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Performance Measurement Systems in the Financial Service Industry: A Comparative Analysis of Nigerian and United Kingdom Banks

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Abstract

There have been recent calls for the study of Performance measurement systems (PMS) of emerging economies. This research fills the gaps of under-researched areas in PMS of a developing economy by focusing on PMS in the Nigerian banking industry whiles comparing it with that of a developed country — the United Kingdom. The study assesses the characteristics and appropriateness of PMS utilised in both banking industries, as well as the linkage of PMS to banks' strategies. Using a survey research strategy, data were collected by distributing copies of research instruments to top managerial staff in 15 retail banks in each country, making a total of 30 sampled banks. Inferential statistics such as correlation analysis, Kruskal Wallis test, Wilcoxon test and Friedman' two way Analysis of Variance (ANOVA) were utilised to examine relationships among study variables. It was observed that though the PMS utilised in the two banking industries are similar in types, there are variations in the composition of their traditional PMS. The PMS adopted in the Nigerian banking industry are more traditional in nature, while UK banks use innovative PMS. Also, the three most common PMS in the two banking industries are the Balanced scorecard, Performance dashboards, and Financial measures.

JEL classification numbers:
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1 Introduction

Financial institutions exist primarily to intermediate between the providers and users of finance, in order that financial resources may be appropriately channeled, thereby bringing about financial inclusion for economic development. To create sustainable development by performing their principal responsibility of financial intermediation, it is important for financial institutions to continue to operate till the foreseeable future as going concerns. Carrying on as a going concern is dependent on the ability to compete favourably in the face of changing business environment, hence the need to regularly assess performances of business resources, inclusive of the human assets, to achieve continuous improvements.

The dynamism of the business environment requires more than financial measurement in organisations (Kennerley and Neely, 2002). Many organisations are adapting their performance measurement to include non-financial measures. The research evaluates the components of performance measurement systems in the banking industry within two markets; Nigeria and United Kingdom. The financial industry is arguably the hub of business activities within any economy. It is responsible for the distribution of funds among individuals and sectors of an economy. A key resource for business activities is capital and the financial industry is a primary source for the generation of this resource. In the Nigerian market, the banking industry accounts for over 90% of the financial systems assets and 60% of total equity market capitalization (Fadare, 2011). A survey conducted by the Bank Administration Institute indicated that banks find it challenging to adapt to the emerging need for strategic performance information (Simon, 2000). This research will evaluate the relationship between performance measurement and the strategy in the banking industry.

While studies by Habib-Uz-Zaman and Rafiuddin, (2009) submitted that there is a significant relationship between strategy and performance measurement in Bangladesh enterprises, Chand (2009) found no significant relationship between strategy and performance measurement in leisure and tourism markets of India. Jusoh et al. (2009) supported Habib-Uz-Zaman & Rafiuddin, (2009, when it was observed there is a significant relationship between performance measurement components and business strategy; however, Cai et al. (2009) did not recognize this relationship in their research. There have been recent calls for the assessment of performance measurement systems across emerging economies (Khan et al, 2011) to address this grey area.

With the continuous evolution of PMS in the global market, it was important to evaluate PMS in a specific industry and compare with two different economies. The study increases knowledge on PMS specifically in the banking industry of emerging economies. The evaluation of PMS in the Nigerian economy is rare and under researched to the best of the researchers' knowledge.

A comparative analysis of the banking industry's performance measurement systems between United Kingdom and Nigeria was undertaken to facilitate the identification of similarities and dissimilarities between an established economy and an emerging economy. The study therefore seeks to understand the financial and non-financial elements of Performance Measurement Systems (PMS) in the Nigerian and UK banking sectors, as well as the appropriateness and effectiveness of the PMS. It also attempts to assess the interrelationship between the PMS and strategy.

2 Review of Related Literatures

2.1 The Performance Measurement Systems (PMS)

Performance measurement comprises a systematic method for setting financial and non-financial targets which are accompanied by regular feedback meetings for monitoring progress against the targets (Simons, 2000). Performance measures are facilitators for the understanding, administration and enhancement of business activities. They should aid the monitoring of business strategy success through a comparison between set objectives and actual results. PMS could be viewed from one or a combination of the following: the properties, purposes and processes. PMS properties are the distinguishing characteristics, purposes are the role they play within the organisation and processes are the compilation of actions that constitute the PMS.

Historically, in terms of purposes, PMS evaluates inputs, outputs and accomplishments (Lebas, 1995), it quantifies efficiency and effectiveness of actions (Neely, Gregory and Platts 1995) and monitors relationship between internal and external stakeholders (Atkinson, Waterhouse and Wells, 1997).Therefore, PMS could serve as an evaluating and monitoring system. Some of its unique properties are ability to align business activities and processes with business strategies (Maisel 2001) and the conversion of business strategies to operational units (Kaplan and Norton, 1996). PMS involves a process of combining financial, operational and strategic factors to determine performance of an organisation (Gates, 1999) and includes a periodic revision of the measures (Bourne et al, 2000).

The ability to use PMS to support the implementation of strategy (Fleming, Chow et al. 2009; Micheli and Manzoni 2010) could be a distinguishing feature of PMS. According to Gimbert et al. (2010), Strategic Performance Measurement Systems (SPMSs) are a subset of PMS in which SPMS integrates long term strategy with the goals and deliberately connects the goals and performance measures. SPMS incorporates financial, operational and strategic measures for the translation and communication of the organisational strategy.

The development and implementation of PMS is not always a simple process. Franceschini et al, (2007) identify some difficulties and challenges in the implementation of a PMS as determination of the time lag between performance measurements, choice of consistent or appropriate data, linkage of strategy with PMS, focus on short term measurements and determination of the right quantity of data. Bourne et al (2000) recognizes the following challenges in the design and implementation of PMS: the resistance to performance measurement from the employees, computer systems issues and gaining undivided top management commitment. Whilst their work was based on three UK manufacturing firms, these challenges may be similar to other industries.

2.2 Performance Measures in the Banking Industry

In the banking industry, there is a wide range of performance measures used within the PMS. The dynamism in the banking industry has caused performance measures to evolve from the traditional financial variables to the inclusion of customer based measures. Some common performance measures used in the banking industry are financial ratios (Raza et al., 2011), economic value added (Fiordelisi and Molyneux, 2010), performance dashboards (Walid et al, 2010), The European Foundation for Quality Management

(EFQM) Model, Balanced score card (Chavan, 2009).

Performance dashboards are widely used in France and referred to as *Tableau de Bord.* It is used to monitor and analyse the performance of key variables. For its development, it is important to identify key success factors that can be measured through indicators and the indicators should be a good representative of the entire system to be measured. It accommodates a mix of financial and non-financial indicators (Walid et al, 2010).

The European Foundation for Quality Management (EFQM) Model was created by fourteen businesses in 1988 to be the driving force for Sustaining Excellence in Europe concerning Quality Management (Franceschini et al, 2007). It is based on the foundation that the achievement of excellence is dependent on the ability to meet the shareholder's needs.

The balanced score card revolutionized performance measurement from the use of mainly financial metric to the inclusion of non-financial metrics like customers, internal business processes and learning and growth (Shih et al. 2011; Kunc, 2008). The balanced score card developed by Kaplan and Norton in the early 1990s is a performance measurement tool that banks can use to measure financial and non-financial performance having perspectives such as customers, internal business processes and learning and growth. This strategic performance management enables the integration of the four perspectives in the attainment of the organisation's vision. It can also combine external and internal dimensions, financial and non-financial measures, short and long term targets and objective and subjective measures (Shih et al. 2011).

In the measurement of customer satisfaction, the following variables could be used: customer retention rate, customer complaints rate and customer acquisition rate. Customer satisfaction is driven by the reputation of the bank and interpersonal relationships with banking officers, waiting time, variety of services, appearances and service processes (Mihelis, 2001). There is a strong link between customer satisfaction and referrals by word of mouth, and the willingness to pay first-rate prices (Arbore and Busacca 2009). Customer based measures are related to the financial measures, for example customer satisfaction has an effect on the account retention rates, the average deposits and future earnings of the bank (Nagar and Rajan, 2005). Equally, the measurement of business processes has emerged in the banking sector. Management scholars have advocated the measurement of business services; processes should be measured based on time, cost, quality, effectiveness and productivity (Trkman 2010) . The business processes should be viewed from the customers' perspective (Trkman 2010). Specifically, some business processes measured in the banks are waiting time for services: credit collection, deposits payment, opening of new accounts and rate of error. Furthermore, a driver to increase in bank's productivity is investment in information technology (Casolaro, and Gobbi, 2007). Similarly, the importance of developing employees in the field of management has grown over the years. Banks now recognize the importance of training and investing in staff who invariably offer the services to the customers. (Jackson Jr and Sirianni, 2009). Employee development in the field of performance management has become vital in improving overall performance. (Gruman and Saks, 2011). It is important to note that these measures are not independent of each other but rather there is dependence amongst them; there is a synchronisation between the performance measures (Kunc, 2009). Similarly, Kaplan and Norton (1996) advocate the interrelationships between performance measures. In the banking industry, there are multiple relationships between the measures; an increase in customer service could lead to financial returns, optimization of business processes increases customer satisfaction.

2.3 Comparative Analysis of the Nigerian and UK Banking Structure

A comparison between banks in these two markets shows that the financial sectors of developed countries like the UK tend to be more market based while the financial sectors of developing countries like Nigeria are bank based (Demirgüç-Kunt and Vojislav, 2008). This means that there is a heavy reliance on the developing nation's banking industry compared to developed countries where economic activities can be financed via other means. Furthermore, it is worth noting that some multinational banks are present in both countries for example Citibank, Standard Chartered and Zenith. There is a slight variation in the reason for choice of location by multinational banks; multinational banks from developing countries are more interested in retaining relationship with clients from their home countries while multinational banks from developed countries relocate primarily for expansionary reasons (Petrou, 2007). In terms of resources, there is a large variation in the financial resources available to the UK banks and the Nigeria banks; the UK bank assets are over 40 times the Nigerian's banking assets.

A common factor is that both markets have been affected by similar externalities – regulatory reforms, liberalization, banking crisis (Goddard and Molyneux, 2007). Also, both countries' regulatory bodies; Central Bank of Nigeria and Financial Service Authority follow the Basel committee regulations and the global banking crisis played a role in both financial systems of the economies. Table 1 shows a comparison of the two economies and banking industries.

Table 1: A comparison of the UK and Nigerian Economies and Banking Structure

CHARACTERISTICS	UK	Nigeria
GDP (2010)	**$2.18 trillion**	**$0.17 trillion**
Number of retail banks	**21**	**24**
Technology level	**Very high and advanced**	**Developing**
Population (2010)	**62.4 million**	**150 million**
% banked	**99.97%**	**20%**
Reliance on the sector	**Light**	**Heavy**
Bank Assets	**$5,513.2 billion**	**$113 billion**
Ownership structure	**privately owned stock banks (POBs), government owned banks (GOBs) and mutual banks**	**privately owned stock banks (POBs) and government owned banks (GOBs)**
Regulatory body	**Financial Services Authority**	**Central Bank of Nigeria**
Use of technological facilities	**Very high**	**Moderate**
Degree of regulation	**Very low**	**High**

Source: Researcher's compilation

3 Research Method

The research utilized a combination of Exploratory and explanatory survey research aimed to comparatively analyse performance measurement systems in the banking

industry of Nigeria and UK. Exploratory survey research was utilized to understand the use of PMS in the banking industry, while explanatory survey research was used to verify relationships according to the literature review findings and objectives of the study. The survey research strategy is appropriate because data is needed from a defined sector; banking industry and the research issues can be classified into predefined questions with answer options. Also, comparison between banking industries in two markets needs valid representatives within companies therefore survey is a good option to get the opinion of different samples.

The multiple stage sampling method which combines simple random sampling and stratified sampling was employed, as it was expected that the combination of the two methods will give a better sampling design**.** Similarly, this method is chosen to ensure that the sample is a good representative of the banks in each market; the sample will include different categories of banks.

Stratified sampling technique was used to select 15 out of 24 Nigerian banks, and 15 out of 21 United Kingdom banks. The categorization of Nigerian banks was done using the 2011 Central Bank of Nigeria (CBN) licensing of international, national and regional banks (The Guardian Nigeria, 2011)**.** However, the Bank of England has not formally grouped the retail banks; hence, the researcher used informal grouping to stratify banks in the UK. Overall, the banks chosen comprised of both the old and new banks with varying capital sizes and organizational structure.

Primary data were collected using questionnaire as the research instrument. The questionnaire consisted of a mix of open-ended questions (to enable exploratory and descriptive analysis) and closed ended questions (to enable explanatory analysis using quantitative tools). Copies of the questionnaire were distributed to top management personnel in each bank within specific units: Strategy, Human Resources and Performance management. The choice of these personnel in the bank is justified by their direct involvement in the development and usage of PMS.

The Kruskal Wallis test was utilized to examine the effect of various bank's characteristics on the appropriateness and effectiveness of the PMS, and the interrelationship between the PMS and the bank's strategy. Correlation Analysis was used to examine the relationship between the appropriateness and effectiveness of the PMS and the interrelationship between PMS and the bank's strategy. To aid robust comparison of PMS between the two countries (Nigeria and UK), significance test, Wilcoxon test and Friedman's two ways Analysis of Variance (ANOVA) were used to examine the range of responses and the level of variation between them.

4 Result Presentation and Analysis

4.1 PMS in the Nigerian Banking Sector

According to Anderson and McAdam (2004), PMS can be classified into two broad categories; Traditional and Innovative .Traditional PMS show properties of cost efficiency, profit measurement, short term measures and individual measures. Innovative PMS which is based on measurement of non-financial variables, focus on customer based measures, long term measures and composition of team measures.

Table 2: Rate of using Traditional and Innovative PMS characteristics of Nigerian and UK Banks

PMS characteristics	**Cost efficiency/ Non-financial measure**		**Profit/ Customer**		**Short / long term measures**		**Individual/ Team measures**	
	Nigeria	UK	Nigeria	UK	Nigeria	UK	Nigeria	UK
Traditional	97%	69%	88%	69%	55%	69%	76%	72%
Innovative	94%	88%	70%	88%	65%	67%	65%	56%

Results show that there is a mix of both traditional and innovative characteristics in the Nigerian banks' PMS. Furthermore, a comparison of the levels of the combination of traditional and innovative properties indicates that the PMS focus slightly more on the cost measures compared to the non-financial measures, profit measures compared to customers and there are more individual measures compared to the team measures.

Table 3: Utilisation of PMS in the Nigerian and UK Banking Industry

S/N	**PMS**	**Rate of utilisation in Nigerian Banking Industry**	**Rate of utilisation in UK Banking Industry**
1.	Financial measures	55%	67%
2	EFQM model	45%	43%
3	performance dashboards	48%	49%
4	strategic measurement Analysis and Reporting technique	45%	31%
5	Performance Measurement Questionnaire	6%	12%
6	Results and Determinant Matrix	29%	12%
7	Balanced Scorecard	55%	61%
8	Comparative business score	10%	6%
9	Performance prism	3%	18%
10	Cambridge Performance Measurement Process	3%	0%

Table 4: Hypothesis Test summary for difference between Traditional and Innovative PMS of Nigerian banks at 10% significance level

Null Hypothesis	**Test**	**Sig.**	**Decision**
The median of differences between Traditional and innovative equals 0	Related-samples Wilcoxon Signed Rank Test	.061	Reject the null hypothesis

The use of an inferential test will examine if there is a significant difference in the composition of traditional and innovative measures by comparing the median of the responses. Using Wilcoxon's test, a p value of 0.61 shows at 0.1 the level of significance, there is a significant difference between the composition of traditional and innovative measures in the PMS of the banking system. With the results displayed in table 3 we can

conclude the system is more traditional than innovative.

This analysis shows high levels of traditional characteristics in the PMS utilized in the Nigerian banking industry. This may be attributed to the level of development of the Nigerian banking industry. The survey provided options of eight commonly used PMS in the banking industry and the bank officers were asked to indicate at most three that best describes the PMS in their banks. The results shows that the top three PMS used in the Nigerian banking industry are financial measures (score of 55%), Balanced Scorecard (score of 55%) and performance dashboards (score of 48%).

Over 80% of the bank respondents stated at least one financial measure as a specific performance measure in their PMS. Some of the financial measures outlined by the respondents are profit, asset base, performing loan, shareholder's value, net interest margin and operating expenses. Also, customer based measures like customer satisfaction index, customer attrition rate, customer acquisition rates and complaints received by customers were disclosed as present in the PMS. Over 60% of the banking officers specified these customer based measures are present in their PMS. This relatively high presence of customer based measures may be attributed to the relationship between financial measures and customer based measures: Ehigie, (2006) identified customer satisfaction as a key stimulant to customer loyalty which drives long term financial performance in the Nigerian banking industry. Similarly, Nagan and Rajan (2005) identified that customer satisfaction has an effect on the account retention rates, the average deposits and future earnings of the bank. The use of customer based measures by the Nigerian banks may be linked to the bid to regain customer confidence after the global and national financial crisis in the industry.

The recognition of employee development and internal business process measures in the PMS were lower than the identification of financial and customer based measures. Only 35% and 37% of the banking officers disclose that employee development indices and internal business process indices respectively were incorporated in their PMS. The employee development indices stated are training and development, employee satisfaction, learning, technical skills and employee retention while the internal business process indices stated are error free transactions, service quality and turnaround time.

This assessment on the types of PMS used in the Nigerian banking industry supports that the characteristics of PMS is a mix of traditional and innovative. The choice of strictly financial measures aligns with the traditional properties while the usage of BSC enhances the innovative properties. The use of BSC by the Nigerian banks is synonymous with its use in other international global banks; BSC is commonly used as a performance tool in commercial banking (Li and Zhang, 2009).

As to the appropriateness and effectiveness of a PMS in the Nigerian banking sector, the PMS was found to be fairly appropriate and effective. This was assessed using the Kruskal Wallis test which shows that there is a difference in the appropriateness across categories of the banks with a Sig of 0.016 (< 0.05) as contained in table 4. For example, it may be expected that a bank's classification will influence the appropriateness of its PMS; this is because bigger banks may be able to account for externalities and incorporate more stakeholders in the PMS compared to smaller banks. The reason for the difference may be linked to the capital base of the banks. Internationally classified banks are bigger in their assets with a minimum capital base of 50 billion naira (200 million pounds) compared to the National banks with a minimum of 25 billion naira (100 million pounds). Therefore international banks have sufficient capital to adapt to more appropriate and effective PMS. The result is in accordance with the work of Hoque and

James (2000) which discloses that the use of BSC, which has characteristics of appropriateness, is more common amongst larger organisations. Similarly, it may be expected that older banks in the Nigerian banking industry may have the capacity to improve their PMS and make it more appropriate.

Table 5: Analysis of the appropriateness of PMS across classifications of Nigerian Banks at 5% significance level

Null Hypothesis	Test	Sig.	Decision
The distribution of appropriate PMS is the same across categories of classification	Independent-samples Kruskal-Wallis Test	.016	Reject the null hypothesis

4.2 PMS in the United Kingdom Banking Sector

A comparison between the levels of traditional and innovative properties in the UK banking industry reveals that the respondents recognise the non-financial measures as more utilised in their PMS compared to the financial measures. Similarly, the PMS is focused more on customers than profit measures. The utilisation of long and short term measures is about the same level but there is more evidence of individual measures compared to team measures. The analysis is seen in table. A further analysis using Wilcoxon inferential statistics test indicates that there is no significant difference ($p = 0.915$) between the composition of traditional and innovative properties in the UK retail banking industry.

Table 6: Hypothesis Test summary for difference between Traditional and Innovative PMS of UK banks at 10% significance level

Null Hypothesis	Test	Sig.	Decision
The median of differences between Traditional and innovative equals 0	Related-samples Wilcoxon Signed Rank Test	.914	Retain the null hypothesis

Overall, PMS in the UK retail banking industry have a combination of both traditional and innovative properties. The innovative properties seem stronger in composition except in the inclusion of team based measures; however, the difference in the composition of traditional and innovative properties is not significant. This implies that the PMS in the UK banking industry is not fully innovative and some innovative properties need to be improved upon for a more efficient PMS. An evaluation of the PMS utilised in the UK retail banking industry shows that the three most popular PMS are the financial measures, the balanced scorecard and the performance dashboards. Specifically, 67% of the bank officers describe their PMS as financial measures and Economic Value Added, 61% as the balanced scorecard and 49% as the performance dashboards (table 3). The result of the most common PMS in the UK banking industry supports that the PMS is a mix of traditional and innovative properties. The balanced scorecard and performance dashboards provide a mix of traditional and innovative properties while the use of strict financial measures provides the traditional properties. The result of the BSC being a common PMS in this industry is in corroboration of the work of Letza (1996) who stated

that the BSC has been utilised in some UK banks.
The assessment of the appropriateness and effectiveness of the PMS in the UK banking system shows varying degrees across factors. The relatively low account for externalities and stakeholders may be as a result of the loose regulatory system in the UK banking industry. Consoli (2005) describes the regulatory system as one of the least regulated in the world. The Kruskal-Wallis test was used to determine the effect of location of head offices on the appropriateness and effectiveness of the PMS adopted (table 7).

Table 7: Analysis of the appropriateness of PMS across classifications of UK Banks at 5% significance level

Null Hypothesis	Test	Sig.	Decision
The distribution of appropriate PMS is the same across categories of classification	Independent-samples Kruskal-Wallis Test	.364	Retain the null hypothesis

With a $p > 0.05$ at 0.364, there is no significant difference in the appropriateness of PMS between the bank classifications. The insignificant difference in the classification may be attributed to the similarities in the bank classifications. Foreign banks in the UK are as highly developed as the domestic banks in the UK with over 75% of the foreign banks are from the EU countries (Kosmidou and Pasiouras, 2006).

4.3 Comparative Analysis of PMS adopted in the Nigerian and UK Banking Sector

The tests used in the analysis were the two related samples test; Wilcoxon, Significant test and Friedman two way ANOVA test. The result shows there is no significant difference between the PMS utilised in the Nigerian banking industry and the UK retail banking industry ($p > 0.05$ at 0.317 and 0.508 for both Wilcoxon and significance tests). This result is in agreement with the descriptive test conducted in the previous chapter; the three most common PMSs used in both markets were the same (Financial measures, Balanced scorecard and Performance dashboards). However, the use of the similar PMS may not necessarily mean the PMS have similar characteristics. Even though the PMSs in both markets are similar, it is important to assess possible differences in the components of the PMS by evaluating the traditional and innovative characteristics.

Table 8: Test of hypotheses using related-samples Friedman's Two-way ANOVA by ranks at 5% significance level

S/N	Null Hypothesis	Sig.	Decision
1.	The distributions of Innovative PMS in Nigerian and UK banks are the same	.001	Reject null hypothesis
2.	The distributions of Innovative PMS in Nigerian and UK banks are the same	.208	Retain null hypothesis
3.	The distributions of customer perspective in the balanced score card of Nigerian and UK banks are the same	.033	Reject null hypothesis
4.	The distributions of appropriateness and effectiveness of PMS in Nigerian and UK banks are the same	.739	Retain null hypothesis
5.	The distributions of the interrelationship between strategy and PMS of Nigerian and UK banks are the same	.001	Reject null hypothesis

An assessment of the traditional properties present in the two banking industries PMS using three related sample tests shows that there is a difference in the traditional properties of the two PMS. In order to examine the factor that promotes the differences in the traditional properties of the two banking industries, each of the factors were examined. The in depth analysis of each of the properties that comprises the traditional PMS shows that it is the difference in the focus on cost measures that is responsible for the variation in the use of Traditional PMS ($p = 0.027$ which is less than 0.05). However there is no significant difference between the other singular factors that comprise of the traditional properties. This indicates that the variation in the use of cost measures in these two industries is very strong as it leads to the overall variation in the traditional properties of both markets. The PMS of the Nigerian banks focuses more on the use of financial cost measures; this attribute makes their PMS more traditional.

A comparative examination of the innovative characteristics of the PMS in the two banking industries discloses that there is no significant difference between the innovative properties in the two banking industries. A more in depth analysis of the singular factors that comprise the innovative properties of the PMS shows that there is a significant difference in the focus on customer based measures in two of the related samples test (p – 0.047 and 0.033 which are less than 0.05). However, this difference is not strong enough to influence the overall difference in the innovative properties of the PMS utilised in the two markets. The result of no variation in the innovative properties of the PMS of the two banking industries may be attributed to the utilisation of innovative PMS in both industries.

Result shows that there is no variation in the appropriateness and effectiveness of the PMSs utilised in the two industries. A more in depth comparison of each factor shows no difference between the appropriateness and effectiveness of the PMSs in the two banking industries. The two industries similarly work towards the improvement of their PMS and are currently at similar levels of appropriateness of the PMS.

Table 9 shows the compiled statistical analysis of the similarities and differences in the PMS utilised in the UK and Nigerian banking industries.

Table 9: Similarities and differences in the characteristics of PMS in the Nigerian and UK Banking industries

TESTED PROPERTIES	NIGERIAN BANKS / UK BANKS	TEST UTILISED	STATISTICAL RESULTS
TYPES OF PMS	SIMILAR	Wilcoxon and Significant test	> 0.05 at 0.317 and 0.508
TRADITIONAL PROPERTIES OF PMS	VARIATION	Significant test, Wilcoxon and Friedman's ANOVA	< 0.05 at 0.001, 0.000 and 0.001
SPECIFIC VARIATION IN TRADITIONAL PROPERTIES OF PMS	COST MEASURES	Wilcoxon test	<0.05 at 0.027
INFLUENCING BANK CHARACTERISTICS	MARKET POSITION	Kruskal Wallis test	<0.1 at 0.079
INNOVATIVE PROPERTIES OF PMS	INNOVATIVE	Significant test, Wilcoxon and Friedman's ANOVA	>0.05 at 0.263, 0.414 and 0.202
APPROPRIATENESS & EFFECTIVENESS OF PMS	NO VARIATION	Significant test, Wilcoxon and Friedman's ANOVA	0.868, 0.125 and 0.739
INTERRELATIONSHIP WITH STRATEGY	VARIANT	Significant test, Wilcoxon and Friedman's ANOVA	0.002, 0.001 and 0.001
INFLUENCING BANK CHARACTERISTICS	MARKET POSITION & AGE	Kruskal Wallis test	0.02

5 Conclusion

The comparative assessment of the PMS utilised in the Nigerian and UK banking industries have shown similarities and variances in its characteristics and properties. In the type of PMS used, there is no variation between the two markets. An assessment of the properties of the PMS used in these markets show that there is a variation in the composition of traditional characteristics in the PMS utilised in the two markets. This variation is strongly attributed to the usage of more cost measures in the Nigerian banks. Also, the PMS of top ten banks are characterized with less traditional properties. An evaluation of the composition of the innovative properties did not show a significant variation. In the assessment of the PMS interrelationship with the bank's strategy within the two industries depicts a significant difference in the two PMS. The variation in the bank's ages and market positions has influenced the difference in the interrelationship with strategy.

Overall, the PMS utilised in the two banking industries are similar in the types and the appropriateness and effectiveness levels. However, there are variations in the traditional composition of their PMS with the Nigerian banks having more traditional properties – the utilisation of more cost measures. Also the younger Nigerian banks are more strategic in nature compared with the older UK banks. The analysis shows the need for Nigerian banks' PMS to utilise less traditional properties by focusing less on financial measures and the need for an improvement in the link between the UK banks PMS and its strategy.

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