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IMPACT OF STRATEGIC MANAGEMENT ON ORGANIZATIONAL GROWTH AND DEVELOPMENT: A STUDY OF SELECTED MANUFACTURING FIRMS IN KADUNA STATE

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Abstract

The study investigated impact of strategic management on organizational growth and development of selected manufacturing firms in Kaduna State. 75 respondents selected from 5 manufacturing firms across the three senatorial zones of Kaduna State were sampled. The Chi-Square was used to test the three hypotheses that guided the study. Results from the analysis indicated that strategic management is not common among the manufacturing firms in Kaduna State; that the adoption of strategic management has significant effect on competitiveness and also influences manufacturing firms; that strategic management has effect on employee's performance and that its adoption has significantly increased organizational productivity of manufacturing firms; also, it enhances structural development of manufacturing firms. The study thus concluded that though strategic management is not yet a common business practice among manufacturing firms in Kaduna State, it has been identified as veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Kaduna State in particular and Nigeria in general. The researcher recommends that entrepreneurial centre and business schools in Nigeria should incorporate strategic management principles into their curricula. This will engender sound managerial know-how and boost the performance and competitiveness of firms in Nigeria. Also, further studies should be carried out in Nigeria to investigate the causes on non-adoption of strategic management in Kaduna State in particular and Nigeria in general. The causes of this when known and curbed, will enable small and medium scale industries in Nigerian to become more competitive in boosting the development of Nigerian economy.

Key Words: Strategic, Management, Organizational Growth, Development.

1. Introduction

Economic environment is changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To complete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market. "Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved, assesses its competitors and set goals and strategies to meet all existing and potential competitors, and then reassess each strategy annually or quarterly (i.e regularly) to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet charged circumstances, new technology, new competitors, a new economic environment, or a new

social, financial or political environment" (Lamb, 1984). Achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain. (Raduan, Jegak, Haslinda & Alimin, 2009). Strategic management can depend upon the size of an organization, and the proclivity to change of its business environment. Therefore, a global transnational organization may employ a more structured strategic management model, due to its size, scope of operations, and need to encompass stakeholder views and requirement. Major management theories such as those of Chandler (1962) and Child (1972), both cited in Meier, O'Toole, Boyne & Walker (2012) emphasized that private firm can exercise strategic choice, even in the face of external constraints. The way and manner they face strategic issues can affect the overall growth and development of the organization. It goes without

saying that the strategic framework must also address fundamental issues such as resource base, infrastructure constraints, appropriate level of technology and raw materials input.

Statement of Problem

The performance of organizations has been the focus of intensive research efforts in recent times. How well an organization implements its policies and programs and accomplishes its strategic intent in terms of its mission and vision is of paramount concern. Managers in both private and public organizations are becoming increasingly aware that a critical source of competitive advantage often come from indigenous product and services, best public relations strategy state-of-the-art technology and having an appropriate system of attracting and managing the organizations human resources. From the foregoing, and looking at today's trend, it is evident that the space of change in our business environment presents fresh challenges daily.

Therefore, a panacea must be found for the manufacturing subsector, if it must adequately meet its challenges. Various firms, therefore, need to come up with the applications of innovative ideas to create unique brands, customers-friendly products/services that will bring about competitive advantages in terms of brand preference and customer confidence. Despite these, no research work has targeted to investigate the impact of the broad subject of strategic management on organizational growth and development in Nigeria. Existing studies in Nigeria, aimed at human resource development (eg Oladipo & Abdulkadir, 2010; Oladipo & Abdulkadir, 2011; Abdulkadir, 2012). Related studies on this study were on strategic planning (an off shoot of strategic management) (see Ilesanmi, 2011 and Akinyele & Fasogbo, 2007). Of these studies in Nigeria, none accessed the impact of strategic management of planning on manufacturing sub-sector of the economy. To this effect, this study attempts to empirically analyze how strategic management can be used by manufacturing firms in Kaduna State to effectively derive plans for growth and development.

Objectives of the study

The objective of the study is to investigate the impact of strategic management on organizational growth and development of manufacturing firms in Kaduna State of Nigeria.

Hypotheses

The null hypothesis stated below guided the study:

- Ho₁:** Strategic management does not have impact on organizational growth and development in manufacturing firms.
- Ho₂:** Adoption of strategic management does not have effect on the level of competition of manufacturing firms

2. Literature Review

2.1 Theoretical framework

Strategic Management Theory: Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and evaluation (David, 2005; Haim Hilman Abdullah, 2005; Mohd Khairuddin Hashim, 2005; Zainal Abidin Mohamed, 2005). According to Radua, Jegak, Haslinda, & Alimin (2009), strategic management theories stem mainly from the systems perspective, contingency approach and information technology approach. Following David (2005) and Mohd Khairuddin Hashim (2005), among the common strategic management theories noted and applicable are the profit-maximizing and competition-based theory, the resource-based theory and contingency theory.

The Profit-Maximizing and Competition-Based Theory, which was based on the notion that business organization main objective is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. The industrial-organization (I/O) perspective is the basis of this theory as it views the organization external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management a systematic model for assessing competition within an industry (Porter, 1981).

On the other hand, the resource-based theory which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting

business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007).

However, the contingency theory draws the idea that there is no one or single best way or approach to manage organizations. Organizations should then develop managerial strategy based on the situation and condition they are experiencing. Therefore, in this study, besides the systems perspective, contingency approach and the other main strategic management theories mentioned above, the resource-based theory or view (RBV) of the firm's competitive advantage in particular will be the underlying theoretical foundation applied and fundamental basis of the variables and their ensuring relationships that are being studied. This is because of the nature of the Nigeria polity that exposes all firms to high cost of doing business in terms of internal power generation and high level corruption. As a result of this, this study will focus especially on the internal attributes (i.e. resources, capabilities and systems) of the organization towards attaining competitive advantage. Hence, it justifies the adoption of RBV as the main research tenet.

2.2 Empirical Literatures Review

Strategic management is an important aspect of management that elicits research interest among scholars and practitioners. This can be attributed to the universal application of this aspect of management discipline. One of the recent conceptual studies in Nigeria (Ujunwa & Modebe, 2012) advocated for the adoption of strategic management approach in ensuring capital market efficiency following the perceived pivotal role the capital market in economic development. The strategic measure they reviewed ranged from effective regulation to achieving favourable macroeconomic environment. They posited that these strategies will not only promote the efficiency of the capital market, but will leverage the role of the capital market in promoting economic growth. Askarany & Yazdifar (2012), investigating the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption

of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The findings suggest a significant association between the diffusion of these relatively new strategic management tools and organizational performance.

Gichunge (2007) examined the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium sized manufacturing enterprises in Kenya and investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between level of competition and adoption of formal strategic management and investigated the effect of administrative/legal factors on organizational performance.

Finally, the study assessed the relationship between adoption of formal strategic management and organizational performance. The data was analyzed statistically using the SPSS and R packages through tabulation, proportions and logit analysis. Results showed that the MEs have not adopted any formal strategic management. It is consistent with past studies that administrative/legal factors affect both adoption of formal strategic management and organizational performance. Competition also influences adoption of formal strategic management. Organizations with formal strategic management perform better than those without formal strategic management.

3. Methodology

This study used a descriptive survey design. The purpose of using descriptive surveys was to collect detailed and factual information that describes. Data was collected based on the concepts defined in the research model and hypothesis tested. The study is a descriptive survey because it adopted the use of questionnaires aimed at finding the effect of strategic management on organizational growth and development.

Cluster sampling was used to select equal Number of manufacturing firms from each sample cluster in the study. Meier, O'Toole, Boyne & Walker (2012) posited

that strategy can be characterized as senior managers' response to the constraints and opportunities that they face. Therefore, the study will use only the senior staff of the firms. The three prospective respondents that formed the sample are the manager, the account, and the production manager since it would be difficult to reach the Chief Executive Officers the sample comprised 75 management staff from selected manufacturing firms operating in Kaduna State, Nigeria. The data collection instrument used was a structured questionnaire because questionnaires are extremely flexible and could be used to gather information concerning almost any topic, from a large or small number of people (Moore, 1987 cited in Olatokun & Gbinedion, 2009). The questionnaire was specifically designed to accomplish the objectives of the study. The questionnaires were divided into four sections. Section A collected basic demographic information regarding the respondent such as gender, age, academic qualification, location, cadre, and working experience. Section B sought to determine the extent to which strategic management is practiced by manufacturing firms; Section C captured information on factors that determines strategic management intensity; Section D captured information on the relationship between level of competition and adoption of strategic management; section E assessed information on the relationship between adoption of strategic management and organizational performance; while section F deals on the Relationship between strategic management and structural development of an organization. Section A consisted of closed-ended questions. Sections B to F used a structured 4- points modified likert scale of strongly agree (4), agree (3), disagree (2) and strongly disagree (1) in line with Atiku Genty & Akinlabi (2011). The respondents were asked to indicate the extent to which they agree/disagree with various statements.

Table 1: Chi-square Test on Strategic management does not have impact on organizational growth and development in manufacturing firms

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	205.495 ^a	52	.000
Likelihood Ratio	163.641	52	.000
Linear-by-Linear Association	61.360	1	.000
N of Valid Cases	75		

a. 68 cells (97.1%) have expected count less than 5. The minimum expected count is .05.

Source: Field work 2022

Content validity of a scale is qualitative (Akyol & Akehurst, 2003). Therefore, validity of the instrument was ascertained by test experts to ascertain its content before its use. The validity of the instrument was ascertained by giving out copies of the draft questionnaires, research questions, hypothesis, alongside with the purposes of the study. The suggestions and recommendations of the experts were used to correct the drafted questionnaire.

The descriptive statistics such as frequencies, percentage and graphs are used for the analysis of the research questions while the hypotheses testing were done with Chi-Square (Yunana & Yunana, 2020). SPSS (Statistical Package for Social Sciences) computer software was used to run the analyses. The hypotheses were tested at 0.05 level of significance. At 5% level of significance, reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.

4. Presentations and Discussion of Results

Seventy Five (75) copies of the questionnaire were administered to management officers of the Five (5) selected manufacturing firms in Kaduna State. All the 75 copies distributed were well completed and returned. The percentage of the useable copies of the questionnaire was 100 percent.

4.1 Hypothesis Testing

Ho: Strategic management does not have impact on organizational growth and development in manufacturing firms.

This implies that Strategic management has impact on organizational growth and development in Manufacturing firm. The ChiSquare test is 205.495 with P. value of 0.000. The P. value is below the 5% level of significance for this study. Therefore, the study rejects the null hypothesis that Strategic management does not

have impact on organizational growth and development in Manufacturing firm.

H₀₂: Adoption of strategic management does not have effect on the level of competition of manufacturing firms

Table 2: Chi-Square Test on Adoption of strategic management does not have effect on the level of competition of manufacturing firms

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	137.109 ^a	39	.000
Likelihood Ratio	118.888	39	.000
Linear-by-Linear Association	55.233	1	.000
N of Valid Cases	75		
a. 50 cells (89.3%) have expected count less than 5. The minimum expected count is .04.			

Source: Field work 2022

This implies that adoption of strategic management have effect on the level of competition of manufacturing firms. The Chi-Square test is 137.109 with P. value of 0.000. The P. value is below the 5% level of significance for this study. Therefore, the study rejects the null hypothesis that adoption of strategic management does not have effect on the level of competition of manufacturing firms. The study therefore concludes that strategic management has significant effect on the competitiveness of manufacturing firms.

4.2 Summary of Findings

Studies have shown that achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations should strive to attain. Also, the idea that strategy content influences organizational performance is a central element of generic management theory. To remain competitively advantaged, studies have equally suggested the use of strategic management. This is because strategic management identifies the purpose of the organization and the plans and actions to achieve the purpose. Despite these, no research work has targeted to investigate the impact of the broad subject of strategic management on organizational growth and development in Nigeria. Existing studies in Nigeria, aimed at human resource development (e.g. Oladipo & Abdulkadir, 2010; Oladipo and Abdulkadir, 2011, Abdulkadir, 2012). Related studies on this study were on strategic planning (an off shoot of strategic management) (see

Ilesanmi, 2011 and Akinyele & Fasogbon, 2007). Of these studies in Nigerian, none accessed the impact strategic management of planning on manufacturing sub-sector of the economy. More so, scanty studies have been done on The Impact of Strategic Management on Organizational Growth and Development (A Study of on strategic management in Africa (e.g Raduan, Jegak, Haslinda & Alimin, 2009 in Malaysia, and Gichunge, 2010 from Kenya) did not cover indeed, the areas that the objectives of this work cover. Based on the above premise, the study investigated the level of use and effect of strategic management on manufacturing firms in Kaduna State. Following assertions that strategy can be characterized as senior managers' response to the constraints and opportunities that they face, this study used sampled responds from only managers and senior staff cadre of manufacturing firms. Descriptive and Chi – Square test indicated the following findings:

- Strategic management is not common among the manufacturing firms in Kaduna State.
- Strategic management influences competitiveness and that adoption of strategic management has significant effect on competitiveness of manufacturing firms.
- Strategic management has effect on firm performance and that adoption of strategic management has significant effect on organizational performance for manufacturing firms.

5. Conclusion and Recommendations

Strategic management is not yet a common business practice among manufacturing firms in Kaduna State. Nonetheless, strategic management has been identified as a veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Kaduna State in particular and Nigeria in general. The study recommended that further studies be carried out in Nigeria to investigate the causes of non adoption of strategic management in

Kaduna State in particular and Nigeria in general. The causes of this when known and curbed, small and medium scale industries in Nigeria might become more competitive in boosting the development of Nigerian economy. The entrepreneurial centre and business schools in Nigeria should incorporate strategic management principles into their curricula. This will engender sound managerial know-how and boost the performance and competitiveness of firms in Nigeria.

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