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Business Planning, Information Preference, and Information Use as Factors in Banking Operations in Nigeria

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Introduction

The banking industry in Nigeria has been faced with enormous challenges that affect performance, management, and reliability. There are 24 banks in Nigeria today. These banks are referred to as consolidated banks. They emerged after the recapitalisation initiative of the central bank of Nigeria in 2005. Specifically, the central bank of Nigeria (CBN) raised the minimum capital requirement for each bank in Nigeria to ₦ 25billion. This study is mindful of the recent efforts by the federal government of Nigeria to recapitalise and reconsolidate banking operations, which may reduce the number of licensed banks in Nigeria by ten. Banks constitute an important vehicle for economic growth and sustainable development in Nigeria.

Ekanem (2003) takes a look at the banking industry in Nigeria provides estimates of total productivity of the banking industry in Nigeria for 1986-2000. He concludes that the banking industry in Nigeria has expanded rapidly in recent years with productivity rising sharply since 1996. Nnanna (2001) observe that bank credit is important for the startup and efficient performance of any enterprise, which requires provision of funds for capitalization, working capital, and rehabilitation, as well as for the creation of new investments. Funds are required to bring together the other factors of production – land, labour, and capital - before production can take place. This is why credit is very important in any economy.

Nzotta (1999) stresses that bank credits influence positively the level of economic activities in any country. They influence what is to be produced, who produces it, and how much is to be produced. This, he further argues, is derived from the intermediate role of banks, i.e., as a link between surplus and deficit units in the economic system. Dauda (2007) assesses the role, size, and contribution of the community banking system in Nigeria's development process from 1992 to the present she looks into extent to which community banks have been efficient in performing their development roles at the grassroots level using the following criteria:

- Inculcation of good banking habits,
- Deposit generation and savings mobilization
- Granting of loans and advances
- Development of real sector
- Development of non productive activities.

She concludes that the Nigerian community banking system is growing in size, but is still unable to be productive enough to help poor households escape from poverty.

Aiyegbusi and Soetan (2003) examine the impact of community banks such as Microfinance Banks (MFB) on the credit habits of women, and seeks to amplify the importance of the banks for improved quality of life of marginalised groups like women. Their findings show an upsurge in the credit habits of all respondents since these banks have been introduced. This was attributed to community banks' flexible requirements for loan procurement.

Objectives of the Study

1. Determine the influence of management motivation on job performance of bankers in Nigeria;
2. Identify information preference of bank workers in Nigeria;
3. Identify the degree of information usage in Nigeria banks; and
4. Determine the extent to which business planning and information use has affected the development or otherwise of banks in Nigeria.

Significance of the Study

This study will be important to the banking industry in the following areas.

1. It will offer recommendations of ways of achieving enhanced productivity in the banking industry;
2. It will enable banks to implement programmes that will be geared toward effective use of information.
3. It will be a meaningful addition to the literature on proper planning in the banking sector

Scope of the Study

This study focuses on business planning, information preference and use among the twenty four recapitalised banks in Nigeria. Managers and Senior Staff members of these 24 banks were used as respondents which specifically have their headquarters in Lagos and Abuja. After the recapitalisation and consolidation exercise, the following 24 banks emerged:

1. Access Bank Plc
2. Skye Bank Plc
3. Stanbic IBTC Bank Plc
4. United Bank For Africa Plc
5. Union Bank Nigeria Plc
6. Unity Bank Plc
7. Wema Bank Plc
8. Zenith Bank Plc
9. Equatorial Trust Bank Plc
10. Universal Trust Bank
11. Spring Bank Plc
12. Sterling Bank Plc
13. Standard Chartered Bank
14. Platinum Habib Bank Plc

15. Afribank Nigeria plc
16. Diamond Bank Plc
17. Ecobank Nigeria Plc
18. Fidelity Bank Plc
19. First Bank of Nigeria Plc
20. First City Monument Bank Plc
21. First Inland Bank Plc
22. Guaranty Trust Bank Plc
23. Intercontinental Bank Plc
24. Oceanic Bank International

Limitations of the Study

This study is expected to cover all the above listed banks and their branches in Nigeria, which has been conservatively put at about 2,000. The locations of these branches and size of the country have made it difficult for the researchers to administer questionnaire on all the of the 24 banks. Headquarters and major branches of these banks are located in Lagos and Abuja constitute the focus of the research.

Hypotheses

1. There is on significant difference in the business planning and bank productivity in Nigeria;
2. There is no significant difference in information preference and use of bank workers and productivity in Nigeria;
3. There is no significant difference in in the application of ICT and bank activities in Nigeria;
4. There is no significant difference in the information format used by bank workers and performance in Nigeria.

Conceptual Issues

Planning is a management function which is essentially for the survival of any business. It is the process of determining the future direction of an organisation, the formulation and implementation of strategy that will enhance its overall competitiveness. Enzine (2004) describes planning as “a blueprint of business growth and a road map that tells you and the world how you expect your company to achieve its stated objectives”.

Planning involves deciding on what the objective of an organisation will be, both quantitatively and qualitatively, while keeping in view the resources available to the organisation, simply put, planning involves setting up goals and objectives to be achieved. It also involves the selection from alternative courses of action and available resources the best option suitable for the achievement of these objectives. Planning is regarded as a vital step in business without which success cannot be achieved it enables a firm to decide on how to balance resources, supply and demand. Planning reduces the likelihood of a venture collapsing, and essential to the success of any venture.

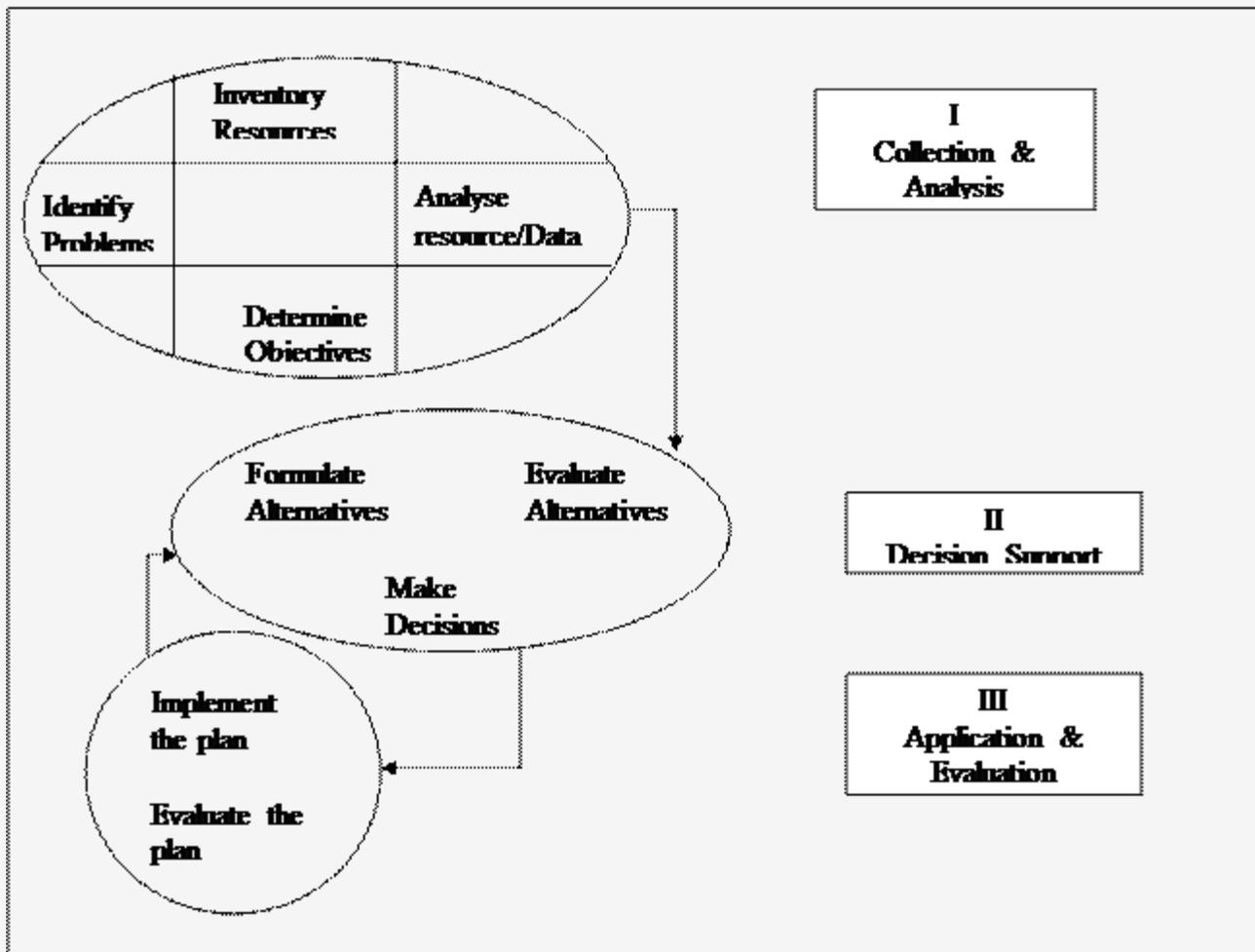
Planning can be short term or long term or both. Planning is pervasive and encompassing at all management levels. Ezine (2004) considers a business plan as an internal document that is considered as useful tool in business. It is a comprehensive document that clearly describes how the entrepreneur intends to operate its business as follows:

- A detailed outline of resources needed to realise the developmental objectives of the business.
- Sources of resources
- How resources are to be utilized
- Method of periodic evaluation of the plan

Purpose of Planning

It is important to determine the purpose of any business in order to have a clear reason for its existence. Without a clear knowledge of its purpose, a business will destabilize, falter and may eventually fail. Planning helps managers to clarify focus of their business or project development and prospect. It equally provides a logical framework within which a business can develop. And it helps to determine the business focus and strategy over the next few years. There are different levels of planning and strategy in decision making in business. A number of researcher have tried to distinguish between these different levels. The levels are: strategic level, business level, operational level, and functional level. All the levels are interrelated and can be represented as diagrammatically done below. These levels also constitute models for planning.

Diagram 1: Business Planning Conceptual Model



The banking industry usually identifies goals and objectives through a clear planning, and mission statement about the business they are involved in. This is usually encapsulated in the long term vision of what the organisation tends to achieve, e.g. to be the Nigeria leading provider of financial services. Banks in Nigeria have subsidiaries through which to further achieve their broad objective, such subsidiaries can be involved in capital market, retail and commercial banking, corporate financing, leasing e.t.c.

Information Preference and Use

Making use of information is an important part of coping with challenges faced by employees on their jobs. This includes communicative and cognitive activities like seeking, avoiding, providing, appraising and interpreting information. It is also complex in that employees' information preference and use vary over the course of their jobs along with the availability and quality of information.

Preference is a basic concept in information studies but one which is difficult to define. Essentially it implies

the type of information and the form of which an individual wants his/her information delivered. Information preference of bank managers may differ from that of other fields of human endeavour. Their information preference can also be influenced by the source of the information content, medium and language of communication, time and nature of information. Interest in the information sought, authenticity of the source, motives and past experiences in similar content do affect information preference (and Vickery, 1987) Being very busy group of workers, it has been observed that bank managers at times send their subordinates to gather information for them; this subordinates oftentimes, even interprets the information for them. Consequently, information preference and use by banks can be determined by the content; medium and format; and time schedule.

ICT and Productivity in the Banking Industry

The internet offers an incredible and unprecedented communication and transactions to the banks connected to the Web. Most banks in Nigeria are now internet connected, advancing their objectives of creating new ideas, new product lines and expanding markets. Starting as a new medium for communications and information, the internet has quickly metamorphosed into a lace of learning and transactions. Accordingly, its initial impact in the banking industry in Nigeria has been on increasing productivity. (Ekanem, 2003).

Ishaq (2002) states that the full promise of the digital revolution lies in the blossoming of a creativity revolution world wide". The development of new creative capacities should be the challenge of all personnel and banking organisations. With universal access and an internet – literate work force, the digital revolution can be the engine of growth in the banking industry and the economy as a whole. In the industry, the efficiency and ingenuity that separate them from their counterparts in the advanced nations of the world are being bridged. It is advisable that all banks should be Internet Connected. This vital link results in a new and potent avenue for exchange of ideas, expedition of transaction and foster world-wide collaboration in the industry.

Research Design

Survey design is used to provide data for a study from respondents spread over a large geographical area, and numerous. In this case the respondents are managers in banks operating all over Nigeria. There are twenty-four (24) of such banks (commercial and consolidated ones). The banks have about 2000 branches scattered all over the country.

Study Population

The study population is limited to the banks found at their respective headquarters and branches in Lagos and Abuja. Twelve bank managers were randomly selected from each of the 24 banks' headquarters and branches, except FirstBank, Intercontinental Bank, Guaranty Trust Bank ,and UBA where thirteen bank managers and senior personnel were selected from each of these four banks because of the higher number of staff found, making a total of three hundred (300) Bank Managers and Senior Staff.

Sampling and Sample Size

As stated above, all the banks found in Nigeria constitute the population for this study. However, the twelve copies of the questionnaire earmarked for each of the banks were randomly given to the various managers found in the banks, and other senior personnel of the banks. The respondents were given a copy each of the questionnaire with a plea to complete and return them.

Research Instrument

Questionnaire is the main instrument employed to gather data for this study. This has been proved effective in gathering reliable, valid, and usable data in survey research. The questionnaire used for this study is divided into three (3) sections. The sections are;

- Demographic data / information
- Business planning
- Information preference and use

Data Analysis and Interpretation

These aspects deals with the result of the analysis and interpretation in line with the objectives, research question/hypothesis postulated for the study.

Table 1: Distribution of Respondents by Sex

Sex	Frequency	%
Male	178	59.3
Female	122	40.7
Total	300	100.0

The table above presents the distribution of respondents by sex. According to the result of the analysis, 178(59.3%) of the respondents were male while 122(40.7%) were female. This shows that majority of the respondents who constitute the target population were male.

Table 2: Distribution of Respondents by Marital Status

Marital Status	Frequency	%
Single	92	30.7
Married	208	69.3
Total	300	100.0

The table above presents the distribution of respondents by marital status. According to the result of the analysis, 92(30.7%) of the respondents were single while 208(69.3%) were married. This shows that majority of the respondents who constitute the target population were married.

Table 3: Distribution of Respondents by Age Group

Age	Frequency	%
Less than 36 years	74	24.7
36-40 years	104	34.7
41-45 years	95	31.7
46-50 years	18	6.0
Above 50 years	9	3.0
Total	300	100.0

The table above presents the distribution of respondents by age group. According to the result of the analysis,

74(24.7%) of the respondents were below 36 years, 104(34.7%) of the respondents were between 36-40 years, 95(31.7%) were between 41-45 years and 18(6.0%) were between 46-50 years while 9(3.0%) were above 50 years. This shows that majority of the respondents were between 36-45 years of age.

Table 4: Distribution of Respondents by Rank in the service

Rank	Frequency	%
Manager	92	30.7
Accountant	9	3.0
Supervisor	162	54.0
Cashier	28	9.3
Auditor	9	3.0
Total	300	100.0

The table above presents the distribution of respondents by rank in the service. According to the result of the analysis, 92(30.7%) of the respondents were manager, 9(3.0%) of the respondents were accountant, 162(54.0%) were Supervisor and 28(9.3%) were cashier while 9(3.0%) were auditor. This shows that majority of the respondents were supervisor.

Table 5: Distribution of Respondents by Working Experience

Experience	Frequency	%
6-10 years	92	30.7
11-15 years	141	47.0
16-20 years	67	22.3
Total	300	100.0

The table above presents the distribution of respondents by working experience. According to the result of the analysis, 92(30.7%) of the respondents had between 6-10 years of working experience and 141(47.0%) had between 11-15 years of working experience while 67(22.3%) had between 16-20 years of working experience. This shows that majority of the respondents had between 11-15 years of working experience.

Table 6: Distribution of respondents by educational qualification

Qualification	Frequency	%
First Degree	50	16.7
Second Degree	72	24.0
Third Degree	9	3.0

Professional	49	16.3
Professional + First Degree	66	22.0
Professional + Second Degree	54	18.0
Total	300	100.0

The table above presents the distribution of respondents by educational qualifications. According to the result of the analysis, 50(16.7%) of the respondents had first degree qualification, 72(24.0%) had second degree qualification, 9(3.0%) had third educational qualification 49(16.3%) had professional qualification and 66(22.0%) had professional and first degree qualification while 54(18.0%) had professional and second degree qualification. This shows that majority of the respondents were had second degree qualification.

Table 7: Regression Analysis Showing Significant Influence of Business Planning and Self Management on Bank Performance

Variable	Coefficient	Standard error	T-Statistic	Probability
Constant	6.53	2.21	2.953	0.003
Business Planning	0.428	0.058	7.415	0.000
Information Preference and Use	0.044	0.050	0.877	0.381
R ²	0.160			
Adjusted R ²	0.154			
F- Statistics	28.206			

Mathematically,

$$BKP = \alpha_0 + \beta_1 BP + \beta_2 SM + U_n \text{ -----i}$$

Where:

BKP = Bank Performance

BP = Business Planning

Therefore,

$$BKP = 6.533 + 0.428BP + 0.044SM + U_n \text{ -----ii}$$

$$(7.415) * (0.877)$$

Discussion

Evaluation of the result presented above showed that the observed t-ratios were significant at the 5% two-tail test, for business planning that is, $[t_c \alpha/2] > [t_T \alpha/2]$. The observed F-ratio, which measured the joint effect of all the explanatory variables on the dependent variable, was significant at both the 5 % and 1 % level. The R² of 16.0% reveal the total explanatory power of the model. Put differently, the model explains 16% of the total variation in bank performance as explained by business planning and self management. The low

goodness of fit is as a result of the fact that there are some other important variable that are not included in the model.

The sign of the co-efficient of the explanatory variable followed a prior expectation. Thus, an increase in business planning and self management of the staff in the banking sector will lead to an increase in bank profitability. The implication of this is that for an organization like banking sector to survive, business planning and self management is very important.

Table 8: Chi-square analysis showing the impact of educational training on development

Parameter	Observed N	Expected N	Chi-Square	Probability	Remark
Averagely Related	75	150	75.00	0.00	Significant
Highly Related	225	150			
Total	300	300			

The table above present a chi-square analysis showing the impact of educational training on career development in banking sector. The result of the analysis presented above shows that 75 respondents were of the opinion that educational training were averagely related to career development while 225 respondents were of the opinion that educational training were highly related to career development in the banking sector.

Nevertheless, the chi-square value of 75.00 whose probability close to zero percents shows statistically that educational training were highly related to career development in the banking sector.

Table 9: Chi-square analysis showing the impact of ICT on career development in the banking sector

Parameter	Observed N	Expected N	Chi-Square	Probability	Remark
Very Significant	165	75.0	172.66	0.00	Significant
Fairly Significant	40	75.0			
Significant	80	75.0			
Not at all	15	75.0			
Total	300	300			

The table above presents a chi-square analysis showing the impact of ICT on career development in banking sector. The result of the analysis presented above shows that 165 respondents were of the opinion that ICT has very significant effect on career development, 40 respondents opined that ICT has a fairly significant effect on career development and 80 respondents opined that ICT has a significant effect on career development while 15 respondents were of the opinion that ICT has no effect on career development.

Nevertheless, the chi-square value of 172.66 whose probability close to zero percents shows statistically that ICT has very significant effect on career development.

Discussions of Findings

The study dealt extensively on business planning, information preference and use among managers in Nigeria banking industry. The study reveals among others that for any financial institution to thrive well, they must plan ahead in order to determine the future direction of the organization. Planning is not a waste of time but an important pre-requisite for any successful organization. Planning reduces the likelihood of a venture collapsing

which is essential to the success of the venture. The study also reveals that increase in business planning will lead to increase in profitability. And this is the ultimate goals and objective of any organization. It also reveals that making use of digitalised information in banking sector is an important part of coping with challenges faced by employee on their jobs, this will enhance the performance and productivity of the sector. The 172.66 value with the zero percents probability of ICT applicability in the activities of banks in Nigeria is an indication that, the device has significant effect on bank workers performance.

Conclusion

Banks in Nigeria must take into account proper adequate planning, information preference and use for better performance and to be in line with the ultimate mission, aim and objective of the organization. To this regard, the efficiency and ingenuity that separate banking sector in Nigeria from their counterpart in the developed nation need to be join together through stable internet connectivity, planning ahead of major and minor activities and genuine consolidation of e-banking system that has come to stay.

Recommendations

1. Management of each of the banks in Nigeria must take into consideration proper provision and maintenance of efficient information system in order to achieve maximum profit. They should provide this information by establishing and maintaining libraries and information services.
2. Proper planning must be carried out before the establishment of any financial institution.
3. The bank management should recognize the rights of their managers and other personnel to necessary specialized information services such as automated reference services, current awareness services, and selective dissemination of information can be provided to further enhance their productivities and self-development.
4. Information technology application to banking activities, and services of the banks should be improved upon to further enhance effectiveness.
5. Existing banks in Nigeria should be made to carry out overhauling of the operations by ensuring appraisal of the strategies and approach to information use and preference

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