academic well-being of the nation.

In addition, the research and its findings are expected to help inform decision making in the area of strategic management using strategic planning.

The study will be very useful to other researchers interested in the area, that is, the outcome of this study will serve as a base for academicians who might want to conduct further studies in strategic planning practices.

### **1.6 Brief Research Methodology**

The sources of materials for the study were both primary and secondary. Primary data was collected by the use of a structured questionnaire which was designed and administered to the management and staff of ADB, for information on the general perception of corporate performance on the subject of strategic planning. Secondary material was extracted from relevant textbooks, newspapers, reports/articles, journals, bulletins and documents presented by corporate strategists and policy planners. Due to time and resources constraints, a fraction of ADB staff was sampled for this work.

### **1.7 Scope of the Study**

The study was conducted within the framework of evaluating strategic planning within the banking sector of Ghana, specifically looking at ADB's twenty-six locations in the Greater Accra Region and the Head office. The bank covers the entire nation of Ghana with over 70 branches. In view of the vastness of the bank, the researcher concentrated on the Greater Accra Branches and Head Office. It is a case study approach of one particular unit (ADB) and did not cover other banks. Hence, the result was not generalized but its findings was placed in the relevant context of the individual company studied.

### **1.8 Limitation of the Study**

The difficulty in getting information from the management of ADB placed a restriction on the researcher's work. Secondly, the lack of database on Strategic planning in the ADB Greater Accra branches hindered the dependability on this work. . Even though ADB nationwide study would have been more appropriate, there were constraints of financial resources and unavailability of data as well as materials which made it impossible to undertake such a nationwide study. The researcher had to combine academic work with his regular profession. Costs in terms of printing, photocopying, binding as well as opportunity cost were incurred.

### **1.9 Organization of the Study**

The study is structured into five (5) chapters. Chapter one is the introductory chapter and gives the background to the study, states the research problem, objectives of the study, research questions, significance of study, structure of the study, the scope and limitations.

Chapter two is on the review of literature relevant to the study and the conceptual framework by renowned scholars and researchers in the field of strategic management. Chapter three dealt with the specifics of steps, tools and procedures that were taken to collect data needed to address the research problems. Chapter four is dedicated to the analysis and discussion of data collected in the field surveys. Chapter five which is the final chapter captured the summary of findings, conclusions and recommendations.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

This chapter is devoted to the review of literature that relates to the concept of strategic planning and how it has been used to impact on performance. Here, the impact of strategic planning on performance is placed in the context of existing literature and the relationship of each work to the others under consideration is determined.

#### **2.1 The Concept of Strategy**

The word “strategy” has always been associated with and indeed been prominent in any discussion on the subject of management of an organization because of its importance. Pitts et al (2003) explain that it is to ensure that an organization applies its strengths and distinctive competences in such a way that it gains a competitive advantage over its rivals in any given environment. However, I am of the view that, an organization should also be aware of its weaknesses to help position it better ahead of its rivals. Strategy is the framework which guides those choices that determine the nature and direction of the firm (Tregoe, Benjamin and Zimmerman, 1980). In the view of (Johnson et al, 2008; and Mintzberg, 1994), strategy is a game plan, a pattern in a stream of decisions and actions, a position and a play intended to outwit competitors while fulfilling stakeholders' expectations in line with the organization's scope of business.

The word strategy comes from the Greek word *Strategos* which refers to military generalship and combines *stratos* (the army) and *ago* (the lead). The history of strategic planning has its roots in and it's a heritage of the military (David, 2003). The Webster's New World Dictionary alludes to this militarism defining strategy as the science of planning and directing large scale military operations of maneuvering forces into the most advantageous position prior to actual engagement with the enemy. Clearly, the key aim of both business and military strategy is to gain competitive advantage or combat superiority over competitors or foes as the case may be.

Military strategy books such as "The Art of War" by Sun Tzu (1965) "On War" by Von Clausewitz (1975) and "The Red Book" by Mao Zedong (1965) have been an invaluable knowledge base for many of the concepts especially on business tactics, the dynamic and unpredictable future and principles of guerrilla warfare; these have guided and informed the writing of many books on strategic management in general and marketing warfare strategy in particular (Wikipedia, 2009).

Nickols (2008) in his article on "Strategy, Strategic Management, Strategic Planning and Strategic Thinking" explained that before coming to a good understanding of the term "strategic planning" it is best to examine the terms separately. He thus deposes that strategic means "of or having to do with strategy" and being "of great significance or import". His point therefore underscores the reasons why strategies exist or must exist at various levels of the organization to give a clear direction (where it is headed) and destination (what it is to become). For our purposes then, strategic means "of great importance" be it at the corporate,

business unit or functional level and whether it be for medium or long-term; 2-7 years purposes (ibid.).

Plans of action and planning whether for business or the battlefield always consider what is to be achieved (the ends, goals or objectives) and how it is to be achieved (the means; steps, actions or programmes). Simply, plans are a set of intended outcomes coupled with the actions by which those outcomes are to be achieved. On the other hand, (Ackoff, 1981; Nickols, 2008) point out that planning involves thinking about the future, identifying and specifying in advance (now) what has to be done or achieved (objectives) and selecting the most suitable means to accomplish these objectives.

Planning can be formal or informal involving a lot of documentation or very little. The information base could be large; stated in reports, studies, databases and analysis depended on a few knowledgeable people. Plans, and thus the planning activities that produce the desired ends frequently set timeframes, milestones, detailed schedules and allocate resources whether in the form of money, people, equipment etc.(ibid.).

## **2.2 The Concept and Evolution of Strategic Planning**

Strategic planning has been defined differently by various authors. The substantive issues are however, the same; they focus on making plans and taking actions today for the future prosperity and competitiveness of a firm in its environment with the optimal use of available resources. McNamara (2008), identifies some of the major activities that are common to all strategic planning processes as conducting a strategic analysis; setting the strategic direction, action planning, that is, carefully laying out how the strategic goals will be accomplished etc.



Chandler, 1962; Andrews, 1980; Porter, 1980; Wyland, 2004 are unanimous in stating that strategic planning is a systematic process by which an organization formulates achievable policy objectives for the future growth and development over the long term, based on its mission, vision and goals and on a realistic assessment of the human and material resources available to implement the plan. Dubrin (2006) sees it as encompassing all those activities that lead to statement of goals and objectives and the choice of strategies to achieve them.

It must be said that, I notice a relationship between the comprehensive contributions above and Bryson (1998) who states that it is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does what it does. The process defines its medium and long term goals and objectives and approaches by which to achieve them. It is a look into the future that identifies the mission, vision, goals and objectives of an organization with prescribed actions necessary to achieve the vision.

The importance of strategic planning to any organization cannot be overemphasized. It is the first in order and safe to say the most critical management process. This is evident from the (Nickels et al 2000)'s definition of management which is "the process used to accomplish organizational goals through planning, organizing, directing and controlling organizational resources". Thompson et al (2004), buttress it further stating that the central thrust of strategic planning is undertaking moves to strengthen the company's long term competitive position and financial performance.



This intricate and complex nature is upheld by David (2003) who espouses that strategic planning takes an organization into uncharted territories and does not provide ready-to-use prescriptions for success. Instead it takes an organization through a journey and offers a framework for addressing questions and solving problems aware of the potential pitfalls and being ready to address them and being successful.

I support David's point of view in that, strategic planning does not take account of all exigencies. These views are also shared by McConkey (1999) who adds that plans are less important than planning. This just means that though plans are vital as business road maps with goals, objectives or targets to be met, the idea of planning being a process introduces the dimension of a continuous, ongoing and never-ending paradigm of implementation, monitoring and adjustments (Mintzberg, 1978, 1994; Markidis, 1999) to ensure that any unforeseen, unanticipated or emerging developments are contained. It emphasizes the point that process (planning) may be much more influential than content (the plan).

Success in businesses or military exploits does not come by fluke but it is the product of both continuous attention to changing external and internal conditions and the formulation and implementation of the insightful adjustments to those conditions. It entails the use of an organization or army's strengths to exploit the competitors' weaknesses and cash in on opportunities in the external environment. At the same time the firm takes steps to avoid, foil or defend possible attacks from competitors into its areas of weakness. It is thus both an attack and defense weapon which Hofer and Schendel (2005) see as the mediating force or „match" between the organization and the environment.

The term strategic planning according to David (2003) originated in the 1950"s and gained prominence in the mid 1960s to mid 1970s. Its use has traversed the 1990"s and become widely practiced as an indispensable tool in the management process in almost all organizations because of the influence of globalization, technological advancements and internet capabilities for business.

### **2.3 Mission, Vision, Goals and Objectives of an organization**

A company"s strategic plan typically lays out its mission, vision and future direction, performance targets (objectives) and strategy, Thompson (2004). For it to be effective therefore, Drucker (1999) emphasizes that strategic plans must be designed to support corporate mission, vision and objectives. I observe a correlation between Thompson (2004) and Drucker (1999) whose contributions serve to draw a connection between mission, vision and objectives in order for any organization to have coordinated and purposeful business direction.

#### **2.3.1 Mission (Statement)**

A firm"s mission according to Pitts (2003) describes the organization in terms of the business it is in, the customers it serves and the skills it intends to develop to fulfill its vision. Daft (1991) agrees it is the firm"s reason for existence and Ritson (2008) affirms its linkage with vision. A mission statement is the overriding and distinctive purpose of a company (Johnson, 2002; Pitts, 2003).

### **2.3.2 Vision (Statement)**

Vision describes the firm's aspirations of what it really wants to be. Pitts (2003) notes that vision statements are designed to capture the imagination of the public and as well galvanize the efforts of employees at all levels such that its emotional appeal challenges them to commit their full energies and minds to believe it is the best.

The conceptual distinction between mission and vision is that a mission statement describes the present scope of an organization's business and purpose (what we do, why we exist and where we are now). The vision on the other hand portrays a company's future business scope; where we are going or want to be (Thompson et al, 2004).

### **2.3.3 Goals and Objectives**

Goals are the broad, long-term accomplishments that an organization wants to attain, achieve or where it wants to be. They provide the overall context for what the vision tries to achieve (Nickels et al 2000). They are powerful tools that break the vision statement into specific tasks and actions to attain desired results across the organization. They function as the yardstick for tracking an organization's performance or progress (Thompson et al, 2004). They must be measurable and time specific as against having vague objectives like „maximize profit“, „reduce costs“, become more efficient or „increase sales“. These specify neither how much (figures) nor when (time) an objective is to be achieved. They thus do not challenge employees to work hard to meet performance targets. Objectives must be realistic and achievable.

## **2.4 Relationship between Strategic Management and Strategic Planning**

Strategic management as seen by Bowman et al (1987) is the process of making and implementing key decisions of an organization guided by its mission and targeted towards achieving its vision and the set objectives. As stated by David (2003) also, strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization achieve its objectives. Johnson et al (2008) add that it understands the strategic position of an organization and making strategic choices or decisions which if acted upon will hopefully yield the required result.

Sheth (2004) provides a framework for understanding strategic management: continually asking the question; “Are we doing the right thing?” It entails attention to the “big picture” (of which strategic thinking and planning are integral parts) and the willingness to adapt to changing circumstances. It consists of the following three elements: formulation of the organization's future mission in the light of changing external factors such as regulation, competition, technology, and customers" development of a competitive strategy to achieve the mission, creation of an organizational structure which will deploy resources to successfully carry out its competitive strategy. Strategic management is adaptive and keeps an organization relevant.

### **2.4.1 Strategy Formulation**

The process of formulating corporate strategy involves;

Developing a business mission, vision and establishing long term objectives.

Identifying external opportunities and threat (external analysis)

Determining internal strengths and weaknesses (internal analysis)

Generating (crafting) alternative strategies (strategic options)

Evaluating the alternatives and choosing particular strategies to pursue (pre-implementation evaluation)

Strategy formulation issues include deciding what new business to enter, what business to abandon, how to allocate resources, whether to expand operations or diversify, whether to enter into international markets, whether to merge or form a joint venture and how to avoid a hostile takeover David (2003). All these are actions that can be taken only after very thoughtful planning premised on intelligence information gathered from both external and internal environments.

#### **2.4.2 Strategy Implementation**

The implementation stage is an operations-oriented phase that managers must make things happen. Arguably it is the most demanding and time-consuming part of the strategic management process. It requires preparing a strategic plan that sets out annual objectives, establishes an effective organizational structure, fixes a budget, develops a viable information system and generally devises a work plan for job execution. It also involves motivating employees, creating a supportive culture, allocating resources and linking employee compensation to the organization et cetera (Thompson, 2004).

### **2.4.3 Strategy Evaluation**

This is the final stage of the strategic management process and it is the means by which an assessment is made to determine whether or not a company is on course to achieving its set objectives. There are three fundamental strategy evaluation activities;

Reviewing external and internal factors that are the basis for current strategy

Measuring performance; matching actual performance with set budgets, targets or objectives

Taking corrective action (review)

Strategy formulation, implementation and evaluation are essential activities in the strategic management process and they occur at various levels of the firm (mimeo).

### **2.4.4 Related Concepts**

The concept of strategic planning has been given extensive treatment earlier in this presentation. The following important related concepts including long-term planning, strategic thinking, operational planning and strategic management which emerged are now discussed.

### **2.4.5 Strategic Planning and Long- Range Planning**

McNamara, (2008) notes that in the past, organizations referred to the phrase “long-range planning” obviously and rightly so, to stand for plans that had been formulated by them to cover periods spanning several years. This was unfortunately being equated to the concept of strategic planning which is distinct in at least in one fundamental way. Planners make the distinction that long-range planning assumes that the environmental conditions prevailing at

the time of formulating the plan will remain unchanged over the period of the plan. Strategic planning however anticipates changes in the dynamic and ever changing business environment and is therefore, formulated to respond to any such occurrences. David, (2003) records that in the 1980"s when the US economy was stable and predictable, firms resorted to long-range planning as it was fashionable and useful.

#### 2.4.6 Strategic Planning and Strategic Thinking

Strategic planning is the process of determining and developing the steps that must be taken to achieve an organization"s defined objectives. It entails gathering and analyzing information about the current situation and mapping out an implementation plan to accomplish the corporate vision. By contrast, strategic thinking helps to answer questions such as (1) **where are we now?** Which looks at the current strengths and weaknesses of the firm as well as any opportunities and threats prevailing in the environment? (2) **Where do we want to go?** Which deals with the business focus, targeted market position, segment to be served and addressing other customer needs, (3) **how will we get there?** Which considers the means to reach the desired goal and (4) **how do we know that we have reached?** Which are the controlling and evaluating functions.

Strategic thinking enables an organization to become proactive, innovative and remain focused on what it does. It promotes efficient allocation of resources and better control of its own destiny. It positions an organization more readily to capitalize on opportunities and to achieve the best strategic fit.



#### **2.4.7 Strategic Planning and Operational Planning**

Strategic planning is a senior management activity or process that involves determining where an organization is going (direction) over the next year or more, the means, steps and actions that it needs to take to get there and what it is meant to achieve. This activity entails conducting some scan of the general environment (political, economic, social-cultural, technological, legal and green environment-PESTLE), the industry (industry rivalry, suppliers, buyers, threat of close substitutes and ease of new entrants; Porters 5-Forces model) and a self assessment as well to see what the organization's strengths and weaknesses are, and how to use its strengths to exploit available opportunities whilst protecting itself or improving its areas of weakness (SWOT Analysis); ( Daft, 1991).

In contrast, operational planning is a lower level management activity which involves working out on the strategic goals and methods or strategies to achieve the overall vision of the organization. It is normally for duration of not more than one year (short-term) and handled as indicated at lower hierarchy of the organizational structure.

#### **2.5 Linkage of Strategic Planning with Performance**

It may appear that making profit which is the obvious intention of any commercial enterprise is enough. A survey conducted on a number of Chief Executive Officers (CEO"s) in America however, showed that they did not place „strong and consistent profit" as their top priority, in fact it was ranked fifth (Hitt et. al 2003). Instead they regarded a strong and well thought-out strategy as the most important factor to make a firm promising in the future. Indeed, Thomas J Watson Jr. formerly IBM chairman is quoted as having once cautioned



people to remember that “corporations are expendable and that success at best is an impermanent achievement which can always slip out of hand” ( ibid p.9).

For example, Levi Strauss, a once successful company with a global brand and good financial performance suffered setbacks in the 1990s and began its first lay-offs in 1997 as a result of mistakes and ineffective strategy. This was exploited by Gap and Tommy Hilfiger its closest rivals. Xerox, a name synonymous with photocopying in the 1970s and 80s also lost out to its competitors for lack of focus and foresight (*Business Week*, 2001).

Achieving acceptable financial results is crucial because without adequate profitability and financial strength, a company's pursuit of strategic vision, long term health and ultimate survival is jeopardized. Shareholders, potential investors and lenders will hesitate to advance more money. However, it is as important to note that good financial performance alone is not enough in itself.

Thompson et al (2004) therefore, recommend two very distinct performance yardsticks; one relating to financial performance and the other relating to strategic performance. The former looks at performance indicators like sales revenue and profitability whereas the latter includes output growth, technical progress, efficiency, shareholder value added, economic value added and human resource capital etc.

The company's performance in terms of its strategic well-being, its competitiveness and market position is crucial and unless its performance in the market place reflects improving

competitive strength and market penetration, its progress is not inspiring and its ability to continue posting good financial performance is in doubt. A firm's financial performance measures are „lagging indicators" that reflect the result of the past decisions and organizational activities. Its „lead indicators" are future financial performance expectations to achieve competitiveness and strength in the market place (Thompson et al, 2004).

## **2.6 The Impact of Strategic Planning on Performance**

Strategic planning is a management function that focuses on the growth and future sustained well being of an organization. Ansoff, (2003) affirms that the interest in strategy grew out of the realization that a firm needed a well defined scope and growth direction not just extrapolations of past performances which were being used to project into the future. Hart and Banbury, (1994), made an observation of firms' recognition for the need to do strategic thinking and planning.

Since the 1950's and particularly the early 1970's, rapid changes and/or advancements in technology, globalization and market competition have compelled organizations to approach this management task with a more purposeful strategic perspective (Rosenberg et al, 1985; Kiechel III, 1989). As Drucker, (2004) noted in his book *The Practice of Management*, "we cannot be content with plans for a future we can foresee. We must prepare for all possible and a good many impossible contingencies. We must have a workable solution for anything that may come up." This underscored the need for strategic planning in every organization; diversified or one business unit, large or small.

The question as to whether organizations that practice strategic planning do better in terms of their performance (financial and non-financial) challenged many management schools, authors, consultants and organizations to research into and measure the impact of strategic planning on organizational performance. Some related studies are now discussed.

Research or studies into the impact of strategic planning on companies' performance have mostly focused on the quantitative (financial) aspects. These border on Return on Investments (ROI), Profitability Ratios (PR), Liquidity Ratios (LR), Shareholders' Return Ratios (SRR) and Activity Ratios (AR). Again, most of the studies were done in the United States of America (USA) and Britain on American and British firms.

Ansoff et al (1970) conducted one of the earliest studies into the impact of strategic planning on corporate performance and this was on 93 American firms which were in the manufacturing sector. The criteria for the measurements were the financial indicators which were also used by Miller et al (1994) in similar studies much later on. The results favoured planning. In a quantitative critique of 28 studies by Armstrong (1982) the conclusion was that 20 studies found higher performance with planning, 5 showed no difference and an insignificant 3 found planning to be detrimental. This growing wealth of literature has been contributed to by Robinson, Pearce, Vozikis and Hunger, 1984; Shrader, Mulford and Blackburn (1989).

Greenley (1989) review of nine previous studies on manufacturing firms showed that with planning, performance was better in 5, neutral effect in 3 studies and only 1 showed adverse

result. Of particular significance was the review of an earlier work by Karger et al (1999) in which a comparison was made between a set of companies that did planning with those which did not base on sales value, sales and earnings per share, net incomes. The result was that companies that practiced strategic planning were largely more successful and better performers than the non-planners.

In contrast, David (2003) argues that not all companies that used strategic planning are necessarily successful. Powell (1992) observed that since 1970 more than 40 empirical studies have investigated the performance consequences of formal strategic planning, observing that this research „produced confusing, apparently contradictory results" that were open to criticism on methodological grounds. Boyd's (1991) meta-analytical study described the relationship between strategic planning and performance as weak. More recent generations of studies have not produced a definitive answer. Devenish and Fisher's (2000) study of 77 Australian firms revealed no significant correlation between planning comprehensiveness and performance in Australia. Falshaw et al.'s 2006 study took into consideration the important contingent variables identified by previous researchers – organizational size, environmental turbulence and industrial sector – but observed no relationship between formal planning process and subjective company performance in a study of 113 UK companies.

The lack of consensus on the relationship between planning and performance in the private sector leads Powell (1992) to concede that „it is somewhat disturbing, and a minor source of embarrassment, that the planning-performance relationship remains so poorly understood".

His observation is equally applicable today. Why would this relationship appear so weak? One powerful argument is that factors of methodology are primarily responsible for inconsistent findings reported in the literature (Miller and Cardinal, 1994).

Others point out significant difficulties inherent in investigating the relationship between strategic planning and performance, which include the fact that firm performance in the present is a function of past and not current, planning practices (Miller and Cardinal, 1994) and that hard-to-obtain longitudinal data would be required so as to control for time lag effects and to show that causal relationships do exist" (Falshaw et al., 2006). To these impediments, must be added the challenge of establishing acceptable measures of (subjective or objective) performance (e.g. in the private sector these may include return on assets, return on equity, return on investment, return on sales, return on revenue, and others). Measuring organizational performance in the public sector is quite tricky because a different set of indicators must apply: how to measure government performance is complex and politically sensitive. Secondly, there is the matter of unit of analysis, because government departments perform different functions, and outcomes/performance often depends on the interaction between different departmental outputs. In attempting to address the question „Is there a relationship between strategic planning and performance?" we must bear in mind that irrespective of the quality of the strategic plan, there are many factors that impact on the planning-implementation-performance relationship. (Paterson, A. 2009).

## 2.7 Performance Measurement in the Banks

After the financial crisis that began in 2008, banks are taking steps to improve their performance measurement capabilities in the light of changed economic and market conditions and new management needs. For example, new regulatory structures are affecting the underlying economics of such businesses as payment-card issuing and processing. Capital requirements are increasing for most banking businesses. New channels like mobile phones are becoming more important. Revenue growth continues to be difficult to achieve due to weak economic conditions, low interest rates and regulatory restrictions. Banks are trying to manage costs better, deepen relationships with customers and enhance product mix and pricing decisions. These and other factors are causing banks to re-examine and improve the ways in which they measure and report business performance.

Some major areas of emphasis and trends are emerging across the industry:

- ✓ Reviewing and enhancing organizational management profitability-reporting methodologies;
- ✓ Emphasizing the use of business-unit key performance indicators (KPIs);
- ✓ Refining customer- and channel-profitability measurement and analyses;
- ✓ Improving alignment of the components of the performance management process;
- ✓ Improving systems support and automation of the performance management process;
- ✓ Improving data quality and consistency. (John Karr, 2012)



### 2.7.1 Performance Measurement Methodologies

Banks have their own performance measurement improvement agenda tied to their unique needs and strategies. For some banks, these are continuations of prior efforts, while for others they are new initiatives.

Banks are reviewing and enhancing key organizational management profitability-reporting methodologies to reflect changes in business models and their underlying economics. One focus is harmonization with risk management methods and definitions:

**Cost allocation.** Allocation methodologies are being changed to provide more transparency to recipients and to support better decisions about the use of resources.

**Funds transfer pricing.** FTP curves are being changed. Liquidity premiums are being added to reflect the banks' specific funding costs at each point in the curve.

**Credit charges.** Approaches to assigning provision for credit losses are being modified. The use of Basel-driven expected losses versus GAAP provision is being considered.

**Capital allocation.** Banks that attribute equity to lines of business for organizational-profitability reporting are revising their methodologies for doing so. Because regulatory capital requirements are being raised, banks are not using economic capital calculations as the sole bases for line-of-business (LOB) capital attribution. Instead, combinations of economic capital, regulatory capital and goodwill attributions are being used. (John Karr, 2012).

**Inter-LOB revenue and expense-sharing arrangements.** Banks are reviewing the methods by which revenues and expenses are shared among LOBs. They want to promote cross-selling, as well as to understand the true stand-alone economic value of each business line. (John Karr, 2012).

## **Line-of-Business KPIs**

Bank executives are looking for measures that will assist them in understanding potential future performance, as well as in analyzing historical financial performance.

Determining the KPIs that will be used requires developing a model of the business and analyzing the "levers" that have the greatest impact on its performance. It also calls for defining the levels in the LOB hierarchy at which the KPIs will be reported. (John Karr, 2012).

### **2.7.2 Refining Profitability Reporting**

Most banks have adopted "customer-centric" strategies. These strategies involve customer segmentation, needs and behavior analysis, product features, sales and service process design and pricing strategies, among other attributes. To develop and implement customer-centric strategies, banks need a deep understanding of customer profitability and economics on annual- and lifetime-value bases.

Understanding which customers or groups of customers are profitable or unprofitable and why provides banks with information upon which to make marketing and pricing decisions.

More channels, such as online and mobile ones, are being added to traditional channels like branches and call centers. Investments in them must be optimized. Consequently, banks are improving their analyses of channel economics, which involve developing models of channel costs, usage patterns and impacts on sales and customer retention. (John Karr, 2012).



### **2.7.3 Aligning the Components of Performance**

Banks are taking steps to see that the key components of the performance management process involve consistent definitions, hierarchies and methodologies. Stress testing is becoming a repeatable process performed in parallel with forecasting. Also, consistent capital attribution methodologies are being used for strategic planning, capital budgeting, reporting and forecasting. (John Karr, 2012).

### **2.7.4 Improving Systems Support and Automation**

Banks are undertaking a variety of systems initiatives to streamline and automate components of their performance management process. These include implementing new financial planning and budgeting systems, developing new forecasting and stress testing systems, and further automating standard monthly reporting processes, such as cost allocation.

The rationale for such performance management systems and automation investments vary and can include reducing operational cost, reducing production cycle times, improving controls and vendor support. (John Karr, 2012).

### **2.7.5 Investing in Data Availability, Quality and Consistency**

Until recently, banks struggled to pull together complete and accurate reports of their positions, exposures and counterparties. Performing stress tests was an onerous exercise due to data gaps and inconsistencies. Regulators, boards and management all concluded that significant improvements in data quality were necessary to run banks effectively. Data used in performance management processes is no exception. In fact, it is a focal point. The key

data improvement activities in the banking industry that will enhance performance management and reporting include data governance, data sourcing and data quality. (John Karr, 2012).

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## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter describes in detail the methods used, specific steps taken, the tools employed in the collection and analyses of data needed to address the research problems.

**Methodology** includes the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted. The methods specifically refer to the techniques and procedures used to obtain and analyze data.

#### **3.1 Research Design**

There are various methods by which both secondary and primary data are obtained. Saunders et al, (2007) list questionnaire, interviews (semi-structured, in-depth and group) and observation as methods that are usable. For this research, the methods employed were by survey and interviews. The instrument used for collection of relevant data for the study was a questionnaire and the semi- structured interview approach.

#### **3.2 Population**

The complete set of cases from which a sample is selected is called the population whether it describes human beings or not (Saunders et al, 2007). Wikipedia notes that it is a group of individuals or items that share one or more common characteristics from which data can be gathered or analyzed. In the Oxford Advanced Learners" Dictionary, population is defined as

all the people who live in a particular city, country or area. For the purposes of this research, the population of study comprised the management and staff of Greater Accra Region branches of ADB as well as the Head Office numbering about 500.

### **3.3 Sample and Sampling Procedure**

A sample is a sub-group or representative selection of a population that is examined or tested to obtain statistical data or information about the whole population (Encarta Dictionary; Saunders et al 2007). Sampling on the other hand is the process of selecting a group of people, items or cases to be used as a representative or random sample (ibid).

A sample size of one hundred and sixty (160) respondents out of the entire population was selected for the research. The number was considered adequate, and representative (Henry, 1990) enough to give informed answers to the research problem. To ensure that all the various groups in the sampling frame were surveyed, the stratified sampling technique or approach was used at the first stage of the selection exercise. This conforms to the ideas of (Patton, 1990; Saunders et al 2007; Bradshaw and Stratford, 2000) who explain that stratified sampling ensures the selection of respondents from all the identifiable sub-groups within the sample population because of their varied knowledge or areas of expertise on the research topic or problem.

For the purposes of this research, four (4) top management members from head office were selected given that they were only a handful and their inputs considered very vital. Six members of staff were selected from each of the twenty-six branches in Accra, totalling one

hundred and sixty. Respondents with either managerial or non-managerial grade were, however, selected using the simple random sampling technique. The objective was to have a fair and credible representation of respondents.

### **3.4 Sources of Data**

Both secondary and primary data was collected for the purpose of this research. For clarity, Saunders et al, (2007) define data as facts, opinions and statistic that have been collected together and recorded for reference or for analysis.

#### **3.4.1 Secondary Data Source**

Secondary data is data that is used for purposes other than for which it was originally obtained. It may be descriptive or explanatory (Saunders et al, 2007), raw (unprocessed) or summarized (Kervin, 1999). They can be categorized into documentary, multi-source or survey- based (Saunders et al, 2006). Secondary data for the research was collected by reviewing textbooks, journals, articles, magazines, publications, financial statements, industry reports, internal records of ADB, newspapers etc. to gather historical perspectives of the research data from renowned authors and researchers.

#### **3.4.2 Primary Data Source**

Primary data is data that is used for a specific purpose for which it was gathered. For this study, it was obtained by administering questionnaire to respondents with the help of field assistants and colleagues due to time constraints and the geographical area of coverage.

### **3.5 Data Collection Instruments**

#### **3.5.1 Questionnaire**

This research instrument is a compilation of structured questions which were given to respondents for their completion or responses. The questions were close-ended multiple-choice questions giving respondents a choice from a range of answers based on the 5- point Likert-style rating scale. They had choices either to agree or disagree with the statements made within the range. This was to ensure that the choice of answers directly addressed issues at stake and make collation and analysis of the data simple. On the scale 1, is the lowest score and 5 is the highest. Prior to the administration of the questionnaire, the importance of the research was explained to the respondents and they were encouraged to be truthful and diligent with their responses to make the research worthwhile.

#### **3.5.2 Administration of the Questionnaires**

Questionnaires sent out to respondents had a personalized covering letter explaining briefly the purpose of the survey, the importance of the respondents' participation, who is responsible for the survey, and a statement guaranteeing confidentiality. This cover letter also expressed thanks to the respondents at the end.

Questionnaires were self administered by respondents themselves or read out by interviewers to the respondents to be answered. Interview administered questionnaires were done face to face (Leung, 2001). The self administered questionnaires were cheap and easy to administer. It preserved confidentiality and was completed at the respondent's convenience. It was

administered in a standard manner. The interview administered questionnaires allowed participation by respondents who could not express themselves fluently in the English language and allowed clarification of ambiguity (Leung, 2001).

### **3.5.3 Piloting and Evaluation of Questionnaires**

Given the complexity of designing a questionnaire, it is impossible even for the experts to get it right the first time round. The questionnaires were thus pre-tested - that is, piloted - on a small sample of people characteristic of those in the survey. For those officials of the bank or managers that could independently fill the questionnaire, it was handed to them and a follow up visit was made after two weeks for collection. For those who could not fill their questionnaire independently, the researcher adopted face-to-face interactions and interviews based on the format of the questionnaire.

Analysis of the responses and the interviewers' comments were used to improve the questionnaire. The pilot test was polished to improve the question order, filter questions, and layout. The respondents were given one month to fill out the questionnaires before their collection. This was done to give them ample time to respond to them. Repeated visits and phone calls though costly were made to the respondents, to ensure high return rate of questionnaires.

### **3.6 Data Analysis Plan**

The data gathered from the field of study was edited by the researcher to ensure that all questionnaires were completed and contained accurate information. Statistics including



simple tables, pie charts, bar charts, frequencies and percentage distributions, as well as mean, standard deviation and variances were used to analyze data that was collected.

### **3.7 Limitations of the Methodology**

The researcher recognized that the sampling from the target population might not be totally free from errors and as such, efforts were made to minimize such errors. The population of the study consisted of Greater Accra and Head office staff of the ADB. Therefore, strategic planning practitioners, management of ADB, the academia and the general public must exercise caution in generalizing the findings.

Finally, it is pertinent to reiterate the limitations to the study which is beyond the control of the researcher in the area of questionnaire administration and retrieval. Concerted efforts were made to ensure better responses and retrieval of questionnaires from the respondents.

### **3.8 Brief History of Agricultural Development Bank (ADB)**

The Agricultural Development Bank - ADB - was set up by an Act of Parliament (Act 286) in 1965 to promote and modernize the agricultural sector through appropriate but profitable financial intermediation. Its name then was the Agricultural Credit and Co-operative Bank and the establishing Act gave its main object as "to provide credit facilities to agriculturists and persons for connected purposes".

It assumed its present name in 1970 when a subsequent Act of Parliament (Act 352) amended the earlier legal instrument of the Bank and thereby broadened its functions to make it a



fully-fledged banking institution. ADB is the first development finance institution established by the Government of Ghana.

ADB is committed to building a strong customer-oriented Bank, run by knowledgeable and well-motivated staff, providing profitable financial intermediation and related services for a sustained and diversified agricultural and rural development.

ADB is a universal bank offering full range of banking products and services in retail, commercial, corporate and investment banking. Its business focus is universal banking with development focus.

Set up in 1965 by Act 286, ADB is wholly publicly-owned. The Government owns 51.83% of the shareholding, with the remaining 48.17% held by the Financial Investment Trust on behalf of the Bank of Ghana.

### ***Vision***

To be among the Top 3 performing banks in Ghana by 2012, balancing market orientation with a development focus on Agric and more.

### ***Mission***

ADB is committed to building a strong customer-oriented Bank, run by knowledgeable and well-motivated staff, providing profitable financial intermediation and related services for a sustained and diversified agricultural and rural development.

## CHAPTER FOUR

### DATA ANALYSES AND DISCUSSION OF RESULTS

#### 4.0 Introduction

This chapter presents the data analyses of the administered questionnaires, the presentation of the analyses and the fall out of the results as well as discussions for the study. Descriptive statistics such as frequency and mean were used in the analyses.

#### 4.1 Personal Data

**Table 4.1: Sex and Age Group of Respondents**

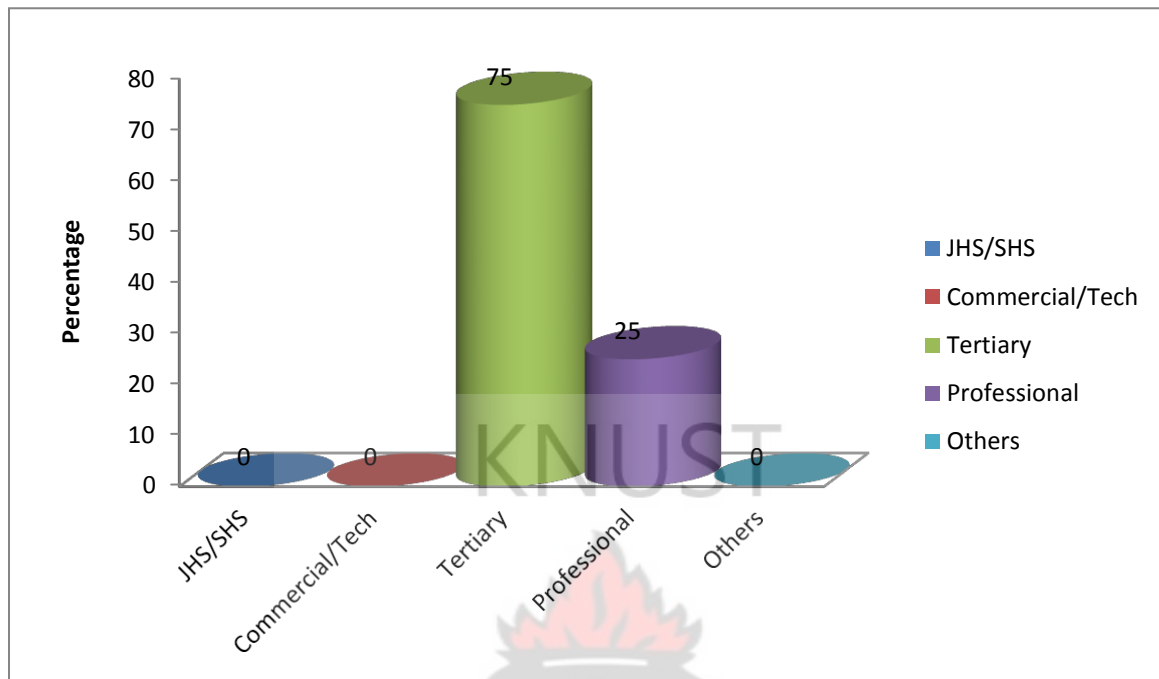
Detail	Male	Female	Total	Percentage
20-29 years	33	35	68	42.5%
30-39 years	28	21	49	30.63%
40-49 years	16	9	25	15.63%
50-59 years	10	8	18	11.26%
60 and above	0	0	0	0.00%
<b>Total</b>	<b>87(54.38%)</b>	<b>73(45.62%)</b>	<b>160(100.00%)</b>	

*Source: Researcher's field Survey, June, 2012*

The composition of respondents' gender was found to be mainly males which constituted 54.38% while females also represented 45.62%, this structure is due to the fact that, the males were more willing to respond to the questionnaires than the females, hence the females have a fair representation in the analysis. This is essential in order to have a combine view of both male and female in the analysis.

Moreover, the age categories show that, the study is composed of mainly youth within the ages of 20-29 which constitutes 42.5%, followed by those within 30-39 representing 30.63%, 40-49 years, 50-59 years and 60 and above also constitute 15.63%, 11.26% and 0.00% respectively.

**Figure 4.1: Educational Levels of Respondents**



*Source: Researcher's field Survey, June, 2012*

Figure 4.1 shows the educational level of the respondents, evidently none of the respondents holds a JHS/SHS or commercial/Technical certificate. This finding is consistent with the quality of staff of the bank, since the industry requires high caliber of working force to operate the activities of the bank. However, majority of the respondents have tertiary level education which comprises, HND diplomas, First degree certificate and masters, a significant number of 25% also holds professional certificates in CIMA, ACCA and CA Ghana. This indicates the professionalism of staff and management of the bank, as all the respondents possess the necessary certificates to hold the various positions within the bank and can confidently attest to the strategic planning on the performance and operations of the bank.

## 4.2 Measurement for the Study

A five point Likert scale was used for measurements, which assigns a weighted value to the extent of agreement or disagreement for a factor as shown below

1--- Strongly Disagree, 2 - Disagree, 3 --- Uncertain/Neutral, 4 --- Agree, 5 --- Strongly Agree

Mean measures the average response in a collective manner to each factor given by

$$\mu = \frac{1}{N} \sum_{i=1}^j \tau \rho_i$$

Where  $\tau$  is the number of respondents agreeing to the factor

$j$  is the total number of extent of agreement or disagreement

$N$  is the total number of respondents involved in the response

and  $\rho_i$  is the assigned weight to the level of agreement or disagreement

## 4.3 Strategic Planning Dimensions

### 4.3.1 Mission

A mission is a statement of the purpose of a company or organization. The mission statement guides the actions of the organization, spells out its overall goal, provides a path, and guides decision-making. It provides "the framework or context within which the company's strategies are formulated. The mission of the Agriculture Development Bank is the general and long term value the bank wants to achieve, it comprises the primary business and

services it wants to offer to its cherished customers and to the general public and the role it wants to play in the industry

**Table 4.2: Descriptive Statistics on Mission of the Bank**

Detail	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Mean
The bank has a clearly articulated and agreed upon purpose(statement that describes the ultimate result the organization is working to achieve)	53	86	17	4	0	<b>4.18</b>
There is a consensus on the primary business(es), primary services that the bank should provide	47	77	28	8	0	<b>4.02</b>
There are shared values and beliefs that guide the bank and its staff	33	94	33	0	0	<b>4.00</b>
There is clear and agreed upon vision of what the bank is trying to accomplish and what it will take to make the vision happen	41	79	40	0	0	<b>4.01</b>
Mission over all assessment	44	95	21	0	0	<b>4.14</b>

*Source: Researcher's field Survey, June, 2012*

The mission of the bank had a higher mean for all factors assessed; the study reveals a definite agreement on all details of the bank"s mission. Four factors had the mean to be 4.0 and above indicating a high acceptance of the mission by the staff and management which shows the mission of ADB is part of the strategic plan to help achieve the needed performance and operations of the company. Moreover, these outcomes indicate that, ADB has a clear articulated mission which thrives on consensus primary business including shared values and beliefs of the bank which is mandated for all employees to fulfill.

### 4.3.2 Planning

Planning (also called forethought) is the process of thinking about and organizing the activities required to achieve a desired goal. It involves the creation and maintenance of a plan. As such, it is a fundamental property of intelligent behavior for ADB. This thought process is essential to the creation and refinement of a plan, or integration of it with other plans within the company; that is, it combines forecasting of developments with the preparation of scenarios of how to react to them.

**Table 4.3: Descriptive Statistics on Planning of the Bank**

Detail	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Mean
There are shared and explicit values and beliefs which serve as the foundation on which the organization and its members do their work	52	91	17	0	0	<b>4.22</b>
A three to five year strategic plan is in place. The plan is reviewed yearly and modified as needed to reflect trends in the environment, current and future client needs, and the bank"s capacity to meet those needs	42	83	31	4	0	<b>4.02</b>
There is an annual process to set program goals and budget	25	47	85	3	0	<b>3.59</b>
There is a written annual operational plan that includes timelines and identification of who is responsible for which outcomes or activities	39	85	35	1	0	<b>4.01</b>
There is an agreement on overall major strategies that the bank uses for the allocation of resources. (Strategies are priority responses that an organization will use to best accomplish its purpose)	34	98	22	6	0	<b>4.00</b>
Planning: Overall assessment	47	85	28	0	0	<b>4.12</b>

*Source: Researcher's field Survey, June, 2012*

Four (4) out of five (5) factors used were found to be heavily scored for a general agreement among the staff and management of ADB which include „shared and explicit values and beliefs which serve as the foundation on which the organization and its members do their

work", „written annual operational plan that includes timelines and identification of who is responsible for which outcomes or activities", „three to five year strategic plan is in place" and „an agreement on overall major strategies that the bank uses for the allocation of resources". All had a mean of more than 4.0 with the exception of the factor „There is an annual process to set program goals and budget" which had a mean of 3.59 and shows much of neutrality among the respondents. The general overall assessment indicates a strong agreement for the planning dimension of ADB and hence makes it forms part of the strategic planning tool for performance of the bank.

#### **4.3.3 Structure**

Structure is a fundamental, tangible or intangible notion referring to the recognition, observation, nature, and permanence of patterns and relationships of entities. This notion may itself be an object, such as a built structure, or an attribute, such as the structure of society. From a child's verbal description of a snowflake, to the detailed scientific analysis of the properties of magnetic fields, the concept of structure is now often an essential foundation of nearly every mode of inquiry and discovery in science, philosophy, and art and business. The description of structure implicitly offers an account of what a system is made of: a configuration of items, a collection of inter-related components or services. A structure is a hierarchy (a cascade of one-to-many relationships), a network featuring many-to-many links, or a lattice featuring connections between components that are neighbors in space.

With reference to table 4.4, two factors which were highly agreed upon consisted of „There is a well-defined organizational structure, an up to date organizational chart accurately reflects the reporting relationships" and „Meetings are well organized with the right people in



attendance", all had mean above 4.0 showing a strong agreement for the factors. On the other hand, "lines of communication encourage and support the flow of information and feedback between managerial and non-managerial staff" scored a mean of below 4.00 and had about 43% of the respondents being uncertain on it. This indicated that structures put in place for bottom-up information flow were not known to all employees. However, the general assessment of ADB's structure was high which gives it a thumb up as part of the strategic planning dimension for the company as a whole.

**Table 4.4: Descriptive Statistics on Structure of the Bank**

Detail	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Mean
There is a well-defined organizational structure, an up to date organizational chart accurately reflects the reporting relationships	47	85	20	8	0	<b>4.07</b>
There is a decision-making process and structure that supports decisions being implemented	38	75	37	10	0	<b>3.88</b>
Lines of communication encourage and support the flow of information and feedback between managerial and non-managerial staff. There are communication structures in place to support this information flow	32	58	70	0	0	<b>3.76</b>
Meetings are well organized with the right people in attendance	47	94	17	2	0	<b>4.16</b>
Structure: Overall assessment	34	92	29	5	0	<b>3.97</b>

*Source: Researcher's field Survey, June, 2012*

#### 4.3.4 People

People contribute labor and expertise to an endeavor of an employer and are usually hired to perform specific duties which are packaged into a job. In most modern economies, the term



(people, staff, and employees) refers to a specific defined relationship between an individual and a corporation, which differs from those of customer or client.

**Table 4.5: Descriptive Statistics on People of the Bank**

Detail	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Mean
The bank is sufficiently and appropriately staffed with well paid personnel who are able to meet the needs of the organization. The organization is able to attract and retain qualified, competent, and committed employees	55	82	21	2	0	<b>4.19</b>
Roles and responsibilities for members of staff are clearly established; there are accurate and up-to-date written job descriptions for all staff	47	83	28	2	0	<b>4.09</b>
There is a staff evaluation process that includes established performance expectations, periodic work review sessions, and an annual evaluation	44	79	31	6	0	<b>4.01</b>
There are written job descriptions for management and specific expectations of members are clearly articulated; Management annually evaluates its performance	42	88	26	4	0	<b>4.05</b>
There are training opportunities to enhance current skills, learn new skills in order to build the capacity of employees	44	80	36	0	0	<b>4.05</b>
There are appropriate rewards and recognition for all personnel. Staff and management feel valued and appreciated	59	94	7	0	0	<b>4.33</b>
People: Overall assessment	41	78	41	0	0	<b>4.00</b>

*Source: Researcher's field Survey, June, 2012*

The inclusion of people for the achievement of performance forms a critical part of every organization's strategic planning. All factors were found to be playing a significant role in achieving the general performance of the bank. As indicated in Table 4.5, respondents tend to agree more on each factor of the dimension as to its contribution to performance within the bank. The general assessment confirms the confidence of the human relationship of the people within the organization which also had a high score for its assessment, hence these findings make the inclusion of people a critical part of performance achievement within ADB.

#### **4.3.5 System**

System of communication involves the use of electrical devices such as the telegraph, telephone, and teleprinter, as well as the use of radio and microwave communications, fiber optics and their associated electronics, plus the use of the orbiting satellites and the Internet to transfer information to colleagues and to external stakeholders of an organization.

From table 4.6, all factors for the system of communication and the use of internal policy were agreed upon with the exception of the item „A budgeting process is in place that ensures the effective allocation of resources" which was much more general due to lack of information on such matters to the staff of the bank. However, the use of a well structured system to follow within the organization was found to be firm and strong as it was agreed by almost all respondents of the ADB. The general grading of the system in the bank indicates an acceptance of the systems of ADB which shows that, it is part of the strategic plan for achieving a higher performance.

**Table 4.6: Descriptive Statistics on System of the Bank**

<b>Detail</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Mean</b>
Systems are networked, all staff members have email access and an intranet/web presence exists	62	73	25	0	0	<b>4.23</b>
Sufficient training and support exist to facilitate staff use of information technology	41	78	41	0	0	<b>4.00</b>
The organization uses computers, email and electronic media to streamline communication	35	86	39	0	0	<b>3.98</b>
There is uniformity in operating standards for products and services	48	95	13	4	0	<b>4.17</b>
There are internal control systems in place to shield the bank from losses due to negligence or fraud	76	68	16	0	0	<b>4.38</b>
A budgeting process is in place that ensures the effective allocation of resources	24	37	99	0	0	<b>3.53</b>
System: Overall assessment	<b>57</b>	<b>80</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>4.21</b>

*Source: Researcher's field Survey, June, 2012*

#### **4.3.6 Result and Quality**

Quality of Results is a term used in evaluating processes. It is generally represented as an assessment of performance indicator component.

Table 4.7 which addresses the quality of services and products showed that, all the respondents indicate a higher acceptance or agreement for factors within the dimensions for quality. Several factors recorded means of more than 3.5; this result indicates the familiarity of services of ADB to its customers, which include programmes that support the bank's mission and feedback mechanism for assessing satisfaction of respondents, there is a high adherence to issues affecting quality. However, about 69% of respondents were either

uncertain or disagreed with the factor „In-depth program evaluation is conducted as part of the planning process. This includes assessment based on identified benchmarks for quality and specific outcomes and process objectives“. This showed that employees were either ignorant about this or there was a disregard for program evaluation at ADB.

**Table 4.7: Descriptive Statistics on Result and Quality of the Bank**

Detail	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Mean
In-depth program evaluation is conducted as part of the planning process. This includes assessment based on identified benchmarks for quality and specific outcomes and process objectives	13	38	31	57	21	<b>2.78</b>
The bank has feedback mechanisms in place to assess customer"s satisfaction and their needs	44	72	39	5	0	<b>3.97</b>
Customers are satisfied with the services offered by the bank	42	78	40	0	0	<b>4.01</b>
Programs are effective and efficient. The organization provides quality programs that support the bank"s mission	32	54	73	1	0	<b>3.73</b>
Result and Quality: Overall assessment	32	76	52	0	0	<b>3.88</b>

*Source: Researcher's field Survey, June, 2012*

#### **4.3.7 Leadership**

Leadership has been described as "a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task", it represents the bank"s general management style and the team"s responsibilities of taking actions with regards to the operations of the company.

From table 4.8, Leadership, supervisors and management play a decisive role in ensuring a better management and planning of resources for usage within the organization. It reveals that, none of the factors enjoys a comprehensive agreement from the respondents; however, factors enjoy a supportive mood as they all scored more than 3.0 with more concentration on those who agreed, since in cumulative form disagreement frequency was less than that of agreement frequency as shown in the table.

**Table 4.8: Descriptive Statistics on Leadership of the Bank**

<b>Detail</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Mean</b>
The bank's management is a model for effective leadership	13	23	85	39	0	<b>3.06</b>
The management team takes responsibility for creating an environment in which all personnel feel supported and motivated to produce quality results	44	20	32	64	0	<b>3.28</b>
Leadership is not just personified in one person, but it is a shared function among many people	13	60	75	12	0	<b>3.46</b>
The CEO models effective leadership by taking responsibility for ensuring that the board is performing its governance and support roles	31	24	83	22	0	<b>3.4</b>
Leadership inspires employees to provide commitment to achieve organizational goals	26	59	42	33	0	<b>3.49</b>
Leadership: Overall assessment	41	34	76	9	0	<b>3.67</b>

*Source: Researcher's field Survey, June, 2012*

This shows a staff support of management leadership style as a cooperative leadership approach which makes sure that, resources are available for them to use to achieve the purposes and the mission of the company. Again, the responds reveal that the CEO shows a personal responsibility of making sure that, certain vital equipment is provided effectively and periodically for the comfort of the staff as well as to help the various departments to function well. In addition, leadership of the company is not personified in one person but a collective approach to help the management to deliver the essential materials for the workers. Even though, the support for leadership as a dimension was not all embracing, the overall assessment shows a support for the leadership style of ADB.

#### **4.3.8 Relationship**

An interpersonal relationship is an association between two or more people that may range from fleeting to enduring. This association may be based on inference, love, solidarity, regular business interactions, or some other type of social commitment. Relationships are formed in the context of social, cultural and other influences. The context can vary from family or kinship relations, friendship, marriage, relations with associates, work, clubs, neighborhoods, and places of worship. They may be regulated by law, custom, or mutual agreement, and are the basis of social groups and society as a whole. This talks about the general relationship in the business environment which creates an atmosphere of responsibility within the organization.

Table 4.9 shows a relationship relating to strategic planning which was found to be strong among the staff and management of the bank irrespective of not showing a strong agreement for all factors. Although, not overwhelming, the study shows there is a constructive climate



within the organization for freeness of voicing out with regards to usage of materials which include the development of innovative and creative ways by groups within the company to solve problems in the face of constrained resources. Besides, people within the company are willing to work through conflict and discussions of difficult issues are done within an atmosphere of supportiveness. The overall assessment shows a supportive agreement for the existence of a strong relationship within the bank.

**Table 4.9: Descriptive Statistics on Relationship of the Bank**

<b>Detail</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Mean</b>
There is a constructive climate in which people are able to feel free to express unusual or unpopular views without fear of personal attack or reprisal	33	74	30	23	0	<b>3.73</b>
Individuals and groups have developed effective ways to be creative, innovative, and solve problems together	33	70	57	0	0	<b>3.85</b>
There is a strong commitment among all employees to working effectively as a team. Team spirit within and among departments is encourage and supported, and there are effective coordinated services among departments	37	88	28	7	0	<b>3.97</b>
People are willing to work through conflicts. Difficult issues are discussed within an atmosphere of supportiveness and constructive criticism	44	85	31	0	0	<b>4.08</b>
There are effective formal and informal communication systems which encourage support, trust, and cooperation among groups and individuals	26	24	77	33	0	<b>3.27</b>
Relationship: Overall assessment	47	88	25	0	0	<b>4.14</b>

*Source: Researcher's field Survey, June, 2012*



**Table 4.10: Validity and Reliability of the Strategic Planning Dimension**

<b>Dimension</b>	<b>Cronbach's alpha</b>	<b>Correlation Coefficient</b>
Mission	0.748	0.738
Planning	0.884	0.637
Structure	0.743	0.663
People	0.854	0.730
System	0.683	0.774
Result and Quality	0.733	0.673
Leadership	0.552	0.559
Relationship	0.805	0.801
<b>Performance</b>		<b>0.783</b>

*Source: Researcher's field Survey, June, 2012*

The reliability and correlation of the dimensions with the performance show a strong correlation of the various dimensions towards performance of ADB. As indicated, the rating of performance with the various dimensions of strategic planning exhibits a strong Cronbach's alpha which shows that, the dimensions are valid for the assessment of effects of strategic planning on performance, evidently all values for both Cronbach's alpha and the correlation coefficient are more than 0.50 showing a more validity and reliability for assessment of strategic planning effect on performance.

#### **4.4 Conclusion**

The results revealed that, there was a fairly high level of agreement for the features of the various dimensions in relation to the strategic planning practices at ADB.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary of findings of the analysis, the conclusion drawn from the study and the needed recommendations for further study and enhancement of strategic planning.

#### **5.1 Summary of Findings**

##### **5.1.1 Efficiency of Strategic Planning Operations in ADB**

The study reveals that, there is an existence of strategic planning in ADB, the various dimensions used for the assessment of strategic planning show a consistency of the factors in use throughout the bank, respondents were highly in agreement with most of the factors of the various dimensions indicating an efficient and effective operations of the strategic planning in ADB. Again various factors individual scores show a more agreement or neutrality but with less insignificant disagreement by the respondents who are staff and management of the bank. This shows that, ADB has an efficient strategic planning in operations in all of its various departments within the bank.

##### **5.1.2 Main factors that Affect Strategic Planning at ADB**

Various factors within the dimensions were found to be affecting the strategic planning at ADB either positively or negatively. This study shows that, all factors under the mission, planning, structure, people, system, result and quality and relationship were consistent and cumulatively contribute positively to the strategic planning in overall terms with the

exception of the dimension of „leadership" whose agreement was not so consistent and did not enjoy a comprehensive and strong agreement among all members. This is very vital due to the fact that, leadership steers the affairs of the entire corporate body and hence a less comprehensive support may derail the effectiveness of the process of strategic planning which could ultimately affect the performance of the institution.

### **5.1.3 Effect of Strategic Planning on the Performance of ADB**

Corporate performance is dependent on policies and planning for every corporate body. The study reveals that, a thorough support of strategic planning and its execution leads to greater performance within the industry. The result and quality dimension shows that, customers of the bank show a satisfaction level of service delivered by the bank and hence helps the bank to achieve its targets which is part of its performance measure. Hence a positive strategic planning was found to affect corporate body performance. This study shows that, ADB's strategic planning is affecting the performance of the bank positively and puts it in a unique position in the industry.

## **5.2 Conclusion**

Strategic planning of corporate bodies is an essential instrument for planning and forecasting which positions the organization to meet demands and changes which might come up in the course of discharging its services. This study reveals that, ADB as a corporate body has a clear strategic plan which is articulated to all of its employees at various levels and departments within the bank. It reveals that, the strong agreement of factors of various dimensions of strategic planning indicate the effectiveness and efficiency of such planning adopted by employees of the bank and hence affects the bank's performance positively.

### 5.3 Recommendations

Based on the analysis discussed, the following recommendations are made so as to help the bank to enhance its operations.

All factors of various dimensions should be put into the right perspective, so as to help the general workforce of the bank to understand the main objectives and the strategic plans in place to achieve the objectives of the bank per each fiscal year of ADB. This will enlighten the employees of the bank to jeer towards delivering services to enhance the general strategy of the bank and to raise its performance.

Moreover, the factor „In-depth program evaluation is conducted as part of the planning process. This includes assessment based on identified benchmarks for quality and specific outcomes and process objectives” should be redefined, well communicated to staff and corrected where mistakes are committed so as to bring it back on board to achieve a great measure on it to help the bank"s strategic planning policy.

Again all the factors relative to leadership should be well articulated to management and staff of the bank. This will help the employees to know and understand the style of leadership adopted for the operations and governance of the bank to keep them focus in working towards achieving the objectives of the bank.

It is also recommended that lines of communication between managerial and non-managerial staff should be improved in order to encourage and support the flow of information and feedback mechanisms.

In addition to the above, set program goals and budgets should be properly communicated to staff for them to have a knowledge of the banks goals and resources budgetary allocations.

Furthermore, it is recommended that ADB develops quarterly fora to provide employees the opportunity to be heard on matters relative to the strategic planning practices at ADB.

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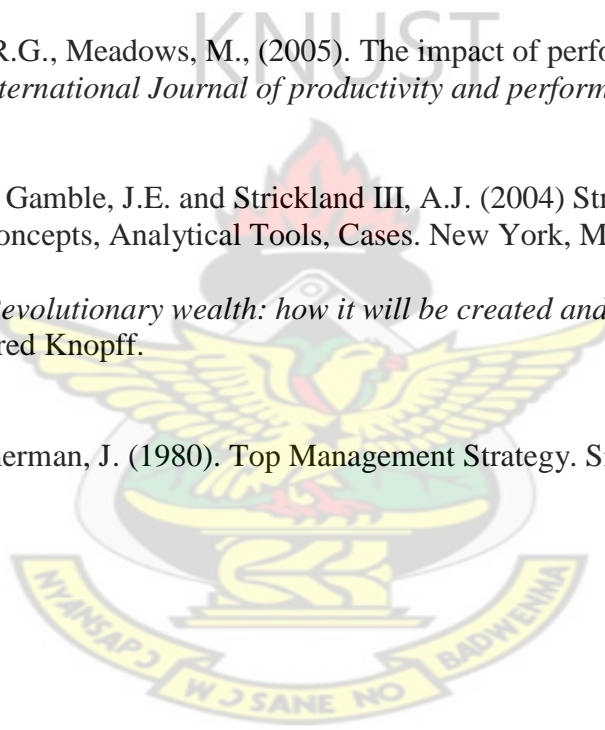
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## APPENDIX 1

**Dear Sir/Madam**

You have been selected to respond to this questionnaire for the study of “**THE EFFECT OF STRATEGIC PLANNING ON THE PERFORMANCE AND OPERATIONS OF AGRICULTURAL DEVELOPMENT BANK**”. You are assured that any information you provide is solely meant for the purpose of this research. Your response to the questions would be kept confidential.

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### QUESTIONNAIRE

Kindly answer with a tick [ ] the extent to which you agree or disagree with the following statements where applicable to you.

#### Section A: Personal Data

- 1) **Age Group:** a) 20 – 29 [ ] b) 30 – 39 [ ] c) 40 – 49 [ ] d) 50 – 59 [ ] e) 60 and above [ ]
- 2) **Gender (Sex)** (a) Male [ ] (b) Female [ ]
- 3) **Level of Education** a) JHS/SHS [ ] b) Commercial/Technical [ ] c) Tertiary [ ]  
d) Professional [ ] ..... e) Others [ ] please specify.....
- 5) **How long have you been working with ADB?**  
Managerial Staff: .....years Non-Managerial Staff: .....years

## Section B: Mission

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. The bank has a clearly articulated and agreed upon purpose (a statement that describes the ultimate result the organization is working to achieve).						
2. There is a consensus on the primary business (es), primary services that the bank should provide.						
3. There are shared values and beliefs that guide the bank and its staff.						
4. There is a clear and agreed upon vision of what the bank is trying to accomplish and what it will take to make the vision happen.						
5. Mission: Overall Assessment						

### Section C: Planning

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. There are shared and explicit values and beliefs which serve as the foundation on which the organization and its members do their work.						
2. A three to five year strategic plan is in place. The plan is reviewed yearly and modified as needed to reflect trends in the environment, current and future client needs, and the bank's capacity to meet those needs.						
3. There is an annual process to set program goals and budget						
4. There is a written annual operational plan that includes timelines and identification of who is responsible for which outcomes or activities.						
5. There is an agreement on overall major strategies that the bank uses for the allocation of resources. (Strategies are priority responses that an organization will use to best accomplish its purpose.)						
6. Planning: Overall Assessment						

### Section D: Structure

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. There is a well-defined organizational structure (work gets delegated and thus accomplished in an efficient and effective way, and there are clear lines of authority and responsibility including reporting relationships). An up-to-date organizational chart accurately reflects the reporting relationships.						
2. There is a decision-making process and structure that supports decisions being implemented (including clarity as to who has input and who has responsibility for making various decisions).						
3. Lines of communication encourage and support the flow of information and feedback between managerial and non-managerial staff. There are communication structures in place to support this information flow.						
4. Meetings are well organized with the right people in attendance.						
5. Structure: Overall Assessment						

## Section E: People

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. The bank is sufficiently and appropriately staffed with well paid personnel who are able to meet the needs of the organization. The organization is able to attract and retain qualified, competent, and committed employees.						
2. Roles and responsibilities for members of staff are clearly established; there are accurate and up-to-date written job descriptions for all staff.						
3. There is a staff evaluation process that includes established performance expectations, periodic work review sessions, and an annual evaluation.						
4. There are written job descriptions for Management and specific expectations of members are clearly articulated; Management annually evaluates its performance.						
5. There are training opportunities to enhance current skills, learn new skills in order to build the capacity of employees.						
6. There are appropriate rewards and recognition for all personnel. Staff and Management feel valued and appreciated						
6. People: Overall Assessment						

## Section F: System

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. Systems are networked, all staff members have email access and an intranet/web presence exists.						
2. Sufficient training and support exist to facilitate staff use of information technology.						
3. The organization uses computers, email and electronic media to streamline communication.						
4. There is uniformity in operating standards for products and services.						
5. There are internal control systems in place to shield the bank from losses due to negligence or fraud.						
6. A budgeting process is in place that ensures the effective allocation of resources.						
7. System: Overall Assessment						



### Section G: Results and Quality

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. In-depth program evaluation is conducted as part of the planning process. This includes assessment based on identified benchmarks for quality and specific outcomes and process objectives.						
2. The bank has feedback mechanisms in place to assess customers' satisfaction and their needs.						
3. Customers are satisfied with the services offered by the bank.						
4. Programs are effective and efficient. The organization provides quality programs that support the Bank's mission.						
5. Results and Quality: Overall Assessment						

## Section H: Leadership

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. The bank's management is a model for effective leadership (including inspiring shared values and a shared vision, holding people accountable for achieving results, and leading by example).						
2. The management team takes responsibility for creating an environment in which all personnel feel supported and motivated to produce quality results.						
3. Leadership is not just personified in one person, but it is a shared function among many people.						
4. The CEO models effective leadership by taking responsibility for ensuring that the Board is performing its governance and support roles.						
5. Leadership inspires employees to provide commitment to achieve organizational goals.						
6. Leadership: Overall Assessment						

## Section I: Relationships

Details	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree	Comments/ Recommendations
1. There is a constructive climate in which people are able to feel free to express unusual or unpopular views without fear of personal attack or reprisal.						
2. Individuals and groups have developed effective ways to be creative, innovative, and solve problems together.						
3. There is a strong commitment among all employees to working effectively as a team. Team spirit within and among departments is encouraged and supported, and there are effective coordinated services among departments.						
4. People are willing to work through conflicts. Difficult issues are discussed within an atmosphere of supportiveness and constructive criticism.						
5. There are effective formal and informal communication systems which encourage support, trust, and cooperation among groups and individuals.						
6. Relationship: Overall Assessment						

## Section J: Elements of an effectively Managed Organization

### 1. Overall, how well is the organization doing in achieving its purpose?

Excellent	Very Good	Good	Fair	Poor
-----	-----	-----	-----	-----
5	4	3	2	1

### 2. Which element is the bank's greatest strength?

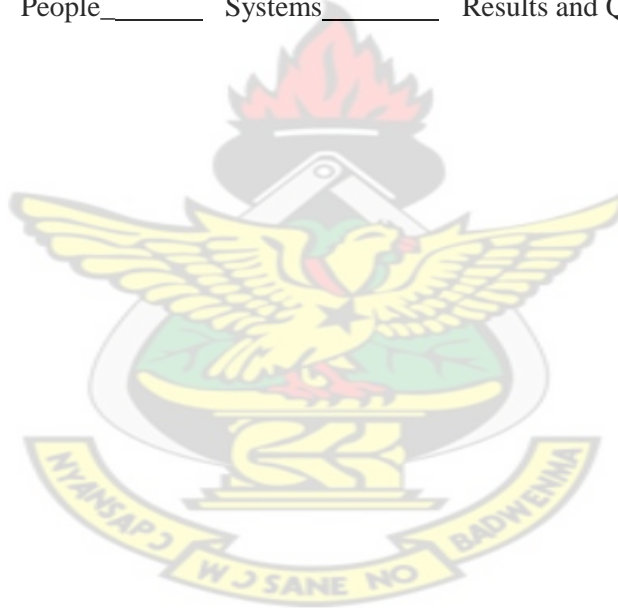
Leadership\_\_\_\_\_ Mission\_\_\_\_\_ Planning\_\_\_\_\_ Relationships\_\_\_\_\_

Structure\_\_\_\_\_ People\_\_\_\_\_ Systems\_\_\_\_\_ Results and Quality\_\_\_\_\_

### 3. Which element is holding the bank back from achieving its purpose the most?

Leadership\_\_\_\_\_ Mission\_\_\_\_\_ Planning\_\_\_\_\_ Relationships\_\_\_\_\_

Structure\_\_\_\_\_ People\_\_\_\_\_ Systems\_\_\_\_\_ Results and Quality\_\_\_\_\_



4. Which element(s) need(s) to be improved to help better strategic planning practices at ADB?

.....

.....

**THANKS FOR YOUR TIME**

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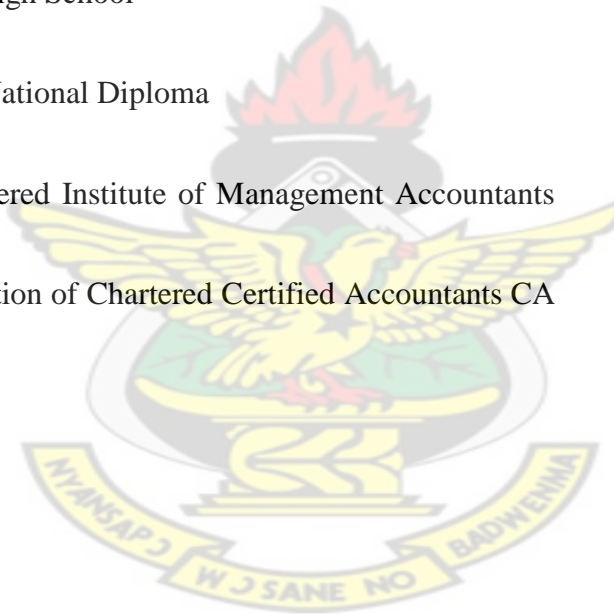


## APPENDIX II

### LIST OF ABBREVIATIONS

IBM	International Business Machines
GAAP	Generally accepted accounting principles
KPI	Key Performance Indicators
JHS	Junior High School
SHS	Senior High School
HND	Higher National Diploma
CIMA	Chartered Institute of Management Accountants
ACCA	Association of Chartered Certified Accountants CA
Chartered Accountants	

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