



# CORPORATE PLANNING PRACTICES AND ORGANISATIONAL EFFICIENCY

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Article history:	Abstract:
<p><b>Received:</b> 20<sup>th</sup> December 2022 <b>Accepted:</b> 21<sup>th</sup> January 2023 <b>Published:</b> 28<sup>th</sup> February 2023</p>	<p>The main purpose of this study is to evaluate the relationship between corporate planning practices and organizational efficiency. To achieve this, the researcher formulated four objectives, research questions and hypotheses. The study adopted a quasi-experimental research design and the population of the study comprised of bottling companies in Port Harcourt. The simple random sampling technique of probability sampling was used to determine the actual sample size of 179 respondents. Data was collected through primary source with the aid of a well-structured closed ended questionnaire using the four likert scale. Standard mean was used to analyse the univariate analysis, while the bivariate analysis was analysed with Pearson product moment coefficient. The finding of the study revealed that there is a positive relationship between the corporate planning practices and organisational efficiency.</p>

**Keywords:** Corporate planning, corporate planning practices, organisational efficiency

## INTRODUCTION

Planning helps to anticipate future situations and their likely consequences. It enables an organization to provide for means of embracing future uncertainties or at least ameliorate their negative effects (Onuoha, 2016). Organization carry out planning in order to survive in the rapid changing business environment. Managers are faced with increased inflation, increased foreign competition, technological obsolescence and changing market environment due to the frequent occurrence of this changes there is increased presence on top level management to make strategic plans in order to minimize risks.

Environment influences an organization in many ways such that it is crucial importance for strategic corporate planning to help managers in identifying their opportunities and threats so as to make accurate and timely plans. Creating effective and efficient organizations is the sole essence of Corporate planning and strategy (Onuoha, 2016). Schendel (2009) asserted that corporate planning represents contemporary managerial tool that relates to inevitable uncertainty in the management environment and for stimulating organizational performance. Similarly, the process of determining the future of overall goal or objective of a business. Planning therefore bridges the gap between where we are, and where we want to go (Adeleke, 2001). Planning helps organizations to achieve their goals and objectives, it can also be a tool to correct deviations to meet required standards.

Most of the organizations in Nigeria, planning is the most important management tool for performance and for organizations to perform well, resources must be well utilized and customers well served. To achieve such ends, all of an organization human and materials resources must be well utilized in the right way and the right time to create high quality products at minimal cost. Productivity is a summary measure of the quantity and quality of work performance, with resources utilization taken into account. It can be measured at the individual, group or organizations level, productivity may be expressed a success into dimensions of organizations performance, effectiveness and efficiency (Dawson, 2006).

Planning on the other hand, is regarded as the most basic of all the management functions. It involves the selecting from among alternative future course of action for the organization as a whole and every department or section within it. Furthermore, it requires selecting organizational objectives and departmental goals, determines and provides a rational approach to pre-selected objectives. it strongly implies managerial innovation and the ability to create something (Dawson, 2006).

### Purpose of the Study

The main purpose of the study is to ascertain the effect of corporate planning on organizational efficiency.

### Research Question

What is the relationship between corporate planning and organisational efficiency in water bottling companies in Port Harcourt?

### Research Hypotheses

There is no relationship between corporate planning and organisational efficiency in Nigeria bottling company in Port Harcourt.

### Significance of the Study

Practical Significance: This study will be useful to manufacturing companies and their likes in the same industry on how best to adopt corporate planning to achieve organization efficiency.

### Scope of the Study

Content Scope: this study covers the relationship between corporate planning and organizational efficiency in water bottling firms.

## REVIEW OF RELATED LITERATURE

**Concept of Corporate Planning (CP)** Peter Drucker (1963) defines corporate planning as a "continuous process of making entrepreneurial decisions systematically and with the least possible knowledge of their fraternity; organizing systematically, the effort needed to carry out these decisions; and measuring the results against expectations through organized systematic feedback".

Corporate planning may be defined as the process of deciding long term goals and objectives within the ambit of organization's strength and weaknesses in the existing and perspective environmental setting to ensure their achievement either by integrating the short term and long term plans or by adopting such measures which may bring even structural changes in the composition of the organization, after taking recourse to financial resources.

Hussy (1999) defines corporate planning as "the formal process of developing objectives for the corporation and its component parts, evolving alternative strategies to achieve these and doing this against a background of systematic appraisal of internal strengths and weaknesses and external environmental changes, the process of translating strategy into detailed operational plans and seeing that these plans are carried out".

This is a comprehensive definition of corporate planning which includes deterministic, motivational; and directional elements of corporate planning.

As Per Drucker's view "corporate planning is not confined to taking strategic decisions in the light of future conditions but is also concerned with the implementation of these decisions in the best possible way, and undertaking periodic review of these decisions in the light of new development".

Corporate planning is quite comprehensive as it includes (i) strategic planning (ii) operational planning and (iii) project planning.

### Corporate Planning Practices

Goldman and Casey (2010) defined strategic planning as "oriented systematic based on the router untapped opportunities, which lead to discover new organizational strategies".

The important of strategic planning comes from its ability to lead the organization in the future and decreases the failure opportunity (Al Shobaki & Naser, 2016). The concept of strategic planning might differ between organizations according to future concept and means to deal with the future (Bin, 2013).

The main frame of strategic planning is strategic management. Wheelen & Hunger (2012) and David (2011) pointed that strategic management are a series of administrative decisions and actions that determine the long-term performance of the organization, which includes the following four stages: environmental scanning, strategy formulation, application and implementation of the strategy, evaluation, monitoring and control.

According to them, strategic planning is the main function of strategic management. Sharbiny (2009) mentioned the difference between strategic planning and strategic management as the following: strategic planning is an analytical process, while the strategic management is also concerned about performance.

### Operational Planning

Just as strategic management is absolutely concerned with operational management, so strategic planning is linked with operations; but as with strategic management, the focus of strategic planning is on strategic more than operations. Strategic planning means the formulation of concisely stated operational aims in a way that main strategies turn into the organizing framework to guide the remainder of the planning process – from the strategic plan to the yearly operational plan to the specific level of action and accountability. Strategy formulation encompasses the steps including framing mission and objectives, SWOT analysis, gap analysis, framing alternative strategies, choice of strategy (Pearce & Robinson, 2014).

The operational level of planning is primarily realized for specific procedures and processes and controlled by the lowest ranked cause that they understand best not only current problems, but so daily tasks and activities to be undertaken (Stadtler, Kilger & Meyr, 2015).

This level of planning defines individual tasks to be performed in due time using the available resources. Operational planning comprises a one-year period, it is derived from tactical planning, it contributes to realization of the planned strategy, it is more detailed and more concrete, and is performed continuously (minimally) at the level of business units, including the production processes as well. The level of detail rises accordingly and the planning interval decreases (Couter, 2013).

Steering and controlling the operational planning draw the strategic approach to a close and includes the organized understanding of strategy. The process involves regularly comparing actual values against predetermined, quantified targets. This enables counter measures to be initiated if need be (Kotler, Berger & Bickhoff, 2016).

## Concept of Organizational Efficiency (OE)

Organizational efficiency continues to be a prominent issue among academics and industry players. An efficient organization is an important solution towards achieving sustainable economic growth (Asaleye et al., 2018).

Peter Drucker refers to efficiency as "doing things right" (Drucker, 1963). Several studies have emphasized the importance of efficiency as a factor that affects profitability and sustainability. Eskandari (2007) opined that a company's overall efficiency and performance are closely related. Efficiency in an organization's operations relates to the optimum utilization of its resources. To survive and prosper, firms must produce their output from input efficiently.

According to Michael Porter, cost and product differentiation are the key elements of successful competitive strategies (Tanwar, 2013; Porter, 1989). Organizational efficiency is the basis for cost leadership strategies. The cost leader in any industry is the one who is capable of producing goods and services similar to those of competitors but at the least cost. This requires him to produce a certain level of output using minimal input. The cost leader has strong competitive advantage as he can simply decide to reduce his price to the minimum amount required to remain profitable so as to capture larger portion of the market share, thus forcing competitors to either reduce their prices. Some competitors can only bear a certain level of reduction in profit to justify remaining in business and so may be forced to quit. It is a case of "give in or give up" (i.e. reduce prices or quit).

## METHODOLOGY

### Research Design

The research method adopted for this study is the quasi-experimental design. This is because it is most appropriate in behavioural administrative sciences due to the nature of the research and elements involved.

### Population of the Study

The research population comprised of bottling companies in Port Harcourt.

### Sampling Method

The researcher opted for non-probability sampling with convenience.

### Sample Size Determination

This research adopted the Taro Yamane sample size determination method.

### Data Collection Method

Data for this study was collected through primary and secondary data sources.

### Validity of the Instrument

The copies of the research instrument were made available to my experts for validation. Pilot test was also conducted to determine the validity of the scale.

### Reliability of the Instrument

The reliability test for the research instrument was examined for its consistency using Cronbach's Alpha.

## DISCUSSION OF FINDINGS

The study examined the relationship between corporate planning and organisational efficiency in manufacturing companies. This was achieved by formulating one research question, and one hypothesis which were tested, and the results revealed a positive and significant relationship between the two variables. Using the p-value or "r" calculated (0.000) and less than the significant or "r" tabulated (0.05), thus rejecting the null hypothesis and accepting the alternate, and concluding that there is a positive and significant relationship between corporate planning practices and organisational efficiency in manufacturing companies. From the analysis conducted to determine the relationship, the value of 0.986 correlation coefficient which constituted about 97 percent of the outcome, showed that about 97 percent of the organisation's productivity can be explained through corporate planning practices with emphasis on organisational efficiency.

This implies that 97% of a firm's profitability can be determined by corporate planning, thereby leaving 3% to other business factors. With this, the research concludes that there is a strong and significant relation between corporate planning and organisational efficiency.

## SUMMARY

The study examined the relationship between corporate planning and organizational efficiency of manufacturing companies. The study involved research question and hypothesis which were tested using person moment correlation coefficient. The null hypothesis which was initially stated was rejected and the alternate accepted, which gave rise the position of the research finding and conclusion.

## SUMMARY OF FINDINGS

The findings of the study from the tested hypotheses revealed that:

- (i) corporate planning has a significant relationship with organizational efficiency
- (ii) Strategic planning which is an ingredient of corporate planning has a significant relationship with organizational efficiency
- (iii) Operational planning which is also an element of corporate planning has a significant relationship with organizational efficiency.

### CONCLUSION

In conclusion, organizations that strategically and operationally plan will improve their brand image and as well attract more businesses. The manufacturing industry is innovating everyday due to the level of competition resulting from the multiplicity of brands available to customers. In order to survive this brand war and be well positioned, manufacturing companies will have to embrace a comprehensive corporate planning practices to achieve organisational efficiency.

### RECOMMENDATIONS

From the research analysis and conclusions above, the following recommendations are made to enhance the activities of manufacturing companies:

- (i) Management should apply corporate planning practices and strategies that will enable the achievement of organisational efficiency
- (ii) Management should include strategic and operational planning in order to decrease failure rate and realize some specific procedures and processes that will enable the achievement of efficiency.

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