

## **Analysis of Managers' Characteristics And Perception Of Firm Strategic Factors And Performance Of Nigeria's Manufacturing Firms**

Gunu Umar, PhD<sup>1</sup> and Adamade Sylvanus Simon<sup>2</sup>

Sound strategic decision making in manufacturing firms is bedrock for realizing the huge potentials of the sector. Against the background of inclement market structure conditions for manufacturing firms survival in Nigeria and plethora of empirical evidences supporting the dominance of firm strategic factors over market structure factors in strategy decision making, this study was designed to analyze the perceptions of manufacturing firms' managers on effects of firm strategic factors on the strategy and performance of manufacturing firms in the country. A survey design was developed for the study involving the generation of primary data with the aid of structured questionnaire administered on 263 respondent managers selected using multi-staged sampling procedure from 119 firms listed in the 2010/2011 Nigerian stock exchange Fact-book. The multiple variables in the study were descriptively analyzed with MANOVA with Roy's largest root as test statistic. The hypothesized none association between managerial characteristics i.e. experiences, age, sex, educational attainment and specialization and perceptions of firm strategic factors i.e. firms' size, age and capital intensity, and performance relationships were supported by the findings of the study as Roy largest roots values for the analyzed associations all fell within acceptance regions (for firm size: 0.094 @  $p < 0.1$ ; firm age: 0.2069 @  $p < 0.001$ ; and 0.0832 @  $p < 0.1$ ). This implied there was consensus amongst managers on the relationship between proxies of firm strategic factors and the performance of Nigerian manufacturing firms. It was therefore concluded that Nigerian manufacturing firms should focus on taking advantage of the strategic advantages within the firms and recommended that more efforts should be devoted to internal analyses so as to identify and harness firm strategic factors.

**Key Words:** *Strategy, managers, decision-making, firms, performance.*

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<sup>1</sup> Senior Lecturer, Department of Business Administration, Faculty of Management Sciences, University of Ilorin – Nigeria [umargunu@gmail.com](mailto:umargunu@gmail.com)

<sup>2</sup> Ph.D Student, Department of Business Administration, Faculty of Management Sciences, University of Ilorin – Nigeria. Chief Training & Development Officer in MINILS (Michael Imoudu National Institute for Labour Studies) Ilorin, Nigeria.

## Introduction

It is widely upheld that Nigeria's business environment poses overwhelmingly prohibitive operating cost challenges (Utomi, 1998; Odah, 2010). The factors identified as underlying the challenging environment are high energy price; poor road networks; insecurity challenges; lacking quality local raw material sources; unavailability of skilled workforce; political and policy instability, exchange rates flip-flops, global competitiveness etc.(Odah, 2010).

Nigeria, despite challenges, is a paradox in two respects, firstly, the country holds enormous potentials in her sophisticated, conscious, enlightened and sociable buyer base and, secondly, massive endowment with abundant untapped natural resources. This combination is of strategic importance for survival and performance of manufacturing businesses in the country. Though faced with a seriously complicated macro environment, the potentials in an enormous buyer's base made up of urbane and sophisticated people is very promising indeed (Adamade, 2014).

Consequently, up-scaling general management capability is vital to enhanced competitiveness of business firms in such a challenged context. Since the huge deficits in the strategic macro-environment are beyond the control of firms, could the high performance of some firms in various sectors gives credence to the 'stretch and leverage' (Prahalad & Hamel, 1990; Utomi, 1998), approach to strategy?

Strategy is about balancing between internal and external environment factors, or creating and sustaining a strategic fit. The question of

which of the two sets of factors dominates managerial and strategy philosophy of Nigerian managers has not been adequately addressed, researched and established. Is it firm strategic factors or external uncontrollable strategic factors that underlie strategy formation and firm performance in Nigeria?

Firms confront a common macro-strategy environment irrespective of their unique strategic factors. Barney (1986) stressed that the methods and outcomes of external analysis are in the public domain and yields similar information for the different users. Firms are unable to attain competitive superiority irrespective of their external environment scanning intensity (Abiodun, 2009) without properly assessing and leveraging resources and capabilities (Grant, 1991; Abiodun, 2009). Managers rating of the value, rarity and non-substitutability of specific strategic factors differs with their characteristics (Adamade & Umar, 2013), and this has implications for building needed consensus needed for strategy process effectiveness (Amit & Schoemaker, 1993). Strategic choices influences performance, yet, managers' perception of how firms' strategic factors in turn influence performance has not been systematically understood in Nigeria's manufacturing sector.

Foundational empirical works in the resource base view (for example Schmalensee, 1985; Wernerfelt & Hansen, 1989; Prahalad & Hamel, 1990; Barney & Wright, 1997; Mauri & Michael, 1998; Hawawimni, Subramanian & Verdin, 2001; Ural & Acaravci, 2006) held that firm effects was more prominent than industry

effects. However these studies predominantly relied on secondary data analysis.

This study therefore aimed to reduce the lacuna inherent in how managers' characteristics underlie perception differences of effects of firm strategic factors' on the strategy and performance in manufacturing firms in Nigeria.

The research question for consideration therefore was do managers' characteristics influence perceptions on effects of firm strategic factors on strategy and performance of manufacturing firms in Nigeria? More specifically, the study's objective was to examine the association of managers' characteristics and perceptions of firm strategic factors' effects on strategy and performance of manufacturing firms in Nigeria.

### **Review Of Related Literature**

The firm is synonymous with the term, organization. According to Drucker (1987), organization is epicenter for values generation. Complexity outlining modern existence spurns diversity of human needs and requirements for stable existence. The common basis for analyzing firm resources or strategic factors are age (experience and learning), assets base or size, technology which specifies sector of manufacturing activity; labour productivity-human resources; marketing and brand management; and physical location (Barney & Wright, 1997; Mauri & Michael, 1998; Hawawinmami, Subramanian & Verdin, 2002; Ural & Acaravci, 2006; Olumide, 2010).

Size portends varied advantages and disadvantages in strategic management. While small firms are nimble, flexible, have pace and dynamics, large sized firms' represent huge market share, economies of scale in research and development, marketing and production processes, superior bargaining power (Serrasqueiro & Macas, 2008), patents, reputation and financial resources to deal with adverse shocks (Yang & Chen, 2009) and business downturns (Dean et al, 1998). Again, size variation reflects in difference in markets risks and uncertainty containment, and offset of random losses (Amirkhalkhali & Mukhopaddhyay, 1993).

Size as determinant of performance is also associated with capital sunk in plants and machineries or total fixed assets (Ural & Acaravci, 2006; Hills & Jones, 2008), related to economies of scale (Duke & Kankpang, 2011). Positive experience curve and organizational learning advantages of large-sized firms are generated through accumulated interactions in extensive products and services networks with other players in the respective markets and segments (Adamade & Gunu, 2013).

The concept of strategy has its roots in two Greek words, 'stratus' and 'ago' i.e. the 'art of the general' (Kazmi, 2008). Strategy is tool for enhancing the competitiveness and performance of firms. Utomi (1998) submits that there exist several schools of thoughts on the concept with each offering unique perspective on the nature of the strategy.

Prevos (2005) perceives that a functional definition of strategy e.g. 'as what organizations do to enhance their future

performance' (Bowman & Asch, 1996) amounts to tautology. Therefore, it can be said that strategy involves various activities carried out for the firm survival and continued capacity to satisfy stakeholders. It includes courses of action to sustain a common thread among organizational actions and participants. It derives from the firms' policies, objectives and goals and is pursuit to enhance current performance towards a better future level (Kazmi, 2008).

The essence of strategy is achieving seamless 'fit between systems, people and structures of the firm with its environment in a way that allows for high performance outcomes' (Utomi, 1998) and its defining of the firms borders in sociological and behavioural dimensions (Hansen & Wernerfelt, 1989) is paramount.

Again, from an internal strategy perspective, Grant (1991) asserts that:

*'In a world where customer preferences are volatile, the identity of customers is changing, and technologies for serving customer requirements are continually evolving, an externally focused orientation does not provide a secure foundation for formulating long-term strategy. When the external environment is in a state of flux, the firm's own resources and capabilities may be a much more stable basis on which to define its identity. Hence, a definition of a business in terms of what it is capable of doing may offer a more durable basis for strategy than a definition based upon the needs which the business seeks to satisfy'.*

There cannot be strategy analysis without understanding of strategic factors. Strategic factors include assets, resources,

capabilities, industry strategic factors and the macro-variables. These are the factors that the strategists cannot ignore. Not paying attention to strategic factors exposes the firm to the risk of failure and exit of the market. There are perceived as the elements, inputs, components on which the effectiveness of the strategy processes depends (Kazmi, 2008; David 2008; Wheelen & Hunger, 2008).

The process of strategy making depends on at least three factors, namely the state of firm assets, their markets availability and how they are sourced (Adamade & Umar, 2013). Ural & Acaravci (2006) and many other writers have established link between strategic factors with the financial and export performance of manufacturing firms. Therefore, strategic factors are the controllable and uncontrollable success factors in strategic planning and management.

Internal strategic factors or firm effects (resources and capabilities) are also referred to as firm strategic assets (Wernerfelt, 1984; Barney, 1986; Amit & Shoemaker, 1993; Ural & Acaravci, 2006). Mauri & Michael (1998) argue that firm factors 'capture the unique firm characteristics which influence the variation in strategies and performance outcomes across firms and industries'. Resources or firm's building blocks comprise unique financial, organizational, physical, human and technological assets. Their value and rarity when properly protected sustains competitive advantage over the long run (Barney, 1991; Peteraf, 1993; Barney, 1996; Barney, 2002). Disparity dynamics in firm resources and capabilities characteristics often triggers

breakthroughs from socially complex value system or cultures especially when rivals are unable to match or copy same (Wheelen & Hunger, 2008).

Capability is a firm's capacity of deploying resources, organizational processes and routines. It is unique to each firm as integration and coordination skills. The development of capabilities follows patterns of complex interactions among resources (David, 2009). Amit & Schoemaker (1993) are of the view that resources and capabilities are 'intermediate goods' applied by firms to enhance productivity. Mostly, found in the human capital processes of firms, capabilities are involved with the developing, conveying and inferring from information.

Itami (1987) perceives capabilities as 'invisible assets' whose value are embedded in products features, e.g. firms' brand name which are invisible and depends on customers' perceptions. Also, capabilities from different functional areas could combine to generate synergies of functional interactions (Kazmi, 2008). Practical challenges arise often in the development of managerial capability entailed in erecting barriers, routines that create inertia, lock-in potentials and lock-out potential new rivals (Ghemawat 1991).

Perception plays an important part in the choice process and defines the discharge of managerial functions and responsibilities (Mullin, 2007). Meanings that managers attached to external and internal stimuli determine decisions (Cole, 2008). The strategy process is a communication process (Utomi, 1998). According to Mullin (2007),

the quality and quantity of information at the managers' disposal, and managers' capability of diagnosing, analyzing and applying information is unevenly distributed. The following subjective and objective considerations background, experience, education, motivation and commitment among others make strategic decision making not wholly a neat and tidy process. Amit & Schoemaker (1993) adds that the strategic decision making process is heuristic and prone to uncertainty, ambiguity and intra-firm conflict. Prevos (2005), Hills & Jones (2009) maintain that emergent strategies (Mintzberg, 1996) arise from the influences of such subjective considerations and the detachment of the planning process from implementation.

King, Fowler & Zeithaml (2001) suggested that building consensus on the nature of firms' competences can strongly influence competitive advantage and performance. It is therefore important that managers across functions have common views and perspectives on the nature of both internal and external strategic factors (Adamade & Umar, 2013). Where such consensus are lacking and different meanings are rife, the firm does not maximize strengths and harness opportunities. Avoidance of threats is impossible when conflicts among managers fester around issues of the magnitude, intensity and proximity of the possible threats or issues are accorded different importance by coalitions of interests (Utomi, 1998).

Managers are evaluated and rewarded according to their capabilities to sustain firm's profitable growth, regenerate and renew resources and capabilities, and

profitability. A firm must sustain an above average returns for it to be seen as having a strategic advantage and to survive into the long run. Every corporate firm has an overarching goal to remain a going concern, outliving its initial promoters and founders, continuing to build resources, to anticipate future needs and meet these needs profitably. The goal is that performance on the long run remains positive and increase shareholders fund leaving a reasonable proportion to meet the expectations of other members of the stakeholders' community (Kaplan & Norton, 1992).

### **Empirical and Analytical Framework**

Early studies on strategy factors effects used varied methodologies. However, firm strategic factors were shown to be relatively stronger influencers of financial performance than market structure factors (Schmalensee 1985; Hansen & Wernerfelt 1989; Rumelt 1991; McMahan & Porter 1997; Mauri & Michaels 1998; Roquebeth, Philips & Westfall 1998; and Brush, Bromiley & Henrickx 1999). Datasets on firm and industry performances were often analyzed using descriptive tools such as ANOVA and variance component analysis to show nature of relationships. Powel (1996) applied a survey methodology to estimate executives' perception of performance as a function of a set of independent variables (firm specific factors). Further divergence emerged in Hawawinni, Subramanian & Verdin 2002 who by separating data for leading and worst performers found these identifiers as a source of variability among firms. King, Fowler & Zeithaml (2001) also used questionnaire instrument in a multi-

organizational study to ascertain middle managers' perception of competences defined in terms of consensus, tacitness, robustness and embeddedness impacted differentials of top and bottom performances. Digging for inwards clues, Ural & Acaravci (2006) who dwelled strictly on firm strategic factors thereby provided the spring board for this. A study of specific interest on age as organizational resources and capability was done by Loderer & Waelchli (2009). The preponderances of organizational rigidities and rent seeking behaviors arising from aging of firms and resulting to inefficiencies such as rising: cost of goods sold, overhead cost; reduction in: research and development spending and innovativeness were analyzed. Aging firms were found to experience impaired performance defined as ROA (returns on assets) and Tobin's Q. Evans (1987) established that firms grow at rates which decrease with age at a diminishing rate. However, Dunne, Roberts & Samuelson (1989) showed that firm life expectancy increased with age since only better firms can survive (Baker & Kennedy, 2002). Pastor & Veronsi's (2003) study of age related to performance indicated that profitability and market-to-book ratios decline with firm age, therefore indicating investors' learning and declining uncertainty. Adams, Almeida & Ferreira, (2008) evince that stock returns is negatively related with incorporation age, and, with listing age (Cheng, 2008). Some studies attempting to verify the 'law of proportionate effect' reported positive effects and others held an inverse

relationship in their submission (Bhattacharyya and Saxena, 2009).

### **Methodology**

The work explored the nature of underlying firm strategic factors underpinning differentials in performance of manufacturing firms. Primary data on the perception of managers about the nature of firm strategic factors in relation to performance were analyzed. *A priori*, it was expected that the views on resources and capabilities, and performance would vary along with different managers' characteristics. The descriptive views of respondents were analyzed and explained to paint a picture about the relationship between firm strategic factors and performance gleaned from the eyes of strategists i.e. managers of varied descriptions. The non-parametric variables set featured firm size, firm age and capital intensity.

Subsequently, the null hypothesis for the study was

H<sub>0</sub>: Perception about firm strategic factors as determinant of performance do not vary along with the characteristics of managers in terms of educational attainment, gender, managerial experience, specialization and biological age.

The characteristics of managers formed basis for measuring and comparing responses. These characteristics were assessed in five aspects namely: years of managerial experiences, age of the managers, educational attainment of the managers, gender of the managers and industry of the managers.

Respondents were required to select from three options to indicate how long they had

worked as managers, namely younger managers- nil to five years of experience; mid experience – above five and ten years, and highly experienced managers – above ten years. It was anticipated that managerial experience accumulated through learning by doing process.

Biological age of the decision maker may influence perceptions in similar manner as experience on the job. Older people may be more cautious, introspective and calculating risk takers (inwards) in determining and younger people may behave differently being trendier, less dogmatic and influenced by managerial fags (outwards). Four age categories were specified as 25-35 years; 36 – 45 years; 46 – 55 years and 55 years – above.

The difference in knowledge acquisition is here expressed as a function of the academic qualification attained by the strategists. Three categories of academic attainment were specified as OND (Ordinary National Diploma); B.Sc./HND (First Degree/ Higher National Diploma); Masters Degree and Ph.Ds (Doctorates). Gender categories are male and female. The sampling frame was drawn using the list of quoted manufacturing firms in contained in the NSE (Nigerian Stock Exchange) Fact book 2010/11. It comprised 119 (One Hundred and Nineteen) manufacturing firms in Nigeria. Questionnaire responses were converted to quantitative values to make each amenable to statistical analyses and discussions using percentages as index. The results of obtained data were compared for the categories (characteristics) using multiple variables analysis of variance (MANOVA). The results were tested at 5 per cent level of significance to generate conclusions.

**Findings**

It was found that 208 (79.27 per cent) of managers studied have gained above 5 years of managerial experience and the remaining 52 (slightly more than 20 per cent) have less than 5 years managerial experience. 41 (15.59 per cent) of the respondents are within age brackets of 25 -35 years, 101 (38.40 per cent) are older, falling within the age bracket of 36-45 years, 93 (35.36 per cent) fall above 45 years of age but less than 55 years old and 28 (10.65 per cent) are above 55 years of age. 178 (68 per cent) of the respondents are male and 84 (32 per cent) are female. Disaggregation according to academic qualification is as follows: first degree and above dominated with 256

(97.77 per cent) of this, 232 (88.59 per cent) were first degree/HND holders; and 7(2.7 per cent) have below first degree.

Respondents (managers) characteristics (age, years of experience, academic attainment, gender) cross-tabulated with industrial sectors (conglomerates, brewery, food/beverages/tobacco, building, pharmaceuticals, industrial/domestic products, chemicals/paints and engineering technology indicated that respondents in age bracket 55 years and above made up the least in the distribution. 23.39 percent of managers in the pharmaceutical sector have above 10 years' experience. The sector has representation of the highest academic attainment (26.61 percent).

**Firm Size**

The descriptive statistics of responses for firm size are presented in table 1.

**Table 1: Descriptive Statistics and Result of MANOVA for Perception of Firm Size as Determinant of Performance**

<u>Variable</u>	<u>Mean</u>	Standard	<u>MANOVA Result</u>
Aggregate	3.49	Deviation	Significant
Size influences strategy & Performance	3.49	-	Not significant
Larger firms hold more strategic options	3.47	0.95	Highly significant
Resources deficits hamper manoeuvres	3.42	0.88	Highly significant
Enough valued resources is good	3.52	0.95	Not significant
Small firms spread thin.	3.49	0.92	Highly significant
		1.03	

Source: Researchers' Compilations, 2013

The aggregate mean score for views on firm size as determinant of performance is 3.49 or 69.8 per cent. This shows a reasonably high support of the notions related to size underlying performance. Thus, firm size is a critical factor determining the future

consequences of present action in manufacturing firms. However, oversized workforce can be counter-productive. The balance sheet size as quantum of the financial resources or capital resources that is deployed to facilitate operations is vital.

For each of the specific dimensions of size responses exceeded 3 points or 60 per cent. Managers generally perceived larger firms have better strategic options than smaller ones (3.47 or 69.4 per cent).

Test to ascertain  $H_0$  (using spearman's ranked correlations coefficients) revealed none existed (age: 0.0375; experience: 0.0036; gender:-0.0968; qualification: -0.084; specialisation: 0.0881). However MANOVA revealed significant relationship for composite data (Roy's largest root =0.0945;  $F(15; 247) = 1.56; p < 0.1$ ). Result of MANOVA for firm size – performance related variables indicated that for 'Size influences performance and strategy'  $H_0$  is rejected. However for 'larger firms hold more strategic options'  $H_0$  is supported (Roy's largest root =0.0738;  $F(5, 257) = 3.79; p < 0.005$ ).  $H_0$  is supported for 'resources deficits hampers manoeuvres (Roy's largest roots =0.0454;  $F(5, 257) = 2.33; p < 0.05$ ).  $H_0$  is not supported for 'enough valued resource is good'. Lastly,  $H_0$  is supported for 'small firms spread thin' (Roy's largest roots = 0.0396;  $F(5, 257) = 2.04; p < 0.1$ ). The result implies that

characteristics of managers did not cause significant variation in perceptions of firm size as predictor of firm performance in some specific dimensions, namely, 'size influences strategy and performance', and 'enough valued resources is good', respondents showed varied perceptions depending on their age, experience, educational attainment, gender and specialisation respectively.

### Firm age

Descriptive statistics for responses related to firm age as predictor of performance is presented in table 2. The aggregate mean score for age as determinant of firm performance is 66.2 per cent, Obtained 67 per cent points indicates that managers across the entire spectrum perceive that the heterogeneous nature of resources and capability is related to the age of the firms. This seems to say that the quality and quantity of firm plants and machinery, human resources and capability, marketing and branding capability, locational advantage and financial prowess are tied to variation in the age of firms.

**Table 2: Descriptive Statistics and Result of MANOVA for perception of Firm Age as determinant of performance**

<u>Variable</u>	<u>Mean</u>	<u>Standard Deviation</u>	<u>MANOVA Result</u>
Aggregate	3.311		Highly significant
Heterogeneity of R&C is age based	3.357	0.381	Significant
Older firms do better erecting entry barriers	3.418	0.816	Not significant
Age engender assets commitment, inflexibility & inertia	3.293	0.776	Significant
New business avoid mistakes of the older ones to grow & profit		0.807	
Older firms are better leveraging firm strategic factors	3.342		Not significant
	3.235	0.832	Not significant
		0.923	

Source: Researchers' Compilations, 2013

Managers perceive that as the age of firms increases learning processes leads to better creation and sustenance of entry barriers into an industry. However age is said to have some set back effects as it leads to assets commitment, inflexibility and inertia (65.9 per cent support). Investments on this basis are sunk costs which may not easily be traded in the resources market. The notion that older firms are better in leveraging firm strategic factors was equally highly supported (64.7 per cent). MANOVA test results indicate non-support for  $H_0$ . For the aggregate value for firm age as determinant of performance, all the tests indicated high significance compelling acceptance of the null hypothesis ( $H_0$ ) (Roy largest roots = 0.2069;  $F(12, 250) = 4.31$ ;  $p < 0.001$ ). The result for each of the notion related to firm age as determinant of performance follows the same pattern as that of the composite score. For ‘heterogeneity of resources and capability is based on age’  $H_0$  is accepted

(Roy’s largest roots = 0.0595;  $F(5, 257) = 3.06$ ;  $p < 0.1$ ). For ‘older firms do better erecting entry barrier’  $H_0$  was not supported. This implies that respondents of varying managerial characteristics reacted differently to this issue. The value of Roy’s largest roots = 0.048, its  $F(5, 257) = 2.47$  and its  $p < 0.1$  suggests that respondents varied in their perception of the issue of ‘age engenders assets commitments, inflexibility and inertia.  $H_0$  finds support in responses to notion that ‘new businesses avoid mistakes of the older ones to grow and profit’ (Roy’s largest roots = 0.0431;  $F(5, 257) = 2.22$ ;  $p < 0.1$ ). Lastly,  $H_0$  for the notion that ‘older firms are better leveraging firm strategic factors’ was not supported.

### Firm Capital Intensity

Table 3 shows descriptive statistics of responses by various categories of managers concerning the effects of capital intensity on performance of firms.

**Table 3: Descriptive Statistics and Results of MANOVA for perception of Capital Intensity as Determinant of performance**

<u>Variable</u>	<u>Mean</u>	<u>Standard</u> <u>Deviation</u>	<u>MANOVA Result</u>
Aggregate	3.96		Significant
Optimal capital level cuts inefficiencies	3.84	0.49	Not significant
Capital sufficiency engenders actualising strategic objectives	4.00	0.77	Not significant
Procuring resources & skills facilitated by capital availability	4.00	0.89	Significant
Effectiveness in financial management enhances performance	3.92	0.89	Significant
		0.90	

Source: Researchers’ Compilations, 2013

The scores for each of the variable for capital intensity as determinant of performance are high (mean = 3.96 or 79.2 per cent). On specific issues raised in connection to capital intensity, respondents give strong credence to the view that optimising capital level cuts inefficiency (mean = 3.84 or 76.8 per cent). Excessive capitalisation could be counterproductive just as insufficiency raises prospects of assets devaluation (mean = 4.00 or 80 per cent). Capital availability is crucial for resourcing generally (mean = 4.00 or 80 per cent). Lastly the result shows that overall financial management capability enhances achievement of strategic objectives (mean = 3.92 or 78.4 per cent).

The result of MANOVA test to ascertain the veracity of  $H_0$  is reflected also in table 4.23.  $H_0$  is supported for the aggregate; for 'procurement of resources & skills is facilitated by capital availability' and 'effectiveness in financial management enhances performance'. Roy's largest roots for each of these are: 0.0832; 0.0707 and 0.0558 respectively; the F (5, 257) are: 2.10; 2.06 and 2.19; and the  $p < 0.1$  in all the instances.

### Discussion Of Findings

Managers' perception that large sized firms poses market power deployed to outwit small-sized ones in the competitive arenas tallies with dominant strategy research findings (see Barrett et al, 2010; Yang & Chen, 2009; Serrasqueiro & Paulo, 2010). Rising volume of output generates increasing returns to scale as the fixed cost components spread across increasing units yields a thinning off effect on per unit cost. Profitability growths give a firm the opportunity to harness future advantages as more resources are available

for quality improvement and targeting of differentiated markets with premium offerings (Hills & Jones, 2008). In specialising, the firm reflects niche orientation which is argued to underpin the global emergence of hitherto small firms as 'giant killers' (Prahalad and Hamel, 1993; Utomi, 1998).

A rebuttal of the view that large-sized organisations are cluttered due to sunk costs, rising overheads and overall operational efficiency is upheld by respondents. High valued assets such as capital equipment may prove worthwhile to drive down per unit cost of production thereby increasing returns to scale, in corroboration of Bhattacharyya and Saxena (2009) that proportionate effects holds true.

The findings agrees with Loderer and Waelchli (2009) that aging causes cementation of rigidity, breeds fixations and rent seeking, reduced research and development spending, curtails innovativeness and renewal for competitiveness and increased CEOs (Chief Executive Officers) pay. However, this does not completely free younger firms from organizational learning curve challenges. By smartly benefiting from the mistakes of others, young firms have avenues to respond strategically. Indeed, new firms do not have 'to reinvent the wheel'. They can profit from the misstep of the older ones, stretch cost reduction and containment.

Managers' perception of firm strategic factors considerably influences leveraging or stretch of available resources to achieve mileage. Goals dislocations adversely affect strategy implementation. While a participatory model of organization has value for high performance, it is widely

accepted that a dictatorial context hampers organizational performance.

### **Conclusion And Recommendations**

Firm strategic factors have been defined in the study as critical success features controlled and manipulated by managers. In a theoretical sense, no two firms are exactly similar in the configuration of systems, people, processes, cultures and styles. Where firms pay attention to issues of age, size as in market power and capital base, the corollary follows that the strategists in such settings are interested in following an organised and explicit route to achieving increased future performance. This definitely counts in the evaluation of the studied managers as being strategy oriented even though exogenous variables like luck or serendipity still plays critical roles in determining outcome of explicit strategizing which is predicated on the need to have improved future performance.

When size is large relative to that of rivals or competitors, the firm enjoys superiority in terms of resources base and market penetration called market power and sets strategic pace. Indeed the destiny of the firm, its futurity and survival is determined chiefly by managerial acumen. The fact that managers of diverse characteristics do not have common perspectives on how strategic advantage could be harnessed from existing resource base has far-reaching implications on the capability profiles of firms. Managerial resources and capability vary and intra group conflicts are rife which disposes the firms to strategic decision making processes that are restricted in 'bounded rationality' or 'satisficing' outcomes.

Contexts are created for high performance when management styles and dominant cultures nurture participatory decision making models. The workforce could be propellant for higher levels of commitments. The strategic advantage that such a culture of management by commitment engenders for increased organisational performance is concomitant in its essence.

Inexperience can be a serious limitation as the managers in well-established systems may as well build and strengthen entry barriers to secure market niches into the long run.

Managers need to leverage on what they have control over to enhance expertise and grow organisations organically and incrementally. Efforts intensity is required on organisational analysis. More strategy attention should be paid to assessing advantages or disadvantages of firms in resources and in developing specialised routines on how to integrate the functional areas advantages into difficult to copy or imitate capabilities that would be basis for distinctive competences.

Having established that age is somewhat not controllable, organisational capability can be strengthened through inculcating a learning mentality and deepening of organisational learning culture. Aging breeds high cost associated with corporate governance and irresponsible spending to maintain board structures that misapply scarce resources and capability required in research and innovation management. Firms in the manufacturing sector must therefore determine to be guided by pragmatic interests to build the resources and capabilities that are needed for future markets, products, technology, revenue

and profitability. Rather as suggested by Drucker (1987), opportunities must be nourished and challenges or problems starved.

It is highly essential that public policy interventions to support a resource based orientation should be given consideration at all levels in Nigeria. This study is hinged on the philosophy that proper organisational analyses would form basis for sound strategic decision making and implementation. Managers should be developed to understand the essence of consensus on key features of resources and capability so as to promote unity of direction and diffuse distractive fallout of intra and inter group conflicts on strategic choices.

For improvement in strategy scholarship, it is recommended that research support services be improved through developing and maintaining of robust datasets such as COMPUSAT and FTC files in the US context. Secondly, this study can be replicated in other highly influential sectors of the Nigerian economy with the purpose of unearthing how firm strategic factors effect performance parameters to guide managerial decision making. Thirdly, comparative analyses could be done using two or three different sectors as basis.

### **Implications Of The Study**

The findings of this study hold prospects of enhancing a leverage or stretch strategic management orientation in Nigeria's manufacturing businesses. By showing that managers of manufacturing businesses are attuned to the need to make the most use of what lies within the firms, the study places the issue of firm's growth and profitability within the vortex of what is

essentially managerial prime responsibility, which is the management of performance.

The study proves that though contextual factors for manufacturing business management continues to throw-up difficult challenges, surmounting the odds involved in for example inclement and unstable socio-economic and political environment requires the most use of inherent resources and capabilities and the careful development of capabilities to align the firms to harness advantageous potentials while curbing threats. The study also has implications for triggering and sustaining a strong resource based tradition in strategic management research in Nigeria and elsewhere. It may entrench even the search into the emergent variants of the resource based view as being perceived by the subjects i.e. managers as well as management scholars.

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