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Strategic Management Process and Firm's Strategic Management Process and Firm's Productivity of Plastic Manufacturing Companies in South-South, Nigeria

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Abstract: *The study examines how strategic management process relates with firm productivity ofplastic manufacturing companiesin south-south, Nigeria. The cross-sectional survey design which is exploratory in nature was utilized and a population of two hundred and nineteen (219) managers and supervisors of 34 plastic firms were covered. A sample size of 140 employees were drawn from the population and the systematic sampling technique was used. Copies of questionnaire were used in data collection and the retrieved data were analyzed using the Spearman's Rank Order Correlation. The study revealed that the dimensions of strategic management process (strategy formulation, strategy implementation and strategy evaluation) had a significant and positive relationship with firm's productivity. The study concluded that strategy formulation, strategy implementation, and strategy evaluation all contribute significantly to the variety of plastic manufacturing firms' productivity levels in order to acquire an advantage over competitors in the industry. The study recommended that the management of plastic manufacturing enterprises assure good strategy formulation because this will increase the firm's productivity.*

Keywords: *Firms Productivity, Strategic Management Process,Strategy Formulation, Strategy Implementation, Strategy Evaluation.*

1.0Introduction

Nigeria is the largest black nation with a population of over 200 million people and has a vast sectoral economy (National Bureau of Statistics, 2019). This statistic displays the volume of plastic produced in Nigeria from 2007 to 2015, as well as projected values from 2016 to 2020. Plastic manufacturing in Nigeria reached roughly 411,000 tons in 2015. This figure is predicted to rise to almost 513,000 tons of plastic by 2021. In Nigeria, the industry occupies an important position in the economy and has great potentials of becoming one of the biggest markets in the world, yet it level of productivity to meet the projected estimates makes no differences to the growth of the economy (Aibinu&Jagboro, 2002). Thus; productivity is an overall measure of the ability to produce a good or service. More specifically, productivity is a measure of how defined resources are managed to meet time-bound objectives in terms of quantity and quality. Furthermore, productivity is useful as a relative measure of actual output of production vs actual resource input, assessed across time or against common entities. Productivity grows as output increases for a given level of input, or as input reduces for a given level of output. Similarly, the productivity definition of Bernolak conforms to the generic interpretation of service by Vargo and Lusch (2004) and Penrose (1959). They argue that if resources are defined as all human and physical assets, productivity arises from the whole delivery of services by the resources, which are utilised in the firm's productive operations.

However, the linkage between strategic management process and firm productivity needs analysis to get a superior understanding on how strategic management process is applied in practice and to improve resources needed to attain goal in the manufacturing firms. According to Bianca (2017) for strategic management to be effective and useful, there must be commitment and involvement across all levels of the organization, overcome inherent problems such as; rival among departments, projects, resistance to change, resource requirement, resources allocation and so on. 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. Steiner, (2009) further argues that strategic management system provides the framework for formulating and implementing strategies. However, it is argued that for strategic management to translate into results, a facilitative internal environment and culture must be present. Though numerous studies have been done regarding strategic management in the context of Nigeria and western countries, Strickland and Gamble (2007) study strategic management and organizational performance in Banking Sector in Lagos, also Wagner, (2006) study strategy management and organizational growth in entertainment industry in Lagos. Men and Wang (2008) investigated the quality of strategy management information which is contained in the annual reports of steel sector listed corporations in the previous two years.

In Africa, strategic management has been found to be having a positive impact on firms' profitability in the insurance industry. Aldehayyat and Twaissi (2011) opines that there is a strong positive relationship between strategic management and organizational performance although the extent to which strategic management contributes to improvement of productivity is still a matter of argument because of the varied results which are found in empirical research (Arasa&K'Obonyo, 2012). Hence, the purpose of this paper is to establish how strategic management process relates with firm productivity with specific reference to plastic manufacturing companies in South-South of Nigeria.

Objectives of the Study

The objectives of this study are to examine the relationship between:

i. Strategy formulation and firm's productivity.
ii. Strategy implementation and firm's productivity.
iii. Strategy evaluation and firm's productivity.

Research Hypotheses

The following null hypotheses were formulated in this study;

Ho_1: There is no significant relationship between strategy formulation and firm's productivity

Ho_2: There is no significant relationship between strategy implementation and firm's productivity

Ho_3: There is no significant relationship between strategy evaluation andfirm's productivity

2.0 Review of Related Literature

The study of strategic management process and firm productivity was domiciled on Penrose's (1959) Resource Based theory. The resource based theory of the firm (RBT) draws focus to firms' internal environment as an enabler for competitive moves and accentuates the resources that organizations have established to compete in the business environment. The origins of the RBV was trace back to the work of Penrose (1959), who suggested that the resources possessed, deployed and used by the organization are really more important than industry structure. Since then researchers, such as Ansoff (1965) and Chandler (1962) have also made significant contributions towards the emergent and development of the resource based view of strategy (Hoskisson, Hitt, Wan &Yiu, 1999). Organizations that effectively leverage on strategically important resources and competencies will provide a firm with a potential competitive edge to outperform competitors and increase level productivity in any industry.

Operational Framework

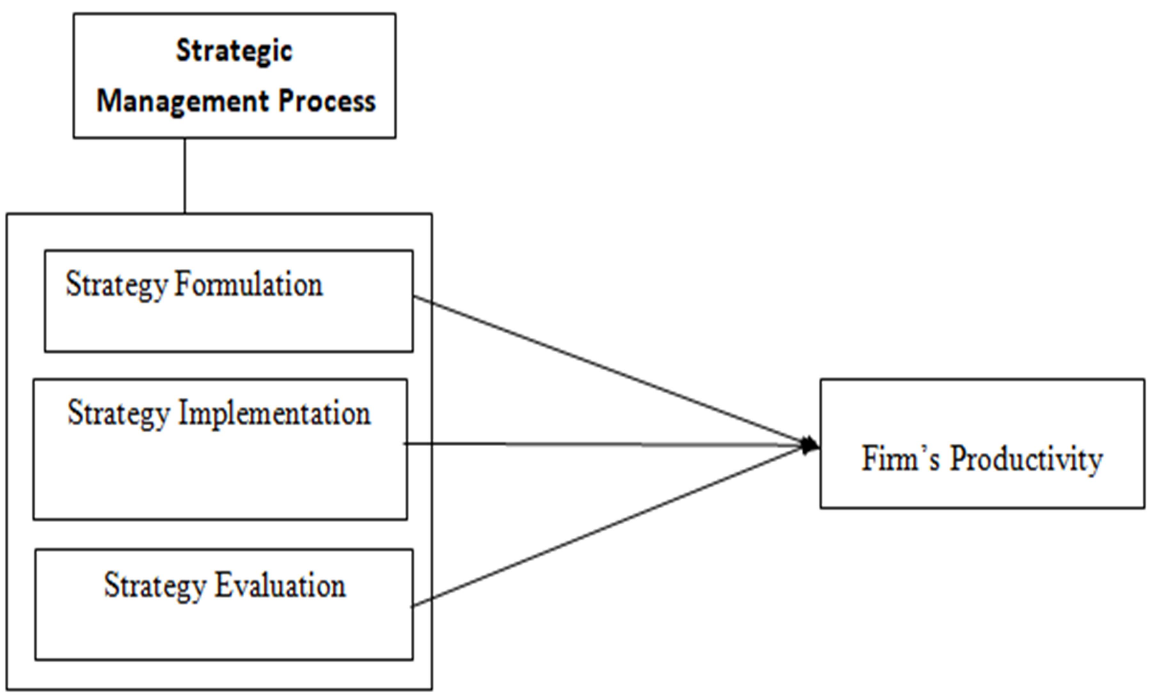

Figure 1: An operational framework showing the link between strategic management process and firms' productivity.

Sources: Researchers' operationalization.

Concept of Strategic Management Process

Strategy is described as the establishment of an enterprise's essential long-term goals, as well as the adoption of courses of action and the allocation of resources required to achieve these goals. 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 (David, 2005). Thompson and Strickland (2003 cited by Fubara& Hamilton, 2014) defined strategic management as the process whereby managers establish an organization's long-term direction, set specificperformance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans.

Strategy Formulation

Strategy formulation refers to the process through which a firm defines its overall long-term direction and scope. It involves establishing the way a company creates value through the configuration of its activities and resources in the markets in which it operates. Strategy formulation is a purposeful, deliberate exercise to develop a company's competitive advantage and thus enhance its performance (Gimbert, Bisbe, & Mendoza, 2010). The strategy formulation phase is a strategy that aims at ensuring that organizations achieve their objectives. David (2005) stated that strategy formulation include deciding which business to pursue, how to allocate resources without aggressive takeovers and whether to enter international markets.

Strategy Implementation

The second phase of the process is strategy implementation which initiates activities in accordance to strategic plans (Sharplin, 1985). This requires firms to establish objectives, devise policies, motivate employees, and allocate resources to execute formulated strategies. According to Certo and Peter (1991), without successful strategy execution, businesses are unable to realize the benefits of conducting an organizational analysis, establishing organizational direction, and formulating organizational strategy. Strategic implementation, concerns with the day-to-day activities of managing the strategy to achieve strategic goals of the organization. Thus, once plans are developed, they must be actively managed and implemented to maintain the momentum of the strategy. Strategic thinking and periodic planning should never stop; they become ingrained in the culture and philosophy of a strategically managed organization. As part of managing the strategy, strategic momentum: is the actual labor done to achieve specified goals, involves decision-making processes and their repercussions, and establishes the style and culture, fosters anticipation, innovation, andexcellence, evaluates strategy performance through control, is a learning process, and relies on and reinforces strategic thinking and periodic strategic planning (Swayne, Duncan, & Ginter, 2006).

Strategic implementation ensures an ongoing philosophy for developing and managing the plans, actions, and control of the organization. It attempts to continually orchestrate a fit between the organization's external environment (political, regulatory, economic, technological, social, and competitive forces) and its internal situation (culture, organization structure, resources, products and services, and so on. In some cases, orchestrating the fit may mean responding to external forces; in other cases, the organization may attempt to actually shape its environment (change the rules for success). However, when such dramatic changes occur, new opportunities emerge and new competencies are born, while others die or are rendered inconsequential (Mische, 2001).

Strategy Evaluation

According to Strydom (2011), strategy evaluation and control inform the managers about the reasons leading to the failure to meet a certain objective, performance standard and/or any other performance indicator. Strategy evaluation and control requires information to be obtained on strategic performance and comparing it with existing standards (Certo and Peter, 1991). In addition, evaluation is carried out by analyzing current tactics, measuring performance, and implementing corrective actions. Because success now does not ensure success tomorrow, strategy assessment is required. Success always brings with it new and different issues; complacent companies fail (David, 2005). Strategy evaluation is a critical tool for managers to understand reasons behind failures and success of certain objectives, performance standard and/or any other performance indicator (Strydom, 2011).

Therefore, firms need to evaluate their strategies on a continuous basis (King'ola, 2001; Tunji, 2013) so that corrective action could be taken to eliminate the problems that hinder the achievement of firm objectives (David, 2011).

Concept of Firm Productivity

Productivity is the extent to which an organization's resources are brought together and effectively utilized for attainment of set goal (Bayo & Redwell, 2020). According to Ansoff (1965), productivity is typically measured on two dimensions: timeliness and delivery. The former represents a service organization's ability to fulfill its customers' demands, doing the right things, while the latter represents an organization's ability to produce a specified output using as few input resources as possible, doing the right things. Furthermore, productivity is viewed as an index that compares output (goods and services) to input (labor, materials, energy, etc., used to produce the output). As quality assessment requires a benchmark, it is implicitly assumed that the relevant characteristics of the output can be prescribed objectively prior to the production or the relevant characteristics of the output is learnt and evaluated subjectively in the market.

However, with regard to the quality of the resources and the output the general implication of productivity is symmetric. A higher productivity of activities is attainable through a decrease of wasted and idle resources or through a higher volume and the quality of the output.

However, firm productivity is vital for the success of every organization and profitability in this dynamic environment (Chien, 2004); it is conceptualized as the individual's investment of his complete self into a role. Productivity and output are two indispensable elements of an organizational life, because without increased and sustained output on the part of the employees, the organization risk poor performance outcome in general and if not controlled or corrected will lead to extinction of that organization.

Empirical Review

Prior studies on the interrelationship between strategy process (formulation) and product innovation performance show a significant positive correlation between the two variables(Acar&Acar, 2012). In the same direction, Zhang (2009) found that both the formulation and implementation processes through their influence on type of information needed, the source of information and the interplay among difference pieces of information are positively correlated to innovation performance of organizations. Ogunmokun (2005) used private hospitals as a case study to investigate strategy implementation and organizational performance; the study discovered that the extent to which these private hospitals carry out their strategic implementation activities is related to the level of organizational productivity. Ibrahim and Mohamed (2012) use formality structure to examine how strategy implementation affects manufacturing business performance in Indonesia. The study examined strategy implementation and corporate performance. Formalization moderated the relationship between strategy implementation and manufacturing business performance in Indonesia. The analysis included Jakarta Stock Exchange-listed manufacturing enterprises (JSE). The research found a strong correlation between strategy implementation and manufacturing business performance. Formalization moderated the association between strategy implementation (budget and resource control program) and manufacturing business performance evaluated by Return on Equity (ROE). Wanjiru (2016) explored how strategic evaluation procedures affect company performance. Strategy evaluation significantly impacts Sarova town's performance.

3.0 Methodology

To investigate how strategic management process affects plastic manufacturing firm productivity, the study used cross-sectional survey approach. This study included 219 managers and supervisors of 34 south-south Nigerian plastic manufacturing enterprises. The Krejcie and Morgan (1970) table selected 140 employees. To acquire relevant data, respondents were given questionnaires using systematic sampling. Strategy formulation, implementation, and evaluation employed 5 items each. 5 items measured firm productivity. Spearman Rank Order Correlation was used to determine how strategy management process affects productivity.

4.0 Results

In this inquiry, 140 copies of questionnaires were distributed to respondent of which 109 (77.8%) copies were retuned. Nevertheless, 102 (72.8%) were well completed and used for the study. Analysis was undertaken at 95% level of significance. The decision rule is at a critical region of $p > 0.05$ for acceptance of the null hypothesis and $p < 0.05$ for rejection of the null hypothesis.

Table 1 Strategy Formulation and Productivity

Correlations

			Strategy Formulation	Firm's Productivity
Spearman's rho	Strategy Formulation	Correlation Coefficient	1.000	.214**
		Sig. (2-tailed)	.	.000
		N	102	102
	Firm's Productivity	Correlation Coefficient	.214**	1.000
		Sig. (2-tailed)	.000	.
		N	102	102

**. Correlation is significant at the 0.05 level (2-tailed).

Data in table 1 reveal that there is a significant relationship between strategy for ($p = .000$ and rho $=0.214$) on the decision rule of $p < 0.05$ for null rejection; the study reject the null hypothesis and accept the alternate hypothesis.

Table 2 Strategy Implementation and Firms Productivity

Correlations

			Strategy Implementation	Firm's Productivity
Spearman's rho	Strategy Implementation	Correlation Coefficient	1.000	.685**
		Sig. (2-tailed)	.	.000
		N	102	102
	Firm's Productivity	Correlation Coefficient	.685**	1.000
		Sig. (2-tailed)	.000	.
		N	102	102

**. Correlation is significant at the 0.05 level (2-tailed).

The table 2 outcome depict that a significant link existsbetween strategy implementation and firm'sproductivity($p = .000$ and rho $=0.685$). Based on the decision rule of $p < 0.05$ for null rejection; we therefore reject the null hypothesis and accept the alternate hypothesis.

Table 3 **Strategy Evaluation and Firms Productivity**

Correlations

			Strategy Evaluation	Firms Productivity
Spearman's rho	Strategy Evaluation	Correlation Coefficient	1.000	.147
		Sig. (2-tailed)	.	.003
		N	102	102
	Firms Productivity	Correlation Coefficient	.147	1.000
		Sig. (2-tailed)	.003	.
		N	102	102

**. Correlation is significant at the 0.05 level (2-tailed).

From table 3, it is revealed that a significant link exists between strategy evaluation and firm's productivity ($p = .003$ and $rho = 0.147$). Based on the decision rule of $p < 0.05$ for null hypothesis rejection; we therefore reject the null hypothesis and accept the alternate hypothesis.

5.0 Discussion of Findings

Firms productivity is an essential aspect of organization especially those in the manufacturing industry. The productivity of organization can be enhanced through proper and effective strategy formulation. The correlational value between strategy formulation and firm's productivity was 0.214. This denote that a weak link exists between strategy formulation and productivity of firms. Hence, a change in strategy formulation will result in little change in firm's productivity. Furthermore, strategy implementation plays a very influential role in improving firm's productivity. Implementation of firm's strategy help in creating a favourable advantage for the organization which is helpful in boosting productivity. A well implemented strategy help improve efficiency and also enhance the overall efficiency of the firm. This implies that the implementation of firm's strategy is what determine the level of productivity of a firm to a high level. Organization also need to continuously evaluate their strategy in order to know when to make necessary adjustment which will further enhance the firm's productivity. Askarany and Yazdifar (2012) found a strong link between the diffusion of these relatively new strategic management tools and organizational performance. Zhang (2009) found that organizations' innovation performance is positively correlated with the formulation and implementation processes' effects on information type, source, and interaction. The findings support Ogunmokun (2005)'s finding that private hospitals' organizational productivity is linked to their strategic implementation activities.

6.0 Conclusions and Recommendations

In the light of the foregoing, this study provides empirical support on dimension of strategic management process and their influence on productivity in the plastic manufacturing firms. Organizations that are able to know the type of strategy to utilize at a given point in time are most likely to attain higher productivity level. Strategy is critical to the success, wellbeing and overall fortune of the organization. The constant transformation of the business domain and the high proliferation of turbulence, has made the importance of strategy formulation, implementation and evaluation to be a core factor to organizational productivity. Organization that lack the requisite ability to implement effective strategy will mostly experience drawback in terms of productivity. In conclusion, strategy formulation, strategy implementation, strategy evaluation makes aunique contribution to the variation of plastic manufacturing firms' level of productivity to gain edge over rivals in the industry. Hence, the study recommended that;

i. The management of the plastic manufacturing firms should ensure effective formulation of strategy as such will enhance the firm's productivity.
ii. The management of the manufacturing plastic firms should properly implement their formulated strategy as such will enhance their productivity.
iii. The plastic firm's should consider strategy evaluation as a continuous process in order to know the level of acceptability of strategies by the stakeholder, to know if the strategies are

consistency with internal policies and also to know if the strategies are consonance with external changes that occur in the business arena.

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