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Strategic Management and Firm Performance: A Study of Selected Manufacturing Companies in Nigeria

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Abstract
The study of strategic management has drawn so much attention among business practitioners and academic researchers in the last two decades as globalization came fully into limelight. However, in Nigeria, there are few empirical studies conducted to investigate the relationship between strategic management and firm performance. Thus, the main objective of this study was to provide further evidence on the effects of strategic management (SM) on the performance of manufacturing industries in Nigeria. Five large-scale quoted manufacturing firms located in Lagos metropolis were selected. The study relied on primary data which were obtained using structured questionnaire administered to 50 purposively selected respondents of the selected firms. The data collected were analysed using Analysis of Variance (ANOVA) and correlation analysis as well as descriptive analysis in pursuance of the stated specific objectives of the study. The result showed that strategic management had significant effects on the profitability and operational performance of the selected manufacturing firms. Also, strategic management had positive relationship with the level of competition of the firms. This study concluded that the practice of strategic management is *sine qua non* in boosting firm performance in the manufacturing industries in Nigeria.
Keywords: Strategic Management, Profitability, Operational Performance, Level of Competition

1. Introduction

In today's world, there is a rapid change in the business environment such that the product-market competition is ever increasing among industries, information technology improving in various industries as the day goes by in a way that firms use internet facilities and social network to advertise and market their products and services. To compete successfully in this present competitive business environment, firms continually need to make some strategies and take some actions by improving product quality and productivity, reducing product cost, promoting product and process innovations, and improving product speed to the market and customers' goodwill. Firms therefore need to strive to be at par with the global change, achieving competitive advantage position and enhancing performance relative to their competitors (Muogbo, 2013).

Strategy is a detailed plan for a business in achieving success. Since business is a high-stakes game, a poorly planned and executed strategic move could result in loss of millions of dollars, thousands of jobs, or even bankruptcy of business (Dauda *et al.*, 2010). This calls for strategic management in order to develop an effective strategy. Thus, strategic management comprises the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives.

Strategic management is the process of making decision, planning, coordinating and taking some actions by the top managers of a company in order to achieve set goals and objectives. Decisions are of little use unless they are acted upon. Firms must take the necessary actions to implement their strategies. This requires top managers to allocate the necessary resources and to design the organization to bring the intended strategies to reality (Dess *et al.*, 2005). Because it involves long-term, future-oriented, complex decision making and requires considerable resources, top-management participation is crucial.

Wheelen and Hunger (2007) articulated that initially strategic management was of most use to large firms operating in multiple industries. Increasing risks of error, costly mistakes, and even economic ruin now forced today's professional managers in all organisations to take strategic management seriously in order to keep their firms competitive in an increasingly volatile environment.

The study of strategic management has drawn so much attention among business practitioners and academic researchers in the last two decades as globalization came fully into limelight. As more industries become global, strategic management now becomes an increasingly important tool to keep track of international developments and position the firm for long term competitive advantage. In developed countries as well as in developing ones, much has been written on strategic management in form of books. However, Nigeria in particular, there are few empirical studies conducted to investigate the relationship between strategic management and firm performance. This necessitated the study.

The specific objectives of the study were to examine the process of strategic management and its relevance to firm's operational performance, investigate the effect of strategic management on organisational profitability, and determine whether or not strategic management improves firm's competition. This was with the view of examining the effects of strategic management on the performance of manufacturing industries in Nigeria. It is therefore hoped that the evidence from this study would serve as important quantitative information into the cauldron of business policy and also add to the existing body of empirical literature from a developing nation like Nigeria.

2. Literature Review

2.1 Strategy

A strategy can be defined as the determination of the basic long term goals and objectives of a firm and the adoption of the courses of action and the allocation of resources necessary for executing the goals (Chandler, 1962; Stevenson, 2012). According to Thompson *et al.,* (2005), a strategy consists of the combinations of competitive moves and business approaches that managers employ to please customers, compete successfully, conduct operations and achieve organisational objectives. Pearce and Robinson (2013) define a strategy as a manager's large-scale, future oriented plan for interacting with the competitive environment to optimise the achievement of organisational objectives. These definitions show that a strategy is a top management responsibility and it overarches every area of a firm's operations. Also, a strategy is long term, future oriented and visionary, being driven by a desire for a competitive advantage.

Oyedijo (2013) highlights the benefits of developing and implementing a strategy for a business organisation. He stated that a strategy

i. provides guidance to the entire management of an organisation by making clear what the company wants to achieve and what it has to do and the pathways it needs to follow to be where it will like to be in the market place;
ii. facilitates a disciplined identification and appraisal of business opportunities and directs the changing and evolving relationship of the organisation with its environment. Thus, it enables an organisation to be proactive, to maintain a healthy balance with its environment, and to carry out some breakthrough advances for competitive advantage;
iii. renders more effective the ordering of priorities and allocation of time and resources to identified opportunities; and
iv. provides a basis for the clarification of individual responsibilities, thereby contributing to the motivation and commitment of organisation members to the attainment of long term organisational goals.

Pearce and Robinson (2013) and Wheelen *et al*. (2014) points out that a typical business firm usually considers three types of strategy. First on hierarchy is Corporate Strategy which describes a firm's overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines. It ensures stability, growth, and retrenchment. The second is Business Strategy which deals with the improvement of the competitive position of a firm's products or services in the specific industry or market segment served by the firm's business unit. Business strategy can be either competitive or cooperative strategies. Lowest on the hierarchy is Functional Strategy, concerned with developing and nurturing a distinctive competence to provide a corporate or business unit with a competitive advantage. Functional strategies within an R&D department are technological followership (imitate the products of other firms) or technological leadership (pioneer an innovation). Therefore, to optimise performance, business firms must employ all three types of strategy simultaneously.

2.2 Strategic Management

Strategic management can simply be defined as a set of managerial decisions and actions that result in the formulation and implementation of strategy designed to achieve a company's objectives (Wheelen and Hunger, 2007). According to Thompson and Strickland (2007), strategic management is the process whereby managers establish an organisation's long-term direction, set specific performance objectives, development strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans.

Dess *et al.* (2007) state that strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages. They explained that the definition captures two key elements of strategic management. First, the strategic management of an organization entails three on-going processes: analysis, decisions, and actions. This implies that strategic management is concerned with the analysis of strategic goals (vision, mission, and strategic objectives) along with the analysis of the internal and external environment of the organization. Also, leaders and managers must make strategic decisions and take necessary actions to implement the decisions. Second, the essence of strategic management is the study of why some firms outperform others. So, managers need to determine how a firm is to compete so that it can obtain advantages that are sustainable over a lengthy period of time.

Strategic management is an on-going process that evaluates and controls the business and the industries in which the firm is involved, assesses its competitors, set goal and strategies to meet all existing and potential competitors and then reassesses each strategy to meet charged circumstances, new technology, new competitors, a new economic environment or a new social financial or political environment (Muogbo, 2013). It integrates strategic planning with quality (or continuous improvement) efforts, budgeting, resource planning, program evaluation, and performance monitoring and reporting. It is the process of positioning an organization so it can prosper in the future.

2.2.1 Phases of Strategic Management

According to Wheelen and Hunger (2007), a firm generally evolves through four main phases of strategic management in order to cope with the changing world. The phases include basic financial planning, forecast-based planning, externally-oriented planning, and strategic management.

Phase 1. *Basic financial planning*: Managers initiate some planning when they are requested to set up their budgets, and they consider these activities for one year.

Phase 2. *Forecast-based planning*: Managers sometimes consider projects that may take more than a year. The time horizon is usually 3-5 years.

Phase 3. *Externally oriented planning (strategic planning):* Top management conducts strategic planning, and they leave the implementation to low level.

Phase 4. *Strategic management*: This involves planning by forming a team from all levels in the firm.

2.2.2 Benefits of Strategic Management

The benefits of strategic management cannot be overemphasized especially when a firm applies the approach in the right situation. According to Thompson and Strickland (2007), Wheelen and Hunger (2007), Dauda *et al.* (2010), Pearce and Robinson (2013), and Wheelen *et al*. (2014), the benefits include:

i. Clearer sense of strategic vision for the firm
ii. Sharper focus on what is strategically important
iii. Making managers and organizational members more alert to new opportunities and threats in a rapidly changing environment.
iv. Helping in overcoming risks and uncertainties and therefore contributes to organization success.
v. Promoting the development of a constantly evolving business model that will produce sustained profitability for the business

2.3 Firm Performance

The concept of performance of a business firm is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Alchian and Demsetz, 1972; Barney, 1995; Carton, 2004). It is said that the essence of performance is the creation of value. Therefore, value creation, as defined by the resource provider, is the essential overall performance criteria for any organization. A business organization could measure its performance using the financial and non-financial measures. The financial measures include profits, return on assets, return on investment and sales, while the non-financial measures focus on issues pertaining to customer`s satisfaction and customer`s referral rates, delivery time, waiting time and employee`s turnover.

Bucklin and Sengupta, (1993) claim that financial measures of performance, such as sales and profit, may not clearly reflect the quality of the firms' performance. Financial measures are objective, simple and easy to understand and compute, but in most cases, they suffer from being historical and are sometimes not readily available in the public domain. Geringer and Hebert (1991) suggest that financial data are often not published, and when that type of data is made public, it will be merely incorporated in calculations of financial performance. In fact, a financial measure is unlikely to capture the relative performance of the firms.

An alternative way is to apply the non-financial measures, though subjective in nature, as supplements to the financial measures (Sandberg & Hofer, 1987; Covin and Slevin, 1989). The combinations of these two measures (financial and non-financial) help the owners or managers to gain a wider perspective on measuring and comparing their corporate performance, in particular the extent of effectiveness and efficiency in utilizing the resources, competitiveness and readiness to face the growing external pressure (Chong, 2008).

2.4 Review of Empirical Studies

Greenley (1994) in his study to investigate whether or not an association can be identified between strategic planning and performance, identified a total of 29 relevant and empirical studies. He classified the studies into three groups, in the first group, there are nine studies where the researcher concluded that there is no association between strategic planning and company performance, there were 12 studies in the second group which supports an association between strategic planning and performance. In the third group of eight studies, it was concluded that firms with strategic management outperform firms without strategic management.

Gichunge (2007) examined the effect of formal strategic management on organisational performance of medium sized manufacturing enterprises in Nairobi Kenya. He investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted, and also determined the relationship between level of competition and formal strategic management. He selected eighty medium enterprises (MEs) using simple random sampling. Primary data was collected using a semi-structured questionnaire. Results showed that the MEs have not fully adopted formal strategic management and that administrative/legal factors and competition influence adoption of strategic management.

Dauda *et al.* (2010) examined the influence of strategic management on corporate performance in selected small scale enterprises in Lagos, Nigeria. Cross sectional survey research method was adopted for the study and 140 participants were randomly selected among small-scale enterprises in Lagos metropolis. Findings of the study showed that strategic management enhances both organizational profitability and company market share.

Askarany and Yazdifar (2012), investigated 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 suggested a significant association between the diffusion of these relatively new strategic management tools and organizational performance.

Muogbo (2013) examined the impact of strategic management on organisational growth and development in selected manufacturing firms in Anambra State, Nigeria. The study used a descriptive survey design to collect detailed and factual information. Cluster sampling was used to select equal number of manufacturing firm s from each sample cluster in the study. The data collection instrument was a structured questionnaire. He found out that Strategic management was not yet a common business practice among manufacturing firms in Anambra State.

This study therefore attempts to contribute to the existing body of empirical studies on the relationship strategic management and firm performance.

2.5 *Theoretical Framework*

2.5.1 Resource-Based Theory

The resource-based theory emanates from the principle that the source of firm's 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 approach of the firm predicts that certain types of resources owned and controlled by firms have the potential to generate competitive advantage as well as superior firm performance.

The resource-based approach stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Peteraf and Bergen, 2003). Firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness (Barney, 1995).

2.5.2 Contingency based Theory

The development of contingency approach was stimulated by managers, consultants and researchers who tried to apply the concepts of the major schools of management to real-life situations. They often found that methods that were highly effective in one situation would not work in other situations. They discovered that a technique that works in one case may not necessarily work in all cases because of differences in their respective situations. They then sought an explanation for these experiences which brought about the contingency based theory (McWilliams *et al*., 2002).

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. Contingency theory tries to identify and measure the conditions under which things will likely occur. Since human service practice varies substantially, contingency theory offers a useful approach to model and predict contingency approach practice. Contingency theory allows one to analyse a situation and determine what variables influence the decision with which you are concerned.

2.6 Conceptual Framework

The conceptual framework of this study was based on the basic model of strategic management identified by Wheelen *et al.* (2014). The model expressed that strategic management comprises of four basic elements which include environmental scanning, strategy formulation, strategy implementation, and evaluation and control. These four elements constitute the strategic management process of organisations. Based on empirical literatures, strategic management process in an organisation is generally related to firm performance (operational performance, financial performance, and level of competition) as shown in Figure 1.

Environmental scanning refers to the monitoring, evaluating, and dissemination of information from the internal and external environments to key people within the organisation, and these determine the future of the firm. SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis is a viable tool for environmental scanning (Oyedijo, 2013). The internal environment of a firm consists of variables (strengths and weaknesses) that are within the firm itself and which influences its competitive advantage. The variables include the firm's structure, culture, and resources. The internal environment comprises shareholders, customers, creditors, trade associations, competitors, employees/labour unions, communities, suppliers and governments. On the other hand, the external environment of a business firm consists of variables (opportunities, and threats) that are outside the firm and they determine the firm's continual existence. The variables include economic forces, sociocultural forces, political-legal forces, and technological forces.

Strategy formulation is the development of long-range plans for effective management of opportunities and threats in light of corporate strengths and weaknesses. It includes defining corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines (Stevenson, 2012). Corporate mission refers to the purpose for the organization's existence. It tells what the company is providing to the society, objectives tell what is to be accomplished, strategies state how the mission and objectives will be achieved, and policy serves as a broad guideline for decision making that links the formulation of a strategy with its implementation.

Strategy implementation, which is sometimes referred to as operational planning, is a process by which strategies and policies are put into action through the development of programs, budgets and procedures. This aspect is typically conducted by middle and lower level managers with review by top management. A program is a statement of the activities or steps needed to accomplish a single-use plan, a budget lists the detailed cost of each program, and procedures are sequential steps or techniques that describe in detail how a particular task or job is to be done.

Evaluation and control is a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. For effective evaluation and control measures, managers must obtain clear, prompt, and unbiased information from their subordinates. Evaluation and control also has the ability to pinpoint weaknesses in previously implemented strategic plans and makes the entire process to begin all over. For effective strategic management process, these four basic elements must work together in order to boost performance in any organisation.

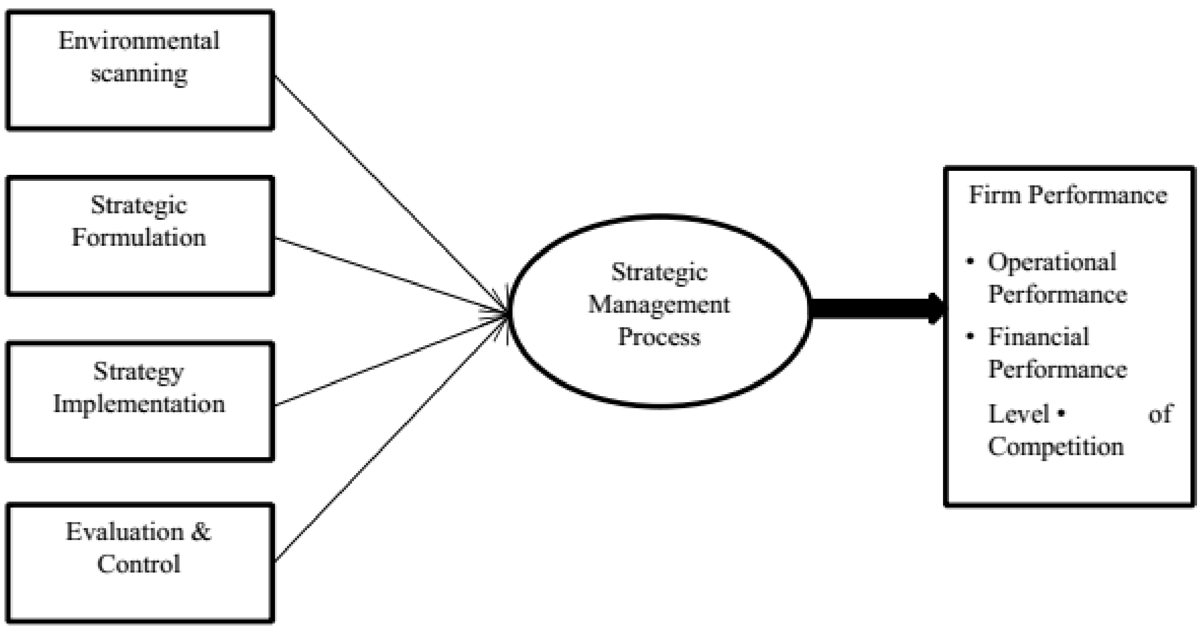

Figure 1. Relationship between Strategic Management Process and Firm Performance

3. Hypotheses of the Study

In order to achieve the objectives designed for this study, the following research hypotheses were tested in their null form based on the revelations in the review of literature concerning strategic management and firm performance.

Hypothesis One: Strategic management has no significant effect on firm's operational performance.

Hypothesis Two: Strategic management has no significant effect on organisational profitability.

Hypothesis Three: There is no positive relationship between strategic management and firm's competition.

4. Methodology

The study was carried out in Lagos state, which is currently the industrial, commercial and financial hub of the nation. It is located in the south-western Nigeria, bordered in the north and east of Ogun state, in the west by republic of Benin and in the south by the Atlantic Ocean. Lagos is estimated to account for about 90 per cent of foreign trade and controlling about 80 per cent of the total value of the imports of the country. It has a population of 17 million with approximately 85% living in the city of Lagos making it one of the most urbanised regions in West Africa.

Primary data, obtained through the administration of structured questionnaire, were employed in the study. Five quoted large-scale quoted manufacturing firms (Nigerian Bottling Company Plc., Swiss Pharma Nigeria Limited (Swipha), Nigerian Breweries Plc., Rasa Industries Limited, and Procter and Gamble) located in Lagos Metropolis were selected for this study. These firms are widely recognised as market champions in Nigeria. Purposive sampling technique was employed to select the respondents who are managers of various departments since they are the top/senior management that make strategic decisions and coordinate resources. The managers were drawn from ten departments which include human resource/administration, finance, accounts, supply chain, production, quality assurance, engineering, internal audit, procurements, and marketing. Thus, the sample size for this study was 50 respondents.

The questionnaire was determined through face, content and constructs validities. First, the questions were framed in such a manner that they were easily understood and exactly conveyed their sense and purpose to the respondents. Moreover, the draft questionnaire was given to some academic staff of Obafemi Awolowo University for scrutiny and modification in the light of the research objectives. The logic and sequence of the research instrument was confirmed by Cronbach's coefficient alpha, which measures internal consistency, i.e. construct validity. The Cronbach's Alpha of the questionnaire was 0.732, indicating that the variables of questionnaire were highly reliable. A 5-point Likert scale was used in the questionnaire with SA (Strongly Agree) of weight 5, A (Agree) of weight 4, N (Neutral) of weight 3, D (Disagree) of weight 2, and SD (Strongly Disagree) of weight 1.

The independent variable of the study is "strategic management" which was measured by environment scanning, strategy formulation, strategy implementation and evaluation and control, and the dependent variable is "firm performance", measured by operational performance, profitability and level of competition. Data collected were analysed using frequency, percentage, weighted mean, Pearson Correlation Statistic and analysis of variance (ANOVA).

5. Data Analysis and Discussion

5.1 Socio-Demographic Characteristics of Respondents

Fifty copies of the questionnaire were administered in the study, and the all the copies were thoroughly filled and returned. The data analysis began with the socio-demographic characteristics of the respondents which include academic qualification, professional qualification, designation, and working experience. The analysis in Table 1 showed that all the respondents had at least a first degree or its equivalent with management-related professional qualifications such as Chartered Financial Analyst (CFA), Associate of Certified Chartered Accountants (ACCA), Associate of Chartered Institute of Tax (ACIT), Associate of Charted Accountants (ACA), Associate of Chartered Institute of Bankers (ACIB), Member of Chartered Institute of Personnel Management (MCIPM), Member of Certified Quality Process Analyst (MCQPA), Member of Nigerian Institute of Management (MNIM), Associate of Chartered Management Accountants (ACMA) and Member of Institute of Chartered Chemist of Nigeria (MICCON). They have a good knowledge of strategic management and therefore the information provided could be seen as adequate to a very large extent.

In addition to their academic and professional qualifications, the respondents occupied top management positions with good years of service in the firms. The positions include Production Manager, Supply Chain Manager, Human Resource Manager, Branch Manager, Procurement Manager, Chief Executive Officer, Senior Engineering Office Manager, Store Manager, Quality Assurance Manager, Finance Manager, Marketing Manager, Facility Manager, Internal Auditor, Administrative Manager, Chief Accountant, and Managing Director. The results showed that the respondents are conversant with strategic management process which is usually associated with top/senior management. Therefore, the data obtained from this calibre of respondents could be adjudged reliable.

5.2 Strategic Management Process in the Manufacturing Companies

The analysis in Table 2 showed that 92% of the respondents indicated that the firms conduct environmental scanning, 84% of them agreed that the strategies were formulated in line with the firms' vision and mission statement, and 76% agreed that the measures which include programs, budgets and procedures adopted for the implementation of strategies and policies had been effective. Furthermore, 76% of the respondents indicated that the firms regularly engaged the tool of evaluation and control of corporate activities and performance results. These results showed that the manufacturing firms adequately employed the tools of environmental scanning, strategy formulation, strategy implementation, and evaluation and control to keep themselves market champions.

Table 2: Strategic Management Process in the Manufacturing Firms

Strategic Management Process	% of Respondents
Environmental scanning: Do your company monitor, evaluate and disseminate information from the external and internal environments to key people within the organisation?	92.0
Strategy formulation: Are the strategies formulated in line with the company's vision and mission statements?	84.0
Strategy implementation: Have the measures adopted for the implementation of strategies and policies been effective?	76.0
Evaluation and control: Do top managers obtain clear and unbiased information from subordinates in order to evaluate and control activities and performance results?	76.0

Source: Field Survey, 2014

The analysis in Table 3 also revealed that the firms practiced strategic management to a very large extent as indicated by about 80% of the respondents. The results of this study is quite contrary to the findings of Muogbo (2013) who asserted that strategic management was not yet a common business practice among manufacturing firms in Anambra State, in particular and Nigeria in general. This study showed that large-scale manufacturing firms in Nigeria adequately engage the tools of strategic management to gain competitive advantages.

Table 3: Extent of Strategic Management Practice (%)

Implementation	Excellent	Good	Fair	Poor	Very Poor
Examine the extent of practice of strategic management process in your company	52.0	28.0	18.0	2.0	0.0

Source: Field Survey, 2014

5.3 Strategic Management and Firm's Operational Performance

The analysis in Table 4 showed the effect of strategic management process on the operational performance of the manufacturing firms. Over 80% of the respondents indicated that strategic management boosts their firms' efficiency (reduces costs and increases productivity). This was confirmed by a high mean value of 4.30, out of possible maximum value of 5.00. Ninety percent of the respondents agreed that strategic management aids timely delivery of the products of the firms, which was attested to by a very high mean value of 4.36. Also, a high proportion of the respondents (90.0%) agreed that strategic management aids the utilization of human and material resources, and it was confirmed by a high mean value of 4.26. The analysis further revealed that 88.0% of the respondents agreed that strategic management brings about the innovation of products, and it was confirmed by a high mean value of 4.30. Also, a very high mean of 4.46 depicted that almost all the respondents indicated that strategic management improves the product quality of their companies.

Table 4: Effect of Strategic Management on Firm Operational Performance (%)

Operational Performance	SA	A	N	D	SD	Mean
It boosts efficiency (reduces costs and increases productivity)	52.0	36.0	6.0	2.0	4.0	4.30
It enhances timely delivery of products	50.0	40.0	8.0	0.0	2.0	4.36
It aids the utilization of human and material resources	40.0	50.0	8.0	0.0	2.0	4.26
It brings about the innovation of products	46.0	42.0	10.0	0.0	2.0	4.30
Product quality of the company is improved	50.0	46.0	4.0	0.0	0.0	4.46

Source: Field Survey, 2014

To test the Hypothesis One of the study: "Strategic management has no significant effect on firm operational performance", the level of practice of strategic Management was regressed with operational performance of the selected manufacturing companies. From the analysis on Table 5, although the strategic management process of the selected firms could barely explain about 25% of the change in operational performance as indicated by the R^2 value, there was a positive relationship between strategic management process and the firms' operational performance ($R = 0.508$). This indicates that as the level of practice of strategic management increased, the operational performance of the firms also increased. Furthermore, the analysis of variance (ANOVA) in Table 6 showed that strategic management practice had significant effect on firm operational performance ($F = 16.729$, $p < 0.05$). These results were consistent with previous similar studies by Covin and Slevin (1989), Meier *et al.* (2006) and Muogbo (2013) which revealed that strategic management enhanced operational performance as well as the structural development of organisations.

Table 5: Relationship between Strategic Management and Operational Performance

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.508	0.258	0.243	0.504

a. Predictors: (Constant), Strategic Management

Table 6: Effect of Strategic Management on Operational Performance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.244	1	4.244	16.729	0.000
Residual	12.176	48	0.254		
Total	16.420	49			

a. Dependent Variable: operational performance
b. Predictors: (constant), strategic management practice
Source: Author`s Computation

5.4 Strategic Management and Organisational Profitability

The analysis in Table 7 showed the effect of strategic management practice on the profitability of the manufacturing firms. Out of 50 respondents, 88.0% agreed that the profit margin of the firms improved as a result of strategic management practice, and this was confirmed by a high mean value of 4.30 in a 5 point scale. Besides, a high proportion (84.0%) of the respondents agreed that strategic management brought about increase in the companies' sales turnover, which was confirmed by a high mean value of 4.12. The analysis further revealed that 90.0% of the respondents agreed that strategic management increased the returns on investment of the companies, and it was confirmed by a high mean value of 4.26.

Table 7: Effect of Strategic Management on Profitability (%)

Profitability	SA	A	N	D	SD	Mean
The profit margin of the company is increased	52.0	36.0	6.0	2.0	4.0	4.30
It brings about increase in the company`s sales turnover	40.0	44.0	8.0	4.0	4.0	4.12
It increases return on investment (ROI)	40.0	50.0	8.0	0.0	2.0	4.26

Source: Field Survey, 2014

To test the Hypothesis two of the study: "Strategic management has no significant effect on organisational profitability", the level of practice of strategic Management was regressed against the profit margin of the selected manufacturing firms. From the analysis in Table 8, although strategic management practice in the selected firms could explain about 32% of the change in profitability as indicated by the R^2 value, there was a positive relationship between strategic management and firm profitability ($R = 0.562$). This implies that as the level of strategic management practice increases, organisational profitability also increases. Moreover, the analysis of variance (ANOVA) in Table 9 showed that strategic management practice had significant effect on the organisational profitability ($F = 22.131$, $p < 0.05$). These results of this study are consistent with the past studies of Gichunge (2007) and Dauda *et al.* (2010) that strategic management process enhances organizational profitability.

Table 8: Relationship between Strategic Management and Profitability

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.562	0.316	0.301	0.814

a. Predictors: (Constant), Strategic Management

Table 9: Effect of Strategic Management on Profitability (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	14.674	1	14.674	22.131	0.000
Residual	31.826	48	0.663		
Total	46.500	49			

a. Dependent Variable: profitability
b. Predictors: (constant), strategic management practice
Source: Author`s Computation

5.5 Strategic Management and Firms' Competition

The analysis in Table 10 showed the effect of strategic management on the firms' ability to compete favourably in manufacturing industries in Nigeria. The analysis showed that majority (90%) of the respondents agreed that their firms gained market leadership (increase in market share) due to strategic management practice. This was confirmed by a high mean value of 4.30. It also showed that 82.0% agreed that strategic management makes their products to be readily available in the market, and it was confirmed by a mean value of 4.26. Besides increasing market share and promoting product availability, strategic management process in the manufacturing firms was found to have been a viable tool to enhance marketing strategies and firm's flexibility to respond quickly to changes in the business environments. This was attested to by high mean values of 4.22 and 4.30 respectively.

Table 10: Effect of Strategic Management on Competition (%)

Competition	SA	A	N	D	SD	Mean
Our company gain market leadership (market share)	46.0	44.0	6.0	2.0	2.0	4.30
Products of the company are readily available to the market	50.0	32.0	14.0	2.0	2.0	4.26
SM enhances marketing strategies and customers retention	42.0	42.0	14.0	0	2.0	4.22
SM enhances our firm's flexibility to respond quickly to changes in the business environments	44.0	48.0	2.0	6.0	0.0	4.30

Source: Field Survey, 2014

To test the Hypothesis three of the study: "There is no positive relationship between strategic management and firm's competition", Pearson correlation analysis was run (see Table 11) and the results showed that there was a significant and positive relationship between strategic management and the level of competition of the firms ($r = 0.623$, $p < 0.01$). This implies that strategic management is directly related to firm's competition; that is, as strategic management practice increases, the level of competition also increases. As noted by Dauda *et al.* (2010), strategic management process enhances firm's market share.

Table 11: Correlation of Strategic Management and Competition

		Strategic Management	Competition
Strategic Management	Pearson Correlation	1	0.623**
	Sig. (2-tailed)		0.000
	N	50	50
Competition	Pearson Correlation	0.623**	1
	Sig. (2-tailed)	0.000	
	N	50	50

** Correlation is significant at the 0.01 level (2-tailed)
Source: Author`s Computation

6. Conclusion and Recommendation

Strategic management is the management of the process of making and implementing strategic decisions which gives an organisation the competitive advantage. This study revealed that strategic management was practiced to a large extent in the large-scale manufacturing firms in Nigeria. Also, strategic management was found to be a veritable tool for improving firm's profitability, operational performance, and competition. From the information on the analysis obtained from the respondents and the interpretation of the tested hypotheses, the study concluded that there was a significant relationship between strategic management and corporate performance of the selected manufacturing firms.

Based on the findings in this study, we recommended that firms (whether small, medium or large-scale organisations) in Nigeria should make it a matter of policy to give strategic management process the topmost priority as it is a critical success factor in organisations. In addition, entrepreneurial institutes and business schools in Nigeria should intensify their efforts to promote the learning of strategic management.

Also, for future research direction this study should be replicated in the Nigerian service industry which constitutes a significant proportion of businesses in the country. This will provide further evidence on the relationship between strategic management and firm performance in Nigeria in particular, and developing countries in general.

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Table 1: Socio-Demographic Characteristics of the Respondents

Characteristics		Frequency	Percentage
Academic qualification	HND	11	22.0
	B.Sc.	31	62.0
	Postgraduate	8	16.0
	Total	50	100.0
Professional qualification	CFA	1	4.8
	ACCA	1	4.8
	ACIT	3	14.3
	ACA	5	23.8
	ACIB	2	9.5
	MCIPM	2	9.5
	MCQPA	1	4.8
	MNIM	6	28.6
	AAT	2	9.5
	ACMA	5	23.8
	MICCON	1	4.8
	Total	50	100.0
Years of service in this company	1-4	17	34.0
	5-9	19	38.0
	10-14	7	14.0
	15-19	6	12.0
	20-29	1	2.0
	Total	50	100.0

Source: Field Survey, 2014