

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Nigeria depends substantially on oil for its export and this dependence has a significant impact on other sectors (Hale, 2002). The monolithic nature of the economy has thrown up calls for diversification from oil and gas to other sectors of the economy. For example, Hale (2002) also stated that the direct foreign investment witnessed in the 1960s and 1970s after Nigeria's independence contributed in a no small measure to the positive development of its manufacturing sector. This, he said, was made possible by the new manufacturing technology introduced by the foreign investors which produced efficiency and improved the quality of the manufactured products. This post - independence positive growth phase was however short-lived as some challenges which contributed to low growth surfaced from the end of 1980s to date. These challenges included dependence on oil for income, weak infrastructure, inadequate skilled labour and financial resources and improper management and planning.

Alli (2008) states that the Nigerian manufacturing sector cannot aid economic development in its present state, but it has enormous potential given its large market in the region with over 140 million consumers and additional millions in the neighbouring countries. Therefore, it is imperative to work towards the mitigation of these challenges in order to empower the Nigerian manufacturing organisations so that the manufacturing sector can play a desired effective role in the country's economic development.

Organisations exist within certain external environments that promote or inhibit their performance, the contexts of which include the regulatory, economic, political, socio-cultural

and technological environments which also contain certain key factors that direct the operations of the organisation (Universalialia, 2004). Environmental Dynamism, being a derivative of this phenomenon, is concerned with the amount of uncertainty resulting from the external environment (Baum & Wally, 2003). In a situation of environmental uncertainties, managers tend to constantly orchestrate complementary and co-specialised assets in order to sustain superior firm performance (Chan, Shafer & Snape, 2004). The main argument of the researchers is that uncertainty is brought about by instability in the environment, which results in a dearth of information required to determine the future from the past.

In highly dynamic environment, therefore, frequent changes in market demand, technology and business approaches challenge organisations to continuously modify their products or services in order to remain competitive (Oghojafor, 2007; Revila, Prieto & Rodriguez, 2008). Moreover, KetKar and Sett (2012) state that managerial perception of the environmental uncertainties is an important condition precedent to the managerial choice of strategies to be deployed to influence performance. The emphasis here is that a company's business environment and the strategies it adopts have significant effects on its performance. Chandler (1962) illustrates this by stating that *"strategy is the way in which a firm, reacting to its environmental circumstances, deploys its principal resources and directs its efforts in the pursuit of its objectives"* (p.13).

Given the aforementioned, a growing consciousness of the importance of determinants of organisational performance suggests that a properly formulated strategy is a function of understanding of environmental dynamism. This shows that information about the environment is important and it could be a basis for competitive strategy to influence organisational performance (Nham & Hoang, 2011; Barney & Clark, 2007). In other words, a well formulated

strategy in a flourishing environment is a sine quo non for effective performance.

Generally, strategy and its formulation play an important role in the firms' management process. Gibcus and Kemp (2003) state that the strategy gives the direction that an organisation has in mind and the way they want to achieve their goals. Earlier research appropriately demonstrates that organisations that set out a clear strategy, such as differentiation or cost leadership strategy, will perform better than those firms that deploy a mixed strategy (Baum, Locke & Smith, 2001). The focus, according to Gul (2011), has been on the value enhancing or destructive effects of diversification as Santalo and Becerra (2008) underline that diversified firms are more productive compared to stand-alone businesses. Apart from these integration strategies, geographic diversification plays a key role in the strategic behaviour of the large organisations and their corporate performance (Gul, 2011).

Organisational theorists emphasise the need to study the management practices of firms in order to establish the factors that have contributed to organisational performance. Precott (1986) notes the need for an investigation of those factors that can determine the success or failure of an organisation and reported the significant relationship among environmental dynamism, strategy and organisational performance. According to Universalialia (2004), most organisations assess their performance in terms of effectiveness (mission fulfillment), ongoing relevance (the extent to which the organisation adjusts to the dynamic environment), and financial viability. They note that the forces which drive performance include capability of an organisation, forces in its external environment, and the internal motivation of the organisation. According to Ong and Teh (2009), two types of the measures of the organisational performance exist in literature as follow: (1) financial/objective measures which include return on equity, return on sales and

return on assets; and (2) non-financial/subjective measures which include operating efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas and social impact on the society. Thus, organisational performance reflects the way the organisation uses and exploits tangible, intangible resources to achieve its goals (Wheelen & Hunger, 2010). Studies have investigated a number of interesting determinants of organisational performance from strategic and environmental dynamism viewpoints. However, very few studies have investigated the determinants of non-financial performance (Barney, 2002; Ku, Mustapha & Goh, 2010). Argument had been advanced that organisational performance is not only a function of financial performance measures, and that non-financial performance measures also provide a more robust view of performance in addition to contributing to financial performance. While firm performance can be defined as the actual output or results of an organisation as related to the goals and objectives, several classifications of organisational performance have been reported in the literature. A two-way classification of performance into financial and non-financial performance measures is therefore of relevance to this study (Borman & Motowidlo, 1997; Campbell, McCloy, Oppler & Sager, 1993). The non-financial performance measures include performance stability, employee morale, environmental adaptation, new ideas, operating efficiency, social impact on the society and public image. Nagar and Rajan (2001) argue that these non-financial measures are key indicators of economic performance, and a potential source of information about cash flows in the future. Banker, Porter and Srinivasan (2000) also report that non-financial measures are better indicators of the future performance of the organisation than financial measures.

Banjoko (2009) notes that the manufacturing sector in Nigeria has been incapacitated to the extent that its ability to create employment, expand wealth and contribute meaningfully to the Gross Domestic Product (GDP) has been severely weakened in recent years. He notes further that the factors that have contributed to the abysmal performance include overdependence on oil, lack of manufacturing friendly environment, frequent policy reversal, spurious levies and charges, infrastructural decay, erratic power supply and inadequate funding among others. Similarly, capacity utilisation in the nation's manufacturing sector continued to drop from its low record of about 50 percent following poor gas supply to industrial layouts from Transmission Company of Nigeria (Adekoya, 2016). The absence of a conducive manufacturing environment and basic infrastructure would continue to draw back the sector, except something urgent is done to reverse the situation. However, the manufacturing organisations in Nigeria can no longer afford to remain stagnant, given their economic importance as stagnation in contemporary competitive environment will lead to depreciation of market share or quick failure (Tellis & Golder, 1996; Kemelgor, 2002). Hence, the panacea for reversing the trend of poor performance of the manufacturing sector is an increase in firms' level of efficiency and competitiveness.

The main policy issue that will be facing the Nigerian government and in particular the manufacturing organisations is to understand and address the factors that will elevate the efficiency and competitiveness of the sector. For organisations seeking improvement in performances in the present day changing and dynamic environment, they are required to constantly seek and exploit new opportunities to build sustainable competitive advantage from such opportunities. Hence, a study of environmental dynamism and competitive strategy which may enhance organisational performance becomes relevant and imperative for addressing the

poor performance of manufacturing firms in Nigeria.

1.2 Statement of the Problem

Manufacturing sector is very basic and relevant to the development of any nation, most especially the underdeveloped and developing ones (Olorunfemi, Obamuyi, Adekunju & Ogunleye, 2013). It has been stated that small and medium enterprises (SMEs) now constitute about 95% by numbers, of the organised manufacturing establishments in the country (Ibrahim, 2008). However, in contrast to the situation in industrialised and some developing economies, the contribution of SMEs to the Nigerian economy, in terms of output, exports and employment, is relatively low. CBN (2008) maintains that the manufacturing sector does not make significant contribution to the Nigerian economy compared to oil and agricultural sub-sectors. This decline in manufacturing output, according to Medee (2015) persists despite the fact that the CBN rolls out various strategies aimed at stimulating industrial production and enhancing capacity utilisation of industrial sector.

Several literatures exist on environmental dynamism, competitive strategy and performance. Infact, preliminary investigation by the researcher shows that organisational performance amongst firms in the manufacturing sector in Nigeria has been generally poor and this situation has been a source of continuous concern among managers and stakeholders in this sector (Asikhia & Binuyo, 2012). However, the following previous studies on this subject discovered different variables or factors that influence or affect firm performance in developing countries including Nigeria.

The study by Mohd, Idris and Momani (2013) on the impact of environmental dynamism on marketing strategy comprehensiveness and organisational performance used the resource based view (RBV) theory. Some of the criticisms of RBV however, according to Foss (1998), relate to the neglect of the environment which is a key variable in this study. Furthermore, the study by Kektar and Sett (2009) on Environmental Dynamism, HR Flexibility and Firm Performance established a general proposition that in a dynamic environment superior firm performance results when the flexibility of HR actually possessed by the firm matches the demands of the environment for such flexibilities as perceived by the managers of the firm. The researchers however recommended the need to investigate beyond the general proposition to examine whether different types of environmental change (continuous vs discontinuous), or different types of strategies adopted by the firms to encounter such change, require different types of HR flexibilities.

Abdullahi, Abubakar, Aliyu and Umar (2015) carried out a study titled “Empirical review on the determinants influencing firm performance in developing countries”. Most of the studies reviewed did not state their sample size, method of data collection and the theory or theories that support and give direction to their studies. They therefore suggested that future researchers should make use of variables that serve as the determinants of firm performance in developing countries. They also stated that methodology should be clearly stated in terms of sample size and method of data collection. Also in the analysis of strategic factors affecting the performance of small and medium industries (SMEs) in Borno State of Nigeria by Ibrahim (2008), it was noted that the contending claims that (i) the industrial sector had not responded positively to the interventions and incentives offered by the government and (ii) the inappropriateness of the

various policies, incentives and strategies put in place for the industrial sector, accounted for the low performance of the sector. These two contending positions implied that some issues that are critical to the development and performance of the industrial sector had not been factored into the various strategies and management of the SMEs. Asikhia and Binuyo (2012) in their journal article titled *Competitive Intensity as a Moderator in Customer Orientation – Performance Relationship in Nigeria* suggested the investigation of the impact of other environmental factors on the customer orientation-performance relationship.

While the above studies have revealed that manufacturing firm thrives within the boundaries of strategies and environment, the findings have remained largely inconsistent. Also, observations by the researcher in addition to preliminary investigations amongst managers in this sector reveal that the business operating environment has remained hostile and turbulent over time. Therefore, in view of these observations, research is needed to examine the influence of environmental dynamism and competitive strategy on non-financial performance with focus on the gaps in the literature uncovered in the previous studies.

1.3 Aim and Objectives of the Study

The main aim of this study is to investigate the influence of environmental dynamism and competitive strategy on the non-financial performance of the manufacturing firms in Nigeria.

The specific objectives of the study are therefore to:

- (i) evaluate the extent to which market turbulence significantly determines performance stability of manufacturing firms in Nigeria.
- (ii) investigate whether competitive intensity has significant influence on employee morale in manufacturing firms in Nigeria.

- (iii) assess the impact of uncertainty on environmental adaptation of Nigeria manufacturing firms.
- (iv) evaluate the extent to which industry forces lead to generation of new ideas in manufacturing firms in Nigeria.
- (v) measure the influence of generic strategy on non-financial performance of manufacturing firms in Nigeria.
- (vi) measure the effect of environmental dynamism and competitive strategy on non-financial performance of manufacturing firms in Nigeria.

1.4 Research Questions

The following research questions were posed in line with the research objectives:

- (i) To what extent does market turbulence significantly determine performance stability of manufacturing firms in Nigeria?
- (ii) To what extent does competitive intensity have significant influence on employee morale in manufacturing firms in Nigeria?
- (iii) What impact does uncertainty have on environmental adaptation of Nigeria manufacturing firms?
- (iv) What is the extent to which industry forces lead to generation of new ideas in Nigeria manufacturing firms?
- (v) To what extent does generic strategy influence non-financial performance of manufacturing firms in Nigeria?
- (vi) What is the effect of environmental dynamism and competitive strategy on non-financial

performance of manufacturing firms in Nigeria?

1.5 Research Hypotheses

The following null hypotheses from the foregoing research questions were formulated:

- (i) Market turbulence does not significantly determine performance stability of manufacturing firms in Nigeria.
- (ii) Competitive intensity does not have significant influence on employee morale in manufacturing firms in Nigeria.
- (iii) Uncertainty does not significantly impact on environmental adaptation of manufacturing firms in Nigeria.
- (iv) Industry forces do not significantly lead to generation of new ideas in manufacturing firms in Nigeria.
- (v) Generic strategy does not significantly influence non-financial performance of manufacturing firms in Nigeria.
- (vi) Environment dynamism and competitive strategy have no significant effect on non-financial performance of manufacturing firms in Nigeria.

1.6 Significance of the Study

The study is significant in several respects. Effort is made to enunciate the relevance of the study to the investors in the manufacturing sector. Its relevance as well as contribution to academia, and the general relevance to the larger economy are discussed below:

It is believed that knowledge of environmental dynamism and competitive strategy will enable

managers of industries to provide insight into all relevant decisions to be taken in order to create a fit between their organisations and their current and future environment so as to improve their firms' performance.

This study will highlight and lead to the understanding of the environmental dynamism and competitive strategy implications that are facing Nigerian manufacturing organisations and its importance in achieving high levels of performance and contribute to the achievement of objectives in the long term. Thus, the study would specifically provide an insight into the possible influence of market turbulence on the manufacturers' performance stability. It will also reveal the effect of competitive intensity on employee morale in Nigeria manufacturing firms. The study is therefore significant as its results will hopefully provide useful ideas that can be developed into tools for the use of Nigerian top managers towards the improvement of their organisations.

For the academia, this study will help advance knowledge about the relevance of non-financial performance measures in contribution to overall organisational performance. Furthermore, it would emphasise the relevance or importance of competitive strategy to firm's performance. It will also provide further insight into how environmental dynamism shapes competitive strategy and organisational performance. Specifically, the study would showcase how new ideas generated through the influence of industry forces can be developed for the use of the manufacturing sector in Nigeria. It will also contribute to the application of organisational theories developed in advanced countries to Nigeria for higher effective and efficient performance. As an academic approach, this study raises research questions which are relevant to the problems and investigates the factors that have implications on the problems in a manner that

provides answers and solutions for the use of policy makers and top managers of organisations in Nigeria. The study can unfold new horizons for other studies that deal with environmental dynamism and competitive strategy topics especially in the Nigeria-based manufacturing companies.

This study would emphasise the importance of the manufacturing sector to the economy through meaningful contribution to the Gross Domestic Product. The study will also provide an insight into policy regimes of government that will enhance sustainable development of the manufacturing sector.

1.7 Scope and Delimitation of the Study

The scope of this study is based on the Manufacturers Association of Nigeria (MAN) list of companies in Lagos metropolis. This is because 70% of Nigeria's manufacturing firms are based in Lagos state (MAN, 2013). Besides, the Lagos metropolis contains the most heterogeneous population of workers with diverse socio-economic backgrounds, including foreigners and therefore constitutes a suitable sample of the population of strategic managers of manufacturing firms in Nigeria

The key variables in this study which may determine its scope are environmental dynamism, competitive strategy and manufacturing firm's non-financial performance in Nigeria. There is no doubt that each of these variables covers extensive areas of theory.

There are indeed a myriad of factors in all levels of the environment, too many to be managed in one study. Thus in this study, environmental dynamism is limited to market turbulence, competitive intensity, and uncertainty. This study which has competitive strategy as one of the

independent variables is specifically limited to the investigation of generic strategy and Industry Forces. Also, for the purpose of this study, the constructs of firm's non-financial performance will be limited to operating efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas and social impact on the society. The measurement of these constructs will be based on the perception of the respondents.

1.8 Operational Definition of Terms

The study made use of the following definitions for the key terms indicated below:

Competitive Advantage: This refers to the strategies that a firm has to implement in order to enhance performance in competitive markets.

Competitive Strategy: This is determined by the structure of the industry to which the firm belongs and the firm's positioning in the same industry.

Contingency Theory: Contingency model explains how the performance of a firm depends on external environmental characteristics and firm's chosen strategies in response to existing and potential contingency factors.

Core Competence: The attribute of a firm which the firm can leverage on as a competitive advantage.

Cost Leadership Business Strategy: This term is used when the competitive advantage of a firm can be found in its lower cost of products or services than what the competitors can offer.

Differentiation Business Strategy: This is a strategy that is adopted when a firm is seeking to be unique in its industry along some attributes of its product or service that are widely valued by customers.

Environmental Dynamism: Environmental Dynamism represents the rate of change in an environment. It is also known as the degree of instability or turbulence of such key operating concerns as market and industry conditions as well as more general technological, economic, social, and political forces.

Firm Performance: Firm performance can be defined as the actual output or results of an organisation as related to the goals and objectives. Examples include non-financial performance which covers operating efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas and social impact on the society. This term can interchange with organisational performance.

Focus Business Strategy: Focus Business Strategy essentially depends on either cost leadership or differentiation, but applies to a narrow segment or a group of the segments of the total market to the exclusion of others. The more commonly used grounds for identifying groups are the demographic characteristics (age, gender, income, occupation etc.)

Industry Forces: This is about the threats of new entrants and substitute products or services, the bargaining power of suppliers and buyers, and the rivalry among existing competing firms in an industry.

Manufacturing Industry: Manufacturing industry refers to any business that converts raw materials into finished or semi-finished goods using machines, tools and labour. Manufacturing sectors include production of food, chemicals, textiles, machines and equipment.

Market Turbulence: Market Turbulence is the irregular rate of change in the composition of customers and their preferences.

Non-financial performance measures: These are subjective measures of organisational performance which recognise the fact that financial measures are insufficient in some areas of performance.

Resource-based View: This theory emphasises the firm's resources as the determinants of competitive advantage and performance.

CHAPTER TWO

LITERATURE REVIEW

The review consists of five sections. The first section is conceptual literature followed by conceptual framework. The third section is theoretical literature next to which is theoretical framework as the fourth section. The fifth section is the empirical literature which is broken down into International and Local sub-sections. There is also a section which is a review of the Nigerian Manufacturing Industry.

2.1 Conceptual Literature

The following are some of the basic concepts in the study:

2.1.1 Environment and Environmental Dynamism

Environment literally means the surroundings, external objects, influences or circumstances under which someone or something exists (Kazmi, 2008). By extension, he defines the environment of any organisation as overall summation of all conditions, events and influences that surround and affect it, and describes the business environment as complex, dynamic, multi-faceted and as having a far-reaching impact on organisations.

2.1.1.1 Internal and External Environment

The environment within which an organisation is located could be divided into the internal and external environment (Oghojafor, 2007). The internal environment consists of all the factors within an organisation which produce strength or cause weakness of a strategic nature to the organisation, while the external environment incorporates all the factors outside the organisation

which provide opportunities for and pose threats to the organisation.

<p>STRENGTHS</p> <ul style="list-style-type: none"> - Favourable location - Excellent distribution network - ISO 9000 quality certification - Established R & D Centre - Good management reputation 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - Uncertain cash flow - Weak management information system - Absence of strong USP for major product lines - Low worker commitment
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - Favourable industry trends - Low technology options available - Possibility of niche target market - Availability of reliable business partners 	<p>THREATS</p> <ul style="list-style-type: none"> - Unfavourable political environment - Obstacles in licensing new business - Uncertain competitors' intentions - Lack of sustainable financial backing

Figure 2.1: A typical SWOT matrix

Source: Adopted from Kazmi (2008).

SWOT, the acronym for strengths, weaknesses, opportunities and threats, which is also known as TOWS analysis, came into being during the 1960s at Stanford Research Institute as a very veritable strategic planning technique found useful in many areas of management (Kazmi, 2008).

2.1.1.2 General versus Relevant Environment

The external environment embraces a number of sectors. Economic factors, Social, cultural, demographic and geographic variables, political systems, technology, competitive factors and many other macro-level factors (Oghojafor, 2007; Kazmi, 2008). This defined perception of the

environment could be seen in the context of general environment. Although, all organisations are bound to be concerned about the general environment, the immediate concerns of any organisation are limited to just a part of the general environment which has strategic implications for the organisation, and can be termed as the relevant environment (Kazmi, 2008).

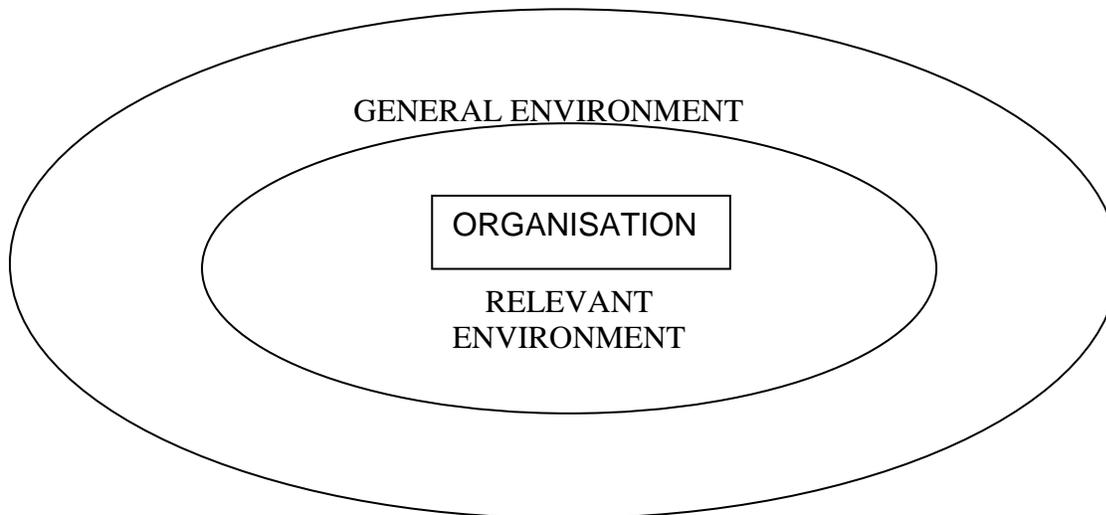


Figure 2.2: The business environment of an organisation

Source: Adopted from Kazmi (2008).

Kazmi (2008) concludes that the benefit that an organisation enjoys from a conscious identification of the relevant environment is the ability to concentrate attention on the factors that are closely related to its mission, purpose, objectives and strategies.

2.1.1.3 Environmental Sectors

According to Kazmi (2008), it was Aguilar who evolved a grouping scheme for different classes of information related to the environment into sectors such as customers, competitors, suppliers, technology; social, political, economic conditions and so on. The author further states that sector

classification should be such that these sectors are all-embracing, mutually exclusive, functional and relate to actual scanning practices. According to him, there exist several sectors into which the external or general environment could be divided although certain sectors deserve more attention than the others. He, therefore, adopts an eight-way grouping of environmental factors which translates into economic, international, market, political, regulatory, socio-cultural, supplier and technological factors.

2.1.1.4 Economic Environment

The economic environment consists of macro-level factors related to the means of production and distribution of wealth that have impact on the business of an organisation (Gary, 1984). According to Oghojafor (2007), company strategies are in most cases affected directly by economic factors; as a result of which companies try to be up-to-date on information on economic issues for the continuity and survival of the organisations.

2.1.1.5 International Environment

The international environment is made up of all the factors that operate at the transnational, cross-cultural and across-the-border level which have an impact on the business of the organisation (Govindarajan & Gupta, 2001). He argues that it is a special class of the environment sector because while the other seven sectors are limited and exclusive, the international environment embraces the other sectors though in a global context.

2.1.1.6 Market Environment

This is the aspect of environmental factor that is responsible for the analysis of other competitors or rival firms and also the evaluation of their capabilities in terms of strengths, opportunities, objectives, goals, strategies and also their weaknesses and threats (Kotler, 2001). The market environment as described by Kazmi (2008) consists of factors related to the groups and other organisations that compete with and have an impact on an organisation's markets and business. He states that the market environment depends on the type of industry structure and as such submitted that in monopolies and oligopolies, the concern for the market environment is less than what it is under pure competition.

2.1.1.7 Political Environment

The political environment consists of factors that are related to management of public affairs and their impact on the business of an organisation (Porter, 2000). Political forecast, according to Govindarajan and Gupta (2001), is very important for multi-national firms operating in foreign countries. He also submits that the need for an accurate political and governmental forecast to lubricate the strategic management process cannot be over-emphasised.

2.1.1.8 Regulatory Environment

The regulatory environment consists of factors related to planning, promotion and regulation of economic activities by the government that have an impact on the business of an organisation (Kotler, 2001). Organisations are regulated, deregulated and subsidised by the government which is also the employer and customer of those organisations (Oghojafor, 2007).

2.1.1.9 Socio-Cultural Environment

Social, cultural, demographic and geographic factors could have serious effect on the products, services, markets and customers of an organisation if ignored by the organisation in its operations (Achumba, 2004). He explains that people engage in working, production, and consumption pattern and social life generally are being affected or gradually going through changes over the impact of socio-cultural variables. Kotler (2001) on his part views the socio-cultural environment as consisting of factors related to human relationships within the society, the development, forms and functions of such a relationship and learned and shared behaviour of groups of human beings having a bearing on the business of an organisation. He states, in addition, that the socio-cultural environment primarily affects the strategic management process within the organisation in the areas of mission and objective setting and decisions related to products and markets.

2.1.1.10 Supplier Environment

The supplier environment consists of factors related to the cost, reliability and availability of the factors of production or services that have an impact on the business of an organisation (Achumba, 2004). He states, in addition, that the supplier environment occupies a dominant position in strategy formulation.

2.1.1.11 Technological Environment

The technological environment consists of those factors related to knowledge applied and the material and machines used in the production of goods and services that have an impact on the

business of an organisation (Kazmi, 2008). According to Gary (1984), technological improvement can completely change or affect the total operational standard or life of an organisation. He further states that it can also eliminate cost barriers, create shorter productions, create shortages in technical skills and can result in changing values and expectations of employees, managers and customers.

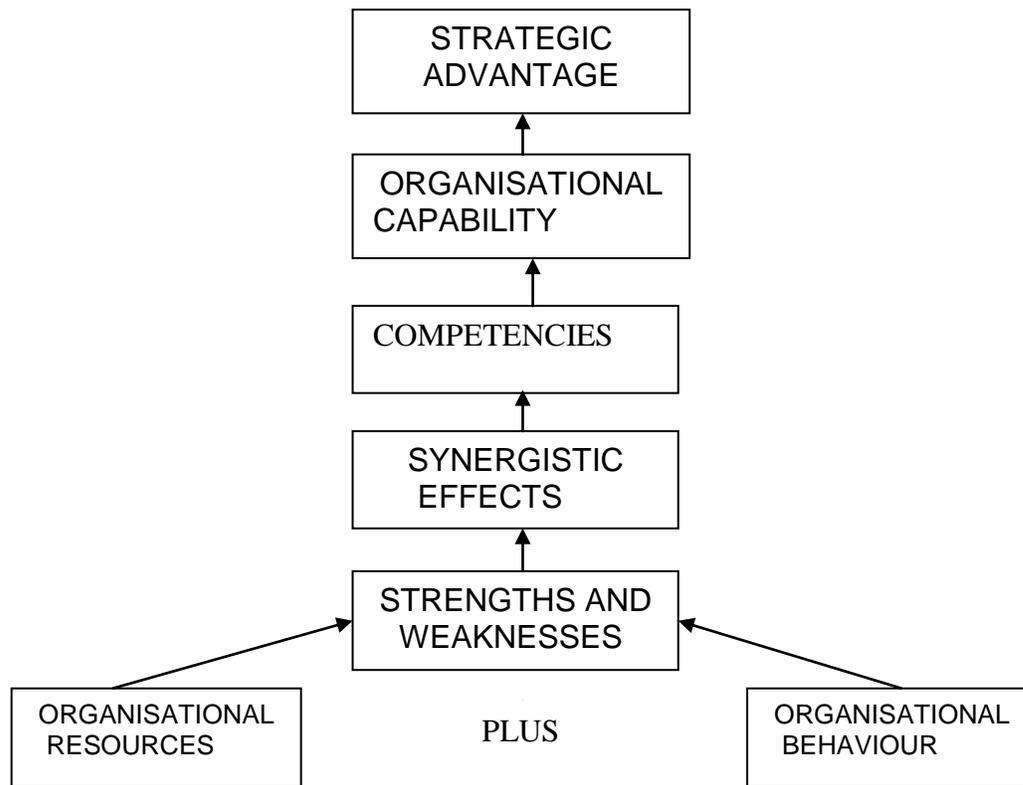


Figure 2.3: Framework for the development of strategic advantage by an organisation
Source: Adopted from Kazmi (2008).

2.1.1.12 Internal Environment

The understanding of the internal environment of the organisation provides a detailed view of the SWOT factors (Kazmi, 2008), as the dynamics of the internal environment is understood in

terms of the interplay among organisational resources and behaviour, strengths and weaknesses, synergistic effects and the competencies of the organisation. The author notes that the resources possessed by an organisation are the physical, human and organisational resources. He goes further to define organisational behaviour as the manifestation of the forces and influences operating in the internal environment of an organisation that create the ability for, or place constraints on the usage of resources. According to the author, the dichotomy of strength and weakness by describing strength as the inherent capability which an organisation can use to gain strategic advantage, while weakness is an inherent constraint which creates a strategic disadvantage for an organisation. By extension, he indicates that strengths and weaknesses combine to generate synergies, producing competencies that are of special qualities that make organisations withstand pressures of competition in the marketplace.

Kazmi (2008) also defines organisational capability as the inherent capacity or potential of an organisation to apply its strengths in a way to overcome its weaknesses in order to exploit opportunities and ward off threats in its external environment. He advises on the need to gain competitive advantage which is a special form of strategic advantage in order to be able to empower organisations in their desire to achieve their strategic intent. The scholar further illustrates that organisational capability with the six functional areas of finance, marketing, operations, personnel, information management and general management and concludes that for each capability factor defined, some important elements that support capability in that are pointed out.

2.1.1.13 Environmental Scanning

The process of environmental scanning is carried out in order to monitor the different sectors of the environment continuously by strategists for factors that may create opportunities or threats.

In other words, environmental scanning is the process by which organisations monitor their relevant environment to identify opportunities and threats affecting their business (Kazmi, 2008).

He also states that the factors to be considered for environmental scanning are events, issues and expectations of different interest groups; while the approaches used for environmental scanning are the systematic, ad-hoc and processed-form approaches.

The various sources of information tapped for collecting data for environmental scanning could be classified into formal and informal sources and written and verbal sources while in terms of origin, data sources could be external and internal. It is also noteworthy that a variety of methods and techniques are available for environmental scanning which are formal and systemic techniques as well as intuitive methods; and it is expected that choices will be made from these techniques depending on what will suit the needs.

2.1.1.14 Environmental Dynamism

Environmental dynamism can be defined as the amount of uncertainty emanating from the external environment (Baum & Wally, 2003). According to Lee (2011), dynamism is manifested by the regularity and amount of change occurring in the environment. Simon, Hitt and Ireland (2007), defines it as changes in industry structure, the stability of market demand, and the probability of environmental shocks are basic elements producing uncertainty; while extreme situations of environmental dynamism give rise to conditions of intense competition, where the

benefits derived from almost all forms of competitive advantage are for a short time (Bierly & Daly, 2007).

In general, according to Li and Simerly (1998), environmental dynamism refers to the rate of change and the level of factors instability within an environment. Tegarden, Sarason, Chiders and Hatfield (2005), on their part, define it with reference to technological change and instability or unpredictability of the environment. Hitt, Keats and Demarie (1998) have argued that in today's competitive landscape, characterised by increasing strategic discontinuities, disequilibrium, hyper-competition, innovation, and continuous learning, firms' success depends on their ability to respond quickly to changing competitive conditions. Given the ever changing environmental conditions of increasingly intense competition, shrinking product cycles, accelerated technological breakthroughs, and progressively greater globalisation, a firm's ability to change direction quickly and to reconfigure strategically is crucial to its success in achieving sustainable competitive advantage (Hitt, *et al.*, 1998).

Contingency theory has shown that firms adopt various strategies as appropriate to different environmental conditions (Ting, *et al.*, 2012). They are of the view that environmental dynamism indicates how frequently elements in the environment are changing, and can be considered as a concept similar to environmental turbulence or high velocity environment. Tan and Tan (2005) have pointed out that most previous studies concentrated on only one aspect of the environment which is "uncertainty" or "rate of change", whereas there are two other critical aspects of a firm's operating environment namely complexity and munificence (availability of resources to firms in the environment to support growth) which have received relatively little attention. Environmental dynamism therefore constitutes a gap to be investigated in this research.

The contingency relationship between a firm's business environment and its performance is well recognised in strategic management and organisational literatures (Thompson, 1967; Duncan, 1972). In addition, Merton (1998) has stated that in an uncertain environment, having the option or flexibility to decide what to do after some of the uncertainty is resolved definitely has value.

Organisational scholars from diverse research disciplines agree that in today's dynamic environment, organisations need to be efficient in their management of contemporary business demands, while also adaptive enough to be able to meet the demands of the environment they are likely to encounter in the future (Ketkar & Sett, 2012). They also state that the contingency theory, contingent resource based view and organisations and natural environment literature have indicated that managerial perceptions of the exogenous business environment affect firm strategy which in turn has influence on firm performance.

The studies by Allred and Swan (2005) suggest that environment moderates innovation strategy-firm performance. Ting *et al.* (2012) have also stated that product innovation is positively associated with performance in the dynamic growth environment. Rasheed and Precott (1992) also found that environmental dynamism has moderating effect on outsourcing and firm performance.

2.1.1.15 The Concept of Environment and Environmental Dynamism

An important landmark in management theory was the emergence of the contingency theory in the 1960s by Burns and Stalker (1961) and Lawrence and Lorsch (1967). The kernel of the contingency theory is that there is no best way to organise. In other words, the best organisational structures and control systems that managers may adopt depend on, or are

contingent on the characteristics of the environment in which organisations operate.

Today's environment is however more complex and turbulent. It is in a state of faster and more significant changes than ever before. Managers must therefore monitor the environment to be able to determine the factors in the environment which present opportunities or threats to a firm's present strategy and attainment of set goals. For managers to monitor and analyse the environment successfully, they should as a condition precedent understand how the relationships among the various factors affect the performance of the organisation.

Iyiegbuniwe (2005) submits that the quality of managers' understanding of the structure of the environment, the forces at the various levels of the environment and their ability to respond appropriately to those forces are critical factors affecting the performance of firms. He also notes that although it is universally agreed that the environment is an important factor influencing the performance of firms, perspectives vary on the exact nature of the relationship between firms and their environments. Generally, however, it is universally believed that today's contemporary businesses are not only affected by more forces in the environment, but the forces have become volatile, changing rapidly and more unpredictable. The past is no more a determinant of the future. No wonder, Drucker (1969) describes the nature and pace of environmental changes as "the age of discontinuity", while Toffler (1981) describes it as the "third wave", social effects of entropy (Rifkin, 1981) and "megatrends" (Naisbitt, 1982). The implication of all these is that the environment could be changing in manners that require new methods of thought and analysis (Iyiegbuniwe, 2005).

2.1.1.16 Objective Environment versus Perceived Environment

A common theme in organisation theory is that organisations must adapt to their environments if they are to maintain or increase their effectiveness. To adapt to the environment accurately is however a difficult task (Iyiegbuniwe, 2005).

The author also asserts that one of the most important yet-to-be-resolved issues in management theories and researches is the dichotomy in the treatment of environments as “objective facts, independent of firms” on one hand, and “perceptually determined and enacted” on the other; with a rider as to whether environment should be measured objectively or perceptually. An attempt at resolving this phenomenal issue is the suggestion of Bourgeois (1980) that both the objective and perceived environments are real and relevant to a firm’s strategy. On his own part, Robbins (1999) suggests that any attempt to measure the environment requires that a distinction be drawn between the objective or actual environment and the subjective or perceived environment.

Further attempts made in literature to differentiate between actual environment and perceived environment include the work of Jurkovich (1974), which states that the actual environment consists of all those entities, objectives and conditions that exist outside the organisation. In addition, Yassai-Ardekani (1986) on his part is of the opinion that environment is an objective reality comprising a set of concrete conditions that theoretically could be measured perfectly to give managers complete information. He however proceeds to argue that managers are more likely to take action on the environment as they see it, which in effect means that the perceived environment, in contrast, reflects the subjective interpretation of the objective environments.

In this study, the focus is on perceived environment. There is enough evidence in literature to

support the view that perceived environment is more relevant than the objective environment (Iyiegbuniwe, 2005). And as Robbins (1999) puts it, managers respond to what they see and all the structural decisions that managers make to better align their organisations with the degree of uncertainty in their specific environment depends on their perception of what makes up their specific environment as well as their perception of uncertainty in the environment. This author also asserts that the effectiveness of an organisation is influenced by the degree of fit between organisations and their environments but organisational adaptations to environmental changes are influenced by the interpretations managers make of the environmental changes (Iyiegbuniwe, 2005; Kuye, & Idowu, 2014). A similar line of thought stated by Thomas, Matsumoto, Cain and Scott (1993) is that specifically, executives' perceptions of environmental changes seem to influence their organisations' actions as they filter and interpret incoming information and make decisions based on those interpretations.

Sawyer (1993) notes that several researchers had objected to the use of objective measures of environmental uncertainty because it is argued that organisations respond to the environment as perceived and interpreted by the executives or decision makers; and any environmental conditions that are not noticed do not affect their decisions or actions. He also notes this explanation as why different organisations perceive the same environmental attributes differently and thus respond with different strategies, and proposes that managers operate in complex, uncertain environment and tend to form simplified models in order to cope with the environments and make strategic decisions.

In the opinion of Tan and Litschert (1994), the environment is a multidimensional construct. Both conceptual and empirical studies have identified such specific environmental dimensions or

characteristics as dynamism, complexity and hostility among others. They posit that while environmental complexity and dynamism are closely linked to information uncertainty perspective, the hostility characteristics are linked to the resource dependence perspective. These perspectives offer better understanding of the impact of each environmental characteristic or dimension on the formulation of strategy. Essentially however, it is these dimensions that determine the top executives' perception of environmental uncertainty based on which of their strategic orientations will lead to better performance (Venkatraman & Rescott, 1990).

The overriding argument is that managers' perceptions of the environmental threats and opportunities have consistent effects on their strategic actions. Sawyer (1993) has cautioned that the adoption of objective and perceptual measures both have inherent disadvantages. He states that the use of objective measures assumes that firms perceive the objective environment as the same, while the use of perceptual measures fails to recognise the reality that other variables besides the environment also influence the managers' perceptions. In order to mitigate these weaknesses, however, it is advised that since managers are likely to act on their perceptions, they need to subject the perceptions to verification through, for example, alternative sources of information such as alternative opinions and objective data.

2.1.1.17 Measures of environmental dynamism

Environmental dynamism has been studied in the extant literature in terms of both objective and perceptual measures. In process-oriented studies, firm environment has often been examined through the perceptual lens of the managers because of certain inherent advantages (Aragon-Correa & Sharma, 2003).

The environmental dynamism is measured by a scale developed by Baum and Wally (2003), which distinguishes two characteristics of the dynamic environment which are the rate of evolution of products, services and firm practices in its competitive environment and the speed of products/services obsolescence in the sector of business activity

2.1.2 Strategy

According to Oghojafor (2000), there is no agreement on the definition of the word strategy among scholars and management practitioners. However, all the definitions revolve around its being a means of achieving an objective goal. Thompson, Gamble and Stuckland (2006) see strategy from a company's point of view as activities consisting of the competitive moves and business approaches that managers use to grow the business, define a market position, attract and satisfy customers, compete successfully, carry out operations and achieve targeted objectives.

Porter (1991) defines strategy as an internally consistent organisation of activities that distinguish a firm from its competitors. Strategy at any point in time, is expected to give one a competitive edge over one's rivals (Oghojafor, 2000). In a war, according to him, strategies are meant to ensure overrunning the enemies in the most efficient and effective ways in order to achieve maximum victory. He goes on to state that in every aspect of human endeavours, strategies are employed, whether consciously or unconsciously, for every success recorded!

Johnson, *et al.* (2008) on their own part, describe strategy as the organisation's direction and scope over the long-term which produces advantage in a changing environment through its transformation of resources and competencies with the aim of fulfilling stakeholders' expectations. While Porter (1996) is of the opinion that a firm will have the ability to overcome

risks if it has the singular ability to establish a difference that it can preserve, Stopford (2001) submits that strategy has to do with the choice one has to make among two or more options. The latter added that in the choice of a strategy, a firm would opt for one course of action at the expense of others. Infact, he further notes that strategy is a weapon that is used by decision-makers to choose from the competing options and priorities facing their organisations. It is against this background that Oghojafor (1998) states that the understanding and formulating of strategy by firms and individuals have given rise to the contemporary global competitive business environment. He therefore goes further to rationalise that the complexities that have resulted from the interplay of strategies by different opposing firms have given rise to the formulating of strategies at various levels of the firms' operations so that they can take an advantage of opportunities.

2.1.2.1 Origin of strategy

Strategy formulation or design, interestingly, arose from the need for people to defeat their enemies (Oghojafor, 2013). Consequently, the oldest account of origin of strategy is from the Chinese during the period 400- 200 BC. Sun Tzu's work, "The Art of War" is believed to be the best work ever on military strategy in spite of many other works that subsequently came after it in latter centuries (Horwarth, 2006). According to the author, it is noteworthy that, fundamentally, strategy is known to be a war terminology that was coined from the classic and Byzantine (330 A.D.) in Greek "strategos", which means "general". In the same vein, also, according to the same author, one of the acclaimed Latin works in the class of military strategy was written by Frontius and has the Greek title "strategemata", "strategem", which literally

means “Tricks of War”.

Similarly, the renowned author enriched knowledge by stating that a Roman historian also introduced the term “stratega” to refer to territories that were under the control of “strategus”, a French military thinker, came up with the term “La strategie”, in 1799, which produced the meaning that strategy has today. It is noteworthy that neither the military community before Count Guibert, nor the business community before Ansoff was able to see the elements of strategy in their domains well enough to give it the name it bears today (Horwarth, 2006). It is also important to emphasise that military theorists such as Von Clausewitz and political philosophers, such as Machiaveli offer interesting insights about stratagems and power, although several other sources of models and frameworks are also relevant. Thus, the six basic origins of strategy are the following:

- Industrial and evolutionary economics;
- Case studies of exemplary companies;
- Business and Industry history;
- Economic and organisational sociology;
- Strategic planning tools; and
- Institutional economics.

Each of these fundamental origins is relevant to the question of why some firms are more successful than others, but none provides a completely satisfactory answer. It is only when they are taken together that they can produce a convincing framework for the knowledge and understanding of competitive advantage (Mitzberg, 1990). The most important and noticeable discipline underlying the field of strategy is industrial economics. Industry forces inhibit what an

organisation is capable of doing as they shift from time to time. However, restricting analysis to the industry falls short because it does not get to the heart of the entrepreneurial activity that makes firms profitable.

According to Porter (2000), case studies of exemplary companies constitute the second class of strategy. These are cases that capture the challenges behind the investments decisions that create successful market positions and protect them from competition. It is universally believed that cases cannot on their own fully explain how a company competes, but they are known to be capable of providing insights, most especially by showing how organisations create innovations that competitors find difficult to imitate. Case studies are said to have given rise to distinctive competence or capability which is crucial in the understanding of competitive advantage.

Business and Industry history is known to be of significant value-addition to strategy. Firm histories are also known to deepen the empirical base from which strategic concepts are formed, because of their scope and detail. The five areas in which the contributions of economic and organisational sociology to strategy have been found are: firstly, analyses of industry trends which have shown the relative importance of firm size and age for survival; secondly, the analyses of the internal structures and processes of firms for their relative efficiency and potential for generating innovations; thirdly, the establishment of networks of organisations which has been analysed as a strategic resource; fourthly, identification of advantages associated with geographical location; and lastly, systematic examination of trends in corporate governance. It is to be noted that the above enumerated contributions are important pieces of the strategy mystery (Oghojafor, 2013).

The evolution of strategy from planning tools for top managers is also a truism. Strategic

planning is capable of improving performance significantly, but it does not determine the choice of managers from array of investments. Infact, planning is neither a necessary nor sufficient condition for high performance, because a firm needs not have a formal strategic plan to be successful as long as a firm has investments that have a higher value than those of competitors (Oghojafor, 2013).

It is imperative to emphasise that the need for strategy became imperative in order to deal with war opponents. Thompson and Strickland (2012) therefore states that competition necessitates strategising. According to Porter (2000), the definition of strategy by the United States military is given as follows: “The art and science of developing and using political, economic, psychological and military forces as necessary during peace and war to afford the maximum support to policies in order to increase the probabilities and favourable consequences of victory and to reduce the chances of defeat”

The above definition implies that man can achieve his greatest success and victory in life after a finished battle; hence the imperative for strategy to precede any battle before success and victory can be achieved.

2.1.2.2 Strategic Competition

Strategic players are organisations which start by looking at the market place as a dynamic system of competitors, customers and human and financial resources (Ducasse, Pralle & Stalk Jr., 2005). Becoming a strategic competitor involves the desire of a firm to perform better than the competitors over time by excelling at anticipating market trend, mobilising its organisation, launching new products and services, and creating value for customers, consumers and

shareholders. The strategies of the top players are always within the four fundamental tactics of releasing massive and overwhelming force on competitors; taking others' ideas, improving them, and making others' ideas their own; causing their competitors' costs to go up; and constituting threats to their competitors abode.

2.1.2.3 Levels of Strategy

Oghojafor (2013) states that strategies can be built at different operational units and levels of organisations depending on the competition that such organisation want to be involved in. There are different types of strategy which include (i) Corporate Level Strategy (ii) Business Level Strategy, and (iii) Functional Level Strategy.

2.1.2.3.1 Corporate Level Strategy

Kazmi (2008) defines corporate level strategies as basically about the choice of direction that an organisation adopts in order to achieve its objectives. Johnson *et al.*, (2008) on their part defined it as the level of strategy that is concerned with the overall purpose and scope of an organisation and how value will be added to the different units of the organisation. Hitt, Ireland and Hoskisson (2006) also have their own definition of corporate strategy as that which specifies actions taken by the organisation to gain a competitive advantage by selecting and managing a group of different businesses, competing in several industries and product markets. Ansoff's product-market matrix is used by strategic planners and marketers to find out the growth directions for their organisations.

		Products	
		Existing	New
Markets	Existing	A Protect/build <ul style="list-style-type: none"> • Consolidation • Market penetration 	B Product development <ul style="list-style-type: none"> • With existing capabilities • With new capabilities • Beyond current expectations
	New	C Market development <ul style="list-style-type: none"> • New segments • New territories • New uses • With new capabilities • Beyond current expectations 	D Diversification <ul style="list-style-type: none"> • With existing capabilities • With new capabilities • Beyond current expectations

Figure 2.4: Ansoff Matrix of Strategic Direction

Source: Ansoff (1988): Corporate Strategy, London Penguin Books

Therefore, any time a firm chooses to diversify into several industries, it certainly employs and applies the corporate level strategy of diversification. This basically facilitates the use of the firm's core competencies in the pursuit of opportunities in the external environment. The implication of this discussion to this study can be found in the natural tendencies of manufacturing firms towards growth, which are however conditioned by the dictates of the business environment and Nigeria is no exception.

		PRODUCT/SERVICE	
		Existing	New
Market	Existing	CORE BUSINESS “Sticking with your knitting” 0. Continue –do nothing 1. Withdraw – close down 2. Consolidate – defend 3. Market Penetration	PRODUCT DEVELOPMENT 1. New product or service 2. Improved product or service 3. Product extension 4. With existing capabilities 5. With new capabilities 6. Beyond current expectations
	New	MARKET DEVELOPMENT 1. Expand to new segments, new user groups, new customers. 2. Expand to new territories 3. New uses for product 4. New capabilities 5. Beyond current expectations	DIVERSIFICATION 1. Related Vertical Horizontal 2. Unrelated (Not advisable)

Figure 2.5 Ansoff Matrix – future options

Source: Adopted from H. Ansoff, *Corporate Strategy*, Penguin, 1988. Chapter 6.

More often than not, it is a type of strategy that addresses geographical coverage, diversity of products/services or business units and owners’ expectations of business. Initial options that can be utilised under corporate strategy include market penetration, product development, market development and diversification (Ansoff, 1988). Therefore, the above model, Figure 2.6, aptly summarises specified alternatives in what is called Product/Market growth matrix.

The Figure 2.5 model generates four alternative phases for strategic development. This implies that a firm can choose to penetrate still further within its existing market with its existing products: (A) It can also move to the right, if it perceives a better opportunity, by developing new products for the existing market (B) The firm can take the strong step of moving its existing

product into a new market entirely (C) in order to exploit the new opportunities it has identified in this new market. Finally, the firm can take a bold and radical step of full diversification (D) which involves creating an entirely new product and channeling such a product into a new market. Thus, diversification is a strategy that takes a firm away from both its existing markets and its existing products (Oghojafor, 2013).

2.1.3.2.2 Business Level Strategy

Hammel (2000) defines business level strategy as the firm's core strategy that must be put forward to describe how the firm will compete. It is also an integrated and coordinated set of core competencies in a specific product market (Hitt *et al.*, 2006), while Kazmi (2008) defines it as the courses of action adopted by a firm for each of its businesses separately, to serve identified customer groups and provide value to the customer through satisfaction of their needs.

The difference between business and corporate level strategy is that while corporate level strategy entails decisions about the organisation as a whole, business level strategy entails decisions relating to specific strategic business units (Oghojafor, 2013). A strategic business unit is a part of the organisation that has different distinct external markets for goods and services, separate from other strategy and business units (SBUs). It is for this reason that business strategy is mostly referred to as competitive strategy, the choice of which is determined by the dynamic factors of industry structure and the positioning of a firm in the industry (Kazmi, 2008).

As a result of business level strategy being primarily concerned with the actions that are necessary for a successful performance in one specific line of business, the kernel then must be a swift response to the dynamics and changes in the business environment. It follows that the

strategy by implication must include actions that will strengthen market position, build competitive advantage and develop competitive capabilities. It is therefore expected of the manager of an SBU to ensure that the business level strategies are well conceived, consistent and not at variance with the over-all corporate strategy and get approval of the corporate-level officers for all the major business level strategic actions. Overall, the business level strategy should conform to corporate level objectives and strategies (Oghojafor, 2013).

2.1.2.3.3 Functional Level Strategies

This is the third type of strategy which is primarily concerned with the actions, approaches and practices to be employed in managing particular functions of business processes or key activities within a business (Thompson *et al.*, 2006). Functional level strategy is also about a relatively restricted plan designed to achieve objectives in a specific functional area, allocation of resources among different operations within that functional area and coordination among different functional areas for optimal contribution to the achievement of the business and corporate-level objectives (Kazmi, 2008). He is also of the opinion that functional strategy always adds specifics to the 'hows' of business level strategic activities that are very critical to the success of the business, and therefore posited that functional strategy is expected to support the company's overall business strategy and competitive approach.

The creation of functional structure is a basic requirement for the implementation of functional level strategy, and what it entails can be seen as follows: Functional structure consists of a chief executive officer and a limited corporate staff with functional line managers in dominant organisational areas of production, marketing, human resources, engineering, accounting,

research and development (Hitt *et al.*, 2006). This structure, according to Hitt *et al.*, (2006), will allow for functional specialisation that will result in distinct responsibility, authority and accountability that are very relevant to the actualisation of both business level and corporate level strategies. In their assertion, functional strategies within an organisation are normally delegated to the heads of the respective functions, with the general manager of the business exercising a final approval and, perhaps, exerting a strong influence over the intended functional strategies of the functional areas. They therefore contended that for an overall business strategy to have a maximum impact, all the functional strategies must be compatible, mutually inclusive and co-aligned. They concluded that this should be to the overall realisation of the organisational strategic goals, rather than each functional unit attempting to fulfill its narrow objective at the expense of others. Functional level strategy is a support that is germane to the implementation of business and corporate level strategies of firms (Oghojafor, 2013).

2.1.2.3.4 Cooperative Strategy

Cooperative strategy is a strategy in which firms work together to achieve a shared objective (Hitt, Ireland & Hoskisson, 2004). In these authors' opinion, cooperating with other firms is a strategy that creates value for a customer, exceeds the cost of constructing customer value in other ways and establishes a favourable position relative to competitors. Examples of various cooperative strategy types are provided on the basis of their primary strategic objectives, with strategic alliances presented as a frequently-used form of cooperative strategy.

The perspective in which these three authors have viewed strategic alliance can be illustrated by firm A and firm B, both of which each have their resources, capabilities and core competencies,

the combination of which will produce mutual interests in designing, manufacturing, or distributing goods or services. They have thus classified strategic alliances into (i) Joint venture which evolves when two or more firms create a legally independent company by sharing some of their resources and capabilities, (ii) Equity Strategic Alliance is a case of partners who own different percentages of equity in a separate company they have formed, and (iii) Non equity Strategic Alliance is a situation where two or more firms develop a contractual relationship to share some of their unique resources and capabilities.

The authors also classify strategic alliances into slow cycle, fast cycle and standard cycle types of market and gave reasons for strategic alliances in each type of market as follow: Reasons for strategic alliances in slow cycle market include to gain access to a restricted market, to establish a franchise in a new market and maintain market stability. However, according to the authors, the reasons for strategic alliances in fast cycle market are to speed up development of new goods or services, speed up new market entry, maintain market leadership, form an industry technology standard, share risky R & D expenses and to overcome uncertainty. Finally, for the standard cycle market, the reasons for strategic alliances as given by the authors are to gain market power, gain access to complementary resources, establish economics of scale, overcome trade barriers, meet competitive challenges from other competitors, pool resources for very large capital projects and learn new business techniques.

It is to be noted that the above enumerated reasons for strategic alliances under the slow cycle, fast cycle and standard cycle types of market are complementary and are capable of producing synergistic effects for the firms that are working together to achieve a shared goal and objective.

2.1.2.3.4.1 Business-Level Cooperative Strategies

This level of cooperative strategies consists of vertical and horizontal complementary strategic alliances, uncertainty reducing strategy and competition reducing strategy. Complementary Alliances entail combining partner firms' assets in complementary way to create new value and includes distribution, supplier or outsourcing alliances where firms rely on upstream or downstream partners to build competitive advantage. Complementary business-level strategic alliances, especially the vertical ones have the greatest probability of creating a sustainable competitive advantage. Horizontal complementary alliances, however, are sometimes difficult to maintain because they are often between rival competitors. It is affirmed that competitive advantages gained from competition and uncertainty reducing strategies tend to be temporary.

2.1.2.3.4.2 Corporate-Level Cooperative Strategies

The corporate-level cooperative strategies are made up of diversifying strategic alliances, synergistic strategic alliances and franchising. These strategies help the firm diversify in terms of products offered to the market and the markets it serves.

Furthermore, they require fewer resource commitments and permit greater flexibility in terms of efforts to diversify partners' operations. Compared to business-level strategies, these strategies are broader in scope, more complex and more costly. They can also lead to competitive advantage and value when successful alliance experiences are internalised and when the firm uses such strategies to develop useful knowledge about how to succeed in the future.

Other types of Cooperative Strategies include (i) International Cooperative Strategies which

consist of cross-border strategic alliance and synergistic strategic alliance; (ii) Network Cooperative Strategy which is a cooperative strategy in which several firms agree to form multiple partnerships to achieve shared objective which is achieved through effective social relationships and interactions among partners.

2.1.2.3.4.3 Risks of Cooperative Strategies

There is tendency of partners to act opportunistically, misrepresent competencies brought to the partnership, fail to make committed resources and capabilities available to other partners, and for one partner to make investments that are specific to the alliance while its partner does not.

Some measures used to manage risks in cooperative strategies include cost minimisation management approach which involves formal contracts with partners, specification of how strategy is to be monitored how partner behaviour is to be controlled, and setting goals that minimise costs and prevent opportunistic behaviour by partners.

2.1.2.4 Competitive Strategy

Competitive strategy is the aspect of the organisational strategy that seeks to achieve success in the competitive market by making specific efforts to satisfy the customer, through offensive and defensive moves to counter the tactics of the competitor's market position (Oghojafor, 2013). On his part, Porter (1998) is of the opinion that competitive strategy is the search for a favourable competitive position in an industry, the basic place where competition occurs.

Competitive strategy tries to establish a profitable and sustainable position against the forces that determine industry competition, while it also entails the deliberate decisions of an organisation to be different and produce a different value that delivers a unique product which is comparably

superior to those of the competitors. The industry structure that usually makes competitive strategy imperative is referred to as “Porter’s five competitive forces that shape strategy” namely forces of competition created by rivalry, Suppliers’ bargaining power, Buyers’ bargaining power, potential threats from firms which make substitute products or services and potential threats from entry of new firms.

2.1.2.4.1 Generic Competitive Strategies

Several competitive strategies exist that a firm can use in its core competencies to pursue its goals and objectives within the industry where it operates although these strategies can be peculiar to different industries (Oghojafor, 2013). There are, however, a few of them, common to all industries in business, which are known as the “Five Generic Strategies” as presented in Figure 2.7:

		COMPETITIVE ADVANTAGE		
		Low cost	Differentiation	
COMPETITIVE SCOPE		Cost Leadership	Differentiation	Broad target
		Focused cost Leadership	Focused differentiation	Narrow Target

Figure 2.6: Porter’s generic business strategies

Source: Adopted from Kazmi: *Strategic Management and Business Policy* (3rd ed.), Tata McGraw-Hill, New Delhi, India, 2008, p.245.

A company can choose to design, produce or deliver goods and services of quality acceptable to customers at the lowest cost in the industry relative to that of the competitors (Oghojafor, 2013).

He opined that the moment a company has cost advantage, it can leverage on the core competence as a competitive advantage. By extension, he maintains that a cost leader in the industry always ventures into activities that will reduce costs while quality is still sustained, to make it difficult for competitors to match the prices at which it is offering its own product or services to the customer.

Focused low cost strategy is pursued when the primary emphasis of a firm is to keep the cost to its lowest level. This is done by low cost with enhancing differentiation of its product so that the less privileged or low-income earners sector can be specially attended to. What the organisation does here is to focus on the provision of goods and services at the least cost, as a measure of competitive advantage over rivals.

The broad differentiation strategy is employed by a firm when the buyers' needs and preferences are too diverse to be fully satisfied, because of the homogenous features of the products or services being offered by the numerous firms in the industry. The moment a firm is conscious of having a unique name that promotes customer loyalty such a firm will be able to brand its product in a unique way that will reflect a different offer from that of its rivals. Since a differentiated product or service satisfies customers' unique needs, firms using this strategy as competitive advantage will have the ability to charge premium prices, because the customers are loyal and ready to pay higher prices for a unique product (Levitt, 1983).

The focused differentiation strategy tries to provide high perceived product/service benefits, justifying a substantial price premium, which is usually to a selected market segment (Niche). A company can choose a focused strategy whenever it wants its core competencies to serve the needs of a particular industry segment or niche, at the exclusion of others. The core competence

becomes a strong competitive advantage whenever such a firm can effectively serve a segment of specialised unique needs such that broad-based competitors decide not to serve that segment.

Finally, a firm employs the best cost provider or integrated cost leadership strategy whenever it has the core competencies of engaging low-cost provider's strategy, as well as differentiation strategy far better than the competitors can do. Thompson *et al.* (2006) explain this to mean that the firm has the resources and capabilities to achieve good-to-excellent quality rating, incorporate appealing features, match product performance, and provide good-to-excellent customer service-all at a lower cost than its competitors. According to them, a firm that has this strategy, as competitive advantage, usually has the ability to quickly adapt to environmental changes, learn new skills and technologies, and effectively leverage on its core competencies while in competition with its rival.

2.1.2.4.2 Competitive Strategy and Firm Performance

A firm's competitive position in the market place may affect the relationship between strategy types and business performances (Gulbraith & Schendel, 1983). They are of the opinion that organisations holding dominant competitive position generally achieve more favourable performance results than those holding less dominant market positions. Varadarajan (1985), in an empirical study on a two-factor classification of competitive strategy, categorises the two subsets of competitive strategy as "success producer variables" and "failure preventer variables". He concludes that this classification will assist an organisation to do an evaluation of its relative competition position with knowledge of the success-producing and failure preventing characteristics of competitive strategy factors in order to effectively allocate organisational

resources to achieve high efficiency. Furthermore, Young, Smith and Grimm (1996) employ the dynamic model of competitive activity to examine the complex linkages between the firm's environment and its actions (strategies) and performance outcomes, and found out that a firm's level of co-operative strategies increases the firm's competitive advantage, which, in turn, has a positive relationship with the firm's return on assets and return on sales.

Furthermore, at the macro-level, evidences exist which show that countries where intensity of competition is rising, show the greatest improvement in Gross Domestic Product (GDP) per capita (Porter, 2001). The study of Sakakibara and Porter (2001) also shows a positive and highly significant association between the extent of market share fluctuations and trade performance. It is believed that contemporary Japanese industries' prosperity is proof of prosperity achieved as a result of proper implementation of competitive strategy.

Rumelt, Schendel and Teece (1994) describe competitive advantage as the sustained superior performance. A leading hypothesis in strategic hypothesis studies states that sustained superior performance arises from sustainable competitive advantages (Barney, 1997, Grant, 1998 & Roberts, 1999). Moreover, Konstantinos and Stephen (2006) on their own part postulate that successful entrepreneurs tend to create competitive advantage in the following four basic ways: (i) identifying a clear position and role in their industry in a sizeable growing market, (ii) establishing a unique value proposition for their customers that clearly addresses a pain point, (iii) developing a unique fitting business model that enables them to deliver the proposed value more profitably than their competitors can; and (iv) applying these three strategies in a way that the firm excels simultaneously in innovation and mastering and/or exploiting complexity.

2.1.2.4.3 Competitive Advantage and Core Competencies

The effective combinations of competitive strategies employed by the organisations, outlined as competitive forces, will give them the winning card in the game of competitive strategy which is called ‘competitive advantage and core competency’ (Gary, 1984).

Competitive strategy, according (Petraf (1993), is primarily concerned with the firm’s efforts to pursue and achieve competitive advantage and core competencies in its industry. Firms usually employ the use of competitive strategy with the sole aim of achieving competitive advantage. Competitive advantage, in the works of this author, is believed to be gained by a firm whenever it offers better products or services at the same price with that of competitors; while core competencies are resources and capabilities that serve as a source of firm’s competitive advantage over competitors. This is why Hitt, *et al.*, (2006) declare that it is the core competencies that will differentiate a company competitively and reflect its personality.

Barney (1995) also suggests valuable, rare, costly-to-imitate and non-substitutable capacities as one tool and Value Chain Analysis as second tool, which were first used by Porter (1985), as responsible for helping a firm to identify and build core competencies. Oghojafor (2013) reinforces this by stating that whenever a firm seeks to achieve competitive advantage, it must have capabilities that are of value to its customers, such that the customers attach preference to it considering such a firm’s product/service relative to those of the competitors. He further states that firstly, competitive advantage will be achievable if an organisation possesses “unique capabilities that are very rare and uncommon” compared to those of competitors. Secondly, he asserts that the more difficult and expensive it is for competitors to imitate capabilities, the better the advantage which such a firm’s position enjoys. Thirdly, he posits that costly-to-imitate

capabilities can arise from the advantage of a firm being in the right place at the right time, with a sound organisational culture and values that are difficult to imitate. Fourthly and finally is the “non-substitutable capability” which entails capability that is durable and that cannot be matched by the competitors. Imitating such a capability is practically difficult and frustrating to the rivals in the industry, which therefore results in a sustainable competitive advantage tool to such an organisation.

The second tool of analysis in the context of value chain analysis to be used in the determination of what constitutes a core competence for competitive advantage is the argument of Porter (1985) that value chain analysis would allow the firm to understand the points of its operation that create value and those that do not. The chain analysis is carried out using the primary activities which comprise products/services, marketing/sales, outbound logistics operations, and inbound logistics operations; and the support activities which include the organisation’s infrastructure, human resource management, procurement and technological development. The ability of a firm to ensure the effective and efficient combination of these activities together to create values that are lower in cost than those of the competitors will earn such an organisation a sustainable competitive advantage.

2.1.2.4.4 Adaptive Advantage

Reeves, Deimler, Morieux and Nicol (2010) argue that increased turbulence in the business environment could render an implicit and critical assumption of classical business strategy impotent suggests that competition is sufficiently stable and predictable in order to readily determine the basis of competitive advantage. Three important dimensions of turbulence can be

distinguished: volatility in market positions, unpredictability of outcomes, and the widening gap between winners and losers. Most industries have experienced instability on, at least, one of these dimensions, although some such as technology-driven industries and commercial banks have been affected on all the three. The hardest hit industries are those that have been disproportionately affected by globalisation, deregulation, digitalisation, connectivity, deconstruction, and the shift from products to services.

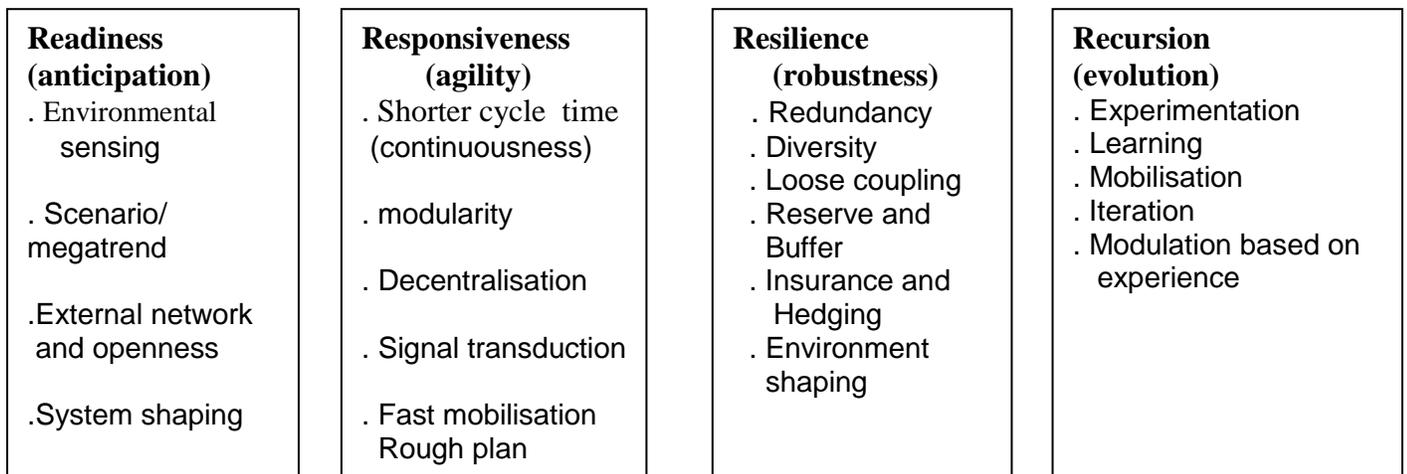


Figure 2.7: The Four RS of Adaptive Strategy

Source: Reeves, Deimler, Morieux and Nicol (2010): Adaptive Advantage Perspectives, Boston Consulting Group strategy Institute.

Oghojafor (2013), on his part, maintains that most companies, especially those in industries characterised by unpredictability and a high rate of change, need a more adaptive and dynamic approach to strategy. He quotes Reeves, David, Deimler, Thiel and Trollinger (2009) as stating that “an organisation is said to have gained adaptive advantage whenever it has the ability to achieve superior outcomes in a turbulent environment by continuously reshaping the enterprise through a process of managed evolution better than the competitors can do”.

2.1.2.4.5 Signal Advantage

There is no doubt that there are escalating levels of digitalisation, connectivity and processing power which are making the rapid interpretation of external signals increasingly possible, even as the avalanche of data has made it much more challenging, most especially in Nigeria (Oghojafor, 2013).

Reeves *et al.* (2009) were of the opinion that smart competitors are already raising the competitive bar in many industries and pursuing signal advantage, with the ability to rapidly capture, interpret and act upon signals gleaned from rich and dynamic. Firms that fail to embrace signal advantage may be left behind by information-active competitors. In contemporary competitive environment, a firm must build signal advantage in order to be a leading firm in any industry (Oghojafor, 2013). The issues to address when signal advantage is being developed include (i) types of data and their sources that could provide signal advantage, (ii) how quickly and deeply we are detecting and interpreting patterns about changing customer needs and conditions (iii) how quickly insights are converted into actions. The pace being maintained relative to competitors, customers and technology, (iv) reshaping of the information landscape to own advantage, and (v) possession of right human and technological capabilities and leadership embrace of signal advantage (Oghojafor, 2013).

2.1.2.4.6 People Advantage

This is an occurrence where an organisation's ability to adjust to incessant changes is contained in the way people make decisions and behave in the workplace (Reeves, *et al.*, 2009).

Developing a people strategy used to be a straightforward matter of imagining how to create the best possible work force to implement an already formulated strategy, but people strategy today involves much tougher choices and trade-offs. Schwarz, Barber and Villis (2006) affirm that besides globalisation, other developments, like sharp shifts in core business processes, diversity, increased competition for senior managers, aging of the workforce, arrival of “people businesses”, which have few assets apart from their employees and new technology that drives human resources processes, are having a significant impact on people strategy as a factor that can enhance competitive advantage. These authors affirmed that turbulence is not sufficient excuse for failure on the part of managers. According to Gunby and Nicol (2008), managers are faced with the two challenges of (i) how, in the face of turbulence, their firm can deliver near term profit growth and ensure strong economic returns and (ii) how they can take advantage of the turbulence to win. However, despite these turbulences, managers are expected to deliver values on the investments of their companies.

2.1.2.5 The Concept of Organisational Strategy

The concept of strategy is crucial to understanding the process of strategic management (Porter, 2000). As discussed in section 2.1.2.1, Nickols (2012) states that the concept of strategy has been adopted from the military and adapted for use in business. The word ‘strategy’ comes from a Greek word “strategos” which translates to a military general, whereas in business sense, there is no specific meaning given to strategy (Kazmi, 2008). Strategy, according to Mintzberg and Quinn (1991) can be taken as plan, ploy, pattern, position or perspective. In simplified form, a strategy is a means to achieve objectives while in complex terms, it may have all the attributes

mentioned above (Kazmi, 2008). Although the diversity of definitions tends to create a problem as to the exact meaning and essence of strategy, Hofer and Schendel (1978) explains that the apparent disagreement over the definitions of strategy hinges primarily on whether it is defined broadly or narrowly, that is whether the definition should include both the means and the ends or only the ends.

A set of definitions to demonstrate the concept of strategy is provided as follows: For example, Liddell Hart (1967) defines military strategy as the art of distributing and applying military means to fulfil the ends of policy which makes the adaptation of the concept of strategy for use in business easy by removing the word “military”. Porter (1986) writes about competitive strategy (not about strategy in general) which he defines as a combination of the ends (goals) for which the firm is striving and the means (policies by which it is seeking to get there. Ansoff and McDonnell (1990) define strategy as a means to an end. Mac Crimmon (1993) proposes that strategy is contingent upon environmental events including actions of other agents, while Stacey (1996) describes strategy as a “game” that managers play both within and outside the organisation. Oghojafor (2007) notes the provision of organisational strategy for the differentiation of activities through formal structure and the integration of activities through the assignment of responsibility and delegation of authority.

The list of definitions of strategy is inexhaustible. Again, as explained by Nichols (2012), it does not matter which definition of strategy is used, because the decisions called for are the same. The decisions to be made is a function of choices between and among products and services, customers and markets, distribution channels, technologies, pricing and operations among others. Oghojafor (2008) also defines strategy as involving the deployment of resources for the

achievement of objectives. He further stated that strategy can be classified into external and internal perspectives. He notes both the positive and negative synergistic effects within the organisation and gives examples of positive synergy as increased efficiency in operations, improved utilisation of resources, and greater exploitation of external opportunities in addition to the heightened influence on exogenous forces constituting the environment of the organisation; and examples of negative synergy to include reduced efficiency of operations, under-utilisation of resources and dis-equilibrium with the external environment.

2.1.2.6 An Overview of Strategic Management

The paradigm shifts that indicate the gradual growth of the strategic management field have been in ad-hoc policy-making, planned policy formulation, concept of strategy and the emergence of strategic management (Kazmi, 2008). He also notes that the main issues that challenge the theory and practice of strategic management have been around the issues of how firms act, why firms are different; what the role of or value added by the headquarters unit is in a diversified firm and what contributes to the success or failure of the firm in international competition. The author therefore defines strategic management as “the dynamic process of formulation, implementation, evaluation and control of strategies to realise the organisation’s strategic intent” (Kazmi, 2008; p.24).

Glueck and Jauch (1984, p.151) define strategic management as “a stream of decisions and actions which leads to the development of an effective strategy or strategies to help achieve corporate objectives” while Sharplin (1985,p. 202) defines it as “the formulation and implementation of plans and the carrying out of activities relating to the matters which are vital,

pervasive or of continuing importance to the total organisation”. In addition, David (1997,p.8) defined it as “the formulation, implementation and evaluation of actions that will enable an organisation to achieve its objectives. Oghojafor (2007: 12), on his part, defines strategic management as “the formulation, implementation and evaluation of actions that will enable an organisation achieve its objectives”. He further states that strategic management process is an effort to organise qualitative and quantitative data in a manner that makes effective decision making possible under conditions of uncertainty and describes strategic management as an objective, systematic approach for making important decisions in an organisation. According to Oghojafor (2007), these definitions, like many others, have common threads which are decisions, actions and objectives linking all of them together.

2.1.2.7 Competitive Strategies

Business strategies are the courses of action adopted by an organisation for each of its businesses separately, to serve identified customer groups and provide value to the customer through satisfaction of their needs (Mintzberg, 1990). This phenomenon has resulted in the firm’s application of its competencies to gain, sustain and enhance its strategic or competitive advantage. It is noteworthy, that as stated by Kazmi (2008), competitive advantage produces above-average returns for the firm, and certainly businesses need a set of strategies to obtain its competitive advantage. It is established that through competitive strategy, the firms are able to define and establish an approach to compete in their industry. He also posits that the dynamic factors that determine the choice of a competitive strategy, according to Porter, are “the industry structure” and “the positioning of a firm in the industry”.

There is convergence of views expressed by various strategic experts to the effect that industry structure, according to Porter, is determined by the competitive forces, while the five forces of Porter are the threat of new entrants, the threat of substitute products and services, the bargaining power of suppliers, the bargaining power of buyers and jockeying for position determine the complex nature and scope of industry competition (Kazmi, 2008; Oghojafor, 2008).

2.1.2.7.1 The Industry Structure

The configuration of the five forces of Porter varies from industry to industry. The most potent competitive force or forces determine how profitable an industry is, and become the most important factor to strategy formulation, although the most important force is not usually obvious (Porter, 2008). Details of the five industry forces as identified by Porter (2008) are as follows:-

2.1.2.7.1.1 Threat of Entry

Fresh entrants to an industry bring new capacity and determination to achieve market share that puts pressure on prices, costs and the Return on Investment (ROI) necessary to compete. The threat of entry thus puts a limit on the profit prospects of an industry. When the threat is high, existing firms must hold down their prices or boost investment to discourage new competitors. The threat of entry in an industry depends on the level of entry barriers that exist and on the reaction entrants can get from incumbents. Entry barriers are advantages that incumbents have compared to new entrants. If entry barriers are low and new comers expect little retaliation from the established competitors, the threat of entry is high and industry profitability is moderated. It is the threat of entry, not whether entry actually occurs, that holds down profitability. An analysis

of barriers to entry and expected retaliation is germane for any firm anticipating entry into a new industry. The task is to find ways to overcome the entry barriers.

2.1.2.7.1.2 The Power of Suppliers

Powerful suppliers acquire more of the value for themselves by charging higher prices, limiting quality or services, or shifting costs to industry participants. Powerful suppliers can squeeze profitability out of an industry that is unable to pass on cost increases in its own prices. Companies depend on a wide range of different supplier groups for inputs. A supplier group is powerful if it is more concentrated than the industry it sells to; does not depend heavily on the industry for its revenues; industry actors face switching costs in changing suppliers; suppliers offer products that are differentiated; there is no substitute for what the supplier group provides; and the supplier group can credibly threaten to integrate forward into the industry.

2.1.2.7.1.3 The Power of Buyers

Powerful customers can acquire more value by forcing down prices, asking for better quality or more service (thus driving up costs), and generally playing industry actors off against one another, at the expense of industry profitability. Customers are powerful if they have negotiating leverage compared to industry actors using their influence to obtain price reductions. A customer group has negotiating edge if there are few buyers, or each one purchases in volumes that are large compared to the size of a single supplier. If the industry's products are standardised or undifferentiated; buyers face few switching costs in changing suppliers-buyers can threaten to integrate backward and produce the industry's product themselves if suppliers are excessively

profitable. A buyer group is price sensitive if the product it purchases from the industry is a significant fraction of its cost structure or procurement budget-the buyer group has low profits, has cash flow problem, or is under pressure to reduce its purchasing costs; the quality of buyers' products or services is insignificantly affected by the industry's product; and the industry's product has feeble effects on the buyer's other costs.

2.1.2.7.1.4 The Threat of substitutes

A substitute performs the same or similar function as an industry's product by a different means. Substitutes are always present, but they are easy to ignore because they may appear to be different from the industry's product. The threat of a substitute is high if it offers an attractive price-performance trade-off to the industry's product and the buyer's cost of switching to the substitute is low. The substitution threat can also go in favour of an industry which is good for its future profitability and growth potential.

2.1.2.7.1.5 Rivalry among existing competitors

Rivalry among existing competitors takes many forms, including price discounting, new product development, advertising campaigns, and service improvements. High rivalry limits the profitability of an industry. The intensity of rivalry is greatest if competitors are numerous or are equal in size and power. Industry growth is low since slow growth gives rise to fights for market share. Exit barriers are high-exit barriers which arise due to such things as highly specialised assets or management commitment to a particular business. Rivals are highly committed to the business and have intention for leadership, especially if they set goals that go beyond economic

performance in the particular industry.

Companies cannot understand each other's signals well because they are strange to one another, and adopt diverse approaches to competing or differing goals. The strength of rivalry reflects not just the intensity of competition but also the basis of competition. Rivalry is especially destructive to profitability if it tilts specifically to price because price competition transfers profits directly from an industry to its customers. Price competition is most liable to occur if products or services of rivals are nearly similar and there are few switching costs for customers; capacity must be expanded in large increases to be efficient and the product is perishable.

2.1.2.7.2 The positioning of A Firm in an Industry

The second central issue in competitive strategy is a firm's relative position within its industry (Porter, 1998). It is the view of Porter that positioning shows whether a firm's profitability is above or below the industry average. Kazmi (2008) submits that Porter considers positioning as the overall approach of the organisation towards competing which is designed to gain a sustainable competitive advantage and is based on the competitive advantage and the competitive scope. He expatiates that competitive advantage can result from lower cost and differentiation, while competitive scope can emerge from broad target and narrow target.

Tanwar (2013) referred to Michael Porter as stating that there are three fundamental ways in which firms might achieve sustainable competitive advantage: cost leadership strategy, differentiation strategy and focus strategy which he says a firm may pursue in the context of the overall strategy. These generic strategies are also called competitive strategies:

2.1.2.7.2.1 Cost Leadership

Cost leadership is possibly the clearest of the three generic strategies (Porter, 1998). In this strategy, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage vary and depend on the structure of the industry, which may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials among other factors. If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry provided it can command prices at or near the industry average. A cost leader must achieve parity or proximity on the bases of differentiation relative to its competitors to be an above-average performer, even though it relies on cost leadership for its competitive advantage. Cost leadership is a strategy particularly dependent on preemption, unless major technological change allows a firm to significantly change its cost position.

2.1.2.7.2.2 Differentiation

In a differentiation strategy, the firm chooses to be unique in its industry along some widely valued dimensions by buyers. The firms select one or more attributes that many buyers in its industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. The means for differentiation are peculiar to each industry. Differentiation can be based on the product itself, the delivery system by which the product is sold, the marketing approach and a broad range of other factors. A firm that can achieve and sustain differentiation will be an above-average performer in its industry if its price premium exceeds the extra costs incurred in being unique. A differentiator aims at cost parity or proximity relative to its competitors, by embarking on cost reduction in all areas that do not

affect differentiation. In contrast to cost leadership, however, there can be more than one successful differentiation strategy in an industry if there are a number of attributes that are widely valued by buyers.

2.1.2.7.2.3 Focus

Focus strategy is quite different from cost leadership strategy and differentiation strategy because it is based on the choice of a narrow competitive scope within an industry. By optimising its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall. The focus strategy has “cost focus” in which a firm seeks a cost advantage in its target segment, and, “differentiation focus” in which a firm seeks differentiation in its target segment. The two focus strategy variants rest on differences between a focuser’s target segments and other segments in the industry.

		COMPETITIVE ADVANTAGE		
		Lower cost	Differentiation	
COMPETITIVE SCOPE	Broad Target	1. Cost Leadership	2. Differentiation	
	Narrow Target	3A. Cost Focus	3B. Differentiation Focus	

Figure 2. 8: Three Generic Strategies

Source: Adopted from M.E. Porter(1998): Competitive Advantage: Creating and Sustaining Superior Performance.

Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments. If a firm can achieve sustainable cost leadership (cost focus) or differentiation (differentiation focus) in its segment and the segment is

structurally attractive, the focuser will be an above-average performer in its industry. There is often room for several sustainable focus strategies in an industry, provided that focusers choose different target segments.

2.1.2.7.3 Risks of the Generic Strategies

Many authors have expressed concerns about the effectiveness of Porter's generic strategies (Veetil, 2008). Among them was, for instance, Bowman (2008) who challenged Porter's theory that firms should operate in attractive industries, by pointing out that, should a firm not operate within an attractive industry, it is not clear whether such a firm should follow Porter's recommendations by opting for another industry. He therefore classified the limitations of Porter's strategies into (a) the confusion of 'where to compete' with 'how to compete', (b) confusion of competitive strategy with corporate strategy and (c) the exclusion of other feasible strategy options. He was of the opinion that adoption of a single generic strategy may lead to dangerous outcomes which include serious shortcomings in the product offerings, ignoring important customer needs, feeble defence against competitors, inflexibility and narrowing down the vision of the firm. He also maintained the position that a mixed strategy which combines cost leadership and differentiation, for example, may be preferable mainly because it reduces the risks associated with strategic specialisation, although he suggested that in some extenuating circumstances a pure generic strategy may be preferable to a mixed strategy.

2.1.3 Organisational Performance

The Phenomenon of co-alignment, severally referred to as consistency, strategic match, contingency, or strategic fit has become an important concept in research especially those

investigating organisational performance (Iyiegbuniwe, 2005). He proposes that the ‘fit’ between strategy and its external environment as well as organisational characteristics such as administrative systems and managerial characteristics have positive implications for performance. There is a theory that organisations that achieve acceptable levels of environment-strategy co-alignment (‘strategic fit’) perform significantly better than those that do not.

According to Pascale and Athos (1981), an organisation that achieves strategic fit is also seen as a well-adapted one. This means that the organisation is able to match its strengths with the opportunities in its environment and to align its various administrative systems to its chosen strategy. Peters and Waterman (1982) used the term ‘excellence’; and according to them, excellent firms are internally well fitted and externally well adapted; and the implication is that an excellent firm has an effective strategy. Organisational effectiveness is also used to connote organisational performance (Lenz, 1980; Cameron & Whetten, 1983). Organisational effectiveness and organisational excellence are synonymous. Organisational effectiveness is the degree to which a company achieves its goals (Price, 1977), which implies reaching the highest level of performance with the lowest possible expenditure of resources. It suggests, therefore, that performance attributes that discriminate “excellence”, also discriminate the quality of a firm’s adaptation and can be seen as good measures of strategic performance.

Some other researchers have also viewed organisational performance or quality of a firm’s adaptation in a number of dimensions such as:

- The extent to which a firm’s strategy is congruent with its industry structure and competitive context (Porter, 1981; Henderson, 1979).
- The degree to which a firm’s structure fits its environment and strategy (Lawrence &

Lorsch, 1967; Rumelt, 1974).

- The extent to which a firm's management systems fit its strategy and organisational structure (Miles & Snow, 1978); and
- The degree to which its management style is tailored to its strategic context (Mintzberg & Waters, 1985).

Review of literature shows that there are empirical evidences that strongly support the proportion of positive performance impact of environment-strategy co-alignment.

Organisational performance (OP) has been taught with many conflicting definitions and is not a new concept among the academics, industrialists and public institutions (Kuye, & Sulaimon, 2011; Adeoye & Elegunde, 2012). The idea of OP is predicated on the premise that it is a combination of productive assets made up of human, physical and capital resources for the major reason of fulfilling a dream, vision or accomplishing a shared purpose (Barney, 2002; Carton & Hofer, 2006). OP is also taken as the measure of how a manager utilises the resources of the organisation efficiently and effectively to achieve the organisation as well as satisfying all the stakeholders (Jones and George, 2009); while Richard, Devinney, George and Johnson (2009) define OP as a term that is made up of three major areas of firm outcomes which are financial performance that is made of profits, return on assets, return on investment and so on, product market performance such as sales, market share and so on, and shareholders return such as total shareholder return and economic value added. However, Ong and Teh (2009)'s definition of OP focuses on non-financial measures which include operating efficiency, employee morale, public image and so on. Adeoye and Elegunde (2012) summarise that OP is an approach used in the assessment of progress made toward goals, identifying and adjusting factors that have limited the

progress of the organisation in a competitive environment.

Continuous performance is the focus of any organisation because it is only through performance, organisations are able to grow and progress (Gavrea, Ilies & Stegorean, 2011). They also emphasise the difficulty in arriving at a universally accepted definition of organisational performance even though it is a concept that is prominent in the academic literature. They went ahead to discuss the evolution of the organisational performance definition as follows:

- In the 1950s: the extent to which organisations, believed to be a social system, fulfilled their objectives (Georgopoulos & Tannenbaum, 1957).
- In the 1960s and 1970s: An organisation's ability to exploit its environment for accessing and using the limited resources (Yuchtman & Seashore, 1967).
- In the 1980s and 1990s: A set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results (Lebans & Euske, 2006).

Boyd, Dess and Rasheed (1993) focus on a firm's innovation strategy as a way of achieving superior performance. They were of the opinion that environment conditions have influence on a firm's innovation strategy and its performance, although the relationship between some innovation strategies and firm performance may be indirect; and therefore concluded that the environment is a moderator of the innovation strategy-firm performance link.

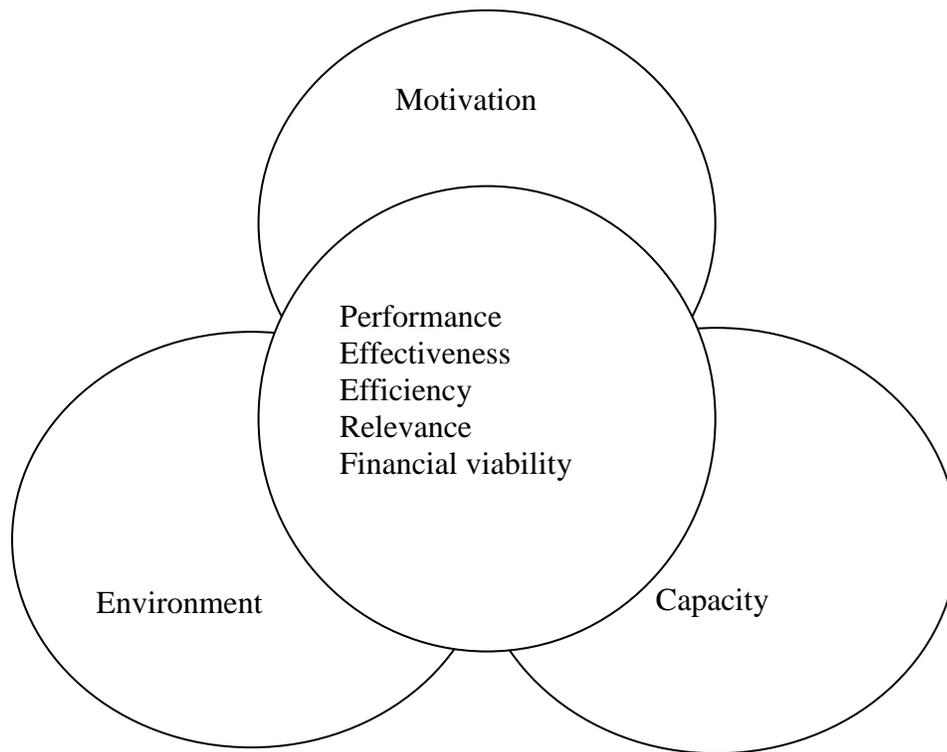


Figure 2.9: Performance Framework

Source: Adopted from “Strategic worth of Human Resources: Driving Organisational Performance” by Mitchell (2002).

Three major factors that affect organisational performance are the organisational motivation to achieve the performance objectives, the influence and impact of the external environment and the organisational capacity to achieve the performance- desired (Mitchel, 2002).

2.1.3.1 Conventional Measures of Organisational Performance

According to Chong (2008), a large proportion of the existing literature is devoted to studies on the extent organisations measure their performance. And as advocated by Harif, Hoe and Ahmad (2013), performance measurement forms a critical component towards improving an enterprise business performance.

2.1.3.2 Performance Measurement

Research on performance measurement has gone through many phases in the last 30 years. Initially the focus was mostly on financial indicators, while with time, the complexity of the performance measurement system increased by using both financial as well as non-financial indicators (Gavrea *et al.*, 2011). They claim that since the late '80s, researchers, consulting firm and practitioners had stressed the need to put an increased emphasis on non-financial indicators in the performance measurement process. They therefore recommended that firms, especially those in manufacturing, use both financial and non-financial indicators in measuring their performance. Gavrea, *et al.*(2011) state that the effect of the performance measurement on the organisational performance was the subject of many studies in the last few years, propelled by the desire to identify whether the way in which performance is measured has a significant and positive effect on organisational performance.

Two types of measures of the firm performance exist in literature as follow: financial measures or objective measures constitute one class and include return on equity, return on sales and return on assets. Ong and Teh (2009) state that the other class is non-financial measures or subjective measures which include operating efficiency, performance stability, public image, employee morale, and so on. Mohd, *et al.* (2013) posit that operationalisation of performance refers to the selection of the appropriate measures when assessing firm performance, while Falshaw, Glaister and Tatoglu (2006) have argued that financial measures of performance can capture only one part of the company's profitability.

Zhang, Majid, and Foo (2011) claim that the most adopted measures by researchers since the late 1980s are about financial performance such as profitability (return on assets), return on sales,

growth in sales. This is against the background of some other researchers who used subjective approach through self-reporting measures. Furthermore, other researchers such as Kumar, Subramanian and Strandholm (2001) ask participants to assess their organisation's performance on "various measure"; while Garg, Walters and Priem (2003) request the CEOs to indicate their subjective estimates of performance compared to contemporary firms in their industry on the basis of a 5-point scale for after tax return on total sales/assets, sales growth and overall performance/success; and Beal (2000) asks research participants to scale six financial performance indicators, including measures of profitability, growth and total amount of profits on the basis of their perceived importance and satisfaction. It is remarkable to state that Zhang, *et al.* (2011) have noted that apart from the financial measures, other measures of organisational performance, such as customer satisfaction, operation efficiency, employee satisfaction are not treated as equally important as a result of which very limited studies have paid attention to them. Measures of performance rooted in financial accounting have however come under criticisms (McGuire & Schneeweis, 1983; Kuye, & Oghojafor, 2011). The criticisms include:

- scope of accounting manipulations,
- under-valuation of assets
- distortions due to depreciation policies, inventory valuation and treatment of certain revenue and expenditure items,
- differences in methods of consolidating accounts; and
- differences due to lack of standardisation in international accounting conventions.

Moreover, Iyiegbuniwe (2005) states that accounting measures of performance record only the history of a firm whereas a firm's strategy requires measure that can also capture its potential for

performance in the future. David (1991) also shows that there are problems associated with using quantitative criteria which include:

- most quantitative criteria are geared toward annual objectives rather than long-term objectives,
- different accounting records can provide different results on many quantitative criteria,
- intuitive judgements are almost always involved in deriving quantitative criteria.

Walter, Boyd, and Larreche (1996) also point out that profitability is probably the single most important measure of performance, but it has limitations:

- Many objectives can best be measured in non-financial terms (e.g. maintaining market share),
- Profit is short-term measure and can be manipulated by taking actions that may prove dysfunctional in the longer term,
- Profits can be affected by factors over which management has no control.

2.1.3.3 Non-Financial Measures of Organisational Performance

Several models of performance have been proposed in the literature. Available literature suggests that models of performance have shifted from the unitary perspective to measures with varying dimensions. In this study a distinction is made between two-factor models of performance – financial and non-financial performance. Kwandwhala (1995) proposes a 7 – dimensional model of non-financial performance which includes operating efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas and social impact on the society.

This model is adopted for measuring the dependent variables for this study. The need for non-financial measures of performance arose from the fact that financial terms are insufficient, largely because they fail to recognise the importance of customer satisfaction (Cooper & Keplan, 1992). As Hawanimi, Subramanian and Verdin (2000) argue that in addition to their conceptual shortcomings, accounting ratios could not provide information either on past economic profitability, or on a firm's future profitability.

Studies carried out in the area of performance evaluation measures which findings supported the choice of non-financial and subjective measures are as follow:

(i) the study by Chow and Van Der Stede (2006), predicated on 128 manufacturing firms, gave 49% weight, on average, to financial measures and 51% to non-financial/subjective measures.

The implication of the findings however is the need to be cautious about popular claims that non-financial measures are "superior" to traditional financial measures across the board. Non-financial/subjective measures include but are not limited to set-up efficiency, machine productivity, employee training, performance stability, employee morale, environmental adaptation, new ideas, operational efficiency, social impact on society, and public image.

(ii) Hofman (n.d) in the study on balancing financial and non-financial performance measures comes up with a result which seemed to correspond with the empirical results provided by Lingle and Schiemann (1996) and Ittner, Larcker and Meyer (1997) that both non-financial measures and accounting-based performance measures, despite their limitations as a measure of total firm value, play a dominant role for managerial compensation while the non-financial performance measure is an indicator of the long-term financial return with no intrinsic value to the director.

(iii) Although, it is stated and noted that financial and non-financial measures are not substitutes,

it is argued in the literature that the increasing use of non-financial measures is relatively high when companies allow employees to participate in the decision making process (Moriarty, 2010). In other words, it is expected that employees and managers will select and use a diversity of non-financial performance measures if they participate in designing their performance system measures (Gosselin, 1997).

(iv) Airline Industry: It is established that passenger load factor is positively associated with CEO compensation in support of the hypothesis that non-financial measures have incremental information content about managers' actions beyond accounting and market-based performance measures (Davila & Venkatchalam, 2004).

(v) Khan, Halabi and Khan (2011) carry out an empirical study to examine the role of environmental uncertainty and corporate culture on the relationship between non-financial performance measures and organisational performance from manufacturing firms in Bangladesh. Specifically, it investigated the hypothesis that non-financial measures of performance lead to improved organisational performance under circumstances of increased environmental uncertainty and corporate culture. The study found a statistically significant relationship regarding the impact of environmental uncertainty on the relationship between non-financial measures and firm performance. The study was first to provide evidence on the environmental uncertainty and corporate culture affecting the use of non-financial performance measures and firms' performance in the context of a developing country in particular in Bangladesh.

2.2 Conceptual Framework

The conceptual model for this study covers the specific empirical properties of the research. The proposed relationships between environmental dynamism, competitive strategy and non-financial performance are indicated in Figure 2.10. The proposed model describes the following:

- The influence of environmental dynamism on competitive strategy.
- The influence of environmental dynamism on non-financial performance.
- The influence of competitive strategy on non-financial performance.
- The influence of environmental dynamism and competitive strategy on non-financial performance.

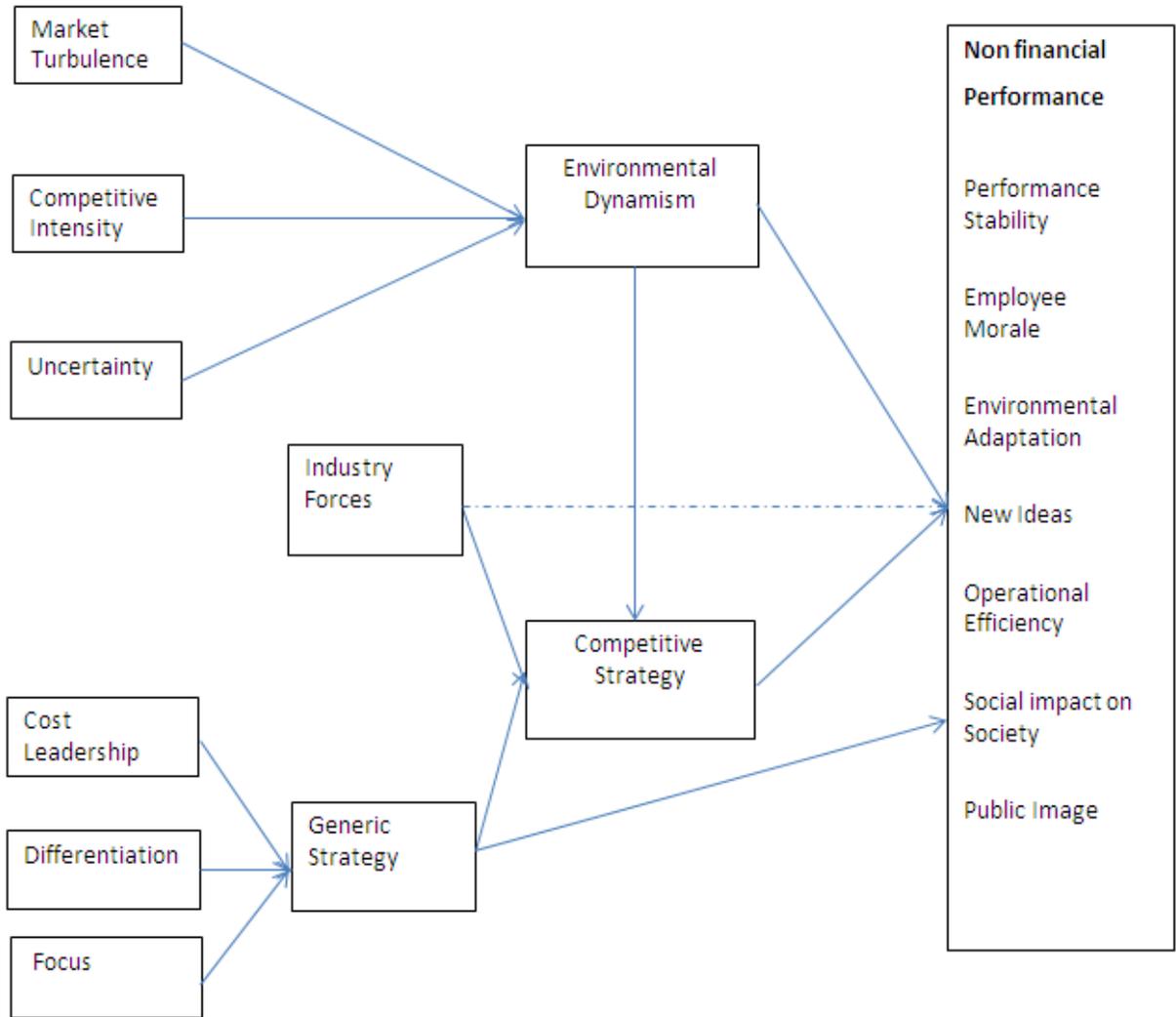


Figure 2.10: A conceptual model showing relationships among Environmental Dynamism, Competitive Strategy and Non-Financial Performance in Nigerian Manufacturing Organisations.

Source: The Researcher, 2016.

2.3 Theoretical Literature

In the attempt to have a complete knowledge of any theory at all, one must not only be interested in the definition and explanation of the theory, but also be interested in the exploration of the antecedents of the theory. It is in this context that the theories of environmental dynamism, competitive strategy and firm performance in the field of strategic management have been discussed in this section of the Literature Review.

2.3.1 Theoretical Literature

2.3.1.1 The Contingency Theory

Szilagy and Wallace (1980) provide explanation of the contingency approach as the inter-relationships among organisational subsystems as well as between the organisational system and its environment. It emphasises the nature of organisations and attempts to interpret and explain how these factors operate under different conditions. Contingency theorists attempted to operationalise and measure the variables assumed to have serious effects on organisational performance. Examples of earlier studies carried out in this regard are influence of environment on organisation structure (Burns & Stalken, 1961) and influence of the environment on organisational integration and differentiation (Lawrence & Lorsch, 1967).

Some of the assumptions implicit in contingency theory are

- Fit - the better the fit among contingency variables the better the performance of the organisation. In this study, the better the “fit” between environmental dynamism and competitive strategy the better the non-financial performance considered in this study.
- The environment is given, managers or organisations cannot change it. In this study

competitive strategy depends on environmental dynamism as depicted in the conceptual model.

- Clear causal inference is usually established between a firm's strategy and performance measures which is the intention of this study.
- Cross-sectional and non-historical empirical data are usually employed. Therefore, this current study employs cross-sectional data using survey questionnaire among participants to generate primary data.
- Linear model of contingency variables. Studies are based on general linear regression model.

Therefore, for this study, the contingency model explains how non-financial performance is contingent upon environmental dynamism and the firm's chosen competitive strategy.

Scott (1981) also describes contingency theory by stating that the best way to organise depends on the nature of the environment to which the organisation must relate. In addition, contingency theory is simply predicated on the premise that best practices depend on the contingencies of the situation (Schoech, 2006). An example of the empirical study conducted involves the use of a sample of retail brokerage offices in which segments of their business environment such as competitiveness, change vis-à-vis organisational arrangements such as decision making formats, power distribution were juxtaposed for possible consequence for performance. The result of the study shows that structural attributes of offices strongly had effect on performance, although the evidence for "contingency" was not significant.

It is noteworthy that some contingency theories or approaches were proposed and tested in relation to organisational environments, characteristics and structures, competitive conditions

and organisational characteristics and behavioural processes.

According to Zeithaml *et al.* (1988), the contingency theory-building steps were said to entail three different variables which are **contingency variables, response variables and performance variables**. They also state that contingency variables refer to situational characteristics usually external to the local organisation or management. In most cases, the chances to control contingency variables are limited and indirect.

The Table 2.1 is a summary of examples of selected relevant theories and their characteristics:

Table 2.1: Selected Contingency Frameworks

Author	Source	Contingency Variable(s)	Response Variables
Porter	Strategic Management	Industry Competitive Forces	Business strategy: - Differentiation - Focus - Cost leadership
Hambrick	Strategic Management	Environmental Dimensions	Business strategy: - differentiation - asset parsimony - cost-efficiency - scale/scope

Source: Adopted from “The contingency approach” by Zeithaml *et al.* (1988).

However, response variables are the organisational or managerial actions taken in response to existing or potential contingency factors, while performance variables are the dependent measures and represent specific aspects of effectiveness that are appropriate to evaluate the match between contingency variables and response factors for the situation under searchlight (Zeitham *et al.*,1988). Contingency theory however has the following issues to be addressed: Firstly, selection and measurement of performance variables in contingency frameworks will affect the fit between contingency and relevant response factors (Zeitham *et al.*, 1988). Therefore in the use of contingency approaches, performance measures should be clearly defined and

widely accepted (Mohr, 1971; Steers, 1975). Secondly, effectiveness is usually related to numerous contingency variables, the most important requirement is to identify the contingencies which explain the greatest variance in performance. Thirdly, the contingency theory has been criticised for encouraging the development of different contingency factors to represent the same (Pennings, 1975, Ford & Slocum, 1976). Fourthly, the number of levels for contingency variables can be an arbitrary decision. Many of the early contingency frameworks used simple dichotomies that were difficult to justify (Burns & Stalker, 1961).

2.3.1.2 The Theory of Competitive Advantage

The theory argues that the industry structure and positioning within the industry are the basis for models of competitive strategy promoted by Michael Porter as follows: (i) The “Five Forces” diagram illustrates the main idea of Porter’s theory of competitive advantage. Porter’s focus on industry structure is a useful means of analysing competitive advantage in itself although it is believed to be slow in a fast changing environment, and (ii) A firm’s relative position within an industry is given by its choice of competitive advantage and its choice of competitive scope. The generic strategy figure defines the choices of generic strategy a firm can follow. However, Treacy and Wiersema (1995) offer a different generic framework for gaining competitive advantage. In the framework, a firm will choose one of product leadership, operational excellence and customer intimacy. Not only do the Nigerian manufacturing firms find themselves in stiff competition with one another, the pace of change in the business environment in which they operate is fast. Therefore, for this study, the theory of competitive advantage is a *sine qua non*.

As noted by Porter (1980), competitive advantage is crucial to a firm's performance in competitive markets and he placed emphasis on the necessity of a firm to create and sustain a competitive advantage in an industry by implementing the broad generic strategies. Other perspectives in which the concept of competitive advantage has been used include the work of Peteraf (1993) which beyond defining competitive advantage as "sustained above normal returns", notes that mobile resources could be a source of competitive advantage because any monopoly rents generated by the asset will not be defrayed by accounting for the asset's opportunity cost. According to Dierickx and Cool (1989), competitive advantage cannot be obtained from freely tradable assets without accounting for the opportunity cost of those assets. Other contributors to the subject of competitive advantage and performance include Barney (2002) whose idea of competitive advantage is illustrated by how a firm's actions in an industry or market create economic value and in a situation where a few competing firms are operating in similar activities. He thus links his own competitive advantage to performance by stating that a firm achieves above-normal performance when it produces greater-than-expected value from the resources it employs. Various strategy consulting firms' measure competitive advantage in terms of shareholder returns (Rumelt, 2003). The drawback of these diverse viewpoints on competitive advantage is in the disagreements created in the areas of conceptualisation of "value", meaning of rents, and appropriate use of the opportunity cost concept and whether competitive advantage means winning the game or having enough distinctive resources to maintain a position in the game. It is in view of the drawback that the adoption of non-financial performance variables in this study is a veritable advantage.

2.3.1.2.1 Competitive Advantage and Sustained Competitive Advantage

Understanding bases of sustained competitive advantage for firms has become a major focus of study in the field of strategic management (Porter, 1985; Rumelt, 1984). A firm is believed to have a competitive advantage when it is implementing a value creating strategy not concurrently being implemented by any current or potential competitors; while a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not concurrently being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991). That a competitive advantage is sustained does not mean that it will last forever, although an understanding of how firms can make a competitive advantage last a longer period of calendar time is an important research issue (Barney, 1991).

2.3.1.2.2 The Competitive Environment and Competitive Strategy

For any organisation, be it manufacturing and service businesses, certain environmental influences constitute powerful forces which affect decision making process significantly, the most powerful of which are customers and competition (Thompson, 1997). According to him, the extent to which the environment is turbulent depends on changeability of the market environment, speed of change, intensity of competition, fertility of technology, discrimination by customers and pressures from governments and influence groups. The more turbulent the environment is, the more aggressive the firm should be in terms of competitive strategies if it is to perform. In terms of expectations, Papulora and Papulora (2006) note that firms are conscious of pressure on cost reduction and improved quality in order to be more competitive on foreign

and domestic markets. The macro-economic transition and industrial restructuring has resulted in a changing context for competitive strategy. These changes are noted to consist of changing customers, changes and more competitors, necessary ground of competing and changes of the cultural and institutional context. The pace of change in the Nigerian business environment has become so fast at this time that this study has provided a veritable platform for the manufacturing firms in Nigeria to formulate strategies from time to time.

2.3.1.2.3 Influence of Competitive Advantage on Firm Performance

Miller, Boehlje and Dobbin, (2001) note that the achievement of competitive advantage by the firm will lead to cost reduction which will in turn lead to improved financial indicators like Return on Assets (ROA), capital growth, profit growth and sales growth. Furthermore, Porter (1995) submits that superior quality will increase the market share which will also increase the financial indicators. Therefore, while both cost and quality advantage shall increase the number of buyers, gaining competitive advantage, as a whole, shall improve the firm's performance (Monsur & Yoshi, 2011). However, the need for non-financial measures of performance arose from the fact that financial terms are insufficient, largely because they fail to recognise for instance, the importance of customer satisfaction (Cooper & Kaplan, 1992).

2.3.1.2.4 Competitive Forces Approach

In the advancement of a firm's competitive position, the five competitive forces by Porter (1979), is considered to be a more contemporary analysis model which brought a greater depth of understanding of a firm's relative position within a given industry, providing analysts with a

clear framework for assessing the effects of the external environment on a firm's capability to sustain a competitive advantage. It is noted that in any industry, whether it is domestic or international or produces a product or a service, the rules of competition are contained in five competitive forces which are the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors (Porter, 1998). In addition to the competition among the existing competitors, Porter's five forces model and other four forces symbolise the intensity of competition within an industry (Porter, 1979).

According to Slater and Olson (2002), the understanding is that the attractiveness of market and its overall profitability can mainly be defined by the market structure. The market structure on the other hand influences the strategic behaviour of organisations and thus the organisational success is indirectly dependent on the market structure. The recognition of these forces can help a company place itself in a position in its industry that is less vulnerable to attack (Porter, 1979).

It is the above analysis that made Johnson, Scholes and Whittington (2008) to conclude that the five forces model is an influential tool for the location of where power resides in a certain business situation by using the "outside-in" perspective. The framework identifies five forces in the macro-environment that drive competition and threaten a company's ability to make profit (Dalken, 2014). It is however noteworthy and important to indicate that the five forces have various degrees of effect in certain industries, while also noting that individual forces and their collective effect will change as the government policies and macroeconomic and macro-environment circumstances change (Mohaptra, 2012). The implication of this statement for this study can be found in the appropriate adoption of industry forces as independent variables and

manufacturing firms as the units of analysis.

Srivastava, Franklin and Martinette (2013) state that in order to achieve competitive advantage, firms need to constantly pay attention to the identification of differential product strategies, building core competencies, acquiring unique technologies, and accumulation of intellectual property, all of which can be harnessed to make the firm successful in a competitive environment. One of the early strategy models propounded is SWOT Analysis technique, which helps to uncover the basic elements of competitive advantage (Srivastava, *et al.*, 2013). While the SWOT technique tries to differentiate between the effect of internal and external factors on a firm's capability to compete; it is viewed by the researchers that in order to identify potential product and market strategies, the SWOT technique forces firms to look at the following aspects of their firm and their industry: Strengths: Attributes of an organisation that help to achieve a competitive position; Weaknesses: Attributes of an organisation that are harmful to a firm's competitive position; Opportunities: External environmental circumstances that help to achieve a competitive position; and Threats which are External Environmental circumstances which could cause damage to a firm's competitive position (Srivastava, *et al.* 2013).

The five forces framework as shown in figure 2.1, according to Johnson, *et al.* (2008), is a positive starting point for strategic analysis even where profitability is not under consideration. In order to create a strategy, it is very important to know enough about the industry in which a firm operates.

Five Forces Framework

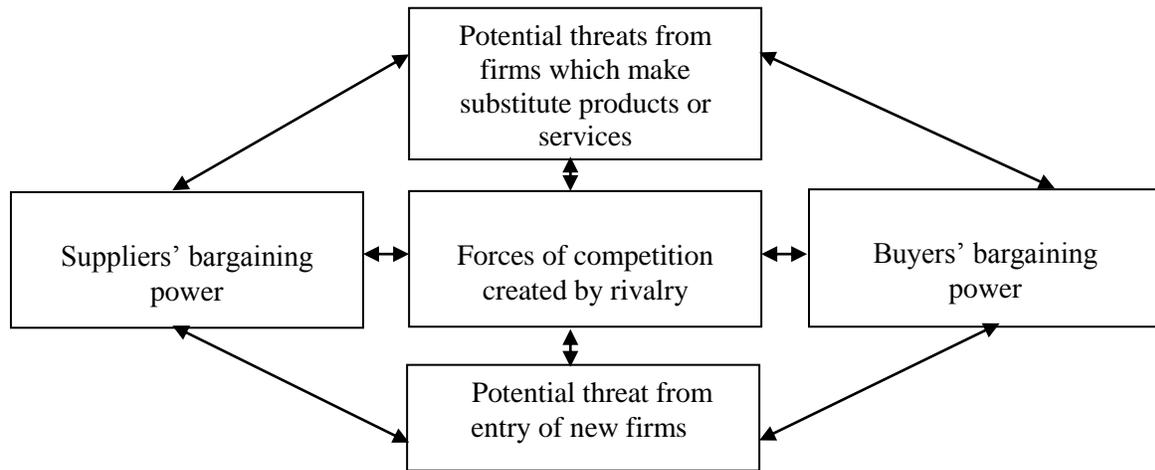


Figure 2.11: Porter's five forces model of competition in an industry

Source: Adopted from Porter (1995).

Given the reality of the existence of several operating factors influencing a company within an industry, it is imperative to concentrate on only those factors that are relevant to all participating companies within an industry (Dalken, 2014). According to this author, the interaction of the five forces is a constant threat to the success of a company.

Tanwar (2013) argues that a firm's ability to do better than others within an industry depends on the extent to which the firm is able to adapt its strategies in order to cope with the five competitive forces. This requires the firm to pursue the strategic options of cost leadership differentiation and focus strategies in order to achieve sustainable competitive advantage. In positioning itself, the firm must choose whether it aims at becoming a low cost producer in the industry (cost leadership strategy), or seeking to be unique in its industry along same lines of its product or service that are widely valued by customers (differentiation strategy). In addition, the firm must choose whether it targets a narrow competitive scope, selects a segment or a group of

segments in the industry and directs its strategy to serving them to the exclusion of others (Focus strategy). It is noteworthy that most of the study objectives will be achieved given the dependent and independent variables being considered in this study.

According to Porter (1980), firms with comparatively large markets tend to be more cost efficient than firms with relatively small market shares. While the former tend to employ cost leadership strategies combined with broad targets, the latter tend to employ differentiation strategies combined with narrow targets. The application of competitive forces approach has attracted a number of benefits which include the following: After subjecting a firm to the competitive forces approach, Johnson *et al.* (2008) state that a firm is able to determine the profitability and attractiveness of the industry. In the same vein, Dalen (2014) notes that it is possible for a strategist to come up with the strengths and the weaknesses of a firm and is able to develop a plan for a stronger position within its industry. Porter (1979) also notes that the model provides the opportunity to appraise complex interactions of competitors in an industry in a systematic manner. Another benefit of the five forces framework, according to Grundy (2006) is that the managers set a superior focus on the external environment relative to the conventional 'SWOT' analysis.

2.3.1.3 Limitations and criticisms of the competitive forces approach

Considering the need for proof of the validity of the choice of any model, O'shaughnessy (1984) argues that Porter (1989) has no justification for the choice of the five competitive forces. Given the need to determine markets with higher competition dynamics in view of the fast pace of change, Thurlby (1998) argues that it is much more difficult to determine because Porter's five

forces model is static and does not take account of time because the model only generates “snapshots”.

The approach has also been criticised by Aktouf (2004) as a framework that does not guarantee a competitive advantage that is sacrosanct because the five forces framework is a static model which according to Karagiannopoulos, Georgopoulos and Nikolopoulos (2005) does not recognise consistent changes of the competitive environment. Another criticism of the five forces model is in its ability or inability to pay attention to the factors of digitalisation, globalisation and deregulation which led to change of the industry structures in the last decades (Flower, 2004; Downes, 1997). Grundy (2006) also notes that the model failed to refer to the relevance of the “PEST” factors and the ‘dynamics of growth’ to a certain market and industry; while according to Rivard, Raymond and Verreault (2006), the failure of the model to assess the resources and capabilities of a firm which are necessary for the profitability determination is a weakness.

2.3.1.3 Resource Based View Theory

The seminal work carried out by Penrose (1959) is one of the landmark studies that promoted interest on how firm resources influence its performance. Later on, scholars such as Wernerfelt’s (1984), Rumelt (1984), and Dierickx and Cool (1989) extended resource based view theory. However, Barney’s (1991) description of the features necessary for a sustainable competitive advantage appeared to be the paper that popularised the theory within the strategy and other literatures. According to him, resources that are rare, valuable, inimitable, and non-substitutable can offer sources of sustainable competitive advantages. In general, the resource-based view (RBV) stresses the company’s resources as the ultimate bases of competitive advantage and

performance. According to Peteraf and Bergen (2003), a dominant proposition of the resource-based view is that businesses compete on the basis of their resources and capabilities.

The RBV theory is founded on two assumptions in analysing sources of competitive advantage (Barney, 1991; Peteraf & Barney, 2003). Firstly, it assumes that businesses within an industry (or within a strategic business group) may be diverse with respect to the bundle of resources that they control. Secondly, resource heterogeneity may persist over time because the resources used to implement businesses' strategies are not perfectly movable across firms (e.g., some of the resources cannot be traded in factor markets and are challenging to accumulate and imitate). Thus resource heterogeneity (or exclusivity) is well-thought-out as an indispensable condition for a resource to contribute to a competitive advantage. As expressed by Chicago School convention, the RBV is an efficiency-based description of performance variances (Barney, 1991) and performance variations are regarded as resulting from rent differentials, attributable to resources having inherently dissimilar levels of efficiency (Peteraf & Barney, 2003). Ironically, the presumed heterogeneity and immobility are not, nonetheless, satisfactory conditions for sustained competitive advantage (Barney, 1991).

The RBV theory has advanced very thought-provoking influences, among others, with regard to strategy imitation with the notions of detaching mechanisms (Rumelt, 1984), time density diseconomies, asset mass efficacies, and contributory uncertainty (Dierickx & Cool, 1989). Lately, a number of resource-based studies have focused on intangible assets, which comprise information (Sampler, 1998), knowledge (Spender, 1996), and dynamic capabilities (Teece, Pisano & Shuen, , 1997). Although an argument about the potency of RBV theory as a critical factor for business performance is still ongoing (Priem & Butler, 2001; Barney, 2001); to date its

opponents have recognised the “breadth of its diffusion” in abundant strategic research programs (Priem & Butler, 2001). To date, the resource-based view (RBV) has since become one of the prevailing contemporary tactics to the analysis of sustained competitive advantage (Barney, 1991). However, scholars have pointed to a number of unresolved complications in the resource-based approach. These condemnations narrate to the unit of analysis, the indirectness or tautological nature of the resource-based theory, the exogenous nature of value, the negligence of the environment, the circumstance of heterogeneity, and the behavioral supposition underlying the condition of non-imitability (Foss, 1998; Porter, 1991; Gimeno, 1999; Priem & Butler, 2001).

2.4 Theoretical Framework

The issue of organisational performance is known to be critical in strategy research for years and embraces most other questions that have been asked in the area, such as, why organisations differ, how they behave, how they select strategies and how they are managed (Porter, 1991). Performance is also known to depend on the attractiveness of the industry in which the organisation operates and the organisation’s competitive advantage. An examination of the theories that shape competitive strategy and performance would throw up such theories as the resource-based view (RBV) which emphasise the firm’s resources as the fundamental determinants of competitive advantage and performance. Some of the criticisms of the RBV however relate to the neglect of the environment apart from those criticisms that relate to the unit of analysis, tautological nature of the resource-based theory among others (Foss, 1998).

Porter’s (1980) five forces model on its own part builds on the structure-conduct-performance (SCP) platform, the essence of which is that the organisation’s performance depends solely on

the structure of the industry. Prahalad and Hamel (1994) state that Porter's strategy is about positioning a business in a given industry structure but argued that in an increasingly dynamic environment, a static snapshot of the industry may no longer be the right tool for formulating strategy.

Bridoux (n.d.) describes his choice of a combination of the RBV and Porter's model in the analysis of competition as working within some limits of Porter's framework and concluded that his analysis may be less relevant to fast changing environments (environmental dynamism is a major independent variable in this study). It is the desire to fill the stated gap of Bridoux's choice that the adoption of contingency theory has become imperative in this study. Zeithaml, Varadarajan and Zeithmal (1988) have submitted that some contingency theory-building steps embrace contingency variables, response variables and performance variables which refer, respectively, to situational characteristics usually external to the local organisation (Environment), organisational actions taken in response to potential contingency factors (strategies) and dependent measures and specific aspects of effectiveness (performance). The researcher has therefore chosen to look at the underpinning theories of this study through a lens combining the Porter's model and the contingency theory.

Following the above discussion of environment/environmental dynamism, competitive strategy and organisational performance, the two dominant theories and approaches which explain environmental dynamism, competitive strategy and firm performance, one of the important topics in the field of strategic management, are discussed below. These theories or approaches are the contingency approach and the theory of competitive advantage/competitive forces approach, both well discussed.

2.5 Empirical Literature

A good number of scholars have investigated the relationships among business environment, competitive strategy and firm's performance. The findings of the studies so far carried out vary from positively significant relationship to weak and insignificant relationship between strategic types and organisational performance, and reveal that the environment has a significant role in the relationship between strategy and performance. Therefore, there is no consensus in the literature with regard to the relationships that exist among the variables of interest in this study.

2.5.1 International

Studies by Mohd, Idris and Momani (2013) examine the impact of environmental dynamism on marketing strategy comprehensiveness and organisational performance by studying 60 cellular communications companies in Jordan under the comprehensive survey method. The data collected from the respondents was analysed in two stages. The first one was descriptive analysis through mean, standard deviation and one sample t-test of underlying study variables environmental dynamism, comprehensive marketing strategy, organisational performance. Second was analytical through simple and multiple regression analysis to understand the effects between study variables. The empirical study shows that environmental dynamism has significant impact on organisational performance. Furthermore, the two dimensions of environmental dynamism (intensity of changes and frequency of changes) had significant impact on marketing strategy comprehensiveness and were key components in enhancing the marketing strategy comprehensiveness. Thus, strategy comprehensiveness enhances performance.

Ting and Wang (2012) develop a model of environmental factor as a moderating role between the innovation strategy-performance links. The data used were generated from a survey of 426 Taiwan manufacturers. They adopt Keat and Hill (1988) and McArthur and Nystrom (1991) to measure environmental variables which included instability in growth rates over 9(2002s – 2010) years, value of instability (VSI), the number of employees instability. They also use “research and development” patent data, firm-based survey and innovation count to measure innovation strategy. Finally, they employed financial criteria such as return on investment (ROI) and return on assets (ROA) to measure financial performance while firm size and firm age were used as performance control variables. Descriptive statistics analysis was carried out to determine the frequency analysis and mean scores of each variable. The finding of the research is that environmental concerns seem to have a substantial impact on innovation strategy and performance.

KetKar and Sett (2012) attempt to uncover how firm responses to environmental dynamism vary across the several dimensions of Human Resources (HR) flexibility; explored how the HR flexibility components weaken the effects of environmental uncertainties on firm-level, human-, operational-, and financial-outcomes; and finally developed and tested a model that links the dimensions of environmental uncertainty, HR flexibility, and firm performance. A questionnaire based survey was conducted. A multi-item 7-point Likert-type scale was developed following the standard scale development protocol. A 53-item HR flexibility scale was used to measure the various dimensions of HR flexibility prevalent in a firm; while quasi-perceptual measures were used to capture firm performance at three levels of employee performance, operating performance, and financial and market performance. Control variables used were firm size, firm

age, degree of unionisation and industry type. Hierarchical multiple regression and covariance/correlation matrix were used in the analyses. The study suggests that superior firm performance results when managers build flexible HR systems that not only help in generating required variety in skills and behaviour amongst the firm employees but also enables the firm to redeploy such resources in tune with the demands of the changing environment. Results of the study also indicate existence of a significant direct effect of HR practices on firm-level employee performance over and above their indirect effect. The study findings also provide empirical support to the arguments that the HR system of a firm is expected to directly impact the most proximal firm-level HR outcomes, compared to more distal operational and financial outcomes.

Moahmmad, Monsur and Yoshi (2013) try to find the impact of vertical integration on competitive advantage and the impact of competitive advantages on firm performance of Bangladesh apparel sector. A questionnaire survey was carried out to collect necessary data for testing the hypothesised model. The structured questionnaire was based on Likert scale and consisted of general information about the firm; questions about which value-adding steps the firms were involved in for judging the degree of vertical integration; the questions about competitive advantages like cost, quality, feature, flexibility, volume flexibility dependability and quick response; and questions regarding firm performance like capital growth, profit growth, return on assets (ROA) and increase in the number of buyers. The survey was conducted on a sample of 180 firms – 100 firms from two EPZ areas while the remaining 80 firms were surveyed in non-EPZ area. The data collected which were perceived rather than objective, were of the observed variables extracted as component by Exploratory Factor Analysis (EFA) to identify the factors which were tested against Confirmatory Factor Analysis (CFA). The study

confirmed that competitive advantage was significantly influenced by vertical integration. The study also showed that firm performance was also significantly influenced by vertical integration.

The study by Gavrea, Ilies and Stegorean (2011) focused on the identification of the variables that have a significant relationship with the organisational performance based on a sample of 92 Romanian manufacturing firms. The key elements of the model are structural issues relating to company size (number of employees), age (years) and purpose. The variables used to analyse the sampled firms are divided into two categories: one that has the purpose of identifying the practices of the sampled firms through 10 variables of strategy, leadership, structure, quality, innovation and development, information technology, performance measurement, employees, corporate governance and external environment and the other that has the purpose of identifying the organisational performance quantified through the results registered by the sampled firms. In order to standardise the data collected from questionnaires, they calculated for each company the index that reflects the practices of firms and the other one that reflects their performance. A simple linear regression showed that practices matter, more specifically firms with high practices index had also high performance index and vice versa. From the 10 variables used in the model, only structure variable did not have a significant relationship with performance.

The study reported by Veetil (2008) examined the impact of strategy formulation, strategy content and strategy implementation on organisational performance, all within a single study. The development of the survey instrument by him involved a number of processes including adaptation of the constructs from previous studies, review by a panel of experts and a pilot study. Using the validated questionnaire, he conducted a postal survey among the chief executives of

manufacturing organisations in the UK belonging to the electrical and mechanical engineering sectors. A sample consisting of 700 companies was selected out of which a sample of 569 companies was formed. Based on the nature of the dependent and independent variables involved in the hypotheses, he chose correlation analysis, regression analysis, moderated regression analysis, analysis of variance and logistic regression analysis. The study shows that strategic planning has a strong positive relationship with objective fulfillment and its relationship with relative competitive performance is not very strong. It was found that strategic planning helps organisations to improve their relative competitive advantage in highly dynamic as well as highly hostile environments.

2.5.2 Local

The study by Kuye and Sulaimon (2011) examined the relationship between employee involvement in decision making and firms' performance in the manufacturing sector in Nigeria. Data were generated by means of questionnaires to 670 manufacturing firms on employee involvement in decision making and performance variables. Responses from the survey were statistically analysed using descriptive statistics, product moment correlation, regression analysis and Z-test (approximated with the independent samples t-test). The results of the study indicated a statistically significant relationship between employee involvement in decision making and firms' performance as well as reveal a significant different between the performance of firms whose employee involvement in decision making is deep and the performance of firms whose employee involvement in decision making is shallow. The findings also revealed the involvement of participating firms in employee involvement in decision making. The implication

of the study includes the need for manufacturing firms to demonstrate high level of commitment to employee involvement in decision making for performance enhancement.

The paper by Oghojafor, Kuye, Ogunkoya and Shobayo (2014) examined the effect of competitive strategies and technological capabilities on organisational performance with emphasis on the Nigerian manufacturing industry. A cross sectional survey design with a well-structured questionnaire was adopted in collecting data from the respondents and thereafter, the data was analysed using a descriptive and a simple regression analyses on statistical package for social science (SPSS). The result suggested that there exists no significant effect of the differentiation type of competitive strategy on organisational performance, while the cost leadership has a highly significant effect on organisational performance. It further revealed that technological capabilities go a long way in influencing the performance of organisations.

The study by Uchegbulam, Princess, Akinyele, Samuel, Ibidunni and Ayodotun (2015) set out to investigate the impact of competitive strategy on performance of Small and Medium Enterprises in Nigeria. Gaining insight from existing literature and theoretical models, four hypotheses were developed and tested using regression analysis. Copies of well-structured questionnaire were administered to 150 randomly selected SMEs in Ikeja and Surulere local government areas of Lagos State. The findings revealed that there is a relationship between product features and customer base; product customisation and sales growth, value added products and revenue growth. It also indicated that better product quality has an influence on returns on investment. The research recommended that in order to be more competitive, organisational managers must be strategically aware of customer needs and offer unique products and services that satisfy such needs.

Goyit and Bako (2016) predicated their study on the premise that as the world becomes increasingly competitive and growth-oriented, entrepreneurship has become an efficient strategy with which to enhance small and medium scale enterprises' (SME) sustainability. The study was set to determine the factors that trigger the sustainability of small and medium scale enterprises in Jos metropolis. This was anchored on the premise that SMEs are known to have contributed immensely to the economies of both developed and developing nations. The study followed a descriptive survey where quantitative approach was employed- 250 questionnaires were administered to the operators of SMEs in Jos metropolis. The correlation tool of analysis was employed to test the hypotheses and the results showed that innovation and knowledge influence SMEs' sustainability. Also social networks moderate the relationship between innovation and sustainability of SMEs. Based on the results, they recommended that efforts must be put in place to sustain the operations of these businesses and at the same time necessary mechanisms be stepped up to stem the tide of these unpleasant forces by adequately scanning the business environment.

Yusuf and Dansu (2013) noted in their study that Small and Medium Scale Enterprises (SMEs) are critical to the Economic Growth and Development of Nigeria. However, they also noted that this can only be possible in a risk free operating environment. Their study examined the relationship between business risks and the sustainability of SMEs in Nigeria. SMEs face a number of risks that require objective and conscious risk management efforts. Primary data were generated from fifty (50) SMEs in Lagos State. Data analysis and hypotheses testing were done with the use of Chi-square and descriptive statistics. The result revealed that standard risk management strategy by SMEs will result to their sustainability. It was recommended that

entrepreneurs should consider risk management as an integral part of business management.

Also, regulators should insist on minimum corporate governance standards for SMEs.

The results of the studies discussed above indicate that some strategic types have performed better than others and hence strategy typologies can be effectively used to explain performance variations in organisations. The results also indicate that the environment has a significant role in the relationship between business-level strategy and performance. According to the findings of the studies, there is strong evidence to support the views that firms adopting strategic orientation perform better than those firms which do not, and that environment influences the relationship between business-level strategy and performance. The researcher is able to establish in the course of examining the previous empirical studies that not many previous studies looked into environmental dynamism, competitive strategy and organisation performance simultaneously in a single study. Furthermore, because of the integrated approach taken, this study makes a significant contribution to the literature. The study also addresses some of the methodological defects of the previous studies by clearly defining the Nigerian manufacturing industry sectors, using a good sample size and by using properly validated constructs. The reviewed studies were carried out in India, UK, Jordan, Taiwan, Bangladesh, Romania and also in Nigeria. This study gains significance mainly due to its focus on Nigeria because there is still paucity of contribution to the literature with regard to Nigerian situation in the specific context of the topic of this thesis. This study has therefore attempted to fill those gaps in the literature.

2.5.3 Gap in Literature

A review of literature revealed that academics have investigated relationship concerning environmental dynamism, competitive strategy and non-performance across industry. However, empirical work concerning the aforementioned variables is not only limited; but reported contradictory results from low to moderate and high correlation. In addition a large majority of these studies have focused on financial performance (Abor, 2007; Ebaid, 2009; Fatoki, 2011; Akinruwa, Awolusi, & Ibojo, 2013). Thus, the present study was stimulated by the suggestions of Brouthers and Hennart (2007) who noted that the operationalisation of firm performance appears to be directed by the financial method which may not completely indicate firms' actual performance or well-suited with the intended level of analysis particularly in small business entity. These scholars further assert that financial measure of business performance, may be manipulated and is devoid of critical measures of performance such as corporate reputation, employee satisfaction, perceived product or service quality, employee turnover, and customer satisfaction among others.

In other words, the growing dominant and application of financial measures of business performance has negated the recognition and acknowledgement of employee as the most significant dependent variable in industrial and organisational psychology (Luthans, 1998; Borman, 2004). Ironically, notwithstanding the growing stream of research on the aforementioned variables, a large body of extant studies on these phenomena have largely been conducted in the developed countries like the US and Europe. To date, some of the empirical studies such as Fatoki, 2011; Kuye, & Sulaimon, 2011; Nwosu, Ikwu, & Uzorh, 2013; Oghojafor *et al.*, 2014) to mention a few conducted in Nigeria focused on SMEs.

Correspondingly, a large number of these studies focused on the resource-based approach and dynamic capability to provide an understanding of what makes a firm uniquely capable of improving performance and sustaining competitive advantage. Nonetheless, the capability of business organisations to integrate, construct and reconfigure competencies is practically difficult and unattainable without due recognition to the business environment (Zolo & Winter, 2002). Therefore, a successful match between the organisation's capabilities, strategies, resources, and performance is contingent on the environment which has been discovered from review of literature to scantily consider. Therefore, the aforementioned discussion presents a noteworthy lacuna in literature. It is against this background that an attempt was made in this study to study the relationship among environmental dynamism, competitive strategy, and non-financial performance of manufacturing firms in Nigeria.

2.6 An overview of the Nigerian Manufacturing Industry

Manufacturing sector is very basic and relevant to the development of any nation most especially the underdeveloped and developing ones (Olorunfemi, Obamuyi, Adekunjo & Ogunleye, 2013). It is also their contention that sustainable manufacturing is the part of sustainable development which emerged in the early 1980s in response to increase awareness and concern over the environmental impact of economic growth and global expansion of business trade.

Sangosanya (2011), on his part, states that there have been widespread and growing interests in empirical analysis and studies of firms' growth dynamics and their determinants especially in the manufacturing industry because of the forward-backward linkage in promoting growth. He has also stated that manufacturing firms are considered vital to economic growth are increasingly

important laboratories for researchers who are interested in the study of areas where market frictions are most amplified. He further reiterated that manufacturing firms are one of the major source of economic propellers through the production and export contribution; but maintained that the growth, performance and productivity of Nigeria's manufacturing firms have deteriorated at present and even beyond the rate at which they grew in the past three decades when manufacturing still played significant roles in the Nigerian economy. He is also of the opinion that if local manufacturers are to survive in a globalised world, the provision of energy and other key infrastructural facilities cannot be compromised particularly in our peculiar situation where the improvement of energy production had suffered more than 30 years of neglect.

Ojo and Ololade (2014) describe manufacturing in Nigeria as literary having a vast potential for a spot for economic development due to abundant labour force coupled with the agrarian nature of the economy. According to them, the capital intensiveness of manufacturing sector as a result of induced technological advancement cannot be overemphasised, and therefore, manufacturing in Nigeria is tied to foreign exchange earnings for the acquisition of capital equipment.

The manufacturing sector of any economy is reputed to be the engine of growth and the ultimate pillar for sustainable growth and development (Adenikinju & Olofin, 2000). Manufacturing is essentially a unique process for creating and expanding wealth as it provided the platform for growth and without which no country can achieve socio-economic development (Banjoko, 1989).

2.6.1 Historical Development of the Nigerian Manufacturing Industry

Industrialisation in Nigeria is a phenomenon of a very recent history. Prior to 1946, modern industry played scarcely any role in the economic life of the country. Even then, the main feature of the manufacturing sector was the dominant role of crafts and semi-processing of primary raw materials. In fact, as late as 1950, handicrafts accounted for 83 percent of the total production of the sector. Factory production was still in its infancy. This is evident from the fact that in 1958, semi-processing of agricultural raw materials accounted for about 50 percent of manufacturing production while the remaining half was attributable to factory production (MAN, 1996).

The primary reasons for this low degree of industrialisation in Nigeria were not lack of raw materials, market or labour. Rather it was the result of institutional obstacles that had their origin in the colonial economic structure, controlled by foreign trading houses which saw industrialisation as a threat to their commercial activities. It is therefore not surprising that before independence less than ₦10 million per annum was invested in the manufacturing sector. All these changed with the attainment of independence in 1960 (MAN, 1996).

As Nigeria gained her independence, the Federal Government that took over from the Colonial Administration realised that something needed to be done to give greater stimulus to industrialisation. Positive steps in this direction were taken in the first National Development Plan, 1962 – 1968. Special priority was accorded to manufacturing and measures were taken to encourage private sector activities in this regard. With new awareness of the industrial potentials, there was an upsurge in industrial investment which shot up to about ₦60 million in 1964, just two years into the life of the plan. As a result, by 1967, remarkable progress had been made in the sector. In 1958, the contribution of manufacturing to the Gross Domestic Product (GDP) was

₦81 million or approximately 4 percent of the GDP. Five years later, in 1963, it had risen to ₦157.8 million or 5.6 percent of the GDP. The corresponding annual rate of growth was 17 percent. By 1967, the value-added had reached ₦225.8 million, representing 8.4 percent of the GDP, while the annual rate of growth was 15 percent.

More remarkable was the high degree of transformation taking place in the sector. From 50 percent in 1958, the value-added generation from the processing of agricultural products had by 1967 fallen to less than 25 percent, while factory production accounted for the rest.

The steady progress was not problem-free. As the pace of industrialisation accelerated, bottlenecks in a number of areas became surfaced. First among these was the problem of inadequate and poor infrastructural facilities e.g. electricity, water, transportation system, communications etc. There were also the difficulties arising from unclear and inconsistent industrial and macro-economic policies, quite apart from inefficiency in their administration. With the passage of time, rather than abate, these problems intensified with the acceleration of the process of the industrial growth. It became apparent to captains of industry in the economy that the interest of the sector was not being adequately catered for (MAN, 1996).

This state of affairs was considered unsatisfactory, especially as industry had come into the mainstream of Nigeria's growth process. In fact, by the beginning of the 1970s, industry had become a major engine of economic transformation. There was thus a strong feeling that something needed to be done to give recognition to this increasingly crucial role of the sector. It was against this background that the Manufacturers Association of Nigeria was born.

2.6.2 The Strategic Role of the Manufacturing Industry in Economic Development

2.6.2.1 Importance of the Manufacturing Sector in National Development

For a country of the size and potential of Nigeria, industrialisation is essential if the country is to achieve rapid economic and social development. This means ensuring that all the mineral and vegetable resources are put to *maximum benefit* for the citizens of the country. And this can be done through industrial processing or the making of finished products out of the raw natural resources. This cannot be achieved unless the country puts the right emphasis on and recognises the importance of manufacturing. Unfortunately, Nigeria is so addicted to trading that many are incapable of distinguishing a trader from a manufacturer. Both call themselves businessmen. But there is a world of difference. A trader is very often a bird of passage.

Some of them are ‘flight by night fast buckers’ who have no interest in the country except to make a quick profit. Consequently, they have no need to invest any money in the country. Very often, their only investment is in a single hotel room. They are by and large portmanteau investors. A manufacturer, on the other hand, invests in a feasibility study, in machinery, in land, in buildings, and in training. Above all, he has faith in the future of the country. His relationship with the country is like a marriage between husband and wife, whilst that of the fast buckers is like the relationship between a man and his mistress. That being the case, the manufacturer, like a wife, should be treated with due care and attention. To treat him and a trader alike will amount to non-recognition of the economic advantages of manufacturing, such as employment generation, transfer of technology and the conservation of foreign exchange, to mention just a few. The present absence of resource-based industrialisation can be traced to three historical causes:

- our colonial past
- the import substitution policy introduced during the colonial era and adopted by successive post-independence governments. The first and second development plans extolled it as a good policy.
- government reservation to itself in the 2nd and 3rd plans of such industries like iron and steel, petrochemical, and liquefied natural gas which would have hastened the development of local raw materials had private capital been allowed to participate in those projects.

2.6.3 Trends in Manufacturing Industry

Since the inception of Structural Adjustment Programme (SAP) in 1986, a commendable effort has successfully been made to stem the collapse of the country's manufacturing industry. However, much still needs to be done to set the sector on the path of sustainable real growth. In the first six months of the year the manufacturing sector was characterised by the following unsatisfactory trends:

- Low Capacity Utilisation:

Although average capacity utilisation rose by a 6 percentage point on the level in the previous year to 37%, this was grossly low. The seriousness of the situation becomes clear when it was realised that it falls far below the targets of 50% and 60% set in 2010 and 2011 respectively (MAN, 2014).

- Weak Domestic Demand:

The low capacity utilisation was the result of a combination of factors including inadequate raw materials and spare parts. But a more telling problem in the period

under review was weak domestic demand. This was mainly the result of the deflationary measures pursued over the years coupled with the lag in the growth of workers' income. Consequently, there has been a consistent build-up of stock piles of non-farm business inventories as a result of decline in final demand by both consumers and businesses. The slow-down in business demand is understandable since such a demand is a derived demand and cannot pick up if consumer demand is weak. The situation has not been helped by inadequate protection of local industries in the face of smuggling and non-payment of the appropriate customs duties by importers of finished goods. Examples of the latter include R20 dry cell batteries, tyres, glass and biscuits (a banned product) etc.

- Lack of New Investments:

Another unsatisfactory trend in the review period was the continued lack of new investments. Over the past few years, net capital formation in the economy has been on the decline. In the manufacturing sector, the trend has been negative. The expectation was that this situation would be reversed by the introduction of the SAP, especially by attracting foreign investment. Unfortunately, this expectation has not been realised. To make matters worse, the country has since 1986 become a net exporter of capital. Such a situation is inconsistent with self-sustaining economic growth. Even investment expenditure by local investors has not been forthcoming.

There is no gainsaying that this is an unsatisfactory condition in view of the fact that Nigeria needs massive industrial investment to create jobs for the swelling products of her educational institutions. The situation is worsened by the recent emergence of a

disturbing trend of disinvestment by foreign firms in banking and manufacturing. The only bright spot in the dark tunnel is some new foreign investment by small scale Indian-owned firms and some investment undertaken under the debt conversion programme (MAN, 2014).

2.6.4 Causes of Poor Performance of the Manufacturing Sector

Why have our manufacturing sector and the nation found itself in such a quagmire? The failure of our manufacturing sector can be traced to a number of socio-economic-political factors.

Overdependence on Oil

For too long, our economy has depended so much on oil for our economic survival to the neglect of manufacturing, agriculture and other vital sectors of the economy. The consequences of this mono-product structural defect have raised serious doubts as to whether the discovery of oil is a curse or blessing. How else can one explain the lack of adequate attention to manufacturing? Over the past few years, virtually all the important sectors of the economy (banking, insurance, aviation, maritime) have enjoyed widespread sectorial reforms except the manufacturing sector, knowing fully well that this is the sector that can propel other sectors.

Lack of Manufacturing Friendly Environment

The Nigerian business environment has for many years been far from being friendly and congenial for manufacturing operations to thrive. The scenarios are around us to see and they include grossly deficient infrastructure and other vital services necessary to support business

activities, frequent policy somersaults, bureaucratic bottlenecks, high interest rate, corruption on the part of government officials all have polluted our manufacturing landscape.

These ugly incidents actually caught the attention of a group of enthusiastic American investors who visited Nigeria in 2002 with a view to exploring the possibility of setting up manufacturing activities in Nigeria. Their observations were:

“Business operations in Nigeria can be exceedingly difficult. The climate, inadequate infrastructure, inefficiency, and government regulations can drive even the most even-tempered executive to distraction Manufacturing in Nigeria is extremely difficult, productivity is low, transport unreliable, infrastructure is not adequate, imports of essential inputs are problematic and government bureaucracy is cumbersome” (MAN, 2010).

These damning descriptions of our business environments have not changed for better till date. Our infrastructures are still in bad shape. The level of corruption has multiplied, government bureaucracy is still with us, and the transport system is still unreliable. Port congestion is more frequent these days while the security concern has assumed more frightening dimensions with recent kidnapping episodes. Given the above-mentioned unattractive and uncompetitive investment climate in Nigeria, how can one expect manufacturing activities to thrive profitability talk less of the manufacturing sector performing its role of employment and wealth creation. For years, these ugly situations have remained unattended to while the economy continues to suffer loss of its global competitiveness.

Frequent Policy Reversals

Indiscriminate and frequent policy reversal is one big impediment to successful business

operation in the Nigerian manufacturing sector. Manufacturers and investors operate in uncertain situation and in constraint fear and trepidation of whether or not to make strategic business and investment decisions that could be rendered useless by government indecision and policy reversal the next day (Banjoko, 2007). The incident of government policy reversal and instability is also noticeable in the sale and latter cancellation of sales of many public sector businesses in the insurance, oil and telecommunication sectors. Each successive government that came on board also had a penchant for undoing the actions of the past government. The sale of NICON was made and later reversed and later reinstated. The sale of NITEL was made and later reversed, while a number of oil blocks previously allocated were reversed for reasons that were mainly political. Some previously privatised companies e.g. refineries and steel companies were undone and taken over again. There were numerous waivers of import duties that were later reversed.

These ugly incidents of policy reversals do not send a good signal other than to dampen interest in new investments and destroy confidence in the stability of our industrial sector. It is this gradual erosion of confidence in our industrial sector that has increasingly crippled the sector and has made the manufacturing sector's performance less than optimal.

Double Taxation and Other Spurious Levies and Charges:

Apart from the wrecking of the manufacturing sector through the series of hostile policies, an equally disturbing phenomenon is the plethora of taxes and levies introduced and imposed on manufacturers by virtually all tiers of government in the country. A summary of the levies, taxes, and charges are as catalogued below:

Table 2.2: Summary of Levies, Taxes and Spurious Charges Imposed on Manufacturing Businesses in Nigeria

1	Education Tax	9	Development Levy
2	NSTF (National Science and Technology Fund)	10	National Advertisement Fee
3	NASENI (National Science and Engineering Infrastructure Tax)	11	Tenement Rate
4	Value Added Tax	12	Haulage and Permit Fee
5	Environmental Sanitation Tax	13	Big Vehicle Emblem Fee
6	Neighbourhood Improvement charges	14	Fire Service Charge
7	Generating Plan Charge	15	Environmental Pollution charge
8	Commercial premises charge	16	Advert on Vehicle, kiosk, shop and Business premises tax

Source: Adopted from MAN Directory (2014).

The combined effect of these taxes and levies is harmful to business as it inevitably results in pushing up the costs of doing business which have resulted in the strangulation of many operators in the manufacturing sector.

Infrastructural Decay

The bane of our economic and social development over the years has been our total neglect of critical infrastructure and support services that are absolutely imperative to national growth and development. These critical infrastructures have gradually decayed over time due to neglect. In virtually every aspect of our national life from health to education, from power/energy to utilities, from transportation to the provision of water and to Security of lives and property, there is a glaring evidence of total neglect and collapse. As a result, the average growth rate of the national economy has stagnated and stunted around 5.0% for many years. This is because the state of our infrastructure does not encourage investment.

In a global competitive ranking of 131 countries by the World Bank with respect to the adequacy

and quality of infrastructure, Nigeria’s unimpressive ranking in every aspect of infrastructure is as shown below:

Table 2.3: Infrastructure: Nigeria’s World Ranking out of 138 Countries

Items	Position
Quality of overall infrastructure	132 nd
Quality of roads	126 th
Quality of railroad infrastructure	103 rd
Quality of port infrastructure	117 th
Quality of air transport infrastructure	119 th
Available airline seat kilometers millions/week	55 th
Quality of electricity supply	137 th
Mobile-cellular telephone subscriptions	118 th
Fixed telephone lines	137 th

Source: Global Competitiveness Index, 2016/2017

Erratic Power Supply and the Harm to National Development:

If there is one area where the danger to economic and social development of the country is more noticeable and pronounced, it is the power sector. Adequate power supply is not only a strategic input to our national development; it is undoubtedly the most vital infrastructure necessary to move the economy and the manufacturing sector forward. Every Nigerian and every business no matter how small suffers from erratic power supply. The truth is that the power crisis has seriously stifled Nigeria’s socio-economic development and the power sector has for too long been a clog in the wheel of social and economic development in this country. Due to the erratic and inadequate power supply, many businesses have collapsed and many are ailing. Many promising business initiatives have been frustrated and discouraged.

The power sector has witnessed the greatest amount of neglect and decay for many years. For example, for a period of twenty years, between 1979 and 1999, Nigeria did not make any new investment in the power sector despite the fact that our population and economy grew remarkably during this period. According to NEEDS (2004) document, prior to 1999, “the power

system was chaotic, unreliable and incapable of meeting the demand of a growing economy”. Yet, successive military and civilian governments remained complacent and helpless. The NEEDS document attributed the malaise to the following reasons:

- Apart from the fact that no new power station was built between 1979 and 1999, no major overhaul was carried out on existing power plants between 1990 and 1999.
- Only 19 out of 79 generating units were in operation in 1999, others were left to rot away.
- Actual daily generation fell to less than 2,000 megawatts by 1998 for a country of over 100 million people as at then.
- The last transmission line built was in 1987 and no new addition since then until most recently.
- The Federal Government funding to the sector was on a continuous decline from 1980 to 2000. Even now, there is still serious under-funding of the sector.

Besides the above, our energy crisis has persisted for so long because:

- Governments over the years seemed to have grossly under estimated the enormity of our power problem and the multiplier effects on all and sundry and most especially on our industrial sector. On assumption of office as Minister of Power in 1999, Chief Bola Ige thought that he could fix things up in six months. Yet for eight years, President Obasanjo battled relentlessly with the power problem and spent over N300 billion without much success. The present administration has committed close to N600 billion since its inception and has repeatedly threatened to declare a state of emergency in the power sector. Yet, no respite is in sight.
- There appears to be too much confusion in government circles as to what best strategy

would resolve our energy crisis. The government had grappled with many failed strategies. For example, the issue of ensuring that adequate supply of gas is available at all times to fire existing thermal plants has neither been properly addressed nor resolved. We are frequently reminded that the power outages are due mainly to non-availability of sufficient amount of gas to fire the power plants yet gas flaring is still going on unabated.

- As it is with every aspect of our public life, our power problem has remained insurmountable because of entrenched corruption in the power sector.
- Similar to the issue of corruption is our political and ethnic penchant for recycling old and tired “players” to run our power sector when young and brilliant talents abound in the country and untapped.

The above-stated scenarios perpetuated by past civilian and military governments have wreaked untold hardship on the nation and its economy. Our power sector can hardly generate and distribute 4,000 megawatts for an economy and population that requires 40,000 to 50,000 megawatts to survive. All stakeholders in the manufacturing sector have been hard hit. Table 9 shows the paucity of electricity supply to selected industrial estates in the country. Between January – June 2007, the estimated average power outage per day was 62.2%. The implication of these endemic power outages is that manufacturing companies have to divert a substantial part of their investible funds to the purchase of generating sets with its attendant effects on the costs of doing business if they want to stay in business.

Table 2.4: Electricity Supply to Industrial Estates in Different States From January – June, 2012

S/No	State	Average Energy Supply by PHCN per Day in Hours	%	Average outages per day in Hours	%
1	Edo/Delta	11	45.8	13	54.2
2	Imo/Abia	10.1	42.1	13.9	57.9
3	Oyo/Ondo/Osun/Ekiti/Kwara	4	16.7	20	83.3
4	Kano Sharada/Challawa	8	33.3	16	66.7
5	Kaduna	5.3	22.1	18.7	77.9
6	Ogun	14.9	62.1	9.1	37.9
7	Kano Bompai	5	20.8	19	79.2
8	Apapa (Lagos)	12.1	50.4	11.9	49.6
9	Ikeja (Lagos)	11.7	48.8	12.3	51.3
10	Anambra/Enugu	10.1	42.1	13.9	57.9
11	Bauchi/Benue/Plateau	8.7	36.3	15.3	63.8
12	Rivers	14	58.3	10	41.7
13	Cross River	3	12.5	21	87.5
	Total Average	9.07	37.8	14.93	62.2

Source: MAN Economic Review, January – June, 2012.

To stay in business, companies have to divert investible funds to the purchase of generating sets with its attendant effects on the costs of doing business. As the situation becomes unbearable, many companies in virtually all the sub-units of the industrial sector have resorted to folding up their businesses thereby compounding our fast deteriorating unemployment situation (Banjoko, 2007).

Other areas of serious infrastructural constraints to the efficient performance of the Nigerian manufacturing sector, as identified by MAN (2014), are transportation (road, rail and port), health, security and the provision of other utilities – all have been neglected.

Road Transportation System:

Good road transportation system is an essential aid to commerce and national development. The

bulk of our network of roads across the country is not only inadequate, un-motorable but unsafe. Most states are badly hit by government indifference to the deplorable road situation and the resultant carnage on our roads. How can one justify government's indifference to the deplorable state of the Shagamu-Ore-Benin road or the state of the roads in most parts of the South-East that have remained so bad for many years? The situation has not only endangered many lives, it has adversely affected vehicular movements of goods from one section of the country to another.

The Rail System

Our rail system of transportation has completely collapsed and efforts to resuscitate it have failed mostly because of entrenched sectional interests. Increased interest in the haulage business by politically and economically powerful trailer owners has stifled the rail transportation system in Nigeria and further frustrated any attempt by government to revive it. Successive governments have paid lip service to the revitalisation of the rail system. We are witnessing situations where sectional interest has been used not only to wreck the manufacturing sector but to destroy the entire economy as ethnic and political interest is often raised above other considerations in taking many strategic decisions.

The Port and Customs Clearance System

Clearance of goods through the Nigerian ports system and the series of customs formalities have become serious pains in the neck for most importers and manufacturers whose goods have to pass through the ports. Nigeria operates the most inefficient port system in the West African sub region, a situation that has led to the diversion and clearance of most imported goods meant for

Nigeria through Cotonou ports with the resultant loss of revenue to Benin Republic.

At present, there is serious congestion at both the Apapa and Tin Can ports. As goods take as much as one month to clear, they accumulate increased demurrage and other port charges that eventually push up the costs of operations to be borne by the manufacturers.

Bureaucratic processes and unnecessary delays due to multiple inspection points and unholy arm-twisting by customs officials and other clearing agents often hold up the clearing of goods for up to two or three weeks what could have been done within 24 hours. There is need for the complete overhaul of the Port and Custom clearing system in Nigeria in order to purge it of endemic corruption perpetuated by the customs officials and incessant pilferage by the so-called “wharf rats”. An efficient port system that would enhance efficient and timely clearance of goods by importers is not only imperative for our import – dependent economy but also for our global competitiveness.

The Menace of Smuggling

If there is any vice that has wrecked incalculable damage on our economy and caused the collapse of many of our manufacturing organisations, it is the unbridled smuggling of cheap and fake imports into the country. Unscrupulous businessmen with the connivance of customs officials accord free access to prohibited items to enter the country while government closes its eyes to this illegal action. As these prohibited imports flood the country, they cripple local industries. Worst hit are the manufacturers of textiles, tyres, batteries, and cosmetics. The case of the textile industry is particularly pathetic and shameful that our government lacks the needed political will to enforce the ban on prohibited textile imports.

Funding

Adequate funding is a major requirement for running a successful business and it is certainly one of the major reasons for the poor performance of most companies in the Nigerian manufacturing sector. This is because banks are wary of investing their money in a distressed sector that is hemmed in by a hostile business environment. Even the emerging Small and Medium Scale Enterprises are not getting the required funds because the environment is not encouraging. Sad enough, the evolving scenario these days at least before the crash in the capital market, is that the capitalists and banks prefer to advance facilities to clients to enable them invest in securities market. Such clients would in turn “go to bed” and watch their investments multiply overnight without doing anything rather than to invest such money in any SME or so-called any “risky” business. This thinking of the capitalists and the banks has further weakened the real sector thereby denying the manufacturing sector the opportunity to generate employment.

CHAPTER THREE

METHODOLOGY

This chapter focuses on the methodology for gathering the relevant data. The research methodology comprises of the following: research design, population of the study, sampling procedure and technique, units of analysis, data collection method, and research instrument, validity and reliability test for research instrument and analytical tools.

3.1 Research Design

This study adopted quantitative research methods which are generally associated with the philosophical traditions of positivism. A cross sectional survey with the aid of structured questionnaire was used to address the problem assessing the relationships that exist among environmental dynamism, competitive strategy and the non-financial performance of Nigeria manufacturing firms. Responses were sought from senior managers of manufacturing organisations on a wide range of issues relating to business environmental dynamism, generic strategy, industry forces and firms non-financial measures of performance. For the purpose of this study, primary data were collected from senior managers of seventy manufacturing firms in Lagos, Nigeria. The data collected were analysed using appropriate descriptive statistics to observe the behaviour of the study variables all at once; and inferential statistics for each of the objectives and the hypotheses formulated.

Primary data were generated through carefully structured, self-administered questionnaire which were administered to senior managers of participating manufacturing firms in order to generate

the relevant data. The use of primary data method is justified because it is the quickest and simplest of the tools to use, if publication is the aim (Cowton, 1998). This questionnaire, Appendix 1, consisted mainly of closed-ended questions which were divided into five sections. Each section was designed with a view to collecting data relating to important aspects of the study, to accomplish the research objectives and analyse the hypotheses. Section A was designed to collect demographic data about the individual responding on behalf of the company. Section B was concerned with the respondent's organisation's background information which covers sectorial groupings, number of employees and age of organisation. Section C was aimed at collecting information regarding perception of the respondent with regard to the vagaries of the environmental dynamism of the organisation such as market turbulence, competitive intensity, uncertainty and so on. Section D was designed to obtain information about the competitive strategies of the firms. Section E was designed to collect information on how well the organisation has performed using non-financial measures.

3.2 Population of the Study

The study chose Lagos Metropolis as the research area. This is because 70% of Nigeria's manufacturing firms are based in Lagos State (MAN, 2013). Besides, the Lagos metropolis contains the most heterogeneous population of workers with diverse socio-economic backgrounds, including foreigners and therefore constitutes a suitable sample of the population of strategic managers of manufacturing firms in Nigeria. Lagos State is a state in the Southwest region of Nigeria. With an area of 3, 577 square kilometers, where 22 per cent or 787 square kilometers are lagoons and creeks (NBS, 2012). Lagos State is the smallest state in Nigeria in

terms of land area, though arguably the most densely populated. The state is host to a city called Lagos (Lagos State Government, 2013). The state was formerly the capital of Nigeria, until 1992 when the seat of power was moved to Abuja. It is currently known as the commercial capital of the country and can be said to be the most urbanised state in the country. The state is a coastal city which houses one of the Africa's busiest ports that facilitates imports and exports of both manufacturing materials and products. It is also well known for its water ways which surround the city of Lagos and as the most environmentally complex metropolitan area in Africa at 21 million inhabitants (Campbell, 2012).

The population of this study comprises manufacturing firms in Nigeria. The Lagos State manufacturing sectors cover 1,400 registered firms in 10 industry sub-sectors according to MAN classification (MAN, 2013). Appendix 2 provides the list of firms according to industry sectors and firms. These firms are also categorised into three industry clusters: small scale industry, medium scale industry and large scale industry. Based on the definition by the Nigerian National Council on Industry (NNCI), a small scale industry is an industry with a total capital of over N1.50 million Naira but not more than 50 million Naira (including working capital but excluding cost of land) employed, and or a workforce of 11-100 workers; also a medium scale industry is the one with a total capital employed of over N50 million but not more than N200 million, including working capital but excluding cost of land, and or 101-300 workers, while a large scale industry has above three hundred workers (Adelaja, 2004).

. Furthermore, since these manufacturing companies' head offices are located in Lagos, the researcher visited the secretariat of MAN (Ikeja Branch) which is the administrative hub of the manufacturing companies that constitute the focus of this study.

In a modern economy, the manufacturing industry plays an important role and has many dynamic benefits required for economic transformation. Ogwuma (1995) states that the manufacturing sector creates investment capital at a faster rate than any other sector of the economy, while promoting wider and more effective linkages among different sectors. In advanced economies or even developing economies, the manufacturing sector is a leading sector in many respects and it is a process for increasing productivity in relation to import replacement and export expansion, creating foreign exchange earning capacity, raising employment and per capita income, which causes unique consumption patterns (Loto, 2012). The choice of manufacturing industry in Nigeria for this study was due to the following reasons. First, this industry is still the “real” sector of the economy in the sense of value addition, contribution to the GDP, employment opportunities and social responsibility services. Second, although plagued by lack of infrastructure such as competitive public electricity and industrial estates, manufacturing industry is an integral and indispensable sector of every developing economy. These industries serve important sectors of the economy such as mortgage, building & construction, food & drinks, transport, healthcare, education, infrastructure for economic growth and social progress. Third, manufacturing companies in Nigeria are vulnerable to the unpredictable state of the Nigerian business environment (economic, socio-cultural legal/government, technological, and competitive factors). The phenomenal change in these factors is crucial in understanding how environmental change influences performance.

3.3 Sampling Procedure and Technique

The directory of manufacturing companies from the Manufacturing Association of Nigeria

(MAN, 2013), was used as a guide in selecting participants for the study. MAN is a voluntary partnership of manufacturing concerns working together to elicit a conducive industrial climate with a view to ensuring the growth of businesses (MAN, 2013). Since 70% of manufacturing firms in Nigeria which is about 2000 manufacturing firms are based in Lagos State (MAN, 2013), Lagos State was therefore considered a good representation of manufacturing firms in Nigeria. Hence the sample was taken from a population of 1,400 manufacturing firms in Lagos State.

The sample size of the target group who participated in this study was calculated by using random sampling method of Yamane, (1967) which is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

where, n is the sample size, N is the population size (total number of Manufacturing firms) and e is the sample error (0.05).

From the above expression, the sample size is obtained as:

$$n = \frac{1400}{1 + 1400(0.05)^2} = 311.11$$

However, in order to allow for possible drop-outs, 420 respondents were used as sample size.

In selecting a sample of 420 respondents from Nigerian manufacturing industries, a multi-stage stratified sampling procedure, based on industry classification by MAN, was used to obtain equal number of firms for each of ten sub-sectors of manufacturing firms in Nigeria. The first stage was the selection of all the manufacturing firms that are registered with MAN in Lagos State. A stratified sampling procedure was used in selecting the 70 participating manufacturing firms.

Then, the researcher selected from each subsector seven firms using judgment sampling technique. **Judgment sampling** is helpful in a situation where non-probability sampling is used to draw sample by considering typical cases which are more likely to provide better requisite data or information (Asika, 1991). Using judgment sampling, participating firms were selected from a mixture of the three clusters which also represent the 10 sub-sectors.

Finally, from each of the seventy firms, six respondents were randomly selected in a bid to collect quality data that reflect senior managers' perceived impact of environmental dynamism and their implementation of competitive strategies in their organisation on firms' non-financial performance. A simple random sampling technique was used in selecting the respondents (senior managers) across the **ten sub-sectors**:

- (i) food, beverage and tobacco; (vi) non-metallic;
- (ii) textile; (vii) domestic and industrial plastics;
- (iii) wood and furniture; (viii) electrical and electronics;
- (iv) printing and publishing; (ix) Basic metal; and
- (v) chemical and pharmaceuticals; (x) motor assembling.

Appendix 2 provides the list of firms according to industry sectors and firms. Six copies of the questionnaire were administered to only six senior managers in each of the seventy selected manufacturing firms' in Lagos Nigeria, giving a total of 420 respondents. The sample unit for the study includes senior managers who are at least literate and graduated from higher institutions of learning (University, Polytechnic or both). Elements of the sampling frame were assigned code numbers, and with the aid of a table of random numbers, the random sample was generated.

However, although a total of 420 copies of the questionnaire were administered on the

manufacturing firms, 351 were completed and returned. This represents 83.4 percent response rate. According to Saunders, Lewis and Thornhill (2003), sampling is a part of the entire population carefully selected to represent that population. The justification for using random sampling technique is that it eliminates the possibility that the sample is biased by the preference of the individual selecting the sample (Bordens and Abbott, 2002). Another justification is that it is particularly necessary when one wants to apply research findings directly to a population (Mook, 1983).

3.4 Data Collection Procedure

The participating manufacturing firms constituted the units of analysis. Questionnaire was administered to top managers of the selected manufacturing firms. Data were obtained from this category of individuals because it was expected that this caliber of individuals would have a good knowledge of their firms strategies, business environments (internal and external), and performance. Responses of the senior managers of participating firms were subsequently analysed. However, firms whose senior managers or equivalent have below bachelor's degree or equivalent were expunged from the list, as they were not expected to have a fair knowledge of the phenomena of the study.

The variables measures are as follows: environmental dynamism, competitive strategy, and firms' non-financial performance. Seven point Likert- type scale response adopted by Vagias (2006) was used to obtain the respondents' opinions. The advantage of the seven point Likert format can be established on the basis of the multiple items on the same object producing the codes that could be summed or averaged to give an indication of each respondent's overall

positive or negative orientation towards that object (Johns, 2010).

The firms' performance scale includes seven non-financial performance criteria derived from Khandwalla (1995). The seven non-financial performance criteria include: operating efficiency, performance stability, public image, employee morale, environmental adaptation, new ideas, and social impact on the society. Financial performance indicators were excluded from the study questionnaire given the fact that the study is non-financial performance-related. The scores on the seven items were summed up and averaged to determine an index of firms' performance. An index of less than 4.0 was regarded as low firms' performance while an index of 4.0 and above was regarded as high firms' performance.

3.5 Identification and Measurement of Variables

There are two major variables in this study, namely the independent and dependent variables. The independent variable is made up of two variables, which are "environmental dynamism" and "competitive strategy". The competitive strategies were captured by the combination of generic strategy (cost, differentiation and focus) and industry forces. The environment dynamism (changes in external factors and adjustment to contingencies) has market turbulence, competitive intensity and uncertainty as constructs. The dependent variable is "firms' performance" which will be captured using the non-financial measures (performance stability, employee morale, environmental adaptation, new ideas, operating efficiency, social impact on the society and public image). This is premised on the position of Nagar and Rajan (2001) that non-financial measures are key indicators of economic performance, and a potential source of information about cash flows in the future. They corroborated an earlier study of Banker, Potter and

Srinivasan, (2000), who concluded that non-financial performance measures are better indicators to predict the future of the organisation than financial measures.

3.6 Validity and Reliability test for Research Instrument

A pilot study was carried out in this study to test the validity and reliability of all the measuring instruments. Reliability is an important index for evaluating research instrument. It is used at different times under different conditions, while validity is crucial if the instrument is used to measure what we actually wish to measure (Cooper & Schindler, 2003; Hair, Black, Babin & Anderson, 2011). Therefore, the need to conduct a pilot study for this study became imperative in view of the fact that a previous pilot study conducted for the validity and reliability of the survey instrument led to the review of this questionnaire in context of the new objectives of the study, its relevance, adequacy of items under each construct and the average of items on each variable. This scale needed to be tested for reliability and validity before administering the questionnaire to a larger group.

For the purpose of pilot study, fifty copies of a questionnaire were administered to some selected managers across the ten subsectors of the manufacturing firms in Nigeria, through MAN, and forty five completed copies were returned. Conducting a pilot test on 45 copies of a questionnaire was a reasonable size because the general rule for statistical computation is that the number of observations or respondents should be greater than thirty (i.e. $n \geq 30$) and also greater than the numbers of constructs being measured (Leech, 2008). The data collected was analysed and Cronbach alpha coefficients values ranging from 0.7 to 0.9 were obtained. Some experts stated that an alpha of 0.70 is acceptable for a research instrument (Devellis, 1991; Devon,

2007). And, according to Pallant (2004), reliability scores greater than 0.70 are acceptable, while, Nunnally and Bernstein, (1994) had indicated 0.7 – 0.9 to be an acceptable reliability coefficient.

The alpha computed for each of the variables and constructs in this study exceeded the minimum value for a new instrument as follows: The final Questionnaire includes three (two independent and one dependent) variables- Environmental dynamism and competitive strategy are independent variables while non-financial performance is dependent variable.

Environmental dynamism has three constructs- market turbulence, competitive intensity and uncertainty.

Competitive strategy has two constructs of industry forces and generic strategy (cost, differentiation and focus). The environmental dynamism, competitive strategy and non-financial performance variables and constructs have a number of items which reflect information about how respondents perceive the issues being investigated as follows:

Environmental Dynamism has twenty-one items and has a Cronbach alpha=0.74 as follows:

Market Turbulence has ten items and reflects information about how the respondents perceive the levels at which their organisation can cope with market-turbulence-related situations (Cronbach alpha = 0.711).

Competitive intensity which is intensity of rivalry among competitors has four items and is about the perception of the respondents with respect to the levels at which their organisation are able to cope with competitive intensity-induced situations (Cronbach alpha = 0.834).

Uncertainty is of seven items which describe levels of instability in the respondents' industry (Cronbach alpha=0.762).

Competitive strategy has in total thirty-five items with a Cronbach alpha = 0.762 as follows:

Industry Forces has sixteen items and is about the respondents' evaluation of the relative intensity of competition their organisation is facing with respect to the listed items (Cronbach alpha = 0.701).

Cost leadership strategy has six items which are about the respondents' rating of their organisation with regard to cost control and operating efficiency relative to competition (Cronbach alpha = 0.86).

Differentiation strategy is based on nine items that about the respondents' evaluation of the uniqueness of their organisation in its industry along some attributes of its product relative to competition (Cronbach alpha = 0.731).

Focus strategy as a construct has four items which are about the extent to which respondents' agree or disagree with their organisation implements focus strategy (Cronbach alpha = 0.859).

Table 3.1: Reliability test results

Variables/Constructs	Number of Items	Cronbach Alpha
Environmental Dynamism	21	0.74
Market Turbulence	10	0.711
Competitive Intensity	4	0.834
Uncertainty	7	0.762
Competitive strategy	35	0.762
Industry Forces	16	0.701
Generic strategy	19	0.815
Cost	6	0.86
Differentiation	9	0.731
Focus	4	0.854
Non-Financial Performance	7	0.836

Source: Field Survey, 2016

Since the Cronbach alpha coefficients ranged between 0.7 and 0.9, it suggests that the research instrument is reliable. The validity of the instrument was achieved through content validity and

face validity. The questions were formed based on standard questions in literatures related to the independent and dependent variables. Simple words were used to enhance comprehensive understanding by the respondents. The draft questionnaire was subjected to experts (my supervisors, other senior academics in department and some strategic managers) who are knowledgeable about variables of interest in the study for scrutiny and modification. This is to ensure that the instrument is valid (capable of measuring what it supposed to measure), free of ambiguities and other problems that might prevent the flow of right information for this research. According to the content validity index (CVI), a rating of three or four indicates the content is valid and consistent with the conceptual framework (Lynn, 1996). For example, if five of eight content experts rate an item as relevant (3 or 4), the CVI would be $\frac{5}{8}=0.62$, which does not meet the 0.87 ($\frac{7}{8}$) level required, and indicates the item should be dropped (Devon, 2007).

After the review, recommendations were made. Based on their recommendations, some modifications were made. The modified items of the questionnaire were valid with CVIs ranging from 0.87 ($\frac{7}{8}$) to 1.00 ($\frac{8}{8}$) and were retained.

The logic and sequence of research instrument was confirmed by Cronbach alpha coefficients, which measure internal consistency for validity.

3.7 Statistical Analysis

The analysis and interpretation of data in this study were carried out using the following statistical methods:

Descriptive statistics, such as frequencies, percentages, means, standard deviation, one-sample statistics and one-sample test of significance of independent variables, was employed to analyse

the Socio-Demographic data of the respondents and their organisations' background information. It is also used to analyse the means and standard deviations of the scale levels of the responses to questions asked under each of the variables. This has led to the calculation of one-sample statistics and one-sample test of significance for the variables, the essence to which is to ascertain the direction of the overall response for the variables.

Inferential statistics, such as correlation (r) and regression and multiple regression analyses, was used to ascertain the association between each pair of the variables, coefficient of determination which is the proportion of variance in one variable explained by a second variable (r^2), and also the inter-correlation among them. Regression analysis was used to investigate the prediction of dependent variable (non-financial performance) by means of independent variables (environmental dynamism, and competitive strategy).

Where the regression equation is

$$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 \dots b_n X_n + e$$

Y = Non-financial performance

$b_0 \dots b_3$ = Regression coefficients (standardised betas)

X_1 = Environmental dynamism

X_2 = Competitive strategy

Specifically for the hypotheses of this study, the following specification holds:

Hypothesis one is to test whether market turbulence significantly determines performance stability of Nigerian manufacturing firms. To achieve this, ordinary least squares method will be used. The independent variable in the model is market turbulence which was regressed against

the dependent variable (performance stability). The mathematical model that describes the extent to which market turbulence determines firms' performance stability could be represented as:

$$Y_1 = b_0 + b_1X_1 + e$$

where Y_1 represents the dependent variable (firm performance stability),
 X_1 is the independent variable (market turbulence),
 b_0 is the intercept, b_1 is the regression coefficient, while e is the error.

Hypothesis two involves testing the significance of the influence of competitive intensity on employee morale. Ordinary least square technique will also be used. The mathematical model that describes the hypothesis could be represented as:

$$Y_2 = b_0 + b_2X_2 + e$$

where Y_2 represents the dependent variable (employee morale),
 X_2 is the independent variable (competitive intensity),
 b_0 is the intercept, b_2 is the regression coefficient, while e is the error.

Hypothesis three is to test the significance of the impact of uncertainty on environmental adaptation of Nigerian manufacturing firms. In achieving this, ordinary least square technique will be applied to the mathematical model specified as:

$$Y_3 = b_0 + b_3X_3 + e$$

where Y_3 represents the dependent variable (uncertainty),
 X_3 is the independent variable (environmental adaptation),
 b_0 is the intercept, b_3 is the regression coefficient, while e is the error.

Hypothesis four is to test the extent to which industry forces lead to the generation of new ideas. In achieving this, ordinary least square technique will be applied to the mathematical model specified as:

$$Y_4 = b_0 + b_4X_4 + e$$

where Y_4 represents the dependent variable (new ideas),

X_4 is the independent variable (industry forces),

b_0 is the intercept, b_4 is the regression coefficient, while e is the error.

Hypothesis five is to test the significance of the influence of generic strategy on non-financial performance. The applicable mathematical model is specified as:

$$Y_5 = b_0 + b_5X_5 + e$$

where Y_5 represents the dependent variable (non-financial performance),

X_5 is the independent variable (generic strategy),

b_0 is the intercept, b_5 is the regression coefficient, while e is the error.

The sixth hypothesis is specified to also test the combined effect of environmental dynamism and competitive strategy on non-financial performance of sampled firms. This hypothesis will be tested using a multiple-regression model:

$$Y_{NFP} = b_0 + b_6ED + b_6CS + e$$

where Y_{NFP} represents the dependent variable (non-financial performance)

ED and CS are independent variables, environmental dynamism and competitive strategy respectively.

F-test was used to ascertain the overall significance of the observed regression coefficients.

For the data processing of the study, the completed copies of questionnaire for this study were coded and responses were captured in the Statistical Package for Social Sciences (SPSS) - Statistical Software Package. The STAT GRAPHICS and EXCEL software packages were used for the data analysis of this study.

3.8 Limitation of the Methodology

The poor attitude to research exhibited by some blue chip manufacturing firms and the discovery

that some of them had suddenly folded up almost hindered the field work and led to the adoption of **judgment sampling** - a non-probability sampling approach. Administration of questionnaire was tasking as well as available time for it. All these (and other minor issues) were encountered in the course of the field survey but they were adequately contained.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSES

This chapter presents and analyses the data obtained from the questionnaire administration using the statistical tools discussed in the previous chapter. The presentation of data is based on the research questions and hypotheses of this study. This chapter is structured in this manner so that inferences can be drawn and conclusions made in terms of the hypotheses formulated.

4.1 Descriptive Socio Demographic Data of Respondents

This section provides a profile of participating Nigeria manufacturing firms in terms of their socio-demographic data and organisational characteristics surveyed for this study. A total of 420 sets of questionnaire were administered to managers across the ten sub-sectors (seven firms each), 351 were returned, representing 83.4% response rate, which is considered adequate for the study. The distribution of the socio-demographic profiles of the 351 respondents that participated fully in the study is presented in Table 4.1.

Table 4.1: Socio Demographic data of the respondents

Variable	Response Label	Percentage
Sex	<i>Male</i>	76.6
	<i>Female</i>	23.4
Age	<i>30 and below</i>	13.4
	<i>31 – 40</i>	64.1
	<i>41 – 50</i>	21.4
	<i>51 – 60</i>	1.1
Marital Status	<i>Single</i>	34.4
	<i>Married</i>	64.8
	<i>Divorced</i>	.3
	<i>Widower</i>	.3
	<i>Widow</i>	.3
Educational Qualification	<i>Bachelors' Degree or equivalent</i>	77.2
	<i>Masters' Degree</i>	22.8

Source: Field survey, 2016

Table 4.1 shows the descriptive analysis of socio demographic data of the respondents. As regards to gender of the respondents, the result shows that the majority of the respondents were male (76.6%) while only 23.4% of the respondents were female which implies that the survey for this study has been gender sensitive. The Table 4.1 also shows that majority of the respondents were in 31 – 40 years age bracket (64.1%), followed by 21.4% who were within 41 – 50 years age bracket which implies that the respondents are economically active and expected to provide an objective assessment of the issues raised in the questionnaire used. The Table reveals that 34.4% of the respondents were single, 64.8% were married, 0.3% was divorced, 0.3% was widower and 0.3% was widow. Finally, the Table shows 77.2% of the respondents were bachelor's degree holders while 22.8% were master's degree holders. This implies that the

respondents were all literate and sufficiently educated to be able to respond adequately to the questions contained in the administered questionnaire.

Table 4.2: Demographic profile of the Manufacturing firms. (N=351)

Variable	Response Label	Percentage
Sectorial Group		
	<i>Food, Beverages and Tobacco</i>	10.5
	<i>Textile, Wearing apparel, Foot wear, Leather products, Carpet/Rugs</i>	10.0
	<i>Wood, Wood products including Furniture</i>	10.0
	<i>Pulp, Paper and Paper Product, Print and Publishing</i>	10.0
	<i>Chemicals and Pharmaceuticals</i>	10.0
	<i>Non-metallic mineral products</i>	10.0
	<i>Domestic and Industrial Plastic, Rubber and Foam</i>	10.0
	<i>Electrical and Electronics</i>	10.0
	<i>Basic Metal, Iron and Steel and Fabricated metal products</i>	9.7
	<i>Motor vehicle and Miscellaneous assembly</i>	10.0
Numbers of Employees		
	<i>Fewer than 50</i>	22.5
	<i>50 – 100</i>	37.9
	<i>101 – 150</i>	17.7
	<i>151 – 200</i>	5.7
	<i>201 – 250</i>	.6
	<i>251 – 300</i>	2.3
	<i>Above 300</i>	13.4
Age of the organisation (In years)		
	<i>5 but less than 20</i>	57.0
	<i>20 but less 30</i>	30.8
	<i>30 and above</i>	12.3

Source: Field survey, 2016

Table 4.2 reveals the descriptive data analysis of the manufacturing firms' demographic profile. The result shows that the survey adequately covered managers from all the ten sub-sectors of the manufacturing firms. The descriptive data analysis shows that data have been collected almost

uniformly from all the subsectors. Table 4.2 reveals that the number of firms with workforce that is between 50 and 100 employees constitute the highest (37.9%), while those with between 201 and 250 employees are the lowest (0.6%). It is noteworthy that those with above 300 employees are relatively high (13.4%). The Table also shows that the respondents' firms with above 250 employees are about 16%, while those with less than 250 employees are about 84%. The data analysis also reveals that all of the `small scale, medium scale and large scale manufacturing firms as defined in Chapter Three of this study are covered in the survey.

In terms of the age of the firms, those that are between 5 and 20 years constitute the highest (57%). Organisations that are 20 years and above constitute 43% of the participating firms. Coad, Segarra and Teruel (n.d.) in their study of Spanish manufacturing firms found evidence that firms improve with age (wine hypothesis). On the other hand, they also found evidence that firm performance deteriorates with age (milk hypothesis) when other variables like size are controlled for. Similarly, data on a random sample of manufacturing firms in Ethiopia (a developing country like Nigeria) confirmed report that the rate of growth of firm decreases with firm age (Mengistae, 1998). This is a good justification that whether firms are in the 5 – 20 years modal age group or 20 years and above of age, as in this study, optimal performance of the firm would depend on other factors like size of the firm.

4.2 Environmental Dynamism which Influences Competitive Strategy and Non-Financial Performance of Manufacturing Firms in Nigeria

The first question posed to the respondents is to evaluate the extent to which their organisations were able to cope with environmental dynamism which influences competitive strategy and non-

financial performance of the manufacturing firms. Each respondent was asked to assess environmental dynamism which influences his/her firm, using market turbulence, competitive intensity, and uncertainty. Accordingly, the respondents were requested to respond to some statements with opinions: extremely difficult, very difficult, difficult, neutral, easy, very easy and extremely easy coded 1, 2, 3, 4, 5, 6 and 7 respectively.

Table 4.3: Environmental Dynamism Factors which influence competitive strategy and Non-financial performance of manufacturing firms in Nigeria.

S/N	Item	Mean	SD
1	Environmental Dynamism	3.46	0.44
2	Market Turbulence	3.27	0.46
3	Competitive Intensity	2.93	0.66
4	Uncertainty	4.05	0.69

Source: Field Survey, 2016

From Table 4.3 above, inferences can be drawn as follows:

The scale levels used are as follows: Extremely difficult, Very difficult, Difficult, Neutral, Easy, Very Easy, and Extremely Easy coded 1, 2, 3, 4, 5, 6, and 7 respectively. From Table 4.3, the result of the analysis reveals that market turbulence (Mean = 3.27, SD = 0.46), competitive intensity (mean = 2.93, SD = 0.66), and, finally, uncertainty (mean = 4.05, SD = 0.69) influence competitive strategy and non-financial performance of manufacturing firms in Nigeria. The Table presents the results of environmental dynamism variables which influence manufacturing firms in Nigeria. There is also evidence that majority of respondents agreed that manufacturing firms in Nigeria are facing a difficult environment for many reasons. The three factors of market turbulence, competitive intensity and uncertainty developed in this study in order to investigate the intensity of environmental dynamism show that the difficulty being experienced by the manufacturing firms in Nigeria in coping with the dynamic business environment is caused more by competitive intensity, market turbulence and uncertainty in that order. This only means that

the fast pace of change in the environment is dictated by market competition-related issues. This also implies that the respondents generally gave a negative evaluation of environmental dynamism which influences competitive strategy and non-financial performance of manufacturing firms in Nigeria.

Table 4.3.1: Market Turbulence

Market Turbulence Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Coping with shifts in customer needs and preferences is	.0	.3	31.6	16.5	47.0	4.6	.0	4.2393	.96199
The rate of innovation in operating leading processes, new products or services in your principal industry is	.0	3.4	23.4	18.2	51.9	3.1	.0	4.2792	.96900
Coping with modifications in supplier strategies is	.3	2.6	23.6	5.4	65.5	2.6	.0	4.4103	.97822
Coping with the emergence of an unexpected threat is	1.1	47.9	42.5	4.0	4.3	.3	.0	2.6325	.79209
Managing the emergence of a new technology is	.6	15.4	32.5	21.9	28.5	1.1	.0	3.6581	1.09932
Coping with shifts in economic condition is	25.1	71.2	3.4	.3	.0	.0	.0	1.7892	.50256
Managing changes in government regulations is	35.6	60.1	4.0	.3	.0	.0	.0	1.6895	.55844
Managing the emergence of an unexpected opportunity is	.3	3.7	17.7	43.3	34.2	.9	.0	4.0997	.84770
Coping with political developments that affect our industry is	26.8	70.1	3.1	.0	.0	.0	.0	1.7635	.49389
Coping with customer preferences changing with time is	.3	2.0	37.3	7.1	52.1	1.1	.0	4.1225	1.01662

Source: Field Survey, 2016

From Table 4.3.1, the result of the analysis shows that market turbulence seems to be a potent environmental dynamism factor which influences competitive strategy and performance among the manufacturing firms in Nigeria. The reason for this is that whereas the ability of the

manufacturing firms in Nigeria to cope with the likes of shifts in customer needs and preferences (4.24), modifications in supplier strategies (4.41), managing the emergence of an unexpected opportunity (4.10) and rate of innovation in operating leading process (4.28) is about average. They (the manufacturing firms) are finding it overwhelmingly very difficult, if not extremely difficult, to cope with shifts in economic condition (1.79), political developments that affect their industries (1.76), managing changes in government regulations (1.69) and coping with the emergence of unexpected threats (2.63). This is understandable, given the change in political dispensation that is yet to stand the test of time and the current state of the economy which the government of the day has declared to be technically in recession. The manufacturing sector which is regarded as real sector has been on the receiving end of the adverse implications of the fast pace of change in the environment. One of the fall-outs is capacity under-utilisation and the resultant exodus of industrial firms to neighbouring countries where the business environment is more stable.

Table 4.3.2: Competitive Intensity

Competitive Intensity Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Coping with the market entry of new competitors is	.0	7.1	82.3	.9	9.1	.6	.0	3.1368	.69166
Market activities of our key competitors now affect our firm in many more areas than before and are	.3	20.5	67.8	2.8	8.3	.3	.0	2.9915	.77639
Market activities of our key competitors have become far more unpredictable and are	.3	36.2	53.3	4.3	6.0	.0	.0	2.7949	.78418
Market activities of our key competitors have become far more hostile and are	.3	37.9	51.3	4.3	6.0	.3	.0	2.7863	.80883

Source: Field Survey, 2016.

Looking at the environmental dynamism from the point of view of competitive intensity, the results in Table 4.3.2 show competitive intensity (2.93) to be the most difficult element of environmental dynamism that influences competitive strategy and performance. This shows that manufacturing firms in Nigeria were finding competitive intensity more difficult than they found market turbulence and uncertainty. While it is generally true that the manufacturing firms in Nigeria are finding it difficult to cope with all the listed competitive intensity situations, the least important situations to cope with are the market activities of their key competitors (2.79) which have become more hostile, more unpredictable and which now affect their firms in many more areas than before. Coping with the market entry of new competitors (3.14), however seems to be the most important factor. It is noteworthy that majority of these manufacturing firms fall between small and medium scale industries. Such manufacturing firms are likely to feel the pressure of the marketing activities of the relatively large scale firms that have the wherewithal to exert pressure on the smaller firms.

Table 4.3.3: Uncertainty

Uncertainty Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Product ideas made through technological breakthroughs in our industry is	.0	1.1	24.5	11.4	51.9	11.1	.0	4.4729	1.01629
The rate of technological changes in our industry is	.0	.6	28.2	4.0	57.5	9.7	.0	4.4758	1.02196
Opportunity provided by technological changes in our industry are	.3	2.8	20.5	1.4	50.1	24.5	.3	4.7293	1.15051
Growth opportunities in the overall business environment are	.0	2.0	18.2	2.6	44.2	32.5	.6	4.8860	1.12814
Research and Development (R&D) activity in our principal industry is	.0	7.7	30.5	46.7	14.8	.3	.0	3.6952	.82528
Legal, political and economic constraints (e.g. Government regulations) are	16.2	76.6	6.3	.0	.9	.0	.0	1.9259	.54530
Marketing tactics to cater for our different customers are	.0	3.7	38.6	1.1	54.0	2.6	.0	4.1314	1.07851

Source: Field Survey, 2016

Table 4.3.3 reveals that uncertainty (4.05) is the neutral factor of environmental dynamism which influences competitive strategy and non-financial performance of manufacturing firms in Nigeria. However, out of the seven statements developed by this study in order to evaluate the levels of instability from uncertainty in the operating environment of Nigeria manufacturing firms, the results in Table 4.3.3 indicate that growth opportunities in the overall business environment (4.89), opportunities provided by technical changes in their industries (4.73) and the rate of technological changes in their industries (4.48) in that order constitute the ‘slightly stable’

contributors to uncertainty. The most unstable factor however, is legal, political and economic constraints (1.9). This is understandable if one considers the vagary of change in government policies being formulated to encourage local manufacturing of goods in order to save foreign exchange of the Naira.

Table 4.3.4: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Environmental Dynamism	351	3.4624	.44473	.02374
Market Turbulence	351	3.2684	.46303	.02471
Competitive Intensity	351	2.9274	.66525	.03551
Uncertainty	351	4.0453	.69379	.03703

Table 4.3.5: One-Sample Test

	Test Value = 4					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Environmental Dynamism	-22.647	350	.000	-.53759	-.5843	-.4909
Market Turbulence	-29.603	350	.000	-.73162	-.7802	-.6830
Competitive Intensity	-30.208	350	.000	-1.07265	-1.1425	-1.0028
Uncertainty	1.224	350	.222	.04531	-.0275	.1181

In order to determine whether the sample comes from a population with a specific mean, the one-sample t-test was used. A one-sample t-test was run in Tables 4.3.4 and 4.3.5 to determine whether environmental dynamism mean score (3.46), market turbulence score (3.27), competitive intensity score (2.93) and uncertainty variables (4.05) were statistically significantly different to normal test value of 4.0. Mean variables scores (3.46 ± 0.44), 3.27 ± 0.46 , (2.93 ± 0.67) and (4.05 ± 0.67) respectively were lower than the normal variable score of 4.0, apart from uncertainty variable which was higher than the normal variable score of 4.0 a statistically

significant difference of 0.54 (95% CI, 0.49 to 0.58), $t(350) = -22.647$, $p = 0.000$ for environmental dynamism; 0.73 (95% CI, 0.68 to 0.78), $t(350) = -29.603$, $p = 0.000$ for market turbulence; 1.07 (95% CI, 1.00 to 1.14), $t(350) = -30.208$, $p = 0.000$ for competitive intensity and -0.05 (95%CI, -0.03 to 0.12), $t(350) = 1.224$, $p = 0.222$ for uncertainty.

There is a statistically significant difference between sample and population means ($p < .05$) for environmental dynamism as main variable, market turbulence and competitive intensity as sub-variables. However, for uncertainty, there is no statistically significant difference between the means ($p < .05$). It is noteworthy that this result of uncertainty is not enough to affect the result for environmental dynamism – the main variable. A statistically significant difference was found between the variables scores in the sampled respondents versus the normal population score. This is in line with SPSS statistics “Reporting the SPSS statistics output of the one-sample t-test”.

4.3 Competitive Strategy Factors which have influence on non-financial performance of manufacturing firms in Nigeria.

This section examines the perception of the respondents with respect to how competitive strategy, which is industry forces and generic strategy, influences non-financial performance of manufacturing firms in Nigeria. In order to carry out a comprehensive analysis of the generated data, the firms’ competitive strategy was further broken down into industry forces, cost leadership strategy, differentiation strategy and focus strategy. For ease of presentation and interpretation, Table 4.4 below illustrates the ranking of a 35-item instrument for competitive strategy (16 for industry forces, 6 for cost leadership, 9 for differentiation and 4 for focus) based

on their relative influence on competitive strategy and non-financial performance of the manufacturing firms in Nigeria. This is based on the evaluation of the relative intensity of competition which manufacturing firms in Nigeria are facing with respect to 35 competitive strategy items which ranked according to the following scale levels: extremely weak, very weak, weak, neutral, strong, very strong, and extremely strong or strongly disagree, disagree, somewhat disagree, neutral, somewhat agree, agree, strongly agree and were ranked from 1 to 7 respectively.

Table 4.4 Competitive strategy

S/N	Item	Mean	SD
1	Competitive Strategy	5.05	0.50
2	Industry Forces	5.03	0.52
3	Generic Strategy	5.15	0.70
4	Cost Leadership	5.89	0.64
5	Differentiation	4.67	0.68
6	Focus	4.88	1.48

Source: Field Survey, 2016

From Table 4.4, the following conclusions can be drawn:-The average mean scores of the ranked competitive strategy factors which influence the non-financial performance of manufacturing firms in Nigeria indicate that the highest rated factor in competitive strategy is cost leadership (5.89). This is not surprising given the rising cost of production and infrastructure which is becoming unbearable for large and small-scale manufacturing firms (Adekoya, 2016). Cost leadership is necessary for survival of the firms. The second most important factor to these manufacturing firms is industry forces (5.03) which comprise of barrier of entry, bargaining power of buyers, bargaining power of suppliers, threat of substitutes and competitive rivalry (Porter, 2008). The configuration of the five forces varies from industry to industry. This study

which focuses on ten sub-sectors or industries of manufacturing firms certainly accommodates different configurations. The most competitive force in the structure determines how profitable an industry is (Porter, 2008). The most important force is not usually obvious. The lowest ranked competitive strategy factors are Focus (4.48) and Differentiation (4.67). It is noteworthy that overall, the respondents are generally positive in their evaluation of competitive strategy which influences non-financial performance of manufacturing firms in Nigeria.

Table 4.4.1: Industry Forces

Industry Forces Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Barrier to entry into our industry, where we are a player, in term of capital requirement is	.0	.0	1.4	.6	42.7	55.3	.0	5.5185	.58950
Barrier to entry in terms of legal requirement is	.0	17.4	44.7	26.2	11.4	.3	.0	3.3248	.90234
Customers loyalty to established brand is	.0	21.3	48.3	3.4	25.9	1.1	.0	3.3736	1.11763
The customers' influence over the market is	.0	15.7	32.5	2.3	44.7	4.8	.0	3.9060	1.26027
The degree of sensitivity of the customer to change in price is	.0	3.1	17.4	1.7	53.0	23.9	.9	4.7977	1.10923
The ability of customers to switch from one product to another is	.0	.6	15.1	1.7	37.3	36.5	8.8	5.2051	1.16279
The availability of substitute product is	.0	.0	4.8	.9	17.4	37.9	39.0	6.0541	1.01696
The impact or raw materials/inputs on price is	.0	.0	1.4	.9	13.4	52.9	31.4	6.1200	.77378
The buyer's propensity to substitute a product for another is	.0	.3	23.6	1.1	43.3	30.2	1.4	4.8376	1.14859
Possible existence of substandard product is	.0	4.6	11.4	3.1	12.3	48.1	20.5	5.4957	1.39974
The threat of substitute product as a result of increasing number of manufacturers is	.0	.3	12.3	.3	60.7	25.4	1.1	5.0199	.90532
The threat posed by relative price of substitute product is	.0	.0	14.0	.6	51.7	33.1	.6	5.0571	.95883
Promotional strategies among competitors are	.0	.3	6.8	7.7	39.0	43.9	2.3	5.2621	.91634
Access to distribution channel is	.0	.3	7.7	25.1	32.5	27.9	6.6	4.9972	1.06234
Service strategies to customers are	.0	.3	5.1	2.6	27.4	47.9	16.8	5.6781	.97486
Threat of smuggling is	6.0	9.4	17.9	6.0	5.1	23.1	32.5	4.9402	2.02960

Source: Field Survey, 2016

The individual mean score for each industry forces item is shown in Table 4.4.1 and this indicates the relative overall importance of each item to the respondents. The result of the analysis shows that the five industry forces which include barrier to entry, bargaining power of buyers, bargaining power of suppliers, threat of substitutes and finally, competitive rivalry influence non-financial performance of manufacturing firms in Nigeria. The 16 industry forces items that were evaluated by the respondents to determine the relative intensity of competition the manufacturing firms are facing produced the results. The results show that the impact of raw materials/inputs on price (6.12) and the availability of substitute products (6.05) constitute “very strong” threats to manufacturing firms in Nigeria. Other “strong” threatening issues are service strategies to customers (5.68), barrier to entry (5.52) and ability of customers to switch from one product to another (5.2).

On the other side of the continuum where intensity of competition that the manufacturing firms are facing is “weak” are in the areas of barriers to entry in terms of legal requirements (3.32), customers loyalty to established brands (3.37). The impact of raw materials is reflected in the high cost of production which is borne out of the foreign exchange implications of the imported inputs, and high cost of infrastructure. These costs are passed on to the customers who have to pay high prices so that the manufacturing firms can make some profit for survival. The result obtained for barrier to entry in terms of legal requirements (3.32) shows that there are no government statutory restrictions to start up new manufacturing firms in Nigeria. The reason for this may be due to the need on the part of government to encourage local production of goods in order to save foreign exchange, on the issue of buyer’s propensity to substitute products a manufactured product in Nigeria for another, the idea is to encourage competition among the

manufacturing firms in Nigeria.

Table 4.4.2: Cost Leadership Strategy

Cost Leadership Strategy Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Efficient procurement of raw materials at the most competitive price	.3	.0	.0	.0	22.6	63.7	13.4	5.8943	.64920
Finding ways to reduce costs (standardising the product or increasing the economy of scale).	.3	.3	.6	.0	6.6	47.1	45.1	6.3429	.75485
Operating efficiency by employing ,cut-edge or modern day technology.	.0	.3	.3	.3	12.0	42.0	45.1	6.3057	.74995
High level of production capacity utilisation.	.0	1.1	33.7	6.6	44.3	12.9	1.4	4.3829	1.15143
Emphasis on price competition (i.e. offering competitive prices).	.0	.0	.9	.6	15.7	47.7	35.1	6.1571	.76521
Ensuring tight control of overhead cost.	.3	.0	.0	1.1	12.9	32.9	52.9	6.3629	.80278

Source: Field Survey, 2016

This is a firm's lower cost of products than what competitors can offer. Low cost leadership strategy is characterised as one in which products are low in price, but the standard of products maintained is similar to that of competitors (Johnson, Scholes, & Whittington, 2008). The respondents were asked to rank the cost leadership strategy statements on the basis of the following scale levels: strongly disagree, disagree, somewhat disagree, neutral, somewhat agree, agree, strongly agree. These were ranked 1 to 7 respectively. The total mean score for each cost leadership strategy critical success factor indicated is in Table 4.4.2 and shows the overall relative importance of each strategy critical success factor to the manufacturing firms in Nigeria. It can be deduced from the table that ensuring tight control of overhead cost (mean score = 6.36) is rated as the most important success factor that underscores the achievement of cost leadership

strategy by manufacturing firms in Nigeria. The second most important factor is finding ways to reduce cost or increasing the economy of scale (6.34) while the third most important factor is operating efficiency by employing cut-edge or modern day technology (6.31). The least important of the six critical success factors is high level of production capacity utilisation by the manufacturing firms in Nigeria. The phenomenal capacity under-utilisation that has plagued manufacturing firms in Nigeria has remained with them in a long time, and its abatement may remain a mirage for as long as the provision of industrial estates remains elusive. This means that the manufacturing firms will need to identify the critical success factors which constitute strengths and those that are weaknesses and ensure the tilt of the balance towards efficiency in their operations.

Table 4.4.3: Differentiation Strategy

Differentiation Strategy Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Using innovative methods and technologies to create superior products.	.0	.0	.3	.3	33.9	60.7	4.8	5.6952	.57664
Emphasis on new product development or existing product adaptation to better serve customers.	.0	15.7	33.4	1.7	36.9	11.1	1.1	3.9771	1.37290
High rate of new product introduction to market.	1.1	29.6	47.0	2.0	17.4	2.6	.3	3.1368	1.14821
Emphasis on the number of new products offered to the market.	.6	36.3	42.3	1.4	17.4	1.7	.3	3.0514	1.13939
High intensity of advertising and marketing	.0	11.7	35.0	4.6	29.9	16.8	2.0	4.1111	1.40068
Developing and utilising sales force.	.0	4.8	26.2	7.7	27.6	29.6	4.0	4.6296	1.37306
Building strong brand identification.	.0	.0	.3	1.7	25.9	45.3	26.8	5.9658	.78847
Production of high quality products	.0	.6	.0	.9	9.7	46.2	42.7	6.2906	.75282
Quick delivery and immediate response to customer orders.	.0	.0	4.8	8.0	59.3	21.4	6.6	5.1681	.85035

Source: Field Survey, 2016.

The generic strategy of differentiation strategy is believed to be implemented when a firm is unique in its industry along some attributes of its product, or products are unique or different from those of competitors (Johnson, Scholes, & Whittington, 2008). Table 4.4.3 contains the mean scores of the nine critical success factors that define the differentiation strategy of the manufacturing firms in Nigeria. The Table shows that production of high quality products (mean = 6.3) is the most important factor that supports the respondents being unique and different from other competitors. This is followed by building strong brand identification (mean = 6.00, while the least important factor is the emphasis on the number of new products offered to the market.

Given the competitive environment occasioned by the threat of smuggling, laying emphasis on the above two most important factors by the manufacturing firms is a requirement for survival.

Table 4.4.4: Focus Strategy

Focus Strategy Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Production of unique products (e.g. unique function, unique design).	.0	.3	2.8	.0	34.2	48.7	14.0	5.7009	.83425
Targeting a clearly identified segment (e.g. emphasising a geographical region or a specific group of customers).	.0	12.5	30.5	.3	13.1	17.9	25.6	4.7037	1.86485
Offering products suitable for high price segment.	.3	17.9	28.2	2.3	15.7	13.7	21.9	4.4387	1.87650
Offering specialty products tailored to a particular group of customers or users.	.3	15.4	28.8	.6	10.3	14.8	29.9	4.6923	1.96161

Source: Field Survey, 2016

The generic strategy of focus involves implementation of cost leadership or differentiation but applies to a narrow segment of the market (Kazmi, 2008). Table 4.4.4 on Focus Strategy shows that production of unique products with unique function and unique design (mean = 5.7) is the most important critical success factor followed by targeting a clearly defined segment (mean = 4.7) while the least important factor is offering products suitable for high price segment (mean = 4.4) that underpins the focus strategy of these manufacturing firms in Nigeria.

Table 4.4.5: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Competitive Strategy	351	5.0455	.49755	.02656
Industry Forces	351	5.0291	.51933	.02772
Generic Strategies	351	5.1483	.70614	.03769
Cost Leadership Strategy	351	5.8908	.63853	.03408
Differentiation Strategy	351	4.6701	.67661	.03611
Focus Strategy	351	4.8839	1.48175	.07909

Table 4.4.6: One-Sample Test

One-Sample Test						
	Test Value = 4					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Competitive Strategy	189.987	350	.000	5.04549	4.9933	5.0977
Industry Forces	181.426	350	.000	5.02911	4.9746	5.0836
Generic Strategies	136.592	350	.000	5.14828	5.0742	5.2224
Cost Leadership	172.840	350	.000	5.89079	5.8238	5.9578
Differentiation Strategy	129.314	350	.000	4.67015	4.5991	4.7412
Focus Strategy	61.751	350	.000	4.88390	4.7284	5.0395

In order to determine whether the sample drawn came from a population with a specific mean, the one-sample test was carried out and the results are contained in Table 4.4.5 and Table 4.4.6. The objective was to determine whether competitive strategy score 5.05, Industry forces score (5.03), cost leadership score (5.89), Differentiation score (4.67), and Focus score (4.88) were different to normal test value of 4.0.

Mean variables scores (5.05 ± 0.50), (5.03 ± 0.52), (5.89 ± 0.64), (4.67 ± 0.68) and (4.88 ± 1.48) respectively were higher than the normal variable score of 4.0 – a statistically significant difference of 1.05(95% CI, 0.99 to 1.10), $t(350) = 39.368$, $p = .000$ for competitive strategy; 1.03(95% CI, .97 to 1.08), $t(350) = 37.125$, $p = .000$ for industry forces; 1.89 (95% CI, 1.82 to 1.96), $t(350) = 55.477$, $p = .000$ for cost leadership; 0.67 (95% CI, 0.60 to 0.74), $t(350) = 18.556$, $p = .000$ for Differentiation; and 0.88 (95% CI, 0.73 to 1.04), $t(350) = 11.176$, $p = .000$ for focus. There is a statistically significant difference between sample and population means ($p < .05$) for all the main and sub-variables.

4.4 Non-Financial Performance of Manufacturing Firms in Nigeria

In this study, the non-financial performance variable of the manufacturing firms in Nigeria by respondents' self-reported ratings. The respondents were asked to indicate their ratings on a seven-point Likert scale levels as follows: completely dissatisfied (1), mostly dissatisfied (2), somewhat dissatisfied (3), neither satisfied nor dissatisfied (4), somewhat satisfied (5), mostly satisfied (6) and completely satisfied (7). This is a measure of the degree of their firms' performance relative to competitors.

Table 4.5: Non-Financial Performance

Non-Financial Performance Variables	Scale Level							Mean	Std Dev.
	1	2	3	4	5	6	7		
Performance Stability	.0	.0	4.0	12.3	59.0	24.8	.0	5.0456	.72756
Employee Morale	.3	1.7	18.5	49.0	29.9	.3	.3	4.0855	.78091
Environmental Adaption	.0	.3	5.7	27.4	43.0	20.5	3.1	4.8718	.91843
New Ideas	.0	.0	2.6	25.6	48.7	21.1	2.0	4.9430	.80509
Operating Efficiency	.0	.0	.0	4.0	23.4	52.4	20.2	5.8889	.76470
Social Impact on the society	.0	.0	3.4	19.1	45.0	29.6	2.8	5.0940	.85506
Public Image	.0	.0	2.6	24.2	44.4	26.2	2.6	5.0199	.84323

Source: Field Survey, 2016

Table 4.5 shows that non-financial performance of the manufacturing firms in Nigeria is generally satisfactory with the statistical means, ranging from 4.08 to 5.9. However, Employee Morale with a mean score of 4.09 point (indicating neither satisfied nor dissatisfied) is the lowest of the seven factors, which also suggests a relatively low performance.

Table 4.5.1: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Non Financial Performance	351	4.9927	.59193	.03159
Performance Stability	351	5.0456	.72756	.03883
Employee Morale	351	4.0855	.78091	.04168
Environmental Adaption	351	4.8718	.91843	.04902
New Ideas	351	4.9430	.80509	.04297
Operating Efficiency	351	5.8889	.76470	.04082
Social Impact on the society	351	5.0940	.85506	.04564
Public Image	351	5.0199	.84323	.04501

Table 4.5.2: One-Sample Test

	Test Value = 4					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Non Financial Performance	31.419	350	.000	.99267	.9305	1.0548
Performance Stability	26.924	350	.000	1.04558	.9692	1.1220
Employee Morale	2.051	350	.041	.08547	.0035	.1674
Environmental Adaption	17.784	350	.000	.87179	.7754	.9682
New Ideas	21.945	350	.000	.94302	.8585	1.0275
Operating Efficiency	46.278	350	.000	1.88889	1.8086	1.9692
Social Impact on the society	23.971	350	.000	1.09402	1.0043	1.1838
Public Image	22.661	350	.000	1.01994	.9314	1.1085

In order to determine whether non-financial performance mean score (4.99) was statistically significantly different to normal test value of 4.0, a one-sample t-test was run and the results are in Tables 4.5.1 and 4.5.2. Mean non-financial performance score (4.99 ± 0.59) is higher than the normal non-financial performance score of 4.0 – statistically significant difference of 0.99 (95% CI, 0.93 to 1.05) $t(350) = 31.419$, $p = .000$. There is a statistically significant difference between means ($p < .05$).

4.5 Test of Hypotheses

This section is a discussion of the findings from the hypotheses tested for this study. The Pearson's Product Moment correlation and regression analyses were used to test the hypotheses.

Hypothesis 1: Market Turbulence does not determine performance stability of manufacturing firms in Nigeria.

Table 4.6: Correlation Results of Market Turbulence and Performance Stability

		Market Turbulence	Performance Stability
Market Turbulence	Pearson Correlation	1	.339**
	Sig. (2-tailed)		.000
	N	351	351
Performance Stability	Pearson Correlation	.339**	1
	Sig. (2-tailed)	.000	
	N	351	351

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.7: Regression Results of Market Turbulence and Performance Stability

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.339 ^a	.115	.113	.68538		
a. Predictors: (Constant), Market Turbulence						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.329	1	21.329	45.404	.000 ^b
	Residual	163.942	349	.470		
	Total	185.271	350			
a. Dependent Variable: Performance Stability						
b. Predictors: (Constant), Market Turbulence						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.303	.261		12.647	.000
	Market Turbulence	.533	.079	.339	6.738	.000
a. Dependent Variable: Performance Stability						

To test this hypothesis, the Pearson's Product Moment Correlation and Regression Analysis was carried out. The results of Pearson's Correlation and Regression Analysis are reported in Tables 4.6 and 4.7. The results in Table 4.6 show that the correlation coefficient (.339^{**}) indicates a positive and statistically significant relationship between market turbulence and performance stability of the manufacturing firms in Nigeria at the 99% confidence level. The regression analysis is imperative for the analysis of the effect of independent variable on dependent variable (McMillan & Schumacher, 2001; Frankfort-Nachmias & Nachmias, 1996). Table 4.7 presents the results of the regression analysis for market turbulence variable as predictor of performance stability of manufacturing firms in Nigeria. Table 4.7 shows that the R-squared statistic indicates that the fitted model explains 11.5% of the variability in performance stability of the manufacturing firms in Nigeria. This simply implies that about 11.5% of the total variation in measure of performance stability is explained by the variations in market turbulence. The regression coefficient of the above equation for the model in Table 4.7 implies that Market Turbulence exerts a positive effect on performance stability. The standard error of estimate for the model shows that the standard deviation of residual is 0.685. The ANOVA result for market turbulence variable as predictor of performance stability shown in Table 4.7 is significant with F-value of 45.404 and P-value of 0.000 which is less than the level of significance at the 0.05 and indicates that the result is statistically significant. Therefore, this null hypothesis is rejected considering the fact that both the Pearson's correlation coefficient is statistically significant at the 1% level and the statistical value of the regression model: $R^2=0.115$, $F_{0.685}=45.404$, ($P<.05$). This implies that market turbulence determines performance stability in manufacturing firms in Nigeria.

Although the relationship between market turbulence and performance stability of the Nigerian manufacturing firms was found to be positive and significant, both the level of correlation and predictive capability of market turbulence on performance stability of the Nigerian manufacturing firms are weak. The above finding can be corroborated by the views expressed by Utomi (1998) and Olalekan (2010) that the Nigerian manufacturing firms lack the required flexibility to respond to competitive behaviours; which restrict their capability to deploy resources to product-market development and idiosyncrasies of demand. This also points to the fact that the existing market environment in Nigeria somewhat experiences very little degree of radical innovation in terms of products/services offered to the market, service delivery standards, adoption of identical market orientation approach, and or absence of radical innovation (Brown, & Blackman, 2005). Thus, the operators have developed some form of strategic posture that over time presents an insight that is not radically different over the years. Hence, the market turbulence is seen to occur in the same pattern that is not remarkably different. Another possible explanation may be due to inefficient and aggressive market challenger. In other words the existing market strata somewhat revolve around market leader and nicher scenario, which may not necessarily institute clear market effort and strategic renewal given that most of the market leaders are not only few but are foreign multinationals that possess similar capability and access to resources.

Hypothesis 2: Competitive intensity does not have significant influence on employee morale in manufacturing firms in Nigeria.

Table 4.8: Correlation Results of Competitive Intensity and Employee Morale

		Competitive Intensity	Employee Morale
Competitive Intensity	Pearson Correlation	1	.140**
	Sig. (2-tailed)		.009
	N	351	351
Employee Morale	Pearson Correlation	.140**	1
	Sig. (2-tailed)	.009	
	N	351	351

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.9: Regression Results of Competitive Intensity and Employee Morale

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.140 ^a	.020	.017	.77434		
a. Predictors: (Constant), Competitive Intensity						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.175	1	4.175	6.963	.009 ^b
	Residual	209.261	349	.600		
	Total	213.436	350			
a. Dependent Variable: Employee Morale						
b. Predictors: (Constant), Competitive Intensity						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.605	.187		19.302	.000
	Competitive Intensity	.164	.062	.140	2.639	.009
a. Dependent Variable: Employee Morale						

This hypothesis was tested, using the Pearson’s Product Moment Correlation and Regression Analysis. The results of Pearson’s Correlation and Regression Analysis are reported in Tables 4.8 and 4.9. The results in Table 4.8 show that the correlation coefficient (0.140**) indicates a

positive and statistically significant relationship between competitive intensity and employee morale in manufacturing firms in Nigeria at the 99% level of confidence. Table 4.9 presents the results of the regression analysis for competitive intensity variable as predictor of employee morale of manufacturing firms in Nigeria. Table 4.9 shows that the R-squared statistic which indicates that the fitted model explains 2.0% of the variability in employee morale in manufacturing firms in Nigeria. This means that about 2.0% of the total variation in measure of employee morale is explained by the variations in competitive intensity. The regression coefficient of the above equation for the model in Table 4.9 implies that competitive intensity exerts a positive effect on employee morale. The standard error of estimate for the model shows that the standard deviation of residual is 0.774. The ANOVA result for competitive intensity variable as predictor of employee morale displayed in Table 4.9 is significant with F-value of 6.963 and P-value of 0.009 which is less than the level of significance at the 0.05 and indicates that the result is statistically significant. Therefore, the above null hypothesis is rejected considering the fact that both the Pearson's correlation coefficient is statistically significant at the 1% level, and the statistical value of the regression model: $R^2=0.020$, $F_{0.774}=6.963$ ($P<0.05$). This implies that competitive intensity does have significant influence on employee morale in manufacturing firms in Nigeria.

The relationship between competitive intensity and employee morale in the Nigerian manufacturing firms was found to exhibit weak positive and significant connection to employee morale in the Nigeria manufacturing firms. The above results lend credence to the notion concerning the streams of determinants of firm performance as one which is founded on economic tradition, emphasising the significance of external factors and the other which builds

on the sociological and behavioural paradigm contingent on environment (Mohammed, Aminu, Rahama, & Murtala, 2015). It may also be due to declining opportunities for further growth (Dibrell, Down, & Bull, 2007). Therefore, firm's behaviour will no longer be deterministic but stochastic under heavy influence and contingencies and hence, weak adaptation to market realities (Nwosu, Ikewu, & Uzorh, 2013). What the aforementioned position implies is that competitive intensity has hampered their capability to offer the expected level of satisfaction to their stakeholder (such as return on investment to shareholders and more importantly improved employee morale through financial and non-financial reward. This finding portends that the nature and degree of competition in Nigeria is a strategic issue that exerts impact on all aspects of business organization (for instance research and development effort, tenacity for innovation, capacity development among others). Therefore, the capability of the manufacturing firms to cope and adjust to market intensity is connected to employee morale which is strongly indicated in their capability to develop and motivate staff through financial and non-financial incentives.

Hypothesis 3: Uncertainty does not significantly impact on environmental adaptation of manufacturing firms in Nigeria.

Table 4.10: Correlation Results of Uncertainty and Environmental Adaptation

		Uncertainty	Environmental Adaption
Uncertainty	Pearson Correlation	1	.279**
	Sig. (2-tailed)		.000
	N	351	351
Environmental Adaption	Pearson Correlation	.279**	1
	Sig. (2-tailed)	.000	
	N	351	351

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.11: Regression Results of Uncertainty and Environmental Adaptation

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.279 ^a	.078	.075		.88310	
a. Predictors: (Constant), Uncertainty						
ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.057	1	23.057	29.565	.000 ^b
	Residual	272.174	349	.780		
	Total	295.231	350			
a. Dependent Variable: Environmental Adaption						
b. Predictors: (Constant), Uncertainty						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.375	.279		12.087	.000
	Uncertainty	.370	.068	.279	5.437	.000
a. Dependent Variable: Environmental Adaption						

To test this hypothesis, the Pearson's Product Moment Correlation and Regression Analysis were carried out. The results of Pearson's Correlation and Regression Analysis are reported in Tables 4.10 and 4.11. The results in Table 4.10 show that the correlation coefficient (0.279**) indicates a positive and statistically significant relationship between uncertainty and environmental adaptation of manufacturing firms in Nigeria at the 99% level of confidence. Table 4.11 contains the results of the regression analysis for uncertainty variable as predictor of environmental adaptation of manufacturing firms in Nigeria. Table 4.11 shows that the R-squared statistic indicates that the fitted model explains 7.8% of the variability in environmental adaptation in manufacturing firms in Nigeria. This means that about 7.8% of the total variations in measure of environmental adaptation is explained by the variations in uncertainty.

The regression coefficient of the equation for the model in Table 4.11 means that uncertainty exerts a positive effect on environmental adaptation. The standard error of estimate for the model shows that the standard deviation of residual is 0.883. The ANOVA result for uncertainty variable as predictor of environmental adaptation contained in Table 4.11 is significant with F-value of 29.57 and P-value of 0.000 which is less than the level of significance at the 0.05 and shows that the result is statistically significant. Therefore, this null hypothesis is rejected based on the fact that both the Pearson's correlation coefficient is statistically significant at the 5% level, and the statistical value of the regression model: $R^2 = 0.078$, $F_{0.883} = 29.57$ ($P < 0.05$). This means that uncertainty does significantly impact on environmental adaptation of manufacturing firms in Nigeria.

As depicted in Tables 4.10 and 4.11, uncertainty exhibited weak positive significant relationship on environmental adaptation of manufacturing firms in Nigeria and it has weak predictive capability on environmental adaptation of the manufacturing firms. The above finding indicates that the nature of the market in which Nigerian manufacturing firms operate is inherently complex and hence, high degree of uncertainties hence, they lacks critical resources to diversify strategic options to compete effectively (Olalekan, 2010). Also, because under conditions of intensifying competition occasioned by high degree of uncertainty, predictability diminishes (Auh & Mengue, 2005). This finding indicates that uncertainty propelled changes but the level of adaptation of the manufacturing firms is somewhat weak and poorly responsive.

Hypothesis 4: Industry Forces do not significantly lead to the generation of new ideas in manufacturing firms in Nigeria.

Table 4.12: Correlation Results of Industry Forces and New Ideas

		Industry Forces	New Ideas
Industry Forces	Pearson Correlation	1	.173**
	Sig. (2-tailed)		.001
	N	351	351
New Ideas	Pearson Correlation	.173**	1
	Sig. (2-tailed)	.001	
	N	351	351

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.13: Regression Results of Industry Forces and New Ideas

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.173 ^a	.030	.027	.79413		
a. Predictors: (Constant), Industry Forces						
ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.767	1	6.767	10.730	.001 ^b
	Residual	220.094	349	.631		
	Total	226.860	350			
a. Dependent Variable: New Ideas						
b. Predictors: (Constant), Industry Forces						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.597	.413		8.703	.000
	Industry Forces	.268	.082	.173	3.276	.001
a. Dependent Variable: New Ideas						

This hypothesis was tested, using the Pearson’s Product Moment Correlation and Regression Analysis. The results of Pearson’s Correlation and Regression Analysis are reported in Tables 4.12 and 4.13. The results in Table 4.12 show that the correlation coefficient (0.173**) indicates a positive and statistically significant relationship between Industry Forces and New Ideas in manufacturing firms in Nigeria at the 99% level of confidence. In order to verify these findings,

regression analysis was carried out to determine the strength of the relationship between New Ideas and industry forces shown in Table 4.13. Table 4.13 shows that the R-squared statistic indicates that the fitted model explains 3% of the variability in new ideas generation in Nigeria manufacturing firms. This means that about 3% of the total variation in measure of New Ideas is explained by the variations in industry forces. Table 4.13 contains the results of the regression analysis for industry forces variable as predictor of new ideas in manufacturing firms in Nigeria. The regression coefficient of the equation for the model in Table 4.13 implies that industry forces exert a positive effect on New Ideas. The standard error of estimate for the model shows that the standard deviation of residual is 0.794. The ANOVA result for industry forces variable as predictor of New Ideas contained in Table 4.13 is significant with F-value of 10.73 and P-value of 0.001 which is less than the level of significance at 0.05 and shows that the result is statistically significant. Therefore, the above null hypothesis is rejected, given the fact that both the Pearson's correlation coefficient is statistically significant at the 1% level, and the statistical value of the regression model $R^2=0.030$, $F_{0.794}=10.73$ ($P<0.05$). This shows that industry forces do significantly lead to the generation of new ideas in manufacturing firms in Nigeria.

The above finding indicates that industry force has weak positive and significant relationship with generation of new ideas among manufacturing firms in Nigeria. However, it exerts very little predictive tendency of generation of new ideas. This may be attributed to large productivity differentials across the Nigerian manufacturing sectors and firm size (United Nations Industrial Development Organisations, 2002). Hence, both learning and exploration capability to break out price or promotion wars which characterised the sector is hampered (Zahra, Sapienza, & Davidson, 2006). What this finding portends is that existing industry forces in the Nigerian

manufacturing firms is not remarkably structured and revolves around market leaders and followers scenario. As a result, innovative tendency revolves around the market leaders of which the large majority of them are multinationals whose strategic planning and research and development efforts are dictated by their parent companies. The finding also implies that the large majority of the manufacturing firms in Nigeria are small and medium sizes corporate entity and perhaps lack the will and capability to operate along the dictates of the industry forces.

Hypothesis 5: Generic strategy of manufacturing firms in Nigeria has no significant influence on non-financial performance.

Table 4.14: Correlation Results of Generic Strategy and Non-financial Performance.

		Generic Strategy	Non-financial performance
Generic Strategies	Pearson Correlation	1	.230
	Sig. (2-tailed)		.000
	N	351	351
Non-financial performance	Pearson Correlation	.230	1
	Sig. (2-tailed)	.000	
	N	351	351

Table 4.15: Regression Results of Generic Strategy and Non-financial Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.230 ^a	.053	.050	.57689		
a. Predictors: (Constant), Generic Strategy						
ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.488	1	6.488	19.494	.000 ^b
	Residual	116.147	349	.333		
	Total	122.634	350			
a. Dependent Variable: Non-financial Performance						
b. Predictors: (Constant), Generic Strategy						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.000	.227		17.628	.000
	Generic Strategy	.193	.044	.230	4.415	.000
a. Dependent Variable: Non-financial Performance						

This hypothesis was tested using the Pearson's Product Moment Correlation and Regression Analyses. The results of Pearson's Correlation and Regression Analysis are reported in Tables 4.14 and 4.15. The results in Table 4.14 show that the correlation coefficient (0.230) indicates a positive and statistically significant relationship between generic strategy and non-financial

performance of manufacturing firms in Nigeria at both the 95% and 99% confidence levels. In order to verify these findings, regression analysis was carried out to determine the strength of the relationship between non-financial performance and generic strategy. Table 4.15 contains the results of the regression analysis for generic strategy variable as predictor of non-financial performance in manufacturing firms in Nigeria. Table 4.15 shows that the R-squared statistic indicates that the fitted model explains 5.3% of the variability in non-financial performance of Nigeria manufacturing firms. This means that about 5.3% of the total variation in measure of non-financial performance is explained by the variations in generic strategy. The regression coefficient of the equation for model in Table 4.15 implies that generic strategy exerts a positive effect on non-financial performance. The standard error of the estimate for model shows that the standard deviation of residual value is 0.577. The ANOVA results for generic strategy variable as predictor of non-financial performance contained in Table 4.15 are significant with F-value of 19.494 and P-value of 0.000 which is less than the level of significance at 0.05 and show that the result is statistically significant. Therefore, this null hypothesis is rejected given the fact that both the Pearson's correlation coefficient is statistically significant at the 1% level, and the statistical value of the regression model $R^2=0.053$, $F_{0.577}=19.494$, ($P<0.05$). This means that there is sufficient evidence to reject the null hypothesis and implies that generic strategy has significant influence on the non-financial performance of manufacturing firms in Nigeria.

As displayed in Table 4.14 and 4.15 generic strategy exhibited positive weak and non-significant relationship with non-financial performance of the manufacturing firms in Nigeria. On the other hand, it exerts weak predictive capability on non-financial performance of the manufacturing firms in Nigeria. This suggests that individual firm neither has control over input factor costs or

the prices at which output are sold with the consequence that inefficient and high cost firms will experience inefficiency, hence, cost saving approaches is essential for their economic survival (Mambula 2002; Nwosu, Iwu, & Uzorh, 2013). What the above result implies is that generic strategy (consisting of overall low cost, brand differentiation, focus strategy and differentiation) is not strong predictors of non-financial performance such as employee morale, corporate reputation among others.

Hypothesis 6: Environmental dynamism and competitive strategy have no significant effect on non-financial performance of manufacturing firms in Nigeria.

Table 4.16: Correlation Results of Environmental Dynamism, Competitive Strategy and Non-financial Performance

Correlations 1			
		Environmental Dynamism	Non-Financial Performance
Environmental Dynamism	Pearson Correlation	1	.398**
	Sig. (2-tailed)		.000
	N	351	351
Non-Financial Performance	Pearson Correlation	.398**	1
	Sig. (2-tailed)	.000	
	N	351	351
**. Correlation is significant at the 0.01 level (2-tailed).			
Correlations 2			
		Competitive Strategy	Non-Financial Performance
Competitive Strategy	Pearson Correlation	1	.242**
	Sig. (2-tailed)		.000
	N	351	351
Non-Financial Performance	Pearson Correlation	.242**	1
	Sig. (2-tailed)	.000	
	N	351	351
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 4.17: Regression Results of Environmental Dynamism, Competitive Strategy and Non-financial Performance

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.456 ^a	.208	.203		.52830	
a. Predictors: (Constant), Competitive Strategy, Environmental Dynamism						
ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.507	2	12.754	45.696	.000 ^b
	Residual	97.127	348	.279		
	Total	122.634	350			
a. Dependent Variable: Non-Financial Performance						
b. Predictors: (Constant), Competitive Strategy, Environmental Dynamism						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.872	.354		5.294	.000
	Environmental Dynamism	.515	.064	.387	8.099	.000
	Competitive Strategy	.265	.057	.223	4.665	.000
a. Dependent Variable: Non-Financial Performance						

This hypothesis was tested, using the Pearson’s Moment Correlation and Regression Analyses. The results of Pearson’s Correlation and Regression Analyses are reported in Tables 4.16 and 4.17. From Table 4.16, the coefficients of correlation 0.398^{**} and 0.242^{**} indicate that there was a positive and statistically significant correlation between (environmental dynamism & non-financial performance) and (competitive strategy & non-financial performance respectively) at 99% level of confidence.

The regression result in Table 4.17 shows that the a co-efficient of determination, $R^2 = 0.208$, revealed that the fitted regression model only explained 20.3% of the variability in non-financial performance, although the adjusted R-square statistic 20.3% is more appropriate for comparing

models when different independent variables are involved. The standard error of estimate shows that the standard deviation of residuals is 0.528. In order to verify this finding, the ANOVA test was carried out and found to be significant with F-value of 45.696 at the 0.05 level. This implies that there is a significant variation between the predictors (environmental dynamism, competitive strategy) and the dependent variable (non-financial performance). As a result, the above null hypothesis was rejected. Also, considering the fact that the Pearson's correlation analysis shows that there was a positive correlation among the two independent variables (environmental dynamism and competitive strategy) and dependent variable (non-financial performance) and the regression coefficient (Beta) values in Table 4.17 also show that environmental dynamism (0.387) and competitive strategy (0.223) have significant positive effect on non-financial performance of manufacturing in Nigeria.

As discussed above, both environmental dynamism and competitive strategy exhibited positive significant relationship with non-financial performance of manufacturing firms in Nigeria. While environmental dynamism demonstrated a moderate positive relationship, competitive strategy has weak relationship with non-financial performance. Both environmental dynamism and competitive strategy collectively predict 21% changes in non-financial performance of manufacturing firms in Nigeria. Specifically, environmental dynamism ($\beta = .387$, $t = 8.099$, $p < 0.05$) and competitive strategy ($\beta = .223$, $t = 4.665$, $p < 0.05$) account for changes in non-financial performance of the Nigerian manufacturing firms in Nigeria respectively. Although the result of testing of hypothesis six somewhat differ slightly from the previous five hypotheses both in term of relatively improved correlation and predictive capability of independent variables (environmental dynamism and competitive strategy) on the dependent variable (non-financial

performance). The result of this hypothesis implies poor fit between strategic alignment and environmental dynamism to fully capitalize on opportunities and minimize threats (Auh & Mengue, 2005), declining capabilities to capitalize on opportunities for profitable business growth (Osesotu, 1985; Ositayo, 2001; Olalekan, 2010). The reason for the aforementioned finding may be attributed to the fact that the prevailing business environment and its dynamism will propel significant changes on the competitive strategies that a firm adopts to cope with all the key environmental forces particularly the external ones (such as technology, political, economic, demographic and socio-cultural influences) that are outside the control of the organisation. Consequently, the manufacturing firms pro-activeness and the way and manner they modify their competitive business strategies to cope with changing environmental dynamism to some degree determine a number of organisational outcomes (such as their survival, growth, profitability, job satisfaction, employee morale, job turnover, and corporate reputation among others).

4.6 Summary of Results of the Hypotheses Tested

Below is the summary of hypotheses tested:

1. $r = 0.339$, $P < 0.05$; $r^2 = 11.5\%$; $\beta = 0.339$, $P < 0.05$; and $F_{0.685} = 45.404$, $P < 0.05$ show that the performance stability of the manufacturing firms in Nigeria is determined by market turbulence.
2. $r = 0.140$, $P < 0.05$; $r^2 = 2\%$; $\beta = 0.140$, $P < 0.05$; and $F_{0.774} = 6.963$, $P < 0.05$ indicate that competitive intensity has significant influence on the employee morale in manufacturing firms in Nigeria.

3. $r = 0.279$, $P < 0.05$; $r^2 = 7.8\%$; $\beta = 0.279$, $P < 0.05$; and $F_{0.883} = 29.565$, $P < 0.05$ imply that uncertainty has significant impact on environmental adaptation of manufacturing firms in Nigeria.
4. $r = 0.173$, $P < 0.05$; $r^2 = 3\%$; $\beta = 0.173$, $P < 0.05$; and $F_{0.794} = 10.730$, $P < 0.05$ show that industry forces lead to the generation of new ideas in manufacturing firms in Nigeria.
5. $r = 0.230$, $P < 0.05$; $r^2 = 5.3\%$; $\beta = 0.230$, $P < 0.05$; and $F_{0.577} = 19.494$, $P < 0.05$ indicate that generic strategy has influence on non-financial performance of manufacturing firms in Nigeria.
6. $r_1 = 0.398$, $P < 0.05$; $r_2 = 24\%$, $P < 0.05$; $r^2 = 0.208$; $\beta_1 = 0.387$, $P < 0.05$, $\beta_2 = 0.223$, $P < 0.05$; and $F_{0.528} = 45.696$, $P < 0.05$ show that environmental dynamism and competitive strategy contribute significantly to non-financial performance of manufacturing firms in Nigeria.

4.7 Discussion of Findings

4.7.1 Socio-Demographic and Organisational characteristics of Manufacturing Firms in Nigeria

In this study, factors of socio-demographic dimension include the respondent's sex, age, marital status, educational qualification and the age and size of the respondent's firm. The socio-demographic factors investigated in this study are the age and size of the respondent's firm. Empirical literature review shows that firm performance changes with age. Coad *et. al* (n.d). state that evidence exists that firms improve with age, because ageing firms are observed to have steadily increasing levels of productivity; while also indicating that firm performance

deteriorates with age (most especially when other variables such as size are controlled for). Soderbom and Teal (2003) pointed out that firm performance differs across the life cycle and among characteristics and concluded that neither ownership nor firm age significantly affects the measure of the efficiency with which firms operate in Africa. This study therefore seems to have attempted to test the veracity of the findings of earlier studies in both developed and developing economies that the rate of growth of manufacturing firm decreases with initial firm size and initial firm age (Coad, *et al.*, n.d). The findings of this study reveal that the age of the firm may not be an absolute determinant of the performance of the firm. Accordingly, whatever the non-financial performance of manufacturing firms in Nigeria will be, would not necessarily depend on the age of the firms which this study reveals is 57 percent for 5 to 20 years and 43 percent for those above 20 years.

This study reveals that all of the small size, medium-size and large-size manufacturing firms are covered in the survey that produced the study. Infact, the data analysis shows that those with less than 250 employees are about 16 percent while those with more than 250 employees are about 84 percent. Using data on the study of manufacturing firms in developed economies, firm growth rate or performance increases as size and age increase, while the growth rate/performance decreases as both variables decrease. This result is said to be consistent with the Jovanovic model and is also supported by the data analysed in the paper on the manufacturing firms in Ethiopia (a developing country) (Mengistae, 1998). There is a clear evidence that the size factor is neither necessary nor sufficient to establish the growth or performance of manufacturing firms without due consideration to other variables. In other words, from previous studies, there is no evidence that performance is affected by the size of the firm. The implication of this for our

study is that size is inconsequential to the multi-size form of the sampled manufacturing firms.

4.7.2 Environmental Dynamism, Competitive Strategy and Non-financial Performance of Manufacturing Firms in Nigeria

Market turbulence, competitive intensity and uncertainty which are constructs of environmental dynamism are basic elements producing changes in industry structure, fluctuations in market demand and the probability of environmental shocks, while their extreme situations give rise to situations of intense competition, where the benefits derived from almost all forms of competitive advantage are for a short time (Bierly & Daly, 2007). The findings of this study have revealed that the difficulty being experienced by the manufacturing firms in Nigeria to cope with the fast pace of change in the environment is dictated by competitive intensity, market turbulence and uncertainty in that order. This finding is justified by the position of Ketkar and Sett (2012) which indicates that management perceptions of exogenous business environment affect firm strategy which in turn has influence on firm performance.

Accordingly, the respondents were asked to rank the three environmental dynamism elements on the basis of their perception of the relative importance of the variables. It is noteworthy that competitive intensity (2.93) is the most difficult measure of environmental dynamism factors influencing competitive strategy and non-financial performance of manufacturing firms in Nigeria. The situations which constitute this influence include the market entry of new competitors which is the most important challenge facing the manufacturers while the market activities of key competitors is the least important. The implication of this finding is in line with the position of Porter (2008) which states that the threat of entry puts a limit on the profit

prospects of an industry. When the threat is high, existing firms would have to hold down prices or boost investment to discourage new competitors.

Market turbulence (3.27) was found to be the second most important factor of environmental dynamism that has influence on competitive strategy and non-financial performance of manufacturing firms in Nigeria. The explanation for market turbulence can be found in the inability of the firms to cope with shifts in customer needs and preferences, modifications in supplier strategies and the emergence of unexpected opportunities among other reasons that again depend on the uncertainty in the environment. The coping strategies that the firms have to deploy to navigate through the difficult and complex situation in the environment is in line with Robbins (1999) statement that managers respond to what they see and all the structural decisions that managers make to better align their organisations with the degree of uncertainty in their specific environment depends on their perception of what makes up the specific environment as well as their perception of uncertainty in the environment.

It was discovered that uncertainty (4.05) was neither a difficult nor easy factor as at when this study was carried out. The reasons for the instability from uncertainty include growth opportunities in the overall business environment, opportunities provided by technical changes in their industries and the rate of technological changes in their industries in that order. Given the diversity of the manufacturing firms, how the different sectors deal with this challenge depends on the demand of the sector. This position is in line with the explanation of Sawyer (1993) that different organisations perceive the same environmental attributes differently and thus respond with different strategies. Venkatraman and Rescott (1990) further noted that managers' perception of environmental uncertainty, based on their strategic orientations, could lead to a

better performance. As stated earlier, the study shows that the respondents were generally negative in their rating of environmental dynamism which influences competitive strategy and non-financial performance of manufacturing firms in Nigeria.

4.7.2.1 Test of Significance for Environmental Dynamism

The results of one-sample t-test run to determine whether the sample of respondents involved in the evaluation of environmental dynamism variables came from a population with a specific normal mean score of 4.0, show a statistically significant difference between the sample and population means for the environmental dynamism variables involved. However, there is an exception in uncertainty variable where there is no statistically significant difference between the two means, although the effect is not large enough to affect the overall result. In the opinion of the researcher, although the difference encountered is statistically significant, the difference is not large enough to be practically significant. Therefore, the subjects can be treated as normal. This is in line with SPSS statistics “Reporting the SPSS statistics output of the one-sample t-test”.

4.7.3 The Competitive Strategy and Non-Financial Performance of Manufacturing Firms in Nigeria.

Competitive strategy tries to establish a profitable and sustainable position against the forces that determine industry competition, while it also entails the deliberate decisions of an organisation to be different and produce a different value that delivers a unique product which is comparably superior to those of the competitors (Porter, 1998). The five forces framework is a positive

starting point for strategic analysis even where profitability is not under consideration. In order to create a strategy, it is very important to know enough about the industry in which a firm operates, (Johnson, *et al.*, 2008). According to Dalen (2014), the interaction of the five forces is a constant threat to the success of a firm. Furthermore, a firm's ability to do better than other firms within an industry requires the firm to pursue the strategic options of cost leadership, differentiation and focus strategies in order to achieve sustainable competitive advantage (Tanwar, 2013). The findings of this study have revealed that the collective strength of the five industry forces and generic strategy (cost leadership, differentiation and focus) tends to influence the competitive strategy and non-financial performance of the manufacturing firms in Nigeria. This is in line with the above Tanwar (2013) and Dalen (2014) positions that state that the five industry forces and pursuit of the generic strategies are requirements for the success and performance of a firm.

Accordingly, the respondents were asked to rank the five industry forces and the three generic strategies based on their perceived importance on the firm's competitive strategy and non-financial performance. It was found that cost leadership (mean = 5.89) seems to be regarded as the most important factor that influences competitive strategy and non-financial performance of manufacturing firms in Nigeria as at the time this study was carried out. The reason for this rating among the manufacturing firms is not surprising given the current cost-push of the Nigerian economy. Adekoya (2016) gives credence to this finding when he wrote that the rising cost of production and infrastructure was becoming unbearable for large and small-scale manufacturing firms in Nigeria. Cost leadership strategy is necessary for survival of the firms.

Some of the success factors that the respondents prescribed for the achievement of cost

leadership strategy include ensuring tight control of overhead cost, followed by increasing economy of scale and operating efficiency through cut-edge modern day technology. The least important success factor is increased production capacity utilisation which is realistically outside the control of the manufacturers.

The second most important factor that influences competitive strategy and non-financial performance of manufacturing firms in Nigeria is industry forces (mean = 5.03). This result has revealed that the collective strength of the five industry forces tends to influence competitive strategy and non-financial performance. The result is in line with the Porter framework that states that the sustainability of rents is dependent on the relative influence on the competitive forces encountered by the firm (Porter, 1991). The results also show that the impact of raw materials on price and availability of substitute products are the most significant threats to manufacturing firms in Nigeria. Other threatening industry forces issues in order of importance are service strategies to customers, barrier to entry and ability of customers to switch from one product to another. The impact of raw materials is reflected in the high cost of production which is a consequence of the foreign exchange implications of the imported inputs that are basic to the production of the manufacturers in contrast, barriers to entry in terms of legal requirements, customers loyalty to established brands did not seem strongly to influence competitive strategy and non-financial performance. The reason for this could include the need on the part of government to relax measures to encourage local manufacture of goods.

The third most important factor that influences competitive strategy and non-financial performance of manufacturers in Nigeria is Focus strategy (4.88). Focus strategy is based on the choice of a narrow competitive scope within an industry. The focus strategy has cost focus and

differentiation strategy which rest on the differences between the target segments and other segments in the industry (Porter, 1998). Accordingly, the result has influenced competitive strategy and non-financial performance of manufacturing firms based on the following rated success factors – production of unique products with unique function and unique design is the most important success factor followed by targeting a clearly defined segment. This is in line with Kazmi (2008) thought that focus strategy is about implementation of other two generic strategies of low cost and differentiation but with application to only a narrow segment of the market. However, offering products suitable for high price segment is the least important factor of focus strategy that influences competitive strategy and non-financial performance of manufacturing firms in Nigeria.

In this study, differentiation strategy (mean = 4.67) formed the least important factor that influenced competitive strategy and non-financial performance of manufacturing firms in Nigeria. Out of the success factors identified to measure this factor, production of high quality products ranked highest followed by building strong brand identification. The respondents' ratings are requirements for survival in a competitive environment and are in consonance with Johnson and Scholes (2002) statement that differentiation strategy is believed to be implemented when a firm is unique in its industry along some attributes of its products. However, the lowest ranked factor is the emphasis on the number of new products offered to the market. Overall, there is evidence that the findings of this study which put cost leadership and industry forces in that order as the most important factors that influence competitive strategy and non-financial performance of manufacturing firms in Nigeria are in line with the statement of Porter (1998) to the effect that cost leadership is possibly the clearest of the three generic strategies; and that the

sources of cost advantage depend on the structure of the industry which embraces the industry forces. Unlike in the case of environmental dynamism, the respondents in this study were found to have generally given a positive rating to competitive strategy which has influence on non-financial performance of manufacturing firms in Nigeria.

4.7. 3.1 Test of Significance for Competitive Strategy of Manufacturing Firms in Nigeria.

The results of the one-sample test run to determine whether the sample of respondents involved in the evaluation of competitive strategy variables came from a population with a specific normal mean score of 4.0, show a statistically significant difference between sample and population means ($p < .05$) for the main competitive strategy variable and sub-variables and therefore we can reject the null hypothesis. Although the researcher found a statistically significant difference for all the variables scores, they are not large enough to be practically significant for differentiation and focus strategies.

4.7.4 Non-Financial Performance of Participating Manufacturing Firms in Nigeria.

According to Taticchi, Cagnazzo and Botarelli (2008), performance measurement has evolved from focusing a financial perspective to a non-financial perspective. And, in order for business enterprises to be able to remain competitive in a continually changing and dynamic environment, they have to monitor and measure the performance of their enterprises (Harif, Hoe & Ahmad, 2013). The non-financial performance assessment of the sampled manufacturing firms in Nigeria in this study is generally satisfactory with mean scores which range from 4.09 to 5.90. However, Employee morale with a mean score of 4.09 which implies “neither satisfied nor dissatisfied”, is

the lowest of the seven factors of non-financial performance.

This is in line with the statement of Neely (1999) that in today's business environment where firms compete on the basis of non-financial indicators, they need information on how they are performing across a broader spectrum of dimensions, not only financially but also factors on the employees, and the wider general public. It also confirms the finding from the study by Dakare (2013) that the performance assessment of the GSM network operators in Nigeria was generally satisfactory but employee morale indicated a low performance.

4.7.4.1 Test for Non-Financial Performance of Manufacturing Firms in Nigeria.

In order to establish whether the non-financial performance mean score (4.99) was different to normal test value of 4.0 and therefore be able to conclude that the sample of respondents came from a population with a specific mean, a one-sample t-test was run. There is a statistically significant difference between mean ($p < .05$).

4.7.5 Results of the Hypotheses tested

The six hypotheses that were tested in this study include

1. Market turbulence does not determine performance stability of manufacturing firms in Nigeria.
2. Competitive intensity does not have significant influence on employee morale in manufacturing firms in Nigeria.
3. Uncertainty does not significantly impact on environmental adaptation of manufacturing firms in Nigeria,

4. Industry Forces do not significantly lead to the generation of new ideas in manufacturing firms in Nigeria.

5. Generic strategy of manufacturing firms in Nigeria has significant influence on the non-financial performance.

6. Environmental Dynamism and competitive strategy have no significant effect on non-financial performance of manufacturing firms in Nigeria.

There is sufficient evidence to support the rejection of the six hypotheses that were tested, as shown on Tables 4.6 to 4.17. Each of the hypotheses that were rejected is significant because they produced a correct reflection of what prevails in the relationship between the non-financial performance of manufacturing firms in Nigeria and the different distinct independent factors (that is, environmental dynamism, competitive strategy, market turbulence, competitive intensity, uncertainty, industry forces and generic strategy) which separately and collectively contribute to determination of performance.

The first hypothesis, which states that market turbulence does not significantly determine performance stability of manufacturing firms in Nigeria shows categorically that performance stability in Nigeria manufacturing firms is significantly determined by market turbulence. This finding is in consonance with the study of Rasheed and Precott (1992) which found that environmental dynamism has effect on firm performance. It is also in line with the claim that the contingency relationship between a firm's business environment and its performance is well recognised in strategic management and organisational literatures (Thompson, 1967; Duncan,

1972).

The second hypothesis which states that competitive intensity does not have significant influence on employee morale in manufacturing firms in Nigeria was rejected because employee morale in manufacturing firms in Nigeria was significantly influenced by competitive intensity. This position is justified by the theoretical evidence from the literature which maintains that if organisations should decide to sustain competitive differentiation in the 21st century, they must develop, maintain and retain globally effective employees rather than depending on the traditional means, such as technology, economies of scale, and financial strength used by many large firms in the past (Moynihan, 1993; Ghoshal & Bartlett, 1997 in Dakare, 2013).

The third hypothesis states that uncertainty does not significantly impact on environmental adaptation of manufacturing firms in Nigeria. This hypothesis was also rejected on the ground that there is a significant impact of uncertainty on environmental adaptation of manufacturing firms in Nigeria. This finding is in line with the argument in literature that in today's competitive landscape, characterised by increasing strategic discontinuities, disequilibrium, hyper-competition, innovation, and continuous learning, firms' success depends on their ability to respond quickly to changing competitive conditions (Hitt, Keats & Demarie, 1998). It is also in this context that Merton (1998) has stated that in an uncertain environment, having the option or flexibility to decide what to do after some of the uncertainty is resolved definitely has value.

The fourth hypothesis which states that industry forces do not significantly lead to new ideas

generation in manufacturing firms in Nigeria was also rejected. This means that there is a statistically significant relationship between industry forces and new ideas generation in Nigeria manufacturing firms. This result confirms the argument in literature that a firm's ability to do better than other firms within the industry depends on extent the firm is able to adapt its strategies to cope with the five competitive industries in the industry (Tanwar, 2013). It is also in line with the consideration given to industry forces by Porter (1979) as a more contemporary analysis model which brought a greater depth of understanding of a firm's relative position within a given industry providing analysts with a clear framework for assessing the effect of the external environment on a firm's capability to sustain a competitive advantage. It is also in line with the statement that in any industry, whether it is domestic or international or produces a product or a service, the rules of competition are contained in industry forces (Porter, 1998).

The fifth hypothesis which states that non-financial performance in manufacturing firms in Nigeria is not statistically significantly influenced by generic strategy was rejected. This means that there is sufficient evidence to support the position that generic strategy has significant influence on non-financial performance of manufacturing firms in Nigeria. This finding is an evidence that the manufacturing firms in this study might have been able to do what Porter (2008) describes as needful of a firm – to achieve and sustain overall cost leadership and command prices at or near the industry average in order to be an above-average performer. Furthermore, although Porter (2008) states that the firm relies on cost leadership for its competitive advantage, Barney (1991) has argued that a competitive advantage is sustained by a firm does not mean it will last forever. This also corroborates an illustration in literature which

states that when a firm's cost is low with enhancing differentiation of its product then the less privileged or low-income earners sector can be specially attended to (Porter, 1998). It could also be in line with the prescription of Porter (1998) to a firm with a focused differentiation strategy which tries to provide high perceived product/service benefits to justify a substantial price premium to a selected market.

The sixth hypothesis states that environmental dynamism and competitive strategy have no statistically significant effect on non-financial performance of manufacturing firms in Nigeria and was rejected. This means that non-financial performance of manufacturing firms is significantly affected by environmental dynamism and competitive strategy. This position is reinforced by the finding that the 'fit' between strategy and its external environment as well as organisational characteristics such as administrative systems and managerial characteristics have positive implications for performance (Iyiegboniwe, 2005). Review of literature also shows that there are empirical evidences that strongly support the proportion of positive performance impact of environment-strategy co-alignment (Adeoye & Elegunde, 2012). Furthermore, Boyd, Dess and Rasheed (1993) were of the opinion that environment conditions have influence on a firm's innovation strategy and its performance and concluded that the environment is a moderator of the innovation strategy-firm performance link.

CHAPTER FIVE

SUMMARY OF WORK FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter covers summary of the major findings, conclusion, recommendations, contributions to knowledge, limitation of the study and suggestions for possible further studies.

5.1 Summary of Major Findings

The summary of major findings is presented as follows:

1. Competitive intensity is the most significant measure of environmental dynamism factors influencing competitive strategy and non-financial performance, followed by market turbulence and uncertainty, in that order.
2. Cost leadership is the highest rated competitive strategy factor, followed by industry forces, focus strategy and differentiation strategy in order of rated importance.
3. Non-financial performance of the manufacturing firms in Nigeria is generally satisfactory with employee morale as lowest rated factor.
4. Performance stability of manufacturing firms in Nigeria is significantly determined by market turbulence.
5. Competitive intensity has significant influence on employee morale in manufacturing firms in Nigeria.
6. Uncertainty has significant impact on environmental adaptation of manufacturing firms in Nigeria.
7. Industry forces contribute significantly to the generation of new ideas in manufacturing firms in Nigeria.
8. Generic strategy has significant influence on non-financial performance of manufacturing firms in Nigeria.
9. Environmental dynamism and competitive strategy contribute significantly to non-financial performance of manufacturing firms in Nigeria.

5.2 Conclusion

This study examines environmental dynamism, competitive strategy and the non-financial performance of manufacturing firms in Nigeria. The findings of the study show that non-financial performance of the manufacturing firms in Nigeria is statistically significantly influenced by environmental dynamism and competitive strategy factors. However, since competitive intensity and market turbulence (from environmental dynamism) and cost leadership and industry forces (from competitive strategy) were the overriding factors that significantly influence the non-financial performance of the manufacturing firms in Nigeria, there is a compelling need for the managements of these manufacturing firms in Nigeria to carry out environmental scanning and strategic industry analysis with focus on the industry structure and the positioning of their firms in their industries. The findings of such analysis will provide mitigating measures against adverse and militating situations and conditions which may otherwise be outside the control of the management.

Furthermore, managers need to understand the relative impact of the environmental dynamism factors; as such knowledge is a condition precedent to the formulation of appropriate competitive strategies required for optimum performance. For instance, when the pace of change in the environment is fast, the strategy to employ becomes a critical factor on which to predicate firm's competitive advantage. The study has revealed that the conceptual model developed in Figure 2.10 is derived from the notion that environmental dynamism and competitive strategy perspectives are supplementary in explaining manufacturing firms' non-financial performance in Nigeria. Also, the environmental dynamism and competitive strategy perspectives created the

mechanisms through which environmental dynamism influences competitive strategy-making and non-financial performance of the manufacturing firms in Nigeria.

This study has shown that environmental dynamism and competitive strategy are significantly related to non-financial performance of manufacturing firms in Nigeria. These results meet with the results of Akgun, Keskin and Byme (2008) and Gul (2011) which support the argument that environmental dynamism enhances strategy comprehensiveness and therefore strategy comprehensiveness enhances performance. However, the managements of the manufacturing firms in Nigeria need to note that the individual relationships of environmental dynamism and competitive strategy with non-financial performance would not necessarily be the same as the combined relationship. Secondly, the study has shown that environmental dynamism factors, industry forces and differentiation strategy are significantly related to some factors of non-financial performance of manufacturing firms in Nigeria. The study has however revealed that there is no sufficient evidence to support a significant relationship between cost leadership strategy and operating efficiency on one hand; and between focus strategy and public image on the other hand. Therefore, it is expected of the managements of manufacturing firms in Nigeria to understand that no matter how strong the overall relationships between environmental dynamism and competitive strategy with non-financial performance of the firms may be, the relationships between the constituents of the main factors may not all be significant.

In terms of the competitive strategy to be adopted by the manufacturing firms in Nigeria, the findings of this work have revealed that only industry forces and differentiation strategy

contributed positively and significantly to the success of the manufacturing firms in Nigeria.

These strategies will improve operating efficiency by employing cut-edge technology, increased economy of scale, emphasis on price competitiveness among others on the part of cost leadership strategy; and ensure production of unique products, targeting a clearly identified segment and offering specialty products in the case of focus strategy. This, taken together within their business environment, would lead to the sustenance of their competitive advantage.

5.3 Recommendations

The findings of this study have provided the following recommendations for the managers and managements of the manufacturing firms in Nigeria:

1. It is recommended that managers recognise that the fast pace of change in the Nigerian business environment being a sine qua non, they need to carefully select the strategies that will deliver optimum competitive advantage to their firms.
2. Since manufacturing firms constantly need strategies that would deliver survival, profitability, growth in order to enhance their competitive advantage within the given dynamic business environment, it is recommended that firms managements move in the directions of improving on cost leadership and focus strategy as they affect their operating efficiency and public image as shown in the findings of this study.
3. As the “real sector” of any economy, the manufacturing firms have a significant role to play in the performance of the economy. Therefore, in order to contribute meaningfully to the Gross

Domestic Product (GDP), the Nigerian government needs to provide the enabling environment that promotes enabling strategic actions. The reason is that even if people are industrious, they may be discouraged by the absence of conducive manufacturing environment and basic infrastructure, and frequent policy reversal would continue to draw back the sector. Hence, the antidote for reversing the trend of poor performance of the manufacturing sector is an increase in firms' level of efficiency and competitiveness. In other words, conducive environment and strategic management are important for firm performance.

4. Managers should embrace the culture of intensive environmental scanning. This might help managements to be able to control the price and the effect of environmental dynamism in the Nigeria business environment. A strong corporate employee relations unit should be a feature on the organisational structure and be made to create intrinsic and extrinsic incentives for the employees. When employees are motivated, it will raise their morale and they will be committed to the organisation. Such employees will have the tendency to make sacrifices for the performance of the organisation.

5.4 Contributions to Knowledge

1. The study contributed to strategic management literature by integrating two critical constructs (environment and strategy) within the African context to elucidate how the two concepts influence non-financial performance of manufacturing firms in Nigeria.

2. The study developed a conceptual model that established cause and effect relationship among environmental dynamism, competitive strategy and non-financial performance of manufacturing firms in Nigeria. The model is useful to the Nigeria manufacturing industry for the evaluation of

the match between the environment factors and strategy factors for the selection of performance variables.

3. This study, contrary to previous studies and because of the integrated approach taken, established the independent and combined influence of environmental dynamism and competitive strategy on several dimensions of non-financial performance.

5.5 Limitation of the Study

Time constraint: Some months during the field survey witnessed fuel crisis, national workers' strike among other irrational events in the macro-economic environment. This had spill-over effect on the time table earlier defined for the completion of the thesis work. Nevertheless, the researcher worked round the clock in order to meet the deadlines of the School of Post Graduate Studies.

Finance constraint: For a retiree that I am, cost of execution of a thesis of this magnitude could be colossal. The population coverage was country-wide although sampling was restricted to Lagos State. The researcher limited the scope of the study to manufacturing firms that were in Lagos State (although some of the firms have branches outside Lagos State). Sample size was relatively high. The researcher had to comprise other personal issues of financial implications for the research study.

Poor attitude to research: The researcher observed that the poor attitude to research on the part of some high net worth manufacturing firms led to the adoption of **judgment sampling**- a non-probability approach to sampling. The researcher had to resort to goodwill, tenacity, perseverance and moral persuasion to mitigate the limitation.

All findings emanating from this study are limited to the manufacturing companies that participated in this study.

There are very few extensive scholarly researches with practical/local application that have investigated the three variables (environmental dynamisms, competitive strategy, and non-financial performance) examined in this study. Therefore, the researcher reviewed a large numbers of foreign scholarly journals/materials related to the study and adapted the ideas to the study context.

Attempts to obtain permission to distribute the questionnaire directly to the employees of the manufacturing companies covered in this study did not yield positive response after several exploratory moves. Thus, the researcher approached the Manufacturing Association of Nigeria (MAN) to distribute the questionnaire which posed additional financial challenges that would have been otherwise avoided or less if it were to be done directly by the researcher.

The tight schedule of the employee assigned to administer the survey by the management of MAN also constituted challenges which resulted in some delays in the expected time schedule to complete the survey.

5.6 Suggestions for Further Research

The work that has been undertaken for this thesis has uncovered a number of areas where further research would be necessary and beneficial. Several areas of the study where gaps were found were highlighted. While this work has been able to fill in some of these gaps, some are still outstanding.

Hence, recommendations for further studies include the following areas:

1. Examine the influence of other elements of environment and environmental dynamism, strategic management on non-financial performance within the manufacturing firms in Nigeria. Specifically, there is a major need for an investigation of the roles that integration geographic, diversification-strategies among other strategies can play in the strategic behaviour of the manufacturing organisations in Nigeria and on their corporate performance.
2. The study, as stated in chapter 3, was based on a cross-sectional survey. The feature of such studies is that it can compare different population groups only at a single point in time. This means that such studies are limited in drawing conclusions and inferences about the future. It would therefore be useful to carry out longitudinal studies in this aspect of strategic management. Thus, researchers will be able to conduct several observations of the same objects and make projections over a period of time.
3. The study sample was drawn from Lagos State, Nigeria. This imposes limitation on the generalisation of the findings of this study. It is therefore suggested that future research scope in this area be widened to include manufacturing firms across the entire country.
4. Future research should also consider empirical study of firm age and firm size and their influence on manufacturing firms' performance as a Nigeria equivalent of the "wine hypothesis" and "milk hypothesis" tests which were not investigated.
5. Also, future studies may be extended to cover other sectors of the Nigerian economy.
6. The focus of this study has been the influence of environmental dynamism and competitive strategy individually on non-financial performance. Further research which will examine the combined effect of both variables may be necessary.

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APPENDICES

Appendix 1: Questionnaire

School of Postgraduate Studies,
Department of Business Administration,
University of Lagos,
Lagos,
Nigeria.

April 15, 2016.

Dear Respondent,

REQUEST FOR DOCTORAL THESIS QUESTIONNAIRE COMPLETION

I am a doctoral candidate of the School of Postgraduate Studies in the Department of Business Administration, University of Lagos. I am conducting a study titled *Environmental Dynamism, Competitive Strategy and Non-Financial Performance of Manufacturing Firms in Nigeria* under the supervision of Professor B.E.A. Oghojafor and Professor O.L. Kuye.

The purpose of this questionnaire is to gather data necessary for determining the relationships among Environmental Dynamism, Competitive Strategy and Non-Financial Performance, in partial fulfilment of the requirements for the award of Doctor of Philosophy Degree.

I will appreciate your participation in the completion of the questionnaire.

My expectation is to collect the completed questionnaire within two weeks of the date of submission to you.

All responses are to be collated without the names of the respondents and will be treated confidentially.

Thank you.

Ademola Idowu.
08034021811

Please indicate by ticking (√) the option that is appropriate.

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

1. Indicate your Sex
 - i. () Male
 - ii. () Female

2. Indicate your age bracket
 - i. () 30 and below
 - ii. () 31 – 40
 - iii. () 41 – 50
 - iv. () 51 – 60
 - v. () 61 and above

3. Indicate your marital status
 - i. () Single
 - ii. () Married
 - iii. () Divorced
 - iv. () Widower
 - v. () widow

4. Indicate your higher Education Qualification (you may tick more than one box)
 - i. () Bachelors’ Degree or equivalent
 - ii. () Masters’ Degree
 - iii. () Doctorate Degree
 - iv. () Professional Qualification (specify.....)
 - v. () Others (Please specify)

SECTION B: ORGANISATION’S BACKGROUND INFORMATION

1. **Indicate your Sectorial Group**
 - (i) Food, Beverages and Tobacco ()
 - (ii) Textile, Wearing apparel, Foot wear, Leather products, Carpet/Rugs ()
 - (iii) Wood, Wood products including Furniture ()
 - (iv) Pulp, Paper and Paper products, Print and Publishing ()
 - (v) Chemicals and Pharmaceuticals ()
 - (vi) Non-metallic mineral products ()
 - (vii) Domestic and Industrial Plastic, Rubber and Foam ()
 - (viii) Electrical and Electronics ()
 - (ix) Basic Metal, Iron and Steel, and Fabricated metal products ()
 - (x) Motor vehicle and miscellaneous assembly ()

2. **Indicate Number of Employees**
 - A. () fewer than 50
 - B. () 50 – 100
 - C. () 101 – 150
 - D. () 151 – 200
 - E. () 201 – 250
 - F. () 251 – 300
 - G. () above 300

3. **Indicate the Age of Organisation (in years)**
 - A. () less than 5
 - B. () 5 but less than 20
 - C. () 20 but less than 30
 - D. () 30 years and above

SECTION C: ENVIRONMENTAL DYNAMISM (RATE OF CHANGE IN THE ENVIRONMENT)

For the following statements, please circle the number that best describes the level of agreement with each statement.

I. Market Turbulence (Irregular Rate of Change in the Composition of Customers and their Preferences)

Levels at which your organisation can cope with the following situations	Extremely Difficult	Very Difficult	Difficult	Neutral	Easy	Very Easy	Extremely Easy
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• Coping with shifts in customer needs and preferences is	1	2	3	4	5	6	7
• The rate of innovation in operating leading processes, new products or services in your principal industry is	1	2	3	4	5	6	7
• Coping with modifications in supplier strategies is	1	2	3	4	5	6	7
• Coping with the emergence of an unexpected threat is	1	2	3	4	5	6	7
• Managing the emergence of a new technology is	1	2	3	4	5	6	7
• Coping with shifts in economic condition is	1	2	3	4	5	6	7
• Managing changes in government regulations is	1	2	3	4	5	6	7
• Managing the emergence of an unexpected opportunity is	1	2	3	4	5	6	7
• Coping with political developments that affect our industry is	1	2	3	4	5	6	7
• Coping with customer preferences changing with time is	1	2	3	4	5	6	7

II. Competitive Intensity

Levels at which your organisation can cope with the following situations	Extremely Difficult	Very Difficult	Difficult	Neutral	Easy	Very Easy	Extremely Easy
<ul style="list-style-type: none"> Coping with the market entry of new competitors is 	1	2	3	4	5	6	7
<ul style="list-style-type: none"> Market activities of our key competitors now affect our firm in many more areas than before and are 	1	2	3	4	5	6	7
<ul style="list-style-type: none"> Market activities of our key competitors have become far more unpredictable and are 	1	2	3	4	5	6	7
<ul style="list-style-type: none"> Market activities of our key competitors have become far more hostile and are 	1	2	3	4	5	6	7

III. Uncertainty

Levels of instability in your industry	Absolutely Unstable	Unstable	Slightly Unstable	Neutral	Slightly Stable	Stable	Absolutely Stable

• Product ideas made through technological breakthroughs in our industry is	1	2	3	4	5	6	7
• The rate of technological changes in our industry is	1	2	3	4	5	6	7
• Opportunities provided by technological changes in our industry are	1	2	3	4	5	6	7
• Growth opportunities in the overall business environment are	1	2	3	4	5	6	7
• Research and Development (R&D) activity in our principal industry is	1	2	3	4	5	6	7
• Legal, political and economic constraints (e.g. Government regulations) are	1	2	3	4	5	6	7
• Marketing tactics to cater for our different customers are	1	2	3	4	5	6	7

SECTION D: COMPETITIVE STRATEGY SCALE

I. Industry Forces (Potential Entrants, Industry Competitors, Substitutes, Buyers, and Suppliers)

Please evaluate the relative intensity of competition your organisation is facing with respect to following	Extremely	Very	Weak	Neutral	Strong	Very	Extremely
	Weak	Weak				Strong	Strong

- Barrier to entry into our industry, where we are a player, in terms of capital requirements is	1	2	3	4	5	6	7
- Barrier to entry in terms of legal requirements is	1	2	3	4	5	6	7
- Customers loyalty to established brands is	1	2	3	4	5	6	7
- The customers' influence over the market is	1	2	3	4	5	6	7
- The degree of sensitivity of the customers to change in price is	1	2	3	4	5	6	7
- The ability of customers to switch from one product to another is	1	2	3	4	5	6	7
- The availability of substitute products is	1	2	3	4	5	6	7
- The impact of raw materials/inputs on price is	1	2	3	4	5	6	7
- The buyer's propensity to substitute a product for another is	1	2	3	4	5	6	7
- Possible existence of substandard product is	1	2	3	4	5	6	7
- The threat of substitute product as a result of increasing number of manufacturers is	1	2	3	4	5	6	7
- The threat posed by relative price of substitute product is	1	2	3	4	5	6	7
- Promotional strategies among competitors are	1	2	3	4	5	6	7

Generic strategy (Cost-Leadership) (Firm's Lower Cost of Products than What Competitors Can Offer)

Our company is characterised by:	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
- Efficient procurement of raw materials at the most competitive price	1	2	3	4	5	6	7
- Finding ways to reduce costs (standardising the product or increasing the economy of scale).	1	2	3	4	5	6	7
- Operating efficiency by employing cut-edge or modern day technology.	1	2	3	4	5	6	7
- High level of production capacity utilisation.	1	2	3	4	5	6	7
- Emphasis on price competition (i.e. offering competitive prices).	1	2	3	4	5	6	7
- Ensuring tight control of overhead cost.	1	2	3	4	5	6	7

III. Generic strategy (Differentiation) (A Firm is Unique in Its Industry along Some Attributes of Its Product)

Our company is characterised by:	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
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- Using innovative methods and technologies to create superior products.	1	2	3	4	5	6	7
- Emphasis on new product development or existing product adaptation to better serve customers.	1	2	3	4	5	6	7
- High rate of new product introduction to market.	1	2	3	4	5	6	7
- Emphasis on the number of new products offered to the market.	1	2	3	4	5	6	7
- High intensity of advertising and marketing	1	2	3	4	5	6	7
- Developing and utilising sales force.	1	2	3	4	5	6	7
- Building strong brand identification.	1	2	3	4	5	6	7
- Production of high quality products	1	2	3	4	5	6	7
- Quick delivery and immediate response to customer orders.	1	2	3	4	5	6	7

IV. Generic strategy (Focus) (Cost Leadership or Differentiation But Applies to a Narrow Segment of the Market)

Our company is characterised by:	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
- Production of unique products (e.g. unique function, unique design).	1	2	3	4	5	6	7
- Targeting a clearly identified segment (e.g. emphasising a geographical region or a specific group of customers).	1	2	3	4	5	6	7
- Offering products suitable for a high price segment.	1	2	3	4	5	6	7
- Offering specialty products tailored to a particular group of customers or users.	1	2	3	4	5	6	7

SECTION E: NON-FINANCIAL PERFORMANCE

Please evaluate the performance of your organisation over the last two years on the basis of the following factors/constructs:	Completely Dissatisfied	Mostly Dissatisfied	Somewhat Dissatisfied	Neither Satisfied Nor Dissatisfied	Somewhat Satisfied	Mostly Satisfied	Completely Satisfied

- Performance Stability	1	2	3	4	5	6	7
- Employee Morale	1	2	3	4	5	6	7
- Environmental Adaption	1	2	3	4	5	6	7
- New Ideas	1	2	3	4	5	6	7
- Operating Efficiency	1	2	3	4	5	6	7
- Social Impact on the Society.	1	2	3	4	5	6	7
- Public Image	1	2	3	4	5	6	7

Appendix 2: Seventy Manufacturing Firms in Lagos State by Sector and Sampled Respondents

Sectors		Sample size	Sectors		Sample size
Chemicals & Phamaceuticals		42	Electrical & Electronics		42
1	Neimeth International Pharmaceuticals Plc	6	1	Bracon Wire & Cable Nig. Ltd	6
2	Berger Paints Plc	6	2	Kabelmetal Nigeria Plc	6
3	May & Baker Nigeria Ltd	6	3	Unistar Hi-tech Systems Ltd	6
4	Multichem Industries Limited	6	4	Quarts Digital Limited	6
5	Stellachem Nigeria Limited	6	5	Dembal generators Limited	6
6	Tropical Natural Limited	6	6	Crown Speakers Co. Ltd.	6
7	VIK Industries Limited	6	7	Omatek Computers Ltd.	6
Pulp, Paper & Paper Products		42	Motor Vehicle & Miscellaneous Assembly		42
1	Academy Press Plc	6	1	Boulos Ent.Ltd	6
2	Studio Press Nigeria Plc.	6	2	Canvass Farms Nig. Ltd	6
3	Mapleleaf Press Plc	6	3	Seenak Nig. Ltd	6
4	Nigerian Industrial Cartons & Packaging Manufacturing Co.Ltd	6	4	Sinoki Motorcycle Industry Nigeria Ltd.	6
5	Learn Africa Plc	6	5	JMG LTD	6
6	Bel Impex Limited	6	6	Micheal Hemmond Engr. Co Ltd.	6
7	Jott Industries Nig. Ltd	6	7	Mikano Int'l Ltd.	6
Wood Products including Furniture		42	Food, Beverages & Tobacco		
1	Equinox Int'l Resources Ltd	6	1	Cway Nigeria Limited	6
2	Lifemate Nig. Ltd.	6	2	A & P Foods Nigeria	6
3	R.A. Trading & Investments Ltd.	6	3	First Blends Ltd.	6
4	The Office Store Ltd.	6	4	Friesland Campina WAMCO Plc	6

5	Home & You Ltd.	6	5	Mila Global Commodities Ltd	6
6	Svengali Designs Ltd.	6	6	Zaika Foods Ltd	6
7	Hitech Designs Furniture Ltd.	6	7	Erisco Foods Ltd.	6
	Non-Metallic Mineral Products	42		Domestic & Industrial Plastic Rubber & Foam	42
1	Nigerite Ltd.	6	1	Hencap Nigeria Ltd.	6
2	Henry Thinner Nig. Ltd	6	2	Maple Plastic Industries Nig. Ltd.	6
3	Hogg Engineering Ltd.	6	3	Majestic Sack Ltd.	6
4	Lafarge Cement WAPCO Nig. Plc	6	4	Industrial Metalizing & Packaging Co. Ltd.	6
5	Prime Nig. Tile Co. Ltd.	6	5	Mouka Ltd.	6
6	IBM System Nig. Ltd.	6	6	Starsonic Nigeria Ltd.	6
7	Capital Consortium Ltd.	6	7	Sky Plastic Industries Ltd.	6
	Basic Metal, Iron & Steel	42		Textile, Wearing apparel, Leather & Carpet (42)	42
1	Nampak Nig. Plc	6	1	Consolidated Micho	6
2	Hoesch Pipe Mills Nig. Ltd	6	2	Niger Sanitary Ind. Ltd.	6
3	Eldorado Nig. Ltd	6	3	Loma Nigeria Ltd	6
4	First Aluminium Nig. Ltd	6	4	Linda Manufacturing	6
5	Berliac Aluminium Engr. Co. Ltd	6	5	Sophia Nigeria Ltd.	6
6	Sankyo Steel Nig. Ltd.	6	6	Haffair Industrial Co. Ltd	6
7	Nig. Gas & Steel Ltd.	6	7	Woolen & Synthelic textiles Manufacturing Ltd	6

Source: Field Survey, 2016

Appendix 3: Results

Frequency Table

Sex

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	269	76.6	76.6	76.6
Valid Female	82	23.4	23.4	100.0
Total	351	100.0	100.0	

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 30 and below	47	13.4	13.4	13.4
Valid 31 – 40	225	64.1	64.1	77.5
Valid 41 – 50	75	21.4	21.4	98.9
Valid 51 – 60	4	1.1	1.1	100.0
Total	351	100.0	100.0	

Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	120	34.2	34.4	34.4
Valid Married	226	64.4	64.8	99.1
Valid Divorced	1	.3	.3	99.4
Valid Widower	1	.3	.3	99.7
Valid Widow	1	.3	.3	100.0
Valid Total	349	99.4	100.0	
Missing System	2	.6		
Total	351	100.0		

Educational Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bachelors' Degree or equivalent	271	77.2	77.2	77.2
Valid Masters' Degree	80	22.8	22.8	100.0
Total	351	100.0	100.0	

Sectoral Group

	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Food, Beverages and Tobacco	37	10.5	10.5	10.5
	Textile, Wearing apparel, Foot wear, Leather products, Carpet/Rugs	35	10.0	10.0	20.5
	Wood, Wood products including Furniture	35	10.0	10.0	30.5
	Pulp, Paper and Paper Product, Print and Publishing	35	10.0	10.0	40.5
	Chemicals and Pharmaceuticals	35	10.0	10.0	50.4
	Non-metallic mineral products	35	10.0	10.0	60.4
	Domestic and Industrial Plastic, Rubber and Foam	35	10.0	10.0	70.4
	Electrical and Electronics	35	10.0	10.0	80.3
	Basic Metal, Iron and Steel and Fabricated metal products	34	9.7	9.7	90.0
	Motor vehicle and Miscellaneous assembly	35	10.0	10.0	100.0
	Total	351	100.0	100.0	

Numbers of Employees

	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Fewer than 50	79	22.5	22.5	22.5
	50 – 100	133	37.9	37.9	60.4
	101 – 150	62	17.7	17.7	78.1
	151 – 200	20	5.7	5.7	83.8
	201 – 250	2	.6	.6	84.3
	251 – 300	8	2.3	2.3	86.6
	Above 300	47	13.4	13.4	100.0
	Total	351	100.0	100.0	

Age of the organisation (In years)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 5 but less than 20	200	57.0	57.0	57.0
20 but less 30	108	30.8	30.8	87.7
30 and above	43	12.3	12.3	100.0
Total	351	100.0	100.0	

Coping with shifts in customer needs and preferences is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Difficult	1	.3	.3	.3
Difficult	111	31.6	31.6	31.9
Neutral	58	16.5	16.5	48.4
Easy	165	47.0	47.0	95.4
Very Easy	16	4.6	4.6	100.0
Total	351	100.0	100.0	

The rate of innovation in operating leading processes, new products or services in your principal industry is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very Difficult	12	3.4	3.4	3.4
Difficult	82	23.4	23.4	26.8
Neutral	64	18.2	18.2	45.0
Easy	182	51.9	51.9	96.9
Very Easy	11	3.1	3.1	100.0
Total	351	100.0	100.0	

Coping with modifications in supplier strategies is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Extremely Difficult	1	.3	.3	.3
Very Difficult	9	2.6	2.6	2.8
Difficult	83	23.6	23.6	26.5
Neutral	19	5.4	5.4	31.9
Easy	230	65.5	65.5	97.4
Very Easy	9	2.6	2.6	100.0
Total	351	100.0	100.0	

Coping with the emergence of an unexpected threat is

	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely Difficult	4	1.1	1.1	1.1
Very Difficult	168	47.9	47.9	49.0
Difficult	149	42.5	42.5	91.5
Valid Neutral	14	4.0	4.0	95.4
Easy	15	4.3	4.3	99.7
Very Easy	1	.3	.3	100.0
Total	351	100.0	100.0	

Managing the emergence of a new technology is

	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely Difficult	2	.6	.6	.6
Very Difficult	54	15.4	15.4	16.0
Difficult	114	32.5	32.5	48.4
Valid Neutral	77	21.9	21.9	70.4
Easy	100	28.5	28.5	98.9
Very Easy	4	1.1	1.1	100.0
Total	351	100.0	100.0	

Coping with shifts in economic condition is

	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely Difficult	88	25.1	25.1	25.1
Very Difficult	250	71.2	71.2	96.3
Valid Difficult	12	3.4	3.4	99.7
Neutral	1	.3	.3	100.0
Total	351	100.0	100.0	

Managing changes in government regulations is

	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely Difficult	125	35.6	35.6	35.6
Very Difficult	211	60.1	60.1	95.7
Valid Difficult	14	4.0	4.0	99.7
Neutral	1	.3	.3	100.0
Total	351	100.0	100.0	

Managing the emergence of an unexpected opportunity is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Difficult	1	.3	.3	.3
	Very Difficult	13	3.7	3.7	4.0
	Difficult	62	17.7	17.7	21.7
	Neutral	152	43.3	43.3	65.0
	Easy	120	34.2	34.2	99.1
	Very Easy	3	.9	.9	100.0
	Total	351	100.0	100.0	

Coping with political developments that affect our industry is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Difficult	94	26.8	26.8	26.8
	Very Difficult	246	70.1	70.1	96.9
	Difficult	11	3.1	3.1	100.0
	Total	351	100.0	100.0	

Coping with customer preferences changing with time is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Difficult	1	.3	.3	.3
	Very Difficult	7	2.0	2.0	2.3
	Difficult	131	37.3	37.3	39.6
	Neutral	25	7.1	7.1	46.7
	Easy	183	52.1	52.1	98.9
	Very Easy	4	1.1	1.1	100.0
	Total	351	100.0	100.0	

Coping with the market entry of new competitors is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Difficult	25	7.1	7.1	7.1
	Difficult	289	82.3	82.3	89.5
	Neutral	3	.9	.9	90.3
	Easy	32	9.1	9.1	99.4
	Very Easy	2	.6	.6	100.0
	Total	351	100.0	100.0	

Market activities of our key competitors now affect our firm in many more areas than before and are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Difficult	1	.3	.3
	Very Difficult	72	20.5	20.8
	Difficult	238	67.8	88.6
	Neutral	10	2.8	91.5
	Easy	29	8.3	99.7
	Very Easy	1	.3	100.0
	Total	351	100.0	100.0

Market activities of our key competitors have become far more unpredictable and are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Difficult	1	.3	.3
	Very Difficult	127	36.2	36.5
	Difficult	187	53.3	89.7
	Neutral	15	4.3	94.0
	Easy	21	6.0	100.0
	Total	351	100.0	100.0

Market activities of our key competitors have become far more hostile and are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Difficult	1	.3	.3
	Very Difficult	133	37.9	38.2
	Difficult	180	51.3	89.5
	Neutral	15	4.3	93.7
	Easy	21	6.0	99.7
	Very Easy	1	.3	100.0
	Total	351	100.0	100.0

Product ideas made through technological breakthroughs in our industry is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unstable	4	1.1	1.1
	Slightly Unstable	86	24.5	25.6
	Neutral	40	11.4	37.0
	Slightly Stable	182	51.9	88.9
	Stable	39	11.1	100.0
	Total	351	100.0	100.0

The rate of technological changes in our industry is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unstable	2	.6	.6
	Slightly Unstable	99	28.2	28.8
	Neutral	14	4.0	32.8
	Slightly Stable	202	57.5	90.3
	Stable	34	9.7	100.0
	Total	351	100.0	100.0

Opportunity provided by technological changes in our industry are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Absolutely Unstable	1	.3	.3
	Unstable	10	2.8	3.1
	Slightly Unstable	72	20.5	23.6
	Neutral	5	1.4	25.1
	Slightly Stable	176	50.1	75.2
	Stable	86	24.5	99.7
	Absolutely Stable	1	.3	100.0
	Total	351	100.0	100.0

Growth opportunities in the overall business environment are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unstable	7	2.0	2.0
	Slightly Unstable	64	18.2	20.2
	Neutral	9	2.6	22.8
	Slightly Stable	155	44.2	67.0
	Stable	114	32.5	99.4
	Absolutely Stable	2	.6	100.0
	Total	351	100.0	

Research and Development (R&D) activity in our principal industry is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unstable	27	7.7	7.7
	Slightly Unstable	107	30.5	38.2
	Neutral	164	46.7	84.9
	Slightly Stable	52	14.8	99.7
	Stable	1	.3	100.0
	Total	351	100.0	

Legal, political and economic constraints (e.g. Government regulations) are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Absolutely Unstable	57	16.2	16.2
	Unstable	269	76.6	92.9
	Slightly Unstable	22	6.3	99.1
	Slightly Stable	3	.9	100.0
	Total	351	100.0	

Marketing tactics to cater for our different customers are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unstable	13	3.7	3.7
	Slightly Unstable	135	38.5	42.3
	Neutral	4	1.1	43.4
	Slightly Stable	189	53.8	97.4
	Stable	9	2.6	100.0
	Total	350	99.7	
Missing	System	1	.3	
Total		351	100.0	

Barrier to entry into our industry, where we are a player, in term of capital requirement is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weak	5	1.4	1.4	1.4
	Neutral	2	.6	.6	2.0
	Strong	150	42.7	42.7	44.7
	Very Strong	194	55.3	55.3	100.0
	Total	351	100.0	100.0	

Barrier to entry in terms of legal requirement is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	61	17.4	17.4	17.4
	Weak	157	44.7	44.7	62.1
	Neutral	92	26.2	26.2	88.3
	Strong	40	11.4	11.4	99.7
	Very Strong	1	.3	.3	100.0
	Total	351	100.0	100.0	

Customers loyalty to established brand is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	74	21.1	21.3	21.3
	Weak	168	47.9	48.3	69.5
	Neutral	12	3.4	3.4	73.0
	Strong	90	25.6	25.9	98.9
	Very Strong	4	1.1	1.1	100.0
	Total	348	99.1	100.0	
Missing	System	3	.9		
Total		351	100.0		

The customers' influence over the market is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	55	15.7	15.7	15.7
	Weak	114	32.5	32.5	48.1
	Neutral	8	2.3	2.3	50.4
	Strong	157	44.7	44.7	95.2
	Very Strong	17	4.8	4.8	100.0
	Total	351	100.0	100.0	

The degree of sensitivity of the customer to change in price is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	11	3.1	3.1	3.1
	Weak	61	17.4	17.4	20.5
	Neutral	6	1.7	1.7	22.2
	Strong	186	53.0	53.0	75.2
	Very Strong	84	23.9	23.9	99.1
	Extremely Strong	3	.9	.9	100.0
	Total	351	100.0	100.0	

The ability of customers to switch from one product to another is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	2	.6	.6	.6
	Weak	53	15.1	15.1	15.7
	Neutral	6	1.7	1.7	17.4
	Strong	131	37.3	37.3	54.7
	Very Strong	128	36.5	36.5	91.2
	Extremely Strong	31	8.8	8.8	100.0
	Total	351	100.0	100.0	

The availability of substitute product is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weak	17	4.8	4.8	4.8
	Neutral	3	.9	.9	5.7
	Strong	61	17.4	17.4	23.1
	Very Strong	133	37.9	37.9	61.0
	Extremely Strong	137	39.0	39.0	100.0
	Total	351	100.0	100.0	

The impact of raw materials/inputs on price is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weak	5	1.4	1.4	1.4
	Neutral	3	.9	.9	2.3
	Strong	47	13.4	13.4	15.7
	Very Strong	185	52.7	52.9	68.6
	Extremely Strong	110	31.3	31.4	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

The buyer's propensity to substitute a product for another is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	1	.3	.3	.3
	Weak	83	23.6	23.6	23.9
	Neutral	4	1.1	1.1	25.1
	Strong	152	43.3	43.3	68.4
	Very Strong	106	30.2	30.2	98.6
	Extremely Strong	5	1.4	1.4	100.0
	Total	351	100.0	100.0	

Possible existence of substandard product is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	16	4.6	4.6
	Weak	40	11.4	16.0
	Neutral	11	3.1	19.1
	Strong	43	12.3	31.3
	Very Strong	169	48.1	79.5
	Extremely Strong	72	20.5	100.0
	Total	351	100.0	100.0

The threat of substitute product as a result of increasing number of manufacturers is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	1	.3	.3
	Weak	43	12.3	12.5
	Neutral	1	.3	12.8
	Strong	213	60.7	73.5
	Very Strong	89	25.4	98.9
	Extremely Strong	4	1.1	100.0
	Total	351	100.0	100.0

The threat posed by relative price of substitute product is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weak	49	14.0	14.0
	Neutral	2	.6	14.6
	Strong	181	51.6	66.3
	Very Strong	116	33.0	99.4
	Extremely Strong	2	.6	100.0
	Total	350	99.7	100.0
Missing	System	1	.3	
Total		351	100.0	

Promotional strategies among competitors are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	1	.3	.3
	Weak	24	6.8	7.1
	Neutral	27	7.7	14.8
	Strong	137	39.0	53.8
	Very Strong	154	43.9	97.7
	Extremely Strong	8	2.3	100.0
	Total	351	100.0	100.0

Access to distribution channel is

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	1	.3	.3
	Weak	27	7.7	8.0
	Neutral	88	25.1	33.0
	Strong	114	32.5	65.5
	Very Strong	98	27.9	93.4
	Extremely Strong	23	6.6	100.0
	Total	351	100.0	100.0

Service strategies to customers are

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Weak	1	.3	.3
	Weak	18	5.1	5.4
	Neutral	9	2.6	8.0
	Strong	96	27.4	35.3
	Very Strong	168	47.9	83.2
	Extremely Strong	59	16.8	100.0
	Total	351	100.0	100.0

Threat of smuggling is

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Weak	21	6.0	6.0	6.0
	Very Weak	33	9.4	9.4	15.4
	Weak	63	17.9	17.9	33.3
	Neutral	21	6.0	6.0	39.3
	Strong	18	5.1	5.1	44.4
	Very Strong	81	23.1	23.1	67.5
	Extremely Strong	114	32.5	32.5	100.0
	Total	351	100.0	100.0	

Efficient procurement of raw materials at the most competitive price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.3	.3	.3
	Somewhat Agree	79	22.5	22.6	22.9
	Agree	223	63.5	63.7	86.6
	Strongly Agree	47	13.4	13.4	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

Finding ways to reduce costs (standardising the product or increasing the economy of scale).

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Disagree	1	.3	.3	.3
	Disagree	1	.3	.3	.6
	Somewhat Disagree	2	.6	.6	1.1
Valid	Somewhat Agree	23	6.6	6.6	7.7
	Agree	165	47.0	47.1	54.9
	Strongly Agree	158	45.0	45.1	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

operating efficiency by employing cut-edge or modern day technology.

		Frequency	Percent	Valid Percent	Cumulative Percent
	Disagree	1	.3	.3	.3
	Somewhat Disagree	1	.3	.3	.6
	Neutral	1	.3	.3	.9
Valid	Somewhat Agree	42	12.0	12.0	12.9
	Agree	147	41.9	42.0	54.9
	Strongly Agree	158	45.0	45.1	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

High level of production capacity utilisation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	1.1	1.1	1.1
	Somewhat Disagree	118	33.6	33.7	34.9
	Neutral	23	6.6	6.6	41.4
	Somewhat Agree	155	44.2	44.3	85.7
	Agree	45	12.8	12.9	98.6
	Strongly Agree	5	1.4	1.4	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

Emphasis on price competition (i.e. offering competitive prices).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat Disagree	3	.9	.9	.9
	Neutral	2	.6	.6	1.4
	Somewhat Agree	55	15.7	15.7	17.1
	Agree	167	47.6	47.7	64.9
	Strongly Agree	123	35.0	35.1	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

Ensuring tight control of overhead cost.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.3	.3	.3
	Neutral	4	1.1	1.1	1.4
	Somewhat Agree	45	12.8	12.9	14.3
	Agree	115	32.8	32.9	47.1
	Strongly Agree	185	52.7	52.9	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

Using innovative methods and technologies to create superior products.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat Disagree	1	.3	.3	.3
	Neutral	1	.3	.3	.6
	Somewhat Agree	119	33.9	33.9	34.5
	Agree	213	60.7	60.7	95.2
	Strongly Agree	17	4.8	4.8	100.0
	Total	351	100.0	100.0	

Emphasis on new product development or existing product adaptation to better serve customers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	55	15.7	15.7	15.7
	Somewhat Disagree	117	33.3	33.4	49.1
	Neutral	6	1.7	1.7	50.9
	Somewhat Agree	129	36.8	36.9	87.7
	Agree	39	11.1	11.1	98.9
	Strongly Agree	4	1.1	1.1	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

High rate of new product introduction to market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.1	1.1	1.1
	Disagree	104	29.6	29.6	30.8
	Somewhat Disagree	165	47.0	47.0	77.8
	Neutral	7	2.0	2.0	79.8
	Somewhat Agree	61	17.4	17.4	97.2
	Agree	9	2.6	2.6	99.7
	Strongly Agree	1	.3	.3	100.0
	Total	351	100.0	100.0	

Emphasis on the number of new products offered to the market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.6	.6	.6
	Disagree	127	36.2	36.3	36.9
	Somewhat Disagree	148	42.2	42.3	79.1
	Neutral	5	1.4	1.4	80.6
	Somewhat Agree	61	17.4	17.4	98.0
	Agree	6	1.7	1.7	99.7
	Strongly Agree	1	.3	.3	100.0
	Total	350	99.7	100.0	
Missing	System	1	.3		
Total		351	100.0		

High intensity of advertising and marketing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	41	11.7	11.7	11.7
	Somewhat Disagree	123	35.0	35.0	46.7
	Neutral	16	4.6	4.6	51.3
	Somewhat Agree	105	29.9	29.9	81.2
	Agree	59	16.8	16.8	98.0
	Strongly Agree	7	2.0	2.0	100.0
	Total	351	100.0	100.0	

Developing and utilising sales force.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	17	4.8	4.8	4.8
	Somewhat Disagree	92	26.2	26.2	31.1
	Neutral	27	7.7	7.7	38.7
	Somewhat Agree	97	27.6	27.6	66.4
	Agree	104	29.6	29.6	96.0
	Strongly Agree	14	4.0	4.0	100.0
		Total	351	100.0	100.0

Building strong brand identification.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat Disagree	1	.3	.3	.3
	Neutral	6	1.7	1.7	2.0
	Somewhat Agree	91	25.9	25.9	27.9
	Agree	159	45.3	45.3	73.2
	Strongly Agree	94	26.8	26.8	100.0
	Total	351	100.0	100.0	

Production of high quality products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	.6	.6	.6
	Neutral	3	.9	.9	1.4
	Somewhat Agree	34	9.7	9.7	11.1
	Agree	162	46.2	46.2	57.3
	Strongly Agree	150	42.7	42.7	100.0
	Total	351	100.0	100.0	

Quick delivery and immediate response to customer orders.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat Disagree	17	4.8	4.8	4.8
	Neutral	28	8.0	8.0	12.8
	Somewhat Agree	208	59.3	59.3	72.1
	Agree	75	21.4	21.4	93.4
	Strongly Agree	23	6.6	6.6	100.0
	Total	351	100.0	100.0	

Production of unique products (e.g. unique function, unique design).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	.3	.3	.3
	Somewhat Disagree	10	2.8	2.8	3.1
	Somewhat Agree	120	34.2	34.2	37.3
	Agree	171	48.7	48.7	86.0
	Strongly Agree	49	14.0	14.0	100.0
	Total	351	100.0	100.0	

Targeting a clearly identified segment (e.g. emphasising a geographical region or a specific group of customers).

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	44	12.5	12.5
	Somewhat Disagree	107	30.5	43.0
	Neutral	1	.3	43.3
	Somewhat Agree	46	13.1	56.4
	Agree	63	17.9	74.4
	Strongly Agree	90	25.6	100.0
	Total	351	100.0	100.0

Offering products suitable for high price segment.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.3	.3
	Disagree	63	17.9	18.2
	Somewhat Disagree	99	28.2	46.4
	Neutral	8	2.3	48.7
	Somewhat Agree	55	15.7	64.4
	Agree	48	13.7	78.1
	Strongly Agree	77	21.9	100.0
Total	351	100.0	100.0	

Offering specialty products tailored to a particular group of customers or users.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.3	.3
	Disagree	54	15.4	15.7
	Somewhat Disagree	101	28.8	44.4
	Neutral	2	.6	45.0
	Somewhat Agree	36	10.3	55.3
	Agree	52	14.8	70.1
	Strongly Agree	105	29.9	100.0
Total	351	100.0	100.0	

Performance Stability

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat Dissatisfied	14	4.0	4.0
	Neither Satisfied Nor Dissatisfied	43	12.3	16.2
	Somewhat Satisfied	207	59.0	75.2
	Mostly Satisfied	87	24.8	100.0
	Total	351	100.0	100.0

Employee Morale

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Completely Dissatisfied	1	.3	.3
	Mostly Dissatisfied	6	1.7	2.0
	Somewhat Dissatisfied	65	18.5	20.5
	Neither Satisfied Nor Dissatisfied	172	49.0	69.5
	Somewhat Satisfied	105	29.9	99.4
	Mostly Satisfied	1	.3	99.7
	Completely Satisfied	1	.3	100.0
	Total	351	100.0	100.0

Environmental Adaption

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mostly Dissatisfied	1	.3	.3
	Somewhat Dissatisfied	20	5.7	6.0
	Neither Satisfied Nor Dissatisfied	96	27.4	33.3
	Somewhat Satisfied	151	43.0	76.4
	Mostly Satisfied	72	20.5	96.9
	Completely Satisfied	11	3.1	100.0
	Total	351	100.0	100.0

New Ideas

	Frequency	Percent	Valid Percent	Cumulative Percent
Somewhat Dissatisfied	9	2.6	2.6	2.6
Neither Satisfied Nor Dissatisfied	90	25.6	25.6	28.2
Valid Somewhat Satisfied	171	48.7	48.7	76.9
Mostly Satisfied	74	21.1	21.1	98.0
Completely Satisfied	7	2.0	2.0	100.0
Total	351	100.0	100.0	

Operating Efficiency

	Frequency	Percent	Valid Percent	Cumulative Percent
Neither Satisfied Nor Dissatisfied	14	4.0	4.0	4.0
Somewhat Satisfied	81	23.1	23.1	27.1
Valid Mostly Satisfied	184	52.4	52.4	79.5
Completely Satisfied	71	20.2	20.2	99.7
56.00	1	.3	.3	100.0
Total	351	100.0	100.0	

Social Impact on the society

	Frequency	Percent	Valid Percent	Cumulative Percent
Somewhat Dissatisfied	12	3.4	3.4	3.4
Neither Satisfied Nor Dissatisfied	67	19.1	19.1	22.5
Valid Somewhat Satisfied	158	45.0	45.0	67.5
Mostly Satisfied	104	29.6	29.6	97.2
Completely Satisfied	10	2.8	2.8	100.0
Total	351	100.0	100.0	

Public Image

	Frequency	Percent	Valid Percent	Cumulative Percent
Somewhat Dissatisfied	9	2.6	2.6	2.6
Neither Satisfied Nor Dissatisfied	85	24.2	24.2	26.8
Valid Somewhat Satisfied	156	44.4	44.4	71.2
Mostly Satisfied	92	26.2	26.2	97.4
Completely Satisfied	9	2.6	2.6	100.0
Total	351	100.0	100.0	