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EMPIRICAL REVIEW OF CORPORATE STRATEGIC PLANNING AND PERFORMANCE OF MANUFACTURING FIRMS IN SOUTH EAST NIGERIA

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ABSTRACT

The study examined the implementation of corporate strategic planning by corporate entities and further assessed the impact of strategic planning implementation on firm performance. The study which was carried out on registered manufacturing firms in Anambra state, Nigeria, proxy corporate strategic planning using corporate budgeting and cost control activities. Primary data was obtained by means of questionnaire administered on 220 respondents within the companies under the study. Kolmogorov-Smirnov Test was employed to test for implementation of corporate strategic planning while Spearman's Ranked Order Correlation Coefficient was employed to test for the effect of corporate budgeting and cost control on firm performance. Findings from the One-Sample Kolmogorov-Smirnov Test showed that strategic planning, as proxy with budgeting and cost control, is significantly implemented by the selected manufacturing firms in Nigeria. Secondly, the test results from Spearman's Ranked Order Correlation Coefficient revealed that corporate budgeting as well as cost control each has significant effect on the firm performance. The study concluded that manufacturing companies in Nigeria actually implement strategic planning and not just having it on paper. It was also concluded that corporate budget and cost control as strategic activities have significant effect on financial performance of manufacturing firms in Nigeria. It therefore recommended among other things that manufacturing firms should prioritize the development and implementation of effective budgeting processes as well as cost control strategies so as to identify areas of improvement as well as reduce waste and increase efficiency.

1. INTRODUCTION

The development of a nation is usually attributed to the value of goods and services produced within the nation. A nation that produces goods and services to meet its local demand as well as foreign demand will not only post a favorable balance of trade but will also earn foreign exchange to its advantage. Such a nation will no doubt be adjudged a developed nation if proceeds from sales are invested into developmental projects. This is of particular importance to manufacturing firms which play significant roles in the economic and social lives of any country. Apart from providing employment and the numerous consumption products, manufacturing companies contribute significantly to the countries' Gross National Product (GNP) (Ogundajo & Nyikyaa, 2021). Foreign exchange earned from export goods produced by the manufacturing firms has improved the balance of payment position and to a great extent contributed to the nation's Gross Domestic Product. Thus, the performance of manufacturing firms in Nigeria is of great concern because of the significant roles they play in the nation's economic development.

This notwithstanding, the manufacturing firms operate in an industry troubled with different levels of external environmental dynamism, complexity and intense competition. As business environment become increasingly complex, corporate entities device ways to navigate through and remain relevant. The popular say that anyone who fails to plan, has already planned to fail becomes the watch word for corporate entity that is desirous to remain in business. The need to continuity in business has lead to adoption of various plans considered strategic by corporate firms so as to be able to take full control of their internal environment and manage the external environment to their full advantage. The overall performance of a business entity could, thus be viewed largely as a function of how it was able to manage the ever complex environment within which it operates through a well thought-out strategic plan. Strategic planning practices involves defining the organization's vision and mission, environmental scanning, setting of objectives, generating and implementing strategic options and deciding on strategic methods of evaluation and controls (Emmanuel, Esther, Attayi & Taiwo, 2023). On the other hand, organizational performance is about creating value for its primary beneficiaries (Chepkoech & Mboya, 2022). To achieve its desired goals and maximize profits, an organization has to follow the steps of corporate strategic planning in order to formulate its budget, control cost (Omah, 2023) and improves its sales. This procedure will ensure performance and help set a clear vision that enable the organization to avoid confusion between business activities. Strategic thinking and planning also assist firms keep the focus on the firm's value creation (Afolabi & Amusat, 2021). The firm will also achieve overall organizational performance in areas such as human resources, production, finance and marketing when it adopts strategic planning practices.

In a competitive business environment, organizations do not succeed by chance or happenstance. It is usually a product of strategic planning that focuses on the organization's core competences, comparative advantage, business strategy, resource allocation and utilization, among others (Babatunde & Sanusi, 2020). The key goals that business organizations, in particular, should work toward achieving include having an edge over rivals in their operating industry or market and improving their performance in comparison to their rivals (Emmanuel, Esther, Attayi & Taiwo, 2023). The primary goal of strategic planning therefore is to guide the organization in setting out its strategic intent and priorities and refocus itself towards realizing the same. This would enable the firm to be more proactive than reactive in shaping its own future, initiate and influence rather than just respond to activities, and thus to exert control over its destiny. The implementation of corporate strategies is central to the attainment of the firm's core objectives, as such, it must be planned in a manner that will not only aid in maintaining controlled market dominance but also in improving the general business outlook, which can lead to an advancement in earnings at lower expenses.
Although there is a general perception and belief that strategic planning improves organization effectiveness, if wrongly pursued the anticipated value may not be tapped. A wrong strategy or a wrongly formulated strategy may not translate into the anticipated value for the organization but rather leads to strategic drift which occurs when the organization‘s strategy gradually moves away from relevance to the forces at work in its environment (Ugwu, Ngige & Okeke, 2020). Strategic planning in itself cannot cure all that ails every manufacturing firm but can best be seen as a partial solution to management problems. Be that as it may, a company‘s strategy when planned well provides a central purpose and direction to the activities of the organization and to the people who work in it.

Dynamic and intensely competitive markets are driving organizations to leverage on their various capabilities in order to deliver sustainable competitive edge. One major practice used to achieve this has been effective strategic planning; such efforts inevitably improve the competitiveness of business firms and eventually their performances. However, although the manufacturing firms in Nigeria have adopted strategic planning practices, they have continued to face a myriad of challenges emanating from firm level factors, external competition and macroeconomic impediments including, stagnation, low productivity and structural inefficiencies (Ogundajo & Nyikyaa, 2021). Manufacturing firms in Nigeria operate in an ever dynamic and turbulent environment which manifests itself differently so often. Such changes in the environment have a bearing on their performance and require that managers of manufacturing firms update their strategic plans as often as possible to match the ever-changing dynamics of the sector. However, a number of barriers impair the successful execution or implementation of strategic plans (Afolabi & Amusat, 2021). Some of the challenges arise from the conditions or demands of the execution process, such as the need to include far more people in execution than in planning; the longer time frames associated with the strategy implementation process and the resulting likelihood that competitive forces or conditions will change over time (Solomon & Sije, 2022). As a consequence, in the absence of adequate strategic planning that budgets expenditure against income, costs of operation in manufacturing firms tend to become higher than what they should be and resource wastages increase, thereby shrinking organizational efficiency and effectiveness (Mukira, Kariuki & Muturi, 2022). The inability to carry-out sound strategic planning through budgeting and cost control mechanisms results in escalation of functional costs while cutting productivity, since it makes planned rearrangement of resources more difficult and less effective (Bironga & Kaplelach, 2021).

1.1 Objectives of the Study

The broad objective of the study is to examine the effect of strategic planning on the continued operation of manufacturing firms in Nigeria. The specific objectives of the study are:

1. To examine the extent to which strategic planning (proxies with budgeting and cost control) are implemented by selected manufacturing firms in Nigeria.
2. To determine the degree to which budgeting improves profit maximization of selected manufacturing firms in Nigeria.
3 To ascertain the extent to which cost control enhances profit maximization of selected manufacturing firms in Nigeria.

1.2 Research Questions

1. To what extent has strategic planning (proxies with budgeting and cost control) been implemented by manufacturing firms in Nigeria
2. To what degree has corporate budgeting improved profit maximization of manufacturing firms in Nigeria
3. To what extent has cost control enhanced profit maximization of manufacturing firms in Nigeria

1.3 Hypotheses

H_{01}: Strategic planning is not being implemented by manufacturing firms operating in Nigeria

H_{02}: Corporate budgeting has not significantly improved profit maximization of manufacturing firms in Nigeria.

H_{03}: Cost control has not significantly enhanced profit maximization of manufacturing firms in Nigeria.

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2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 Strategic Planning

This is a process by which organizations develop a long term plan to achieve its goals and objectives. It involves defining the organizations' mission, vision and values, identifying key strengths, weaknesses, opportunity and threats and creating a set of goals and objectives to guide the organizations' activities in achieving the set goals. It is a process of developing and maintaining consistency between the organization's objectives and resources and its changing environment (Musi, Mukulu & Oloko, 2018). It is viewed as a systematic and formalized effort of a company to establish basic company purposes, objectives, policies and strategies (Mugoiri, 2019). Strategic planning involves well thought-out steps carried out in ensuing that firm's objectives are carefully defined and effectively pursued and realized. Four main steps are involved (1) situation analysis- this involves assessing the internal and external environment of the organization, including its strength, weakness, opportunity and threats (2) goals and objectives setting- based on the outcome of the situation analysis, the organization sets specific, measurable, achievable, realistic and time-bound (SMART) goals and objectives (3) developing strategies- here set of strategies to achieve the goals and objectives are developed and aligned with the organization's mission, vision and value (4) implementation of the strategies and monitoring of progress- action plan is created to implement the strategies, allocate resources and monitor progress. It is worthy of note that the organization need to be flexible and adaptable to change in the environment and adjust its strategies accordingly if need be. Strategic planning is usually associated with the performance and future of the business as well as making sure that the business is headed in the right direction (Innocent & Levi, 2017).

The current business world has experienced rapid changes due to the ever changing political, environmental, sociological and political changes that have resulted to provision of innovative products in the market and ever changing customers' needs (Ovbiagele & Ijeh, 2015). This has led to increased competition in the different sectors that has resulted to the closure of many firms that have not been fast in adapting to the versatile environment. In order to survive, firms must constantly improve their performance by reducing costs, enhancing quality and differentiating their products and this can be achieved by laying long term strategies, termed strategic plans. Strategic planning outlines a blueprint to improve the organizational performance, effectiveness as well as overall efficiency of the enterprise (Aliyu, Mohammed & Abbah, 2022). The development and implementation of strategic planning is believed to have a direct influence on the efficiency and effectiveness of business organisations with increases in the performance of departments and longevity of the institution (Desta, 2019). Because of its perceived contribution to organizational success, the idea and practice of executing strategic strategies has been adopted globally and across different industries. Today, both public and private entities have taken seriously the practice of adopting corporate strategies to direct their success (Solomon & Sije, 2022).

Strategic planning process determines the long-term objectives of an organization by developing and implementing decisions that is critical for the survival of the organization (Ovbiagele & Ijeh, 2015). In Nigeria, the operating environment for manufacturing firms is constantly changing in the face of a volatile economic environment and a highly competitive market. Thus faced with much greater levels of uncertainty and risk capital, many firms do not adequately plan for their future through effective strategic thinking and planning; and even when they do, poor communication and poor goal comprehension becomes a problem (Ugwu, Ngige& Okeke, 2020). Growing a business involves making a variety of decisions concerning the way the business process can be expanded. Strategic planning is a critical component when preparing a business for growth and development (Desta, 2019). It will assist in helping the business set up a sensible vision for the future and in doing so can make the most of its potential for growth. Strategic planning most of the time attempts to articulate what is to be accomplished, when it is to be accomplished who is accountable, what resources are needed for the execution and how the final result integrates with other planning activities to meet the end goals.

2.1.2 Budgeting

A budget is a set of interconnected plans that quantitatively represent an entity's planned future operations. It is a management method for preparing and managing a company's financial needs, including potential sources of funding and costs of financing (Bironga & Kaplelach, 2021). A budget is an economic instrument for promoting and fulfilling an organization's vision in a given fiscal year, and it requires careful linkages and management of all budgeting stages to be successful. The final result, which is obtained through financial planning, depends on the budget. The accountant of an entity produces and publishes data that measures financial performance of a company and assesses its financial condition in accordance with and filed reports required by interested parties, relying on certain standards. Budgeting is used in financial planning as a broad plan, objective and strategy of a company converted into financial terms (Nyakundi, 2021). Budgeting therefore is a process that involves management giving direction and allocation of financial resources to attain their strategic objectives and goals. It provides the framework adopted by organizational management in giving the direction of financial resources, which relates to the managers picking the suitable alternative of monetary and venture choices. Budgeting practices are critical to the attainment of the set organizational objectives, which necessitates the effective development and implementation of budgets.

The budgeting process provides the systems that help firms enhance their profitability levels through balancing of resource allocation to operations and identification of deviations in anticipated performance for correction. Budgeting assists managers to communicate plans across a firm to enable each department to undertake its responsibility (Solomon & Sije, 2022). Further, it helps in determining realizable sales objectives and supports the allocation of resources to areas that are critical to achieving financial objectives. Budgeting enables firms to create a practical framework to raise funds and ensures that there is control over spending, which enhances the achievement of business objectives. Further, budgeting creates an effective monitoring structure. Budget planning ensures allocation of resources to the most deserving operational activities (Solomon & Sije, 2022). It assists with long-term planning through forecasting income and expenditure. In addition, budget planning guides management regarding the most impactful activities to achieve high performance. The importance of budgeting as a roadmap for what will happen and a benchmark by which real financial output will be assessed is primarily determined by how well it is negotiated (Bironga & Kaplelach, 2021).

2.1.3 Cost Control

Research has shown that business activities drive cost, and to control cost, companies must pay attention to the type of activities they engage themselves. Cost control entails avoiding unnecessary and non value added activities. A non-value added activity is that activity that can be avoided without negative consequences (Ezeala, 2017). Cost control is aimed at achieving real and permanent reduction in the unit cost of goods manufactured or services rendered without damaging the ability of the product to serve the purpose for which it was intended (Mukira, Kariuki & Muturi, 2022). Cost control techniques are the way toward searching for, finding and expelling baseless costs from a business to build the benefit without negatively affecting item quality (Mugoiri, 2019). The concept of continuously searching for new ways and avenue of reducing costs needs to be constantly promoted at all levels of an enterprise, which signifies that the enterprise has a strategic approach to this issue.

Ezeala (2017) submitted that activities that do not impact positively on the company's product or services will only increase overhead cost and by extension affects the company's bottom line. Cost control has become a vital tool for companies to constantly stay ahead of increased competition in the business environment. Indeed, organizations make gainful profit, by implementing cost-lessening techniques to make considerably higher overall revenue on its items (Egbunike & Adeniyi, 2017). Effective and efficient management of cost is not only necessary to meet the profit objective of the company but also the going concern status of the entity (Mukira, Kariuki & Muturi, 2022). To record growth in terms of increase in profit of an organization, cost reduction mechanism should be put in place.

2.1.4 Firm Performance

Performance is a multi-dimensional and dynamic concept which the action or process of carrying out or accomplishing an action, task, or function (Nzewi & Ojiagu, 2015). Firm performance is described in terms of how well a company is managed and the value it provides to consumers and other stakeholders. Performance is a reflection of how an organization employs its resources to guarantee the accomplishment of its stated goals. Organization performance entails the efficacy of the organization in executing its goal. It is defined as outcome of the combination of the strategies and capabilities and their deployment to achieve specific goals (Ugwu, Ngige & Okeke, 2020). Performance is an indicator of the overall enterprise competitiveness, and it is also the measurement of the achievement level of an enterprise's strategic objectives. Firm performance is both financial and non financial, indicators of non financial performance include but not limited to customer satisfaction, employee satisfaction, quality of products or services, on-time delivery rate, market share, brand awareness and reputation, safety and accident statistics etc while financial performance indicators include various indices that are available for use in determining how well a company has performed financially over a specified period of time. According to Pandey, (2011), Key Financial Performance Indicators includes Net Profit Margin, Gross Profit Margin and Current Ratio. NiBusinessInfo.Co.UK (2018) listed Gross Profit Margin (GPM), Operating Expenses Margin (that is EBIT), Net Profit Margin (NPM) and Return on Capital Employed (ROCE) as Key financial performance indicators. To have a clearer picture of the various performance indicators, Kaplan (2012) categorized financial performance indicators into (1) those that measure profitability- this includes Return on capital employed (ROCE), Gross profit margin, Net profit margin, Asset turnover (2) those that measure liquidity- this includes Current ratio, Quick ratio (acid test) (3) those that measure company risk- this includes financial gearing and Interest cover and (4) those that measure investors' interest- this includes Earnings Per Share (EPS), Dividend cover, Dividend yield and Earnings yield.

Our study is focused on firm performance with regards to profitability. Traditionally, a business organization is considered to be an economic unit, which has developed a common and unique measure of efficiency which is 'Profit', it is therefore rational to assume profit maximization as a natural business objective (Adejuwon, 2018). Profit maximization refers to the process by which a firm uses its assets to generate more profits. It is a direct function of sales growth and an indirect function of cost reduction (Omah, 2023).

2.2 Theoretical Framework

2.2.1 Strategic Choice Theory

Traditional planning approaches were criticized for being too rigid and not taking into account the changing environment in which organizations operate and the limitations of traditional planning approaches provoked the need for a more flexible and adaptable approach to strategic planning. This gave the impetus for the development of the strategic choice theory. Strategic Choice Theory emerged in the late 1970s and early 1980s as a response to the limitations of traditional planning approaches. The Strategic Choice Theory was developed by several scholars, including Henry Mintzberg, James Brian Quinn, and Ansoff. However, Henry Mintzberg (1994) is widely regarded as the main propounder of the theory. Strategic Choice Theory was developed as a more flexible and adaptable approach to planning. The Strategic Choice Theory postulates that an organization's success depends on its ability to make strategic choices that are aligned with its goals and the external environment in which it operates (Kang'ethe, 2018). The theory suggests that organizations must take a proactive approach to planning and be willing to adapt their strategies in response to changes in the environment. Strategic Choice Theory is a management framework that is based on the idea that organizations must make strategic choices in order to achieve their goals. The theory suggests that the success of an organization depends on the choices it makes and the way in which those choices are implemented (Kirchoff, Tate & Mollenkopf, 2016).

The Strategic Choice Theory is relevant to the present study to the extent that it provides a useful framework for understanding how strategic planning can affect the performance of manufacturing firms by helping companies to identify new opportunities for growth and expansion. For instance, by analyzing the external environment and the organization's strengths and weaknesses, firms can identify new markets or products that they can enter or develop (Rohof, 2013). By making strategic choices to pursue these opportunities, firms can improve their performance and increase their profitability. Also, strategic planning carried out through budget planning and cost control can help manufacturing firms to allocate their resources effectively. By analyzing the organization's goals and the external environment, firms can determine which products or markets are most likely to be successful (Kang'ethe, 2018). This can help the firm to allocate its resources, such as capital and labor, more effectively, which can improve its performance. By this way, the manufacturing firms improve their efficiency through the strategic choices made to streamline their operations and reduce costs. This can lead to improved efficiency and increased profitability.

2.3 Empirical Review

Ogundajo and Nyikyaa (2021) investigated the effect of management accounting practices on the performance of manufacturing companies in Nigeria. This study adopted a survey research design. The target population for this study was 20 manufacturing companies in Nigeria. Primary data obtained through the administration of structured questionnaires to selected respondents was used. The results of the regression analysis conducted revealed that budgeting has significant positive effect on market share, while cost analysis and performance evaluation have no significant effect on market share. Gomera, Chinyamurindi and Mishi (2018) examined the relationship between strategic planning and financial performance of small, micro and medium-scale businesses in the Buffalo City Metropolitan, South Africa. The study used survey responses from a sample of 225 respondents classified as owners or managers of SMMEs operating within the Buffalo City Metropolitan in the Eastern Cape Province of South Africa. Data were analyzed through regression and correlation analysis. Findings revealed that strategic planning has a positive relationship with financial performance of the SMMEs. Furthermore, aspects of strategic planning (formulation, implementation, evaluation and control) were also found to have a positive relationship with financial performance.

Afolabi and Amusat (2021) examined the impact of strategic planning on organizational performance with particular reference to selected manufacturing companies in Nigeria. Purposive sampling method was used to select five manufacturing companies operating in Ibadan metropolis, while simple random sampling technique was used to select one hundred and sixty five (165) respondents. The Linear Regression result showed that strategic planning process awareness and involvement is low among the respondents. Result also revealed that strategic planning has a positive but insignificant impact on organizational performance of manufacturing firms in Nigeria. Bironga and Kaplelach (2021) examined the effects of budget planning on the financial performance of manufacturing firms in Mombasa County, Kenya. Descriptive research design was adopted while the study population was finance managers in 44 manufacturing firms of Mombasa County registered under Kenya Association of Manufacturers (KAM). A census approach was used as the target population was considered small. Structured questionnaires were used to gather primary data. The result of the regression analysis showed that budget planning has positive significant effect on financial performance of manufacturing companies in Mombasa County. Oludele (2021) examined the influence of strategic processes on organizational development and growth of the Federal medical service center Abuja, Nigeria. Questionnaires were on 50 respondents for data collection. The findings of the descriptive statistical analysis showed that the implementation of strategic planning has a direct influence on the efficiency and effectiveness of health institutions. Ugwu, Ngige and Okeke (2020) investigated the relationship between strategic planning and performance of ten (10) selected manufacturing firm in Enugu state. Descriptive cross-sectional survey was used in collecting data. Data were analyzed with simple percentage. Using the Chi-square statistical tool, the hypotheses were tested. It was found that there is relationship between Strategy formulation and firm performance in Enugu state

Omah (2023) determined the relationship between cost reduction strategies and performance of manufacturing companies in Nigeria. Questionnaires were used in generating data from a sample size of 135 respondents while the Spearman Rank Order was used in the determination of relationship between the variables. Findings showed that there was (1) significant relationship between value analysis and Profit before tax as well as return on assets of the selected manufacturing companies in Nigeria (2) significant relationship between value engineering and profit before tax as well as return on assets of selected manufacturing companies in Nigeria. Similarly, Mukira, Kariuki and Muturi (2022) established the influence of cost reduction strategies on performance of commercial banks in Kenya. The study used a sample size of 82 respondents. The research adopted cross-sectional survey. The study used both primary and secondary data. Primary data was collected using questionnaires while Secondary information was acquired from the commercial banks' audited financial statements. The regression results showed that cost reduction strategies had a positive and significant effect on performance of commercial banks. Again, Chepkoech and Mboya (2022) examined the influence of strategic planning on the financial performance of listed commercial banks in Kenya. A census survey was carried out on 11 listed commercial banks in Kenya. Questionnaire was administered on 132 respondents consisting of senior management, middle level management, and lower-level management, with both descriptive and regression analysis performed. From the research findings it was revealed that strategy formulation, strategy implementation, strategy evaluation and control all had positive significant influence on the financial performance of listed commercial banks.

Adejuwon (2018) assessed the effect of strategic management on the financial process of manufacturing companies, focusing on Oyo State of Nigeria. The 249 manufacturing companies in Oyo State, as registered with the Manufacturers Association of Nigeria (MAN), Ibadan, Oyo State, Nigeria, as at 1st November, 2016, formed the population of study. A sample of 152 manufacturing companies, representing 61% of the population was randomly selected for the study using a combined purposive and systematic random sampling technique. The survey research design was used and data was collected through the use of questionnaire and structured interviews in the selected enterprises. The data collected were analyzed using Analysis of Variances (ANOVA), correlation and descriptive statistics. The study revealed that strategic management has significant effect on the financial process of manufacturing firms. Monday, Akinola, Ologbenla and Aladeraji (2015) examined the effects of strategic management on the performance of manufacturing industries in Nigeria. Five large-scale quoted manufacturing firms located in Lagos metropolis were selected. The study relied on primary data which were obtained using structured questionnaire administered to 50 purposively selected respondents of the selected firms. The result showed that strategic management had significant effects on the profitability and operational performance of the selected manufacturing firms.

Ese and Chukwuka (2022) investigated the connection between strategic planning and performance of SMEs in Delta state, Nigeria. They employed descriptive survey research design for their study with a sample size of 133. Research question and test of hypothesis was analyzed using multiple regression and correlation approach with the aid of SPSS version 20. Findings of the study showed that market share growth in Delta state was significantly and favorably impacted by the implementation of strategic plans. Innocent and Levi (2017) investigated the effects of strategic planning on organizational performance with Nigerian Bottling Company Enugu. Researchers employed survey design and with population of 180 members of staff of Nigerian Bottling Company Enugu. They obtained a sample size of 124 using Taro Yamane's formula. The result of the mean point analysis indicated that there is relationship between effective strategic planning and organizational performance in Nigerian Bottling Company Enugu. Study by Ovbiagele and Ijeh (2015) bothered on the impact of strategic planning on organizational performance of selected manufacturing firms in Delta State, Nigeria. A set of structural questionnaire was used as instrument for data collection and administered on 60 respondents of the firms under study. Data analysis was made and the hypotheses formulated were tested using kruskalwallis one-way analysis of variance by rank. The findings revealed that positive and significant relationship exists between strategic planning, organizational performance and organizational survival. It was concluded that strategic planning is necessary for the performance and survival of an organization. Similarly, Makinde, Akinlabi and Ajike (2015) examined the relationship between the use of strategic planning and performance in SME sector in Lagos state. This study adopted the descriptive survey research design. A sample size of 520 respondents was selected for the study. The regression analysis revealed that there is a significant relationship between the use of strategic planning and SME performance. Aliyu, Mohammed and Abbah (2022) investigated the impact of strategic management on the performance of small and medium-sized businesses in FCT-Abuja. The research design utilized in this study was a causal comparative design. The population of the study comprised 38,003 registered SME owners operating at all levels in Federal Capital Territory (FCT), Abuja, from whom a sample of 388 was drawn using the Taro Yamani formal questionnaire. Using regression analysis, the study found that Strategy Formulation (SFN) has a positive and substantial effect on Business Performance. Similarly, Strategy Implementation was found to have a favorable and substantial effect on SMEs' performance. Business performance is projected to grow by 41.2 percent for every one percent increase in strategy adoption.

Some researchers focused their studies on the service organizations, Solomon and Sije (2022) in their study reviewed the impact of strategic planning practices on the success of Save the Children International. The study examined the impact of budgetary allocation on the success of Nongovernmental organization. The study employed strategic decision-making practices, strategic communication, and environmental analysis to proxy strategic practices. Descriptive research design was used. The 46 employees of Save the Children were the target population which included program officers, communication and dissemination officers, administrative officers, and community workers. Census was used to collect data from all targeted respondents. Data was collected through questionnaires and analyzed using correlation and regression analyses. The study findings revealed that budgetary allocation, strategic decision making, environmental analysis and governance have a positive effect of the success of organizations. The study concluded that, budget practices in the organization is effective and has positively affected on the NGO performance.

Egbunike and Adeniyi (2017) examined the influence of cost reduction strategies on bank profitability in Nigeria. Their study was to ascertain the influence of downsizing of employee and reduction of staff salary on return on asset. Survey design was used for the study. They adopted purposive sampling technique in selecting their sample of 10 banks in Nigeria. They gathered secondary data from the Nigerian Stock Exchange Fact-book and Annual Report and Accounts of the sample population for the period 2006 to 2016. A linear regression analysis was used in estimating the parameter of the model. The study found that there is negative relationship between downsizing of employee, reduction of staff salary and profitability. Mboya (2022) examined the influence of strategic planning on the financial performance of listed commercial banks in Kenya. A census survey was carried out on 11 listed commercial banks in Kenya. Questionnaire was administered on 132 respondents consisting of senior management, middle level management, and lower-level management, with both descriptive and regression analysis performed. From the research findings it was revealed that strategy formulation, strategy implementation, strategy evaluation and control all had positive significant influence on the financial performance of listed commercial banks. Nzewi and Ojiagu (2015) explored the relationship between strategic planning and performance of commercial banks in Nigeria. Specifically, it determined the nature of relationship that existed between total assets and profit after tax of the selected banks. Exploratory research design was employed. Secondary data were sourced from the Nigerian Exchange Fact Book 2011 to 2013. Linear regression and Pearson bivariate correlation analytical techniques were used. Findings revealed that there is a weak positive relationship between the total assets and profit after tax of the selected commercial banks. Similarly, Babatunde and Sanusi (2020) examined the impact of strategic planning on firm performance in the Nigerian banking industry using First Bank as case study. The study adopted a descriptive research design. Questionnaires were administered to the top management in which fifty-six were collected. Data was analyzed using regression analysis and findings showed significant effect of long range plan on business survival and significant effect of strategic implementation on employee turnover.

Emmanuel, Esther, Attayi and Taiwo (2023) assessed the influence of strategic management on the operational performance of IT firms in Nigeria. A sample of 195 managers of IT firms across the country of Nigeria was selected for this current study, and they were selected using a convenient sampling technique. The Pearson product correlation technique was used in analyzing the data. It was found that there is a positive correlation between strategic management and the operational performance of IT firms in Nigeria. Kolade, Olanipon and Olumuyiwa (2018) examined the effects of strategic planning on corporate performance using University of Ibadan as the case study. Primary data was used for the study. The study made use of questionnaire to elicit information from 300 employees of University of Ibadan. Data collected were analyzed using Pearson's Product Moment Correlation Coefficient. The results of the hypotheses revealed that there is a significant positive correlation between strategic planning and corporate performance.

Some studies have however showed low level of adoption of strategic planning or no positive impact of strategic planning on firm performance. Obaje (2020) who carried out a cross-sectional research to explore the relationship between strategic planning practices and performance of SMEs in the Nigerian service-related sector concluded that there was low level strategic planning adoption. The study adopted a mixed methods approach and primary data were collected from owners and managers of SMEs, using both questionnaires (136) and semi-structured interviews (20). The findings of the regression analysis indicated that although there is a low level of strategic planning adoption among Nigerian SMEs, strategic planning is positively related to firm performance. Again, Nyakundi (2021) assessed the influence of financial planning practices on the financial performance of manufacturing companies listed in the Nairobi security exchange, Kenya. The study adopted a causal research design with a target population comprised of nine (9) manufacturing companies operational during the study period. Secondary data collected from published financial statement from the firms were analyzed using descriptive statistics and regression test. The results established that financial planning has a weak negative insignificant relationship with financial performance.

While past studies have shown positive impact of strategic planning on firm performance, study by Obaje (2020) showed low level of adoption of strategic planning. Again, Nyakundi (2021) showed no positive significant impact of strategic planning on firm performance. We considered it necessary to reconcile the aforementioned conflicting results of strategic planning on firm performance. Secondly, to the best of our knowledge, extant studies in Nigeria have not established if manufacturing firms in Nigeria actually implement strategic planning before determining whether or not such practice influence firm performance. It is in view of filling these gaps in knowledge that necessitated the present study being conducted.

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3. MATERIAL AND METHOD

The study adopted a cross-sectional survey research design. Cross-sectional survey design was chosen for the study because it allows for the observation of a study sample or section from the population of study to be conducted at a single point in time. Thus, the justification for the use of cross-sectional survey design is that the primary data for the study are collected via questionnaire from more than one case and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with the variables of the study.

The population of the study comprised of staff in the strategic management cadre in selected manufacturing firms Anambra state. The selected firms were chosen based on accessibility since the firms are located within the geographical zone of the researcher. Distribution of the study population is shown in appendix 1 below. The 493 population element was scaled down to 220 via the Taro Yamane sample size formula. The study adopted stratified sampling approach in administering the questionnaire to the respondents. The bases for this was to enable the researcher achieve even distribution of questionnaire among the companies under the study.

The strata samples of the study are determined with the formula:

$$n = \frac{number\ of\ staff\ in\ each\ company}{total\ population\ target} \times study\ sample\ size$$

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The strata distribution of sample elements is presented under appendix 2

A well-constructed and self-developed questionnaire (see appendix 3) was used to obtain response on the extent to which the respondent agrees with the statement put before him. The questionnaire was structured in a five point response options of Very High Extent, High Extent, Undecided, Low Extent and Very Low Extent.

FP = f (bo, CB, CC, u)

FP = Firm Performance

CB = Corporate Budgeting, CC = Cost Control

bo = constant, u= error term

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive Statistics

The mean score of data obtained for study variables are presented in the table below

Table 1: Descriptive Statistics

	Mean, strategic budget	Mean, cost control	Mean, profit maximization
1	3.33	3.68	3.47
2	3.46	3.45	3.39
3	3.29	3.27	3.5
4	3.36	3.49	3.82
5	3.4	3.42	3.36

Quantitative analysis method was applied, and descriptive statistics such as frequencies and percentages were then presented in form of tables. After the descriptive analysis, inferential statistical analysis was carried out with the use of Spearman's Ranked Order Correlation Coefficient in order to enable the researcher test the second and third hypotheses. The data generated were in ordinal scale and so Spearman's Ranked Order Correlation Coefficient is most preferred tool for hypotheses testing. More also, the first hypothesis was tested using Kolmogorov-Smirnov Test. The rule is to reject the null hypothesis in favour of the alternate hypothesis if the P-value of the test is less than α-value (level of significance) at 5%, otherwise accept the null hypothesis and reject the alternate hypothesis. The first hypothesis was tested using Kolmogorov-Smirnov Test. More also, Spearman's Ranked Order Correlation Coefficient was applied in testing the second and third hypotheses.

4.2 Test of Hypotheses

The first hypothesis was tested using Kolmogorov-Smirnov Test while Spearman's Ranked Order Correlation Coefficient was employed to test for the second and third hypotheses. The rule is to reject the null hypothesis in favour of the alternate hypothesis if the P-value of the test is less than α-value (level of significance) at 5%, otherwise accept the null hypothesis and reject the alternate hypothesis.

4.2.1 Hypothesis I

H_{01}: Strategic planning (proxies by budgeting and cost control) is not significantly implemented by manufacturing firms in Nigeria.

Table 2: **One-Sample Kolmogorov-Smirnov Test**

		Implementation of Strategic Planning
N		216
Uniform Parameters[a,b]	Minimum	10.00
	Maximum	50.00
Most Extreme Differences	Absolute	.279
	Positive	.110
	Negative	-.279
Kolmogorov-Smirnov Z		4.096
Asymp. Sig. (2-tailed)		.000

a. Test distribution is Uniform.

b. Calculated from data.

Source: *SPSS Statistical Package Version 22*

The results of the One-Sample Kolmogorov-Smirnov Test in Table 2 above indicates that strategic planning, as proxied by budgeting and cost control, is significantly implemented by the selected manufacturing firms in Nigeria. The test shows that the distribution of responses on the implementation of strategic planning is not uniform, with a Kolmogorov-Smirnov Z value of 4.096. This suggests that there are significant differences between the observed distribution of responses and the expected distribution under a uniform distribution. Therefore, we can reject the null hypothesis (H01) since p-value = 0.000 is less than 0.05.

4.2.2 Hypothesis II

H_{02}: Budgeting does not significantly improve profit maximization of selected manufacturing firms in Nigeria.

Table 3: **Correlations Test for Hypothesis II**

			Budget Planning	Profit Maximization
Spearman's rho	Budget Planning	Correlation Coefficient	1.000	.354**
		Sig. (2-tailed)	.	.000
		N	216	216
	Profit Maximization	Correlation Coefficient	.354**	1.000
		Sig. (2-tailed)	.000	.
		N	216	216

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *SPSS Statistical Package Version 22*

In Table 3 above, the correlation coefficient between budget planning and profit maximization is 0.354. This indicates a moderate positive correlation between the two variables, which means that there is a tendency for firms that engage in budget planning to also be more likely to maximize their profits. This correlation is statistically significant at the 0.05 level (i.e., the probability of observing such a correlation by chance is very low). Thus, since p-value = 0.000 is less than 0.05, the researcher rejects the null hypothesis.

4.2.3 Hypothesis III

H_{03}: Cost control does not significantly enhance profit maximization of selected manufacturing firms in Nigeria.

Table 4: **Correlations Test for Hypothesis III**

			Cost Control	Profit Maximization
Spearman's rho	Cost Control	Correlation Coefficient	1.000	.442**
		Sig. (2-tailed)	.	.000
		N	216	216
	Profit Maximization	Correlation Coefficient	.442**	1.000

	Sig. (2-tailed)	.000	.
	N	216	216

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *SPSS Statistical Package Version 22*

Table d shows the results of the correlation test between cost control and profit maximization. The correlation coefficient is 0.442, which indicates a moderate positive correlation between the two variables. This suggests that companies that implement effective cost control measures are more likely to achieve better profit maximization. The p-value = 0.00 is less than 0.05, which indicates that the correlation is statistically significant. Thus, the alternate hypothesis was accepted.

CONCLUSION AND RECOMMENDATION

The results of hypotheses tested are summarized as follows:

Strategic planning (proxies by budgeting and cost control) is significantly implemented by selected manufacturing firms in Nigeria (K = 4.096, p-value = 0.000), Corporate Budgeting significantly improves profit maximization of selected manufacturing firms in Nigeria (rho = 0.354, p-value = 0.000) and Cost control significantly enhances profit maximization of selected manufacturing firms in Nigeria (rho = 0.442, p-value = 0.000).

Based on the above, we conclude that manufacturing companies in Nigeria actually implement strategic planning. Again corporate budget and cost control as strategic activities have significant effect on financial performance of manufacturing firms in Nigeria.

The study, with reference to the conclusion above, recommends that

a. Since it is now revealed that strategic planning is significantly implemented by selected manufacturing firms in Nigeria, more emphasis be placed on sustaining the development and implementation of strategic plans in the manufacturing sector. This can be achieved through training and capacity building programs that enable firms to better understand the benefits of strategic planning and how to implement it effectively
b. Manufacturing firms should prioritize the development and implementation of effective budgeting processes. This can be achieved through the use of best practices in budgeting, such as the development of detailed budgets, regular monitoring of actual performance against budget, and the use of variance analysis to identify areas for improvement

c. Firms should prioritize the development and implementation of cost control strategies, such as the use of cost reduction programs, regular monitoring of costs, and the adoption of lean manufacturing principles to reduce waste and increase efficiency.

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APPENDIX 1

Distribution of the Study Population

Selected Manufacturing Firms	Number of Staff in Strategic Management Cadre
1. ArmcasterAluminium	48
2. Best Aluminium Manufacturing Ltd.	18
3. Chattered Nig. Ltd	69
4. Eastern Distilleries & Food Industries Limited	50
5. Ibeto Group of Companies	49
6. Intafact Beverages Ltd.	79
7. Jimex Industries Nig. Ltd.	73
8. Map Industries Ltd.	59
9. Simco Aluminium Nig. Ltd	48
Total	493

Source: Wikipedia.com (2023) and Field Survey (2023)

APPENDIX 2

Strata distribution of the sample elements

Company	Strata Size
1. Armcaster Aluminium	22
2. Best Aluminium Manufacturing Ltd.	8
3. Chattered Nig. Ltd	31
4. Eastern Distilleries & Food Industries Limited	22
5. Ibeto Group of Companies	22
6. Intafact Beverages Ltd.	35
7. Jimex Industries Nig. Ltd.	33
8. Map Industries Ltd.	26
9. Simco Aluminium Nig. Ltd	22

Total	221

Source: Researcher

APPENDIX 3

Sample Questionnaire

KEY: Using the scale below, please indicate your responses to each of the item that follows, by ticking against the number that best describe your level of agreement.
5 = Very High Extent; 4 = High Extent; 3 =Undecided; 2 =Low Extent; 1 =Very Low Extent

S/N	Question	5	4	3	2	1
		VHE	**HE**	**U**	**LE**	**VLE**
	Implementation of Strategic Planning: Budget Planning					
B1	Our organization creates a detailed budget plan that outlines expected revenues and expenses for the upcoming fiscal year.					
B2	Our organization considers past performance and future growth projections when developing our budget plan.					
B3	Our organization regularly monitors actual spending against the budget plan and adjusts as necessary.					
B4	Our organization prepares multiple budget scenarios to account for different economic conditions and unforeseen events.					
B5	Our organization regularly reviews and updates our budget plan throughout the fiscal year.					
	Implementation of Strategic Planning: Cost Control	**VHE**	**HE**	**U**	**LE**	**VLE**
C1	Our organization has clearly defined procedures for monitoring and controlling costs.					
C2	Our organization regularly reviews and analyzes its expenses to identify areas where cost savings can be achieved.					

C3	Our organization has a culture of cost-consciousness and efficiency.					
C4	Our organization considers long-term costs when making decisions, not just short-term savings.					
C5	Our organization has a designated team or individual responsible for overseeing cost control efforts.					
	Profit Maximization	**VHE**	**HE**	**U**	**LE**	**VLE**
P1	Our organization consistently seeks to increase revenue and decrease costs to maximize profit					
P2	Our organization identifies and eliminates wasteful spending to maximize profit					
P3	Our organization sets specific profit goals and tracks progress towards those goals.					
P4	Budgetary planning and cost control directs resources and capital to the best and most profitable channel					
P5	Our firm always uses assets from its primary mode of business in generating more revenues over time					