

This study examines corporate strategy and financial performance of financial institutions listed on the Nigeria Stock Exchange. Financial performance is an important concept that relates to the way and manner in which human, material and financial resources available to an organization and is judiciously applied to achieve the overall corporate objectives. The main objective of the study is to examine the significant relationship between corporate strategies. The total population for the study is 200 staff of selected banks in Benin City, Edo State. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made up human resources managers, accountants, marketers and customer care officers were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background of the study**

Corporate strategy is part of managerial economics that described the scope and direction of an organization over a long period of time. Corporate strategy is the process of the overall scope and direction of a corporation and the way in which its various business operations work to achieve their goals. This project is concerned about the responsibility among different participants in different organization such as the board, managers, shareholders, and other stakeholder and spells out the rules and procedures for making decisions on corporate affairs. Financial performance is an important concept that relates to the way and manner in which human, material and financial resources available to an organization and is judiciously applied to achieve the overall corporate objectives (Young, 2003). Since the 1970, a growing number of studies have been going on linking corporate policies and performance with governance. The reason being that, allegations were not tested using the corporate

governance variables and performance indices. Corporate scandals around the world in recent years contributed to raising awareness among managers, investors and regulators and in many countries to produce quantitative measures on governance, and estimate their impact on the decision-making process of firms. Hence, financial scandals around the world and the recent collapse of major corporate institutions in the USA, South East Asia, European and Nigeria such as Adelphia, Enron, world's corn, commerce banks and recently shaken investor's confidence in the capital markets and the efficiency or existing corporate strategy practices in promoting transparency and accountability. This has revealed the need for practice of good corporate strategy and governance.

## **1.2 STATEMENT OF THE PROBLEM**

Strictly speaking, corporate governance rest with the board which is expected to exhibit ethics, integrity and probity in ensuring that corporate affairs are in line with the corporate objectives. But what appears to be the thing is that financial institutions in developing countries are characterized by instability, tenure of office, ineptitude, share incompetence; inter personal disagreement and hostilities within the board which often lead to polarization of rank and file of staff (Kyereboad, 2007). More so, board members and top management staff often take advantage of this scenario and engage in arbitrage opportunities and rent seeking activities rather than planning for high corporate performance and survival strategies all of which are systematically involved in negative effect on the organization.

## **1.3 OBJECTIVE OF THE STUDY**

The objective of the study is to examine corporate strategy and financial performance of financial institutions listed on the Nigerian stock exchange and the specific objective includes:

To examine the significant relationship between corporate strategy and the financial performance.

To ascertain the significant relationship between corporate strategy and financial

institution.

To determine the significant relationship between audit committee and investors.

## **1.4 STATEMENT OF HYPOTHESES**

### **Hypothesis One**

**HO:** There is no significant relationship between corporate strategy and the financial performance.

**HI:** There is significant relationship between corporate strategy and financial performance.

### **Hypothesis Two**

**HO:** There is no significant relationship exists between corporate strategy and financial institution.

**HI:** There is significant relationship corporate strategy and financial institution.

### **Hypothesis Three**

**HO:** There is no significant relationship between audit committee and investors.

**HI:** There is significant relationship between audit committee and investors.

## **1.5 SIGNIFICANCE OF THE STUDY**

Companies draw up financial plan to efficiently direct the change of an economy. The study is thus significant in the following ways;

**Firm:** This also help firms set themselves up for making sure corporate strategists seize market opportunities that emerge in the short and long terms without a sound, focused financial strategy, the financial institution may lack the occupational framework needed to motivate employees and improve their productivity importance.

**Security Exchange:** Securities exchange players keep across on company's financial performance and corporate strategy takes an in-depth look at how accounting manager prepares financial statement, making sure the report adhere to regulatory guidelines in the Nigeria stock exchange

## **1.6 SCOPE AND LIMITATION OF THE STUDY**

This scope of this study is to cover the sufficient evidence of relationship between

corporate strategy and financial performance as a corner stone of an effective corporate strategy system in the Nigerian stock exchange. They go hand in hand although both concepts are distinct. The corporate strategy affect how senior leadership raise operating funds and spends corporate cash, decision that have ultimate impacts of the company's profitability. Benin City, Edo State was used as the geographical location, using a time frame of 5 years (2009 – 2013). However, a sample size of 72 was used to yield effective result. Gary (2002) coined the term strategy convergence to explain the limitation of the strategic being used by rivals in greatly differing circumstances, he lamented that successful strategies are limited by firms that do not understand the strategy for the specific of each situation. But in the world where strategies must be implemented, the factors are interdependent means that are likely to determine end as end are to determine means. These factors are:

Time frame as a result of the very short period, it has a difficult task in combining activities with going to the field to collect materials for the research work.

Smallness in sample size.

Inability to get a complete random sampling.

Respondents might not disclose true fact about their organization.

Finally was dearth of materials getting up to date, (i.e. materials for the research were a very big task.

## 1.7 DEFINITION OF TERMS

**Corporate Strategy:** this is the overall scope and direction of a corporation and the way in which its various business operations work together to achieves particular goals.

**Strategy:** This is the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resource within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations.

**Financial Performance:** This is an important concept that relates to the way and

manner in which financial resources available to an organization are judiciously used to achieve the overall corporate objective of an organization, in keeps the organization in business and creates a greater prospect for future opportunities.

**Corporate Governance:** This is the process affected by a set of legislative, regulatory, legal, market mechanisms, listing standard, best practices and effort of all corporate participants including auditors and financial advisors which create a system of checks and balance with the goals of creating and enhancing and sustainable value while protecting the interest of external environment.

## **IMPACT OF CORPORATE STRATEGY ON FINANCIAL PERFORMANCE OF FINANCIAL INSTITUTIONS LISTED ON THE NIGERIA STOCK EXCHANGE**

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Regards!!!