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# **STRATEGIC MANAGEMENT AND PERCEIVED PERFORMANCE OF SELECTED MANUFACTURING FIRMS IN NIGERIA**

**BY**

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# Background to the Study

- “ Strategic Management(SM) is a broad, complex and comprehensive rethink that enables organizations to deal with changes, challenges and surprises in their environments (John, 2001).
- “ Organizational Performance is viewed in terms of financial and non-financial measures



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This study therefore intends to explore the veracity of past findings and determine the direction and strength of SM impact on the performance of manufacturing firms.

## t of the Research Problem

- “ There seems to be no consensus of opinion as to:
- i what and how variables of strategic management affect organizational performance;
  - ii The problem of ascertaining the degree of influence of strategic management on organizational success.
- “ multidimensionality of strategic management factors that affect organizational performance.

# Research Questions

This study provided answers to the following research questions:

- i. Do perceived environmental uncertainty and organizational learning have main and/ or interaction effect on organizational performance?
- ii. Is there a relationship between strategic agility and organizational performance?
- iii. Is there a relationship between knowledge management strategy and organizational performance?
- iv. Can perceived environmental uncertainty, strategic agility, organizational learning and knowledge management strategy jointly and independently affect organizational performance?

# Research Objectives

1. To examine the main and interaction effect of perceived environmental uncertainty and organizational learning on organizational performance.
2. To analyse the relationship between strategic agility and organizational performance.
3. To assess the relationship between knowledge management strategy and organizational performance.
4. To ascertain whether perceived environmental uncertainty, strategic agility, organizational learning and knowledge management strategy can jointly and independently predict organizational performance.

# Research Hypotheses

- i There is no main and interactive effect of perceived environmental uncertainty and organizational learning on organizational performance.**
  
- ii There is no significant relationship between strategic agility and organizational performance.**
  
- iii There is no significant relationship between knowledge management strategy and organizational performance.**
  
- iv Perceived environmental uncertainty, strategic agility, organizational learning and knowledge management strategy cannot jointly and independently predict organizational performance.**

# Significance of the Study

“ No doubt that manufacturing remains one of the most powerful engines of economic growth. It acts as a catalyst to transform the economic structure of countries, from simple, slow-growing and low-value activities, tradition-based to more productive activities that enjoy greater margins, driven by technology, and higher growth potentials.



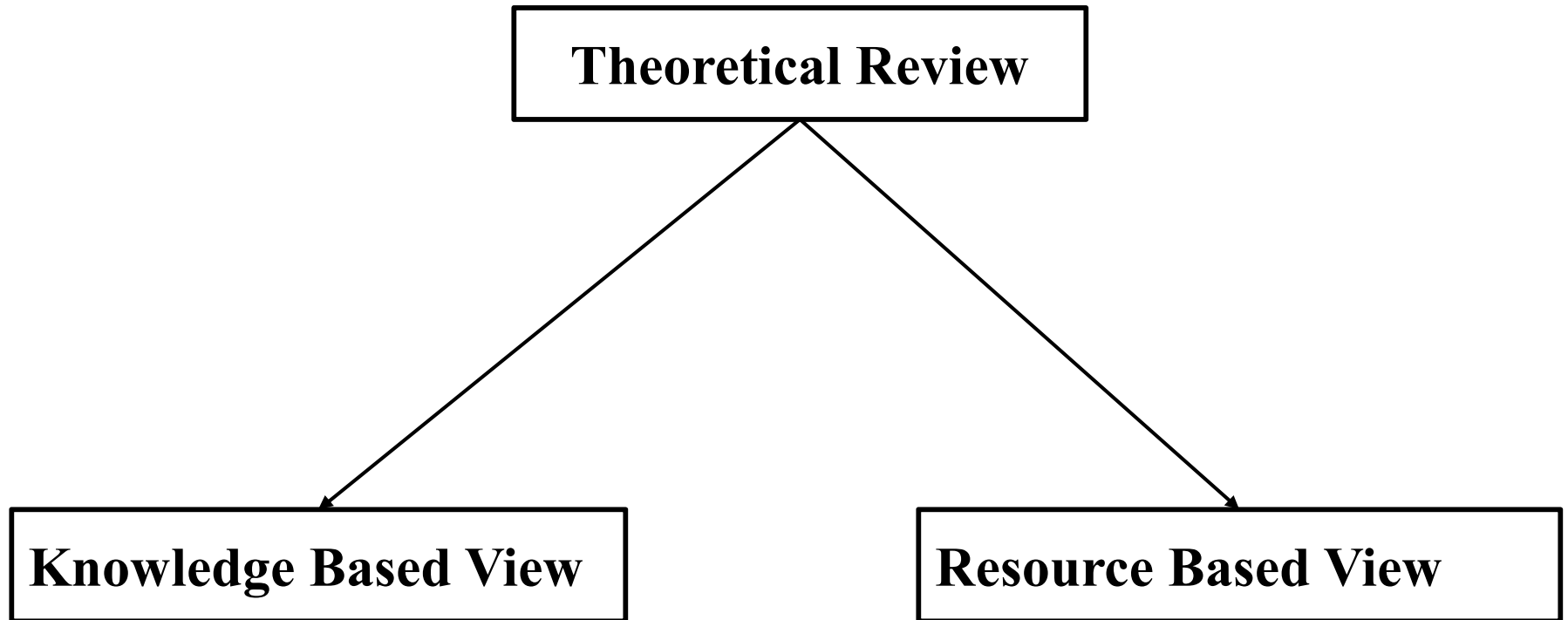
# Scope of the Study

“ This study concentrated on the impact of strategic management as a tool for improving the performance of manufacturing firms in Nigeria.

This research considered the 4 identifiable strategic management factors namely:

- “ perceived environmental uncertainty,
- “ strategic agility
- “ organizational learning and
- “ knowledge management strategy.

# LITERATURE REVIEW



## Empirical Review of Literature

S/N	AUTHOR	RESEARCH	VARIABLES	METHODS OF DATA ANALYSIS	RESULT
1.	Ofoegbu, O.E (1991)	The role of Strategic Management in organizational performance: A case study of some Nigerian Organizations	Dependent variable-organizational performance. Independent Variables-organizational size, nature of organizational environment. Locus of strategic decision making, organizational readiness	Pearson's correlation analysis, Regression and Factor Analysis	Positive relationship between strategic management practice and organizational performance
2.	Ogunsiji, A.S.(2002)	The Practice and Impact of Strategic Management Approach on Small and Medium Scale Enterprises in Oyo State.	Dependent variable-organizational performance. Independent Variables- Organizational Variables, Leadership Variables, Environmental Variables	Multiple regression, Pearson's correlation analysis, and Factor Analysis	Gender and other entrepreneurial traits, organizational age, size and structure have dynamic bearings on general performance and survival of small scale industries
3.	Adebisi, S.A (2010)	Strategic Management Process and Organizational Performance in selected Global System of Mobile Telecommunication Service Providers in Nigeria.	Dependent variable-organizational performance. Independent Variables- strategic vision, Strategic mission, Strategic planning, Environmental factors choice of strategy	Multiple regression using Logit Model and T-test	The independent variables were significant and impacted on organizational performance in the organizations.

		Enterprises (SMEs) in Nigeria.	Organizational Learning, Business and performance of Medium Scale Enterprises (SMEs) in Nigeria.	Dependent variable- organizational performance. Independent variables: organizational learning, innovativeness.	Multiple Regression, factor analysis and Pearson's correlation analysis	Organizational learning and innovativeness were predictors of financial performance and were positively related to financial performance.
5.	Ojha, D. (2008)	Impact of Strategic Agility on Competitive Capabilities and Financial Performance		Dependent variable- competitive capabilities and financial performance independent variables strategic agility, strategic sensitivity, resource fluidity, leadership unity	Structural Equations Model	Strategic agility variables were found to be significant and important determinants of competitive capabilities and financial performance.
6.	Hwang, E.J (2005)	Strategic Management and Financial Performance in South Korean Apparel Retail Stores		Dependent variables- financial performance. Independent variables ó perceived environmental uncertainty, top management's willingness to adapt a changing market, organicity of organizational structure, market orientation strategy	Structural Equations Model	The variables were positively related to financial performance
7.	Ogunsiji, A.S and Akanbi, P.A (2013)	Strategic Impact of Knowledge Management and Organizational Learning on The Perceived Performance of Selected Banks in Oyo State of Nigeria.		Dependent variable- organizational performance independent variables- knowledge management, organizational learning	Multiple Analysis of Variance (MANOVA), Canonical correlation and multiple regression	The independent variables were predictors of organizational performance and positively correlated with organizational performance

# CONCEPTUAL REVIEW OF LITERATURE

- “ Strategic agility
- “ Knowledge Management
- “ Organizational Learning
- “ Perceived Environmental Uncertainty

# Performance Measurement

“ Performance measures could therefore be of a financial nature as well as non-financial nature, such as number of complaints and delivery time (reflecting, for example, quality or customer satisfaction) (Anthony et al., 2001).

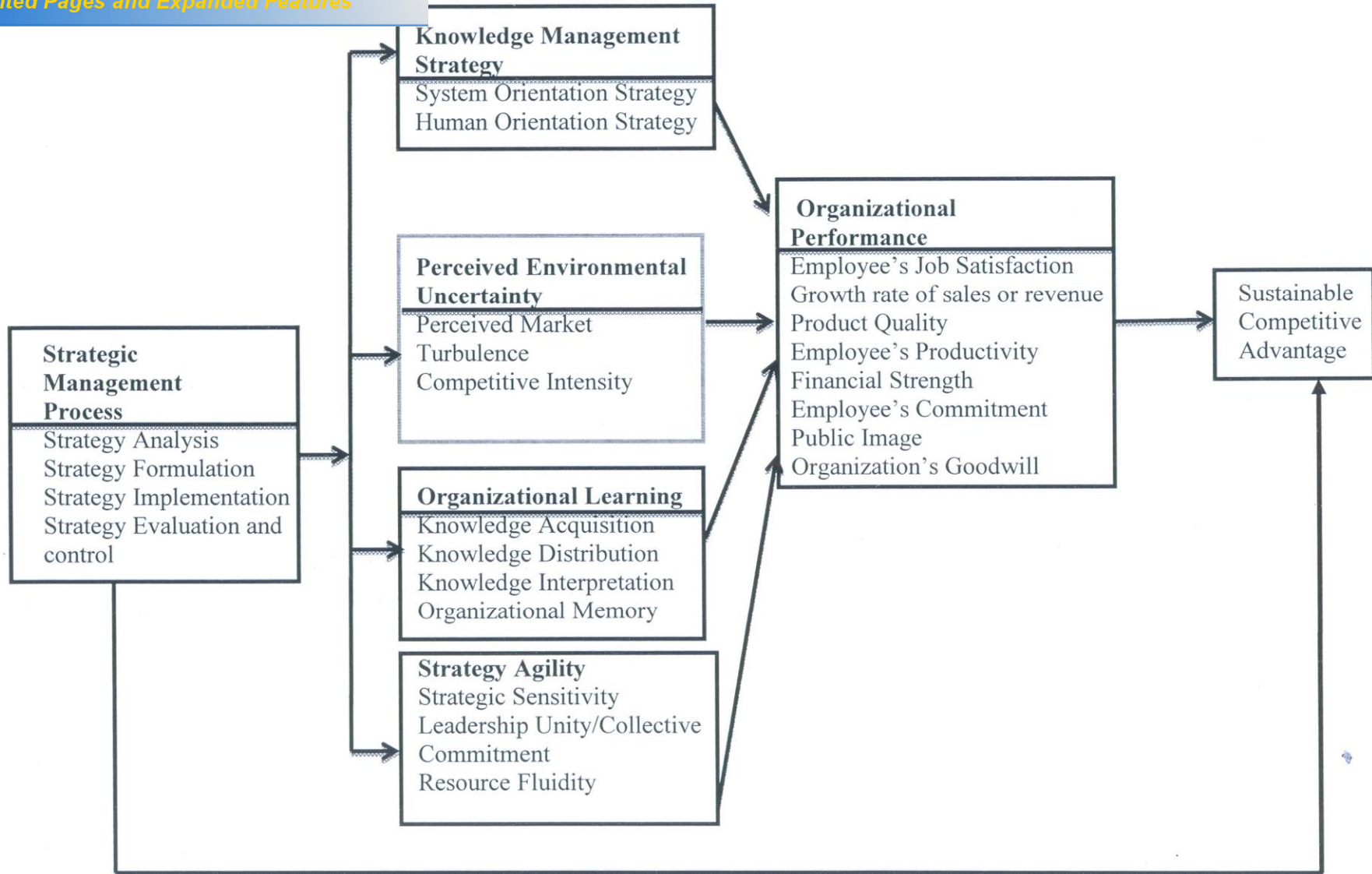


Fig.2.3: Integrated Framework of Strategic Management-Organizational Performance Linkage

# METHODOLOGY

## ” Study Area

The study area is the manufacturing sector of the Nigerian economy in Lagos State.



# Study Population

“ The population of this research work were all the employees in the eleven segments of the manufacturing firms selected for this study.

# Sampling Frame

“ The sampling frame that were used for this study included all employees of the thirty- one companies sampled.

# Sampling Methods and Sample Size

Multi-stage Sampling Technique comprising:

- “ Stratified random sampling technique and categorized random sampling for the employees.
- “ The sample were twenty employees in each of the manufacturing firms.

# Sources of Data

- “ This study employed both:
- “ primary data
- “ secondary data.



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# Data Collection Instruments

“ The data collection instrument employed for this study is the questionnaire.



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# tion of the Instruments

” The questionnaire by design consisted of six sections.

# variable Identification

“ Two major variables were the focus of this study: strategic management (independent variable) and organizational performance (dependent variable).

were used to measure strategic management practice namely:

X1: Knowledge management strategy (system orientation strategy and human orientation strategy)

X2: Perceived environmental uncertainty (perceived market turbulence and competitive intensity)

X3: Organizational learning (knowledge acquisition, knowledge distribution, knowledge interpretation and organizational memory)

X4: Strategic agility (strategic sensitivity, leadership unity and resource fluidity)



# Organizational Performance Variable(Y)

This was considered from the following perspectives:

- Y1- Employee's job satisfaction
- Y2- Growth rate of sales or revenue
- Y3- Employee's productivity
- Y4- Financial strength
- Y5- Employee's commitment or loyalty
- Y6- Public image
- Y7- Organization's goodwill
- Y8- Product quality

# Study Model Development

- “ The model for this study depended largely on the variables involved in this research work.
- “ The study’s general model is stated as follows:

## Canonical Correlation Analysis Model

Is used to achieve the first objective and the model is specified as:

$$Y_1 + Y_2 + Y_3 + \dots + Y_n = X_1 + X_2 + X_3 + \dots + X_n \text{-----} 1$$

(metric, nonmetric)                      (metric, nonmetric)



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**Pearson's Correlation Technique**  
is used to achieve objectives 2 and 3

Effective, multiple regression analysis was employed and the model takes the following form:

$$OP = f(KMS, PEU, OL, SA \dots) \dots \dots \dots 2$$

Where:

OP= Organizational Performance

KMS= Knowledge Management Strategy

PEU= Perceived Environmental Uncertainty

OL= Organizational Learning

SA= Strategic Agility

In econometric term, the model is specified as:

$$OP = \beta_0 + \beta_1 KMS + \beta_2 PEU + \beta_3 OL + \beta_4 SA + U_t \dots \dots \dots 3$$

$U_t$  = error term

# RESULTS AND DISCUSSION

## Table 1

S/N	COMPANY	NO OF QUESTIONNAIRE RETRIEVED	NO OF QUESTIONNAIRE ADMINISTERED
1	BERGER PAINT	20	20
2	D.N. MEYER	16	20
3	GUINNESS	20	20
4	UACN	16	20
5	FIDSON	17	20
6	VITA FOAM	15	20
7	VONO FOAM	20	20
8	GSK	16	20
9	PORTLAND PAINT	18	20
10	LAFARGE/WAPCO	20	20
11	PZ	18	20
12	NIGERIAN BAGS	20	20
13	MAY & BAKER	14	20
14	AVON CROWN	19	20
15	NESTLE	18	20
16	CADBURY	18	20
17	NBC	17	20
18	NIGERIA ROPES	19	20
19	UNILEVER	19	20
20	CUTIX	14	20
21	NIGERIAN BREWERIES	20	20
22	FLOUR MILLS	17	20
	TOTAL	391	440

# Cronbach's Alpha Reliability Coefficients for Strategic Management Factors/Variables and Organizational Performance.

^^

VARIABLES/FACTORS	No of Items	Cronbach's Alpha Reliability Coefficients
<b>STRATEGIC MANAGEMENT VARIABLES</b>		
Perceived Environmental Uncertainty	10	0.82
Knowledge Management Strategy	8	0.80
Organizational Learning	25	0.89
Strategic Agility	15	0.91
<b>ORGANIZATIONAL PERFORMANCE</b>	8	0.83

# CORRELATION MATRIX

		Correlation Matrix																		
		system orientation strategy	human orientation strategy	market turbulence	competitive intensity	knowledge acquisition	knowledge distribution	knowledge interpretation	organizational memory	strategic sensitivity	collective commitment	resource fluidity	Satisfaction	Growth rate	Product quality	Productivity	Financial strength	Loyalty	Public image	Goodwill
Correlation	system orientation strategy	1.000	.640	.406	.403	.680	.581	.400	.627	.512	.512	.369	.280	.100	.192	.456	.343	.404	.313	.367
	human orientation strategy	.640	1.000	.389	.270	.651	.555	.664	.655	.705	.680	.662	.468	.439	.485	.324	.224	.601	.326	.164
	market turbulence	.406	.389	1.000	.565	.431	.227	.404	.444	.494	.509	.482	.251	.132	.095	.160	.274	.239	.293	.188
	competitive intensity	.403	.270	.565	1.000	.353	.290	.191	.393	.341	.383	.212	.030	.049	-.025	.155	.158	.106	.142	.158
	knowledge acquisition	.680	.651	.431	.353	1.000	.799	.659	.789	.647	.613	.504	.445	.239	.236	.353	.177	.360	.313	.271
	knowledge distribution	.581	.555	.227	.290	.799	1.000	.691	.744	.641	.672	.407	.277	.301	.263	.375	.159	.289	.283	.349
	knowledge interpretation	.400	.664	.404	.191	.659	.691	1.000	.708	.755	.732	.648	.429	.476	.451	.253	.218	.485	.319	.299
	organizational memory	.627	.655	.444	.393	.789	.744	.708	1.000	.686	.680	.481	.355	.357	.372	.370	.307	.459	.387	.335
	strategic sensitivity	.512	.705	.494	.341	.647	.641	.755	.686	1.000	.917	.805	.495	.554	.525	.337	.347	.578	.425	.328
	collective commitment	.512	.680	.509	.383	.613	.672	.732	.680	.917	1.000	.726	.431	.547	.511	.379	.347	.534	.446	.418
	resource fluidity	.369	.662	.482	.212	.504	.407	.648	.481	.805	.726	1.000	.516	.574	.482	.233	.239	.536	.250	.161
	Satisfaction	.280	.468	.251	.030	.445	.277	.429	.355	.495	.431	.516	1.000	.520	.529	.372	.163	.577	.235	.170
	Growth rate	.100	.439	.132	.049	.239	.301	.476	.357	.554	.547	.574	.520	1.000	.711	.423	.438	.573	.455	.350
	Product quality	.192	.485	.095	-.025	.236	.263	.451	.372	.525	.511	.482	.529	.711	1.000	.488	.398	.639	.352	.406
	Productivity	.456	.324	.160	.155	.353	.375	.253	.370	.337	.379	.233	.372	.423	.488	1.000	.586	.534	.557	.619
	Financial strength	.343	.224	.274	.158	.177	.159	.218	.307	.347	.347	.239	.163	.438	.398	.586	1.000	.436	.705	.623
	Loyalty	.404	.601	.239	.106	.360	.289	.485	.459	.578	.534	.536	.577	.573	.639	.534	.436	1.000	.470	.391
	Public image	.313	.326	.293	.142	.313	.283	.319	.387	.425	.446	.250	.235	.455	.352	.557	.705	.470	1.000	.644
	Goodwill	.367	.164	.188	.158	.271	.349	.299	.335	.328	.418	.161	.170	.350	.406	.619	.623	.391	.644	1.000



# List of Hypotheses

## Hypothesis 1

Ho: There is no main and interactive effect of perceived environmental uncertainty and organizational learning on organizational performance.

**Table 4 : Showing main and interactive effect of Perceived Environmental Uncertainty and Organizational Learning on Organizational Performance.**

Variable	Pearson Correlation	Sub-variables	F- Ratio	T	Sig of P	Canonical Correlation	R <sup>2</sup>	Pearson Correlation
Perceived Environmental Uncertainty	.196**	Market Turbulence	7.755	2.297	.000	.71613	.557	.278**
		Compeitve Intensity	10.617	-4.494	.000			.130**
Organizational Learning	.527**	Knowlegde Acquisition	11.038	-3.400	.000			.404**
		Knowlegde Distribution	13.532	-.378	.000			.387**
		Knowlegde Interpretation	17.553	4.063	.000			.499**
		Organizational Memory	15.693	4.320	.000			.498**

There is no significant relationship between strategic agility and organizational performance.

**Table 5: Showing Pearson’s Correlation between Strategic Agility and Organizational Performance.**

Variable	Pearson R	Sub-variables	Mean	Std. Dev.	N	Pearson R	P	Remark
Strategic Agility	.623**	Strategic Sensitivity	4.092498	.6768752	391	.610**	.000	Sig
		Collective Commitment	4.043052	.6787847		.614**	.000	Sig
		Resource Fluidity	3.965899	.7800774		.511**	.000	Sig
Organizational Performance			4.53101	.850691				

### Hypothesis 3

Relationship between knowledge management strategy and organizational performance.

**Table 6: Showing Pearson’s Correlation between Knowledge Management Strategy and Organizational Performance.**

Variable	Pearson R	Sub-variables	Mean	Std. Dev.	N	Pearson R	P	Remark
<b>Knowledge Management Strategy</b>	.519**	System Orientation Strategy	4.0965	.69068	391	.412 **	.000	Sig
		Human Orientation Strategy	3.8664	.84441		.513**	.000	Sig
		Organizational Performance	4.53101	.850691				

ntal uncertainty, strategic agility, organizational learning and knowledge management strategy cannot jointly and independently predict organizational performance.

**Table 7: Showing Multiple Regression of Perceived Environmental Uncertainty, Strategic Agility, Organizational Learning and Knowledge Management Strategy on Organizational Performance.**

Variables	Sub-variables	F- Ratio	Sig of P	R	R <sup>2</sup>	Adj R <sup>2</sup>	B	T	P	Remark
Knowledge Management Strategy	System Orientation Strategy	28.311	.000	.897	.804	.801	.196	3.174	.002	Sig
	Human Orientation Strategy						.016	1.994	.001	Sig
Perceived Environmental Uncertainty	Market Turbulence						-.090	-3.554	.021	Sig
	Compeitvte Intensity						-.137	-2.727	.007	Sig
Organizational Learning	Knowlegdge Acquisition						-.066	-1.789	.056	Sig
	Knowlegdge Distribution						-.237	-2.814	.005	Sig
	Knowlegdge Interpretation						.057	.773	.440	Not Sig
	Organizational Memory						.225	3.019	.003	Sig
Strategic Agility	Strategic Sensitivity						.150	5.289	.018	Sig
	Collective Commitment						.431	4.057	.000	Sig
	Resource Fluidity	.051	.692	.489	Not Sig					

## CONCLUSION AND RECOMMENDATIONS

### CONCLUSION

It is obvious from the findings of this study that strategic management tools and mechanisms alone cannot account for organizational efficiency, effectiveness and economies. This is because organizational performance is also determined by other factors and variables. Therefore, it is concluded that although strategic factors contribute significantly to organizational success, non-strategic variables also affect organizational performance.

- “ It is evident from this study that organizations must adapt appropriately to the environmental exigencies in order to achieve superior organizational performance and gain sustainable competitive advantage.
- “ From the empirical tests carried out in this study, it is apparent that organizational learning is critical to organizational success. Learning should be embraced by individual employees since individual learning cumulate to organizational learning. Learning should therefore be emphasized at both individual level and organizational level.

Management is another very crucial variable considered in this study. Knowledge deployment is a fundamental organizational activity. Efficient knowledge utilization demands congruence between the knowledge domain of the firm and its product domain. The knowledge based approach/theory stressed the knowledge requirements of production which lead to competitive advantage for the firm.

- “ Manufacturing firms should be strategically sensitive to threats and opportunities as well as to prompt deployment of organizational resources.

## RECOMMENDATIONS

“ Pragmatic emphasis of every stage of the strategic management process (in terms of strategy formulation, strategy analysis, strategy implementation as well as strategy evaluation and control) should be encouraged.



knowledge transfer/deployment should be embraced by manufacturing firms in order to bring about innovations.

“ Sub-strategic plans should be introduced because of rapid environmental changes, market turbulence and competitive intensity which can render appropriateness, and effectiveness of strategic management void.



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” That manufacturing firms should be strategically sensitive, collectively committed, promptly and effectively allocate resources to execute strategic management plans that can lead to gaining a sustainable competitive advantage and superior organizational performance.



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