

ILORIN JOURNAL OF MANAGEMENT SCIENCES



ISSN 2408-655X

Volume 1, No. 2,
December 2014.

Published by:
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF ILORIN
e-mail: editorijms@hotmail.co.uk
www.unilorin.edu.ng

ILORIN JOURNAL OF MANAGEMENT SCIENCES

ISSN 2408-655X

Volume 1, No. 2, December 2014.

DR MUSTAPHA YUSUF ISMAILA
DEPT. OF MARKETING
UNIVERSITY OF ILORIN.

Published by:
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF ILORIN

Published by:
Faculty of Management Sciences
University of Ilorin, Ilorin, Nigeria
P. M. B. 1515, Ilorin
e-mail: editorijms@hotmail.co.uk
www.unilorin.edu.ng

Published 2014

ISSN 2408-655X

All Rights Reserved

Apart from any fair dealing for the purpose of research, private study, criticism or review, as permitted under the Copyright, Designs and Patents Act of Nigeria, this publication may not be reproduced, stored in any form, or by means, except with the prior permission in writing of the Faculty of Management Sciences, University of Ilorin or in the case of reprographic reproduction, in accordance with the terms of licenses issued by the Copyright Licensing Agency; enquires concerning reproduction outside those terms should be sent to the following address:

Faculty of Management Sciences,
University of Ilorin,
P. M. B. 1515,
Ilorin, Nigeria.

Unilorin Press
University of Ilorin,
P.M.B. 1515,
Ilorin,
Nigeria.

EDITORIAL ADVISORY BOARD

Prof. J. O. Olujide

Dean, Faculty of Management Sciences, University of Ilorin, Ilorin, Nigeria.

Prof. S. O. Otokiti

Head, Department of Business & Entrepreneurship, Kwara State University, Malete, Kwara State, Nigeria

Prof. Noah Yusuf,

Department of Sociology, University of Ilorin, Ilorin, Nigeria

Prof. S. A. Adebola

Department of Business Administration and Marketing, Babcock University, Ilisan Remo.

Prof. J. F. Olorunfemi

Department of Geography & Environmental Management, University of Ilorin, Ilorin, Nigeria.

Prof. N. B. Oyedeji

Department of Education Management, University of Ilorin, Ilorin, Nigeria

Prof. M. M. Maishanu

Department of Business Administration, Usmanu Danfodiyo University, Sokoto.

Prof. E. O. Omolehinwa

Department of Accounting, University of Lagos.

Prof. T. O. Ashaolu

Department of Management and Accounting, Obafemi Awolowo University, Ile-Ife

Prof. H. I. Jimoh

Department of Geography, Kogi State University, Anyigba, Kogi State, Nigeria.

Prof. J. A. Oloyede

Department of Banking and Finance, Ekiti State University, Ado-Ekiti, Nigeria.

Prof. N. Musa Yauri

Department of Business Administration, Usmanu Danfodiyo University, Sokoto.

Dr. L. T. Ajibade,

Reader, Department of Geography & Environmental Management, University of Ilorin, Ilorin.

Dr. J. O. Fayeye

Reader, Department of Social Works, University of Ilorin, Ilorin.

Dr. Joseph Y. Fashagba

Department of Political Science, Landmark University, Omu-Aran, Kwara State, Nigeria.

Dr. M. O. Awodun

Dean, School of Business and Governance, Kwara State University, Malete, Kwara State, Nigeria.

Dr. O. Akinyosoye - Gbonda

Institute of Public Administration and Management, University of Sierra Leone, Freetown Sierra Leone.

EDITORIAL BOARD

Dr. R. A. Gbadeyan: Editor-in-Chief

Department of Marketing, University of Ilorin, Ilorin, Nigeria

Dr. Umar Gunu: Associate Editor

Department of Business Administration, University of Ilorin, Ilorin, Nigeria.

Dr. I. B. Kadiri: Associate Editor

Department of Business Administration, University of Ilorin, Ilorin, Nigeria

Dr. T. O. Fagbemi: Associate Editor

Department of Accounting, University of Ilorin, Ilorin, Nigeria

Dr. A. S. Kasum: Associate Editor

Department of Accounting, University of Ilorin, Ilorin, Nigeria

Dr. M. A. Aremu: Associate Editor

Department of Marketing, University of Ilorin, Ilorin, Nigeria

Dr. I. B. Abdullahi: Associate Editor

Department of Finance, University of Ilorin, Ilorin, Nigeria

LIST OF CONTRIBUTORS

A. F. Musa is a Lecturer in the Department of Accounting, Kaduna State University, Kaduna – Nigeria

A. H. Mahmoud (Mrs) is currently a Lecturer and a Doctoral student in Department of Accounting, Ahmadu Bello University, Zaria. Her areas of interest are: Islamic Accounting and Finance, Business Mathematics and Quantitative techniques.

A. Mustapha is a lecturer at the Department of Accounting and Finance School of Business and Governance, Kwara State University, Malete

A. S. Kasum Ph.D., ACA, is a Senior Lecturer and Ag. Head of Department of Accounting, University of Ilorin. He specialises in Financial Reporting and Disclosure.

B. K. Gugong Ph.D., is of the Department of Accounting, Kaduna State University, Kaduna – Nigeria

C. O. Adewole PhD., is a Fellow of the Chartered Institute of Bankers of Nigeria and Acting Head of Department of Banking and Finance, University of Jos. He specializes in Corporate Governance, Finance and Financial Institutions.

D. A. Badmus (FCA) lectures at the School of Business & Governance, Kwara State University, Malete, Kwara State

D. Abdulsalam Ph.D., is of Department of Business Administration, Usmanu Danfodiyo University, Sokoto, Nigeria.

E. O. Imouokhome is a doctoral student and a Lecturer with the Department of Marketing, University of Ilorin, Ilorin, Nigeria

F.A. Abdul is of the Department of Business Administration University of Ilorin, Ilorin, Nigeria

F.Q. Dauda (ACA, FPFM London) is of the School of Business & Governance, Kwara State University, Malete, Kwara State

H. O. Afolabi is a Lecturer in the Department of Banking and Finance, Al-Hikmah University, Ilorin

I. B. Kadiri Ph.D., is a Senior Lecturer and Coordinator Post Graduate Programmes, Department of Business Administration, Faculty of Management Sciences, University of Ilorin, Ilorin, Nigeria

I. I. Aun Ph.D., is the Coordinator, Post Graduate Diploma in Strategic Management and a lecturer with the Department of Business Administration University of Ilorin, Ilorin, Nigeria

K. A. Iroye Ph.D., is a Lecturer I in the Department of Geography and Environmental Management, University of Ilorin. His areas of interest are Hydrology and Water Resources.

K. A. Olanrewaju Ph.D., is a Senior Lecturer in Department of Geography and Environmental Management, University of Ilorin. Her area of interest is Climatology.

I.O. Raheem, Graduated from the Department of Geography and Environmental Management, University of Ilorin.

L. A. Oke (ACA) is a Lecturer with the School of Business & Governance, Kwara State University, Malete, Kwara State

M. Kamba is a lecturer and former Examination Officer, Department of Business Administration, Usmanu Dan Fodiyo University, Sokoto.

M. H. Kurfi is a Doctoral candidate in Sociology at Boston University, Massachusetts-U.S.A. & Senior Teaching Fellow with the African Studies Center. His research interests include Civil Society, Gender & Religion.

M. N. Tukur, Ph.D. is a Lecturer in the Department of Business Administration and Examination Officer for the Faculty of Management Sciences, Usmanu Dan Fodiyo University, Sokoto.

O. M. Tijani is a Lecturer with the Department of Accounting, Al-Hikmah University, Ilorin

O. V. Mejabi, Ph.D., is a Senior Lecturer in the Department of Information and Communication Science, University of Ilorin. Her areas of interest are: MIS, Service Quality, Open Data and e-Government.

G. S. Ajiboye is a student in the Department of Information and Communication Science, University of Ilorin.

S. Akanet Ph.D., is a Senior Lecturer in the Department of Accounting, Kaduna State University, Kaduna. He specialises in Financial Accounting, Banking and Finance.

S. Mande Ph.D, *MIMC, MNIPR, MNIM, rpa* is Senior Lecturer, and Head of unit/adviser (CEMBA/CEMPA), School of Management Sciences, National Open University of Nigeria. He specializes in Marketing Communication and Entrepreneurship. He is also an Adjunct Research Fellow at the School of Media and Communications, Pan-Atlantic University, Lagos State.

T. O. Fagbemi Ph.D., ACA, is a Lecturer in the Department of Accounting, University of Ilorin. He specialises in Management Accounting.

Y.I. Mustapha Ph.D., is a Senior Lecturer at the Department of Marketing, University of Ilorin. He specialises in General and Strategic Marketing.

Table of CONTENTS

Stock splits and stock dividends: implications for bid ask spread components OKE, Lukman Adebayo, TIJANI, Oladipupo Muhrtala, MUSTAPHA, Abdulrasaq & AFOLABI, Hafsat Olatanwa	1
Effects of advertising on products sales volume in Nigeria Bottling Company Plc IMOOUOKHOME, Egun Omoniyi, AUN, Isaac Iortimbir & ABDUL, Falilat Ajoke.....	12
SMEs owners' Perception on the value of Accounting Information for economic decision making in Ilorin Metropolis, Nigeria MUSTAPHA, Abdulrasaq	24
Corporate profitability and liquidity: A study of Listed Nigerian Deposit Money Banks AKANET, Solomon	35
Finance, Education and Innovativeness as combined SMEs Growth Trajectories: Panel Data Analysis TUKUR, Mustapha Namakka & KAMBA, Kabir Muhammad	46
Corporate shareholdings structure and dividend payout ratio of Listed Chemical and Paints Companies in Nigeria GUGONG, Benjamin Kumai & MUSA, Adeiza Farouk...	61
Role of Information Technology in the management of Small and Medium Scale Enterprises in Ilorin Metropolis KADIRI, Ismaila Bolarinwa	72
Ethics in research with human Participants: Issues and Implications KURFI, Mustapha Hashim	79
Corporate Governance and Performance in the Banking and Food Industries in Nigeria. ADEWOLE, Clement	89
Audit partner preferences and risk assessment: Implications for Auditor Program Plans TIJANI, Oladipupo Muhrtala (ACCA), OKE, Lukman Adebayo (ACA) BADMUS, Dauda Abiola (FCA) & DAUDA, Folorunsho Quadri (ACA, FPFM London).....	102
Entrepreneurial Capital, Personal reputation and Performance of Small Service Firms KAMBA, Kabir Muhammad & TUKUR, Mustapha Namakka.....	118
An analysis of conventional concepts of Accounting from an Islamic Perspective MAHMOUD, Aisha Hamman.....	129
Students' usage of Technology mediated Platforms for Communication: Case Study of University of Ilorin Students MEJABI, O.V. and AJIBOYE, G.S.....	149
Spatio-temporal Patterns of Nitrate Concentration in Rainwater in Ilorin, Kwara State Nigeria. IROYE, K.A, Olanrewaju, R.M & OYELAKIN R.I.....	169

Impact of Competitive Environmental Factors on the Operational Strategies of Listed Manufacturing Firms in Nigeria's Food and Beverage Industry MUSTAPHA, Yusuf Ismaila, ABDULSALAM, Dauda & ABDUL, Falilat Ajoke.....	178
An Evaluation of the Impact of Universal Banking on the Nigerian Economy IJAIYA, Muftau Adeniyi, JIMOH, Abdulrazaq Taiye, & ABDULBAKI, Zayyad.....	192
Marketing Strategy and Deregulation of the upstream and downstream sector of the Petroleum Industry: A theoretical approach MANDE, Samaila	204
An evaluation of factors Influencing students' choice of Accounting as a career in University of Ilorin, Nigeria FAGBEMI, Temitope Olamide & KASUM, Abubakar Sadiq	223

IMPACT OF COMPETITIVE ENVIRONMENTAL FACTORS ON THE OPERATIONAL STRATEGIES OF LISTED MANUFACTURING FIRMS IN NIGERIA'S FOOD AND BEVERAGE INDUSTRY

By

Mustapha, Yusuf Ismaila Ph.D

Department of Marketing, University of Ilorin, Nigeria.

Abdulsalam, Dauda Ph.D.

Department of Business Administration, Usmanu Danfodiyo University, Sokoto, Nigeria.

And

Abdul, Falilat Ajoke

Department of Business Administration, University of Ilorin, Nigeria.

Abstract

The growth and survival of manufacturing firms operating in the Nigerian food and beverage (FBI) industry is being threatened as a result of the proliferation of assorted goods in the market and this intense competition has made it imperative for organisations to try to understand the environmental forces that should drive the choice of their operational strategies. This study examined the impact of competitive environmental factors on the choice of operational strategies of listed manufacturing firms in the FBI of Nigerian economy. The study used appropriate sample size determination methods to arrive at six firms and 159 management staff were used as sample size. The primary data was collected through a likert scale questionnaire administered on the target respondents, while the secondary information was collected through the relevant literature. The study employed regression technique to analyse the subject of discourse. It was found through the adjusted R^2 that competitive factor impacted on the manufacturing firms' choice of diversification as operational strategies. It was recommended that management of manufacturing firms in the Nigerian FBI should be proactive in dealing with the environmental dynamism such as changes in competitors' product quality, product design, pricing strategy, promotional strategy and the need to fight for shelf spaces in the retailers' shop as forces in the competitive environment.

Keywords: Competitive Environmental factors, Operational Strategy, Multi-product Marketing Strategy, and Listed Manufacturing Firms.

1.0 Introduction

Operational strategies that manufacturing firms adopt are usually influenced by the uncontrollable environmental factors such as economic, competitive, socio-cultural, political, and legal which exist in their area of activities (Amoako-Gyampah, 2003).

Market competition is one of the external or uncontrollable factors that comprise the organization's environment (Chong & Rundus 2004) and firms are generally faced with different degrees of market competitions in their different areas of operations. The advent of globalization has exposed many firms in developing countries to face stiffer competition from firms in developed countries of the world. Most of these firms now have to cope with the declining market share while several others have been forced out of the market (Waweru *et al.* 2004 & Al-Rfou, 2012).

Similarly, Nigerian manufacturing industry as a member of global Industrial community had her share of the dwindling levels of business activities and this had resulted in poor performance by most of the firms in the sector. Indeed no other sector of the Nigerian economy can be said to have faced more challenges like the manufacturing sector in terms of doing business in the recent past. It is lamentable that Nigeria government has not been able to create enabling environment for manufacturing and other business activities to thrive.

For any Nation to attain growth and development there must be enabling operating environment for manufacturing activities to thrive, this is because manufacturing industry contributes significantly to the nation's economic development in the following ways : it increases government revenue through tax, it increases industrial activities, it improves standard of living, it leads to growth in infrastructural facilities, it creates employment opportunities, it enhances manpower development through the provision of training and it improves bilateral relationship among nations especially in terms of trade with other foreign nations (Obasan & Adediran, 2010).

However, a nation could only enjoy all these if it has provided enabling environment for manufacturing and other business activities to thrive in her economy system and this is what Nigeria economy is current lacking.

Indeed, Abdulsalam (2008) observed that Nigerian manufacturing sector has collapsed due to infrastructural decay such as shortage of energy; unfavorable government policies, intense competition and other social and politico – economic malaise and these situations had made some manufacturing firms to close shop and those operating are doing so at a rate far below the installed capacity and are classified as “ailing”.

Thus, for Nigerian manufacturing industry to survive and grow in the face of competitive pressure from their operating environment they need to develop and use apposite manufacturing policies and marketing programmes.

The manufacturing policies and marketing programmes should be those that will enable them to attain their set goals given the turbulent nature of manufacturing operating environment in Nigeria. This is because business firms all over the world operate in a dynamic environment wherein; the number, extent and pace of changes in the external environment mean that no business can afford to be complacent (Cook, 1995). In addition, Olujide and Aremu (2004) observed that strategy is particularly important in Nigeria today because of the volatility, high competitiveness and the stormy nature of the marketing environment. This calls for every firm to use marketing strategy to gain competitive advantage.

As a result of the aforementioned situations, a number of Nigerian firms in the manufacturing sector have switched their operational strategies towards diversification or multi-product strategies in line with the suggestions of Burgelman (1983) that the adoption of diversification strategy is driven by deteriorating or inferior performance. In fact, Aaker (1980) further asserted that the field of marketing strategy should consider the totality of marketing environment and its impacts on a company or product, and that firm's emphasis should be an in-depth understanding of the market operating environment particularly the competitors and customers. Consequently, if a marketing manager must remain useful and relevant in today's turbulent environment, he must be able to help shape and implement new strategies and new managerial processes and activities (Aluko *et al.*, 1998).

It is against this background that this research purpose examines the impact of competitive environmental factors in making manufacturing firms to adopt diversification marketing strategy.

A careful review of the extant literature in this area revealed that there are few studies that have examined the effect of business environment on the choice of operational strategy of manufacturing firms (such as Van Dierdonck and Miller (1980), Swamidass and Newell (1987) & Ward *et al.* (1995)). Majority of these few studies were conducted in other countries especially the emerging economies of the world outside Africa like the study of Ward *et al.* (1995) that was conducted in Singapore, the work of Badri *et al.* (2000) which was conducted in the United Arab Emirates (UAE) and that of Al-Rfou, (2012) that was done in Jordan. It was as a result of this that Hoskisson *et al.* (2000) as cited in Amoako-Gyampah (2003) observed that studies on organisation strategies in emerging economies have concentrated on China and some countries in Central and Eastern Europe, in spite of the fact that sixty four countries in the four regions (i.e Africa/Middle East, Asia, Central and Eastern Europe and Latin America) were identified as emerging economies by the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development. The apparent paucity of studies on the subject matter from African and by extension Nigeria's perspective stimulated the interest of this study to examine how the forces of competition in the business climate affect the choice of operational strategies of listed manufacturing firms in the Nigeria's Food and Beverage Industry.

The purpose of this study therefore, is to examine the impact of competitive environmental factors on the strategic decision of quoted manufacturing companies in the food and beverages industry and to do this effectively; the study aims to determine the impact of competitive environmental factors on the manufacturing firms' choice of diversification strategies.

The hypothesis formulated to guide this study in the achievement of its objective is :
Competitive environmental factors do not have significant effect on the manufacturing firms' choice of diversification strategies.

2.0 Literature Review and Conceptual Framework

Obasan (2001) observes marketing environment as the sum total of the physical and social forces and institutions that are relevant to the organisational goal setting and goal attainment which are taken directly into consideration by members of the organisation when making business decisions and plans. Osuagwu (2009) on his part defines marketing environment as those factors which are outside the marketing systems but which determine, partly at least, how the system performs

From the above, one can deduce that marketing environment simply refers to the opportunities and challenges in a business operating environment which may impact positively or negatively on its operations. In fact, business organisations and their environment are in mutually inter-dependent interaction with one another. A business organisation exists in the world of resources, opportunities, and limits. It can survive and thrive only when the environment desires its output of goods and services and is prepared to approve and endorse its activities. That is why Imaga (2003) and Ilesanmi (2000) pointed out that a business organisation does not exist in a vacuum. Business organisations live within the environment and can only survive, grow and expand when they continuously adapt and respond on time to their environment. Hence, marketing environment establishes the parameters within which companies must operate, but their success is a function of their interaction with each other as upon their interpretation of, and adaptation to the general environment (Baker, 1992).

In the views of Osuagwu, (2009), Anugwon (2005), Ogundele (2005), Kotler (2003), Imaga (2003), and Onu (2000) the external environmental factors that influence business organisations' operations can be categorized into economic factors, socio-cultural factors, political and legal factors, technological factors, competitive factors, ecological factors, demographic factors etc.

According to Azhar (2009) competition is a game in which one player loses at the expense of the other. A move on the part of a player may cause other players to make counter moves or initiate efforts to protect themselves from the danger posed by the initial move. In this manner, firms within an industry are mutually dependant.

Therefore, situation in an industry keeps changing with the actions and reactions of the constituent firms. The desire to be the market leader or to corner a leader's market share leads to rivalry among competitors within an industry, when the rivalry is weak, there is likely to be lesser competition, and where such rivalry is high, the level of competition is higher (Azhar, 2009).

The competitive environment refers to any form of rivalry organisations in an industry experience in the market place, from firms producing and marketing the same or similar types of products in the market (Nickels *et al*, 2002).

This rivalry in the view of Azhar (2009) at times come in form of wars in marketing decision areas such as : product quality and design war, war in area of setting prices, war in terms of fighting for space in the channel members' shelf and communication or promotional war in the media. Furthermore, Nickels *et al* (2002) pointed out that marketing executives in manufacturing firms should know that today's customers are very demanding, not only do they want good quality at low prices, but they also want great services as well. In fact, manufacturing firms should design their products, price them, place them and promote them well enough to fascinate, bewitch, and delight customers and this will consequently make the product to exceed the customers' expectations (Nickels *et al*, 2002).

Firms that stand their vulnerability to the external environmental factors must possess many uncommon characteristics including an adaptive and flexible managerial style, a balanced portfolio of products, and a well-developed intelligence and information system designed to monitor and anticipate environmental changes (Osuagwu, 2009).

Strategy is a link between an organisation and its environment and organisational strategy must be consistent with the goals, values, the external environment, resources, organisational structure and system (Ansoff & Mcdonell 1990), while, to Kotler and Keller (2009) strategy simply mean a game plan for achieving organisational goals.

Marketing authors such as Porter (1986), Miles and Snow (1978), Ansoff (1957) and Kim and Mauborgne (2005) have classified marketing strategies in many ways, this study however, examines Ansoff (1957)'s product and market expansion grid and it specifically discuss diversification or multi-product strategy as one of the strategies in the model.

Diversification or multi-product marketing strategy is a means by which a firm expands its business or product into other products or markets (Aaker, 2004 ; Dacin and Smith, 1994 ; Laforet and Saunders, 1999 and Morgan and Rogo, 2008).

Essentially, diversification involves substantial change in the business definition - singly or jointly in terms of customer function, customer groups or alternative technologies of one or more of a firm's businesses (Kazmi, 2008, and Kotler, 2003). From the above, it can be seen that multi-product or diversification marketing strategy simply refers to a situation where a firm, due to certain reasons such as poor performance, desire for increase sales or profits, decides to venture or expand into new products and or markets.

There are three types of diversification or multi-product strategy and these are concentric, horizontal and conglomerate (Kazmi, 2008, and Kotler, 2003). However, this study examines the concentric and conglomerate multi-product or diversification strategy.

Concentric or multi-product or diversification consists of a company seeking to add new products that have technological and/or marketing synergies with the existing product line and these products will normally appeal to new classes of customers.

Conglomerate multi-product or diversification strategy consists of a company seeking to add a new product that has no relationship to the company's current technology, products, or markets and these products will normally appeal to new classes of customers. The conglomerate diversification has very little relationship with the firm's current business. Therefore, the main reasons for adopting such a strategy are, first, to improve the sales, profitability and the flexibility of the company, and second, to get a better reception in the capital markets as the company gets bigger.

2.1 Review of Previous Empirical studies

The thrust of contingency theory is that a firm must be aligned with its operating environment in order to attain its set objectives (Al-Rfou, 2012 and Hayes, 1977). Companies facing intensive competitive market environments tend to use a greater number of product and service lines. In particular, increased market competition encourages organizations to offer multiple new products and services at reasonable prices to their customers (Mia and Clarke 1999; Al-Omiri and Drury 2007). The review of the extant literature in this area revealed that there are few studies that have examined the effect of business environment on the choice of operational strategy of manufacturing firms. Majority of the few studies were conducted in other countries especially the emerging economies of the world outside Africa.

This study presently reviewed some of the extant related empirical works below :

Ward, *et al.* (1995) examined business performance, operations strategy and performance of manufacturing firms in Singapore. The aim of their work was to determine the linkages among business costs, labor availability, competitive hostility and environmental dynamism and the operations strategy choices of low cost, quality, flexibility and delivery performance. Their study found that there are significant paths linking environmental dynamism with the competitive choices of flexibility, quality, delivery and performance. Badri *et al* (2000) examined operations strategy, environmental uncertainty and performance of Industry in United Arab Emirate (UAE). The purpose of their study was to examine the relationships among operations strategy, environmental uncertainty and performance among manufacturing firms.

It was found that competitive strategy acts as a mediator between an organisation's environment and its manufacturing strategy. Amoako-Gyampah (2003) examined the relationships among selected business environment factors and manufacturing strategy. The objective of his paper was to determine if the general model linking business environmental factors and manufacturing strategy choices is applicable to an emerging economy in Ghana. This study found that in an emerging economy, concerns about the competitive hostility is the factor with the strongest influence on manufacturing firms' choice of strategy.

Osuagwu (2009) studied environmental perception in bank marketing strategies and the purpose of this study was to determine the relative importance and impact of specific aspect of environmental factors on marketing strategies of Nigerian Banks.

The findings of the study reveal that competition had the most important and impacting factor in the strategic marketing practices of the Nigerian Banking Industry. Al-Rfou (2012) conducted a study on competition and organizational firms' performance in Jordanian. The study aims at determining if there is relationship between the intensity of market competition and positive organizational performance and it was observed that the intensity of market competition has appositve strong effect on organizational performance.

3.0 Methodology

This is a survey research and the seventeen (17) quoted manufacturing firms operating in the food and beverage sector of Nigerian Stock Exchange (NSE) as published in the 2010 edition of NSE Fact book constitutes the population of this work. The choice of Nigerian manufacturing sector is borne out of the fact that it is one of the largest sectors listed in the Nigerian Stock Exchange. Also, this work adopts Cochran (1977)'s formula for sample determination to arrive at six manufacturing firms considered as the most appropriate sample size for this study. The six (6) sampled manufacturing firms were distributed equally across the two strata, that is, three (3) from conglomerate multi-product firms and the remaining three (3) from concentric multi-product firms.

The selected concentric multi-product manufacturing firms are : Nigerian Bottling Company Plc, UTC Nigeria Plc, and P.S. Mandrides & Co. Plc, while the Conglomerate multi-product manufacturing firms consist of Cadbury Nigeria Plc, Nestle Nigeria Plc and Flour Mills of Nigeria Plc. Out of these selected manufacturing firms, five (5) are located in Lagos state and the remaining one in Kano state. To arrive at the above selected firms, the study used a combination of sampling techniques which is normally adopted when a single sampling technique is considered inadequate (Halliru, 2008 and Greener, 2008). The sampling techniques used for this work include purposive and stratified sampling. Thus, Management staff of the six selected firms were used as the sole population of the study in determining the elements (respondents) to be studied.

This work adopts purposive sampling technique to determine their inclusion as the sample of this study and the adoption of this criterion is not strange as Abdulsalam (2006) and Osuagwu (2009) used such a criterion in their studies.

Furthermore, the adoption of purposive criterion for picking sample elements is due to the fact that management staff are knowledgeable and experienced enough to evaluate marketing strategies and the associated influences of competitive environmental factors on business activities. Krejcie and Morgan (1970)'s formula was employed to proportionally select 159 out of 270 management staff that constitute the study's population elements as sample size.

3.1 Measures

This study uses both primary and secondary data. The primary data were sourced through questionnaire which was administered on target respondents.

The measures used in assessing the impact of competitive environmental factors on the choice of operational strategy of quoted manufacturing firms consisted of five questions dealing with competitors' product quality, product design, methods of pricing, promotional strategy and fight for shelf space in the retailers' shop. The respondents were also asked to answer a question about their firms' product diversity as well as their demographic profile. The questionnaire comprises of a set of multiple choice and Likert scale questions. A 5-point Likert scale was used with responses ranging from 5 strongly agreed to 1 strongly disagreed. The five items were averaged to form a composite measure with higher score indicating that competitive environmental factor has impact on the choice of operational strategy of manufacturing firms.

However, the responses to the questionnaire item on the type of product strategy of the sampled firms, that is, whether the firms operate conglomerate or concentric diversification strategy were coded 1 for conglomerate and 0 for concentric. This is because, the responses are qualitative responses and we used them as dummy variables in this study.

More so, internal consistency reliability test and item to total correlation of the questionnaire items were computed and frequency distribution tables and percentages were used to present the study's data.

The analytical technique used in this study is data regression analysis and Statistical Package for Social Sciences (SPSS) version 15.0 was employed to run the regression analysis.

3.2 Model specification

$$Y = a + bx_1 + x_n$$

Where:

Y = Product strategies, which is the dependent variable (this is represented by Dummy variables)

a = Intercept (constant)

b = Slope (rate of change in competitive factor)

x = Independent variable (competitive factor prompting the adoption of diversification strategies)

The values assigned are; 1 for conglomerate diversification strategy
0 for concentric diversification strategy

4.0 Result and Discussions

From table II in appendix A, it was revealed that 147 usable copies of the questionnaire were returned out of 159 and this gives a response rate of 92%. It also showed the frequencies and percentage of respondents according to their Department and Official Status and Product Strategy.

4.1 Reliability and validity

The study computed Cronbach's alpha reliability test and item-to-total correlation to address the issues of common variance and to also assess the internal consistency of the multiple scales (see Table III in appendix B). Items having low item-to-total correlation may indicate that the items do not reflect the particular construct or may have tapped into another dimension of the construct. From the table, Cronbach's alpha reliability test result is 0.82 and this implies that test result is above the minimum threshold (0.7) suggested by Nunnally and Bernstein (1994). In addition, the result also indicated that the item-to-total correlations were all above 0.5 which is the minimum value recommended by Hair *et al* (2006). Thus, the result indicates high internal consistency of the research instrument.

4.2 Test of Hypothesis

Table IV in appendix B shows that 40.1% of the total variation in the dependent variable (product strategies) is being explained by the independent variable (competitive factors), the adjusted R^2 reveals that the regression model obtained can be used to predict the impact of competitive factor on operational strategies of manufacturing firms.

From table V, the independent variable (competitive factor) shows that the P-value is 0.000 and the result is significant at 1% level, hence, we reject the null hypothesis and conclude that competitive environmental factors have significant effect on the operational strategies of manufacturing firms.

5.0 Discussion of the Results

The above result indicates that competitive factors in the operating environment of the manufacturing firms that are quoted in the Nigeria food and beverage industry impacted on their choice of operational strategies. The result shows that competitive factors in the operating environment of the firms studied have impact on their adoption of diversification marketing as their operational strategies, as 40.1% of the total variation in the manufacturing firms choice of operational strategies is explained by the happenings in the competitive environment, while other variables that were not included in the study's model explain for 59.9 % variations in the organizations' choice of operational strategies.

This result is in total agreement with the study of Osuagwu (2009) which discovered that competition as a factor in the operating environment of business organisations has the highest impact on marketing strategies of Nigerian banking industry. The findings of this study is also consistent with the findings of the study of Amoako-Gyampah (2003) that discovered that in an emerging economy the concerns about the competitive hostility is the factor with the strongest influence on manufacturing strategy choice. It also agreed with the work of Al-Rfou (2012) that found that the intensity of market competition has appositive strong effect on organizational performance.

5.1 Managerial Implication

The managerial implication of the above finding is evidence from the results of the reliability test and item to total correlation which suggest that the finding will be useful as an important insight for stakeholders in the manufacturing sector. Specifically, the managerial implications of this study is that competitive environmental factors significantly impacted on the operational strategies of quoted manufacturing firms in the Nigeria's food and beverage industry. Thus, organizational managers are encouraged to regularly conduct marketing research and monitor their operating environment in order to get the required information to aid their strategic operational decisions.

5.2 Conclusion

The study concludes that the competitive factor variables such as competitors' product quality, competitors' product design, competitors' pricing strategy, competitors promotional strategy and the need to fight for shelf spaces in the retailers' shop have made the studied manufacturing firms to operate diversification marketing strategies.

5.3 Recommendations

On the basis of the findings and conclusion of the study, it is recommended that responsible managers in the manufacturing industry should note that they are operating in an environment characterized with high level of competitive activities which have great impact on their operational strategies. Hence, management of manufacturing firms in the Nigerian FBI should be proactive in dealing with the environmental dynamism such as changes in competitors' product quality, product design, pricing strategy, promotional strategy and the need to fight for shelf spaces in the retailers' shop as forces in the competitive environment.

References

- Aaker, D. (1980). *Marketing research: Private and public sector decisions*. New York: Wiley.
- Aaker, D. A. (2004). *Brand portfolio strategy*. New York: McGraw Hill Companies.
- Abdulsalam, D.O.(2006). Impact of information technology on corporate performance: A study of selected banks in Nigeria, an Unpublished PhD Thesis submitted to the Post Graduate School, Usmanu Danfodiyo University Sokoto, Nigeria.
- Abdulsalam, M. (2008, November, 21). FG Bail-out struggling manufacturing industries. Vanguard P1
- Aluko, M.A.O.(2005) "Impact of environment on organisational performance in selected textile firms in Nigeria" in *Global Journal of Social Sciences*, Vol. 4, No 1&2, Pp 1-7.
- Aluko, M., Odugbesan, O. Gbadamasi, G. & Osuagwu, L. (1998). *Business policy and strategy*. Lagos: Pumark Nigeria Limited.

- Al-Omiri, M., & Durry, C. (2007) A Survey of factors influencing the choice product costing systems in UK organisations, *Management Accounting Report*, 18(4), Pp 399-424.
- Al-Rfou, A.N.(2012) Competition and organizational performance: Empirical evidence from Jordanian firms, *Journal of Economics*, 3(1), Pp 13-17.
- Amoako-Gyampah, K. (2003). The relationships among selected business environment factors and manufacturing strategy: Insights from an emerging economy, *International Journal of Management Sciences*, 31, Pp 287–301.
- Anugwom, G. (2005). *Strategic management and issues in business policy: Concepts, illustrations and cases*, Enugu: CIDTAP Press.
- Ansoff, I. (1957). "Strategies for diversification" *Harvard Business Review*. P114.
- Ansoff, H.(1988). *Strategic change and the strategic marketing process*, Oxford: Blackwell
- Ansoff, H., & McDonnell. (1990). *Implementing strategic management*, (2nd ed.), London: Prentice Hall
- Asika, N.(1991). *Research methodology in behavioural sciences*. Lagos: Longman Nigeria Plc.
- Azhar, K. (2009) *Strategic management and business policy* (3rd ed), New Delhi: Tata McCrian- Hil.
- Baker, M.J. (1982). *Marketing new industrial products and market development*. Penguin: Hormondsworth Press.
- Baker, M. J. (1992). *Marketing strategy and management*. London: Macmillan Press Ltd.
- Badri, MA., Davis, D. & Davis D. (2000) Operations strategy, environmental uncertainty and performance: A path analytic model of industries in developing countries, *Omega*; 28(2), Pp 155-73.
- Burgelman, R. A. (1983). "Corporate entrepreneurship and strategic management: Insight from a process study" in *Management Science*, 29(12), Pp1349–1364.
- Chong, V.K. & Rundus, J. (2004) Total quality management, market competition and performance, *the British Accounting Review*, 36, Pp 155-172
- Cochran, W.G. (1977). *Sampling techniques*. (3rd ed). New York: John Wiley
- Cooks, S. (1995). *Practical benchmarking*. London: Kogan page Limited.
- Dacin, P. M. & Smith, D. C. (1994). "The effect of brand portfolio characteristics on consumer evaluation of brand extensions" *Journal of Marketing Research*, 31(2), P22.
- Greener, S. (2008). *Business research methods*. Venture Publishing Retrieved from www.bookboon.com
- Hair, J. F., William C. B., Barry, B., Rolph, E. A., & Ronald, L. T. (2006), *Multivariate data analysis*, (6th ed), New Jersey: Prentice Hall
- Hayes, R.H., & Wheelwright, S.C., (1984). *Restoring our competitive edge: Competing through manufacturing*. New York: Wiley,
- Hoskisson, R.E., Eden L., Lau, C.M., & Wright, M. (2000). Strategy in emerging economies. *Academy of Management Journal*, 43(3), Pp 249–67.
- Ilesanmi, O. A. (2002). *Entrepreneurial development*, (1st ed.), Ilorin, Nigeria: Kola Success Publications.
- Imaga, E. U. L. (2003). *Theory and practice of production and operations management*, (3rd ed.), Enugu: Rhyce Terex Publishers.

- Kazmi, A. (2008) *Strategic management and business policy* (3rd ed.), New Delhi: McGraw- Hill Ltd.
- Kotler, P. (2003). *Marketing management*. (11th ed.). New Delhi; Prentice Hall.
- Kotler, P. & Keller, K.L. (2009). *Marketing management*, (13th ed.), New Jersey, Prentice-Hall
- Krejcie, R.V. & Morgan, D.W. (1970). "Determining sample size for research activities", *Educational and Psychological Measurement*, 30, Pp 607-610.
- Laforet, S. & Saunders, J. (1999). "Managing portfolios: Why leaders do what they do", *Journal of Advertising Research*, 39(10), Pp51-66.
- Mia, L. & Clarke, B (1999). Management competition, management accounting systems and business unit performance, 10, Pp137- 158
- Miles, R.E. & Snow, C.C. (1978). *Organizational strategy, structure, and process*, New York: McGraw-Hill.
- Morgan, N. A. & Rego, L. L. (2008). "Brand portfolio strategy and firm performance". *Journal of Marketing*, Pp1-42
- Nickels, W.G., McHugh, J.M. & McHugh, S.M. (2002). *Understanding business*, (6th ed), New York: McGraw-Hill Irwin.
- Nunnally, J. C. & Bernstein, I. H. (1994). *Psychometric theory*. New York: McGraw-Hill.
- Obasan, K. (2001). *Small business management: An entrepreneurial approach*, Lagos: Higher Education Books Publishers.
- Obasan K. A. & Adediran O. A. (2010). "The role of industrial sector in the economic development of Nigeria", in *Journal of Management and Society*, Vol. 1, No 2, Pp. 9-16
- Ogundele, O.J.K. (2005) *Management and organisation: Theory and behaviour*, Lagos: Sabte Books
- Ohiwerei, I. (2003, April, 18), Sell no more. The Week Magazine. Vol. 17, No 24.
- Olujide, J. O. & Aremu, M. A. (2004). "Strategic role of marketing in Nigeria banking industry". *Advances in Management*, 4, (1), Pp 141 – 148,
- Osuagwu, L. (2009). "Environmental perception in bank marketing strategies", *Journal Marketing Research*
- Onu, A. J.G. (2000). *Marketing today*, Zaria, Nigeria: Ahmadu Bello University Press
- Kim, W. C. & Mauborgne, R. (2005). "Blue ocean strategy: How to create uncontested market space and make competition irrelevant". Harvard Business Press.
- Porter M.E. (1986). *Competitive strategy techniques for analysing industries and competitors*. New York: Free Press.
- Swamidass, P.M., & Newell, W.T., (1987). Manufacturing strategy, environmental uncertainty and performance: A path analytic model. *Management Science*, 33(4), Pp 509–24.
- Van Dierdonck R, & Miller J.G. (1980). Designing production planning and control systems. *Journal of Operations Management*, 1(1), Pp 37–46.
- Ward, P.T., Duray, R., Leong, G.K., & Sum, C.H. (1995) Business performance, operations strategy, and performance: An empirical study of Singapore manufacturers. *Journal of Operations Management*, 13, Pp 99–115.
- Waweru, N.M., Hoque, Z. & Uliana, E. (2004) Management accounting change in South Africa: Case studies from retail services, *Accounting, Auditing, and Accountability Journal*, 17(5), Pp 675-704

Appendix A

Table II: Demographic Characteristics of Respondents and Their Firms

Official Status	Frequency	Percentage
Management Staff	15	10.2
General Manager Cadre	64	43.5
Manager Cadre	68	46.3
Total	147	100
Department	Frequency	Percentage
Admin./Accounts/ Human Resources	36	24.5
Production/Logistics	26	17.5
Marketing & Sales	85	58.0
Total	147	100
Product Strategy (Operational strategy)	Frequency	Percentage (%)
Concentric diversification	56	38.1
Conglomerate diversification	91	61.9
Total	147	100%

Source: Field Survey, 2012

Table III: Descriptive statistics and item-to - total correlations

Variables	Mean	SD	Item to Total Correlation
Competitors' product quality makes manufacturing firms to go for diversification operations.	3.30	1.150	0.657
Competitors' product design forces manufacturing firms to adopt diversification strategy.	4.29	0.871	0.960
Competitors' pricing strategy forces manufacturing firms to adopt diversification strategy.	4.07	0.763	0.597
Competitors' promotional strategy causes manufacturing firms to operate diversification strategy.	3.82	.863	0.706
Fight for shelf space in the retailer shops spurs manufacturing firms to adopt diversification strategy.	3.90	.887	0.683
Overall Cronbach's alpha	0.82		

Source: Researchers' simulation from SPSS Package.

Table IV: Model Summary

Model	R	R Square	Adjust R Square	Std. Error of The Estimate
1	.802 ^a	.410	.034	.679

a. Predictors: (Constant), Competitive factor

Table: V Regression results: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.516	.057		26.426	.000
Competitive factor	.010	.004	.802	2.489	.014

a. Dependent Variable: Product Strategy

Department	Frequency	Percentage
Admin./Accounts/ Human Resources	36	24.5
Production/Logistics	26	17.5
Marketing & Sales	85	58.0
Total	147	100
Product Strategy (Operational strategy)	Frequency	Percentage (%)
Concentric diversification	56	38.1
Conglomerate diversification	91	61.9
Total	147	100%