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STRATEGIC MANAGEMENT TECHNIQUES AND PERFORMANCE OF PLASTIC INDUSTRY IN ANAMBRA STATE

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ABSTRACT
The study determined the influence of strategic management practices on performance of plastic industry in Anambra State. Two research questions and one hypothesis guided the study. The population of the study consisted of 275 employees from three plastic manufacturing firms in Anambra State.; Louis Carter Industries Nnewi, Sunflower Industries Amawbia and Millennium Industries Awka. Structured questionnaires were used to collect primary data. Mean and standard deviation was used to answer the two research questions while regression analysis was used to test the hypothesis. The findings revealed that plastic industries in Anambra State adopted strategic management techniques to a low extent. The respondents also opined that strategic management techniques have a positive relationship with performance to a high extent. Furthermore, test of the hypothesis also revealed that strategic management techniques had significant relationship with the performance of plastic industries in Anambra State. Based on the findings of the study, the researchers recommended that the management of plastic industries in Anambra State should make concerted effort to adopt strategic management techniques identified by this study to enable them acquire sustained business performance. It was also recommended that the management of plastic industries should seek more input from the lower level managers and supervisors when formulating strategy so that the formulated plans are effective and in line with both long and short term objectives of the organization.

Keywords: Strategic Management Techniques, Strategy Formulation, Strategy Implementation, Strategy Evaluation, Organizational Performance

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Introduction

Economic environment is changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To complete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market. Strategic Management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization. It is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce & Robinson, 2005). According to Lamb in Mougbo (2013), strategic management practices therefore include strategic planning; strategy implementation and strategy evaluation and control, which have in the past studies been seen to influence the competitive positioning of the firm in the industry, thus determine the performance (Johnson, 2009). Generally, strategic management practices can improve efficiency in various organizations (Bakar, Tufail, Yusof & Virgiyanti, 2011). In consonance, Strategic planning provides an operational framework, which allows an organization to enjoy competitive advantages and improved business performance.

Strategic management practice consists of four basic elements, strategy formulation, implementation, evaluation and control (Wheelen & Hunger, 2008). It is within these four elements that strategic management practices are manifested and is also described as the strategic management process. Strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen & Hunger, 2008). It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. Strategy implementation is the process through which strategies are put into action throughout the organization by deriving short-term objectives from the long-term objectives and further deriving the functional tactics from the business strategy. This process assists management in identifying the specific immediate actions that must be taken in the key functional areas to implement the business strategy (Pearce & Robinson, 2008). Strategy evaluation and control is the process of comparing the actual

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performance against the desired performance. Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill & Jones, 2001; Steiner, 1997). The plastic industry is one of the fast growing industry in the manufacturing sectors of the nation's and Anambra State's economy in particular. It is against this background that this study sought to gain knowledge on the influence of strategic management practices on the performance of plastic industry.

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 & 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. Similarly, Pillania (2008) stated that strategic management is long-term oriented, directed towards future growth potentials, substantial, holistic, and predominantly associated with the highest management level which determines the vision, mission, and culture of the enterprise. Strategic management process consist of developing a strategic mission, setting objectives, situation analysis, developing a strategy, strategy implementation and evaluation. The process is dynamic and continuous; a change in one component can necessitate a change in the entire strategy (Finkl & Ploder, 2009). According to Durcker in Njeru (2015), the prime task of strategic management is thinking through the overall mission of a business, that is; asking the question what is our business? This leads to setting of objectives development of strategy and making of today's decision for tomorrow's result. This should be done by balancing the present objectives and needs against those of the future in the light of available resource (both present and future) of men and materials.

Organizational performance comprises the actual output or results of an organization measured against its intended outputs (Ngui, Mukulu & Gachunga, 2014). Whereas the

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definitions may differ between the authors, they are in agreement that organization performance is about achieving superior results and/or achievement of objectives. There are three different levels of performance within organisations which include financial performance, business performance and organisation effectiveness, although the latter has been subsequently known as organisational performance (Terziovski & Samson, 2000). Performance is the key interest of every business manager or owner.

The overall performance of the organisation depends on proper management of the three levels, which fall within the jurisdiction of top, middle and lower management. Firm performance provides useful information for monitoring and control, improvement, maximization of effectiveness of improvement effort, reward and discipline and as a lever towards alignment of organizational goals and objectives. Profits, growth, balance scorecards, economic value added, activity based analysis and customer satisfaction are some of the frameworks that several scholars have proposed as effective in undertaking firm performance.

Statement of the Problem

Today's business environment is constantly changing and highly competitive. This highly competitive business environment has pushed organizations to limits dictating the need to adopt strategic management practices that support plans, choices and decisions that will lead to competitive advantage and to archive profitability, success and wealth creation (Kourdi, 2009). Strategic management addresses the question of why some organizations succeed, others fail (Melchorita, 2013), and it covers the causes for company's success or failure (Porter 2001). Studies have been carried globally and locally on the influence of strategic management practices on organizational performance. For instance, Melchorita (2013), Murimbika (2011) and Ofunya (2013) analyzed the relationship between strategic management practices and organizational performance in different organizations but none of them investigated the influence of strategic management practices on performance of plastic industry in Anambra State. Thus, this study aimed at establishing the relationship between strategic management practices and performance of plastic industry in Anambra State.

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Research Question and Hypothesis

Research Question1: What are the strategy management techniques adopted by plastic industry in their business operations in Anambra State?

Research Question 2: What is the relationship between strategy management techniques and organization performance of plastic industry in Anambra State?

Hypothesis: There is no significant relationship between strategic management techniques and the performance of plastic industry in Anambra State.

Research Method

A descriptive survey design was used to carry out this study. The population of the study consisted of two hundred and seventy (275) employees from three plastic manufacturing firms in Anambra State.; Louis Carter Industries Nnewi (120), Sunflower Industries Amawbia (55) and Millennium Industries Awka (100). The sample of the study was 55 employees from the three plastic industries in Aambra state which represent 20 percent of the entire population. The sampling method adopted for the study was stratified random sampling. A structured questionnaire was used to collect data for the study. The questionnaire consisted of two sections on a 5-point rating scale. Section one covered the background information of the respondent while section two was on strategic management techniques. The questionnaires was self-administered and distributed through on the spot delivery and collection. Secondary data was obtained relating to organization performance. Organization performance data obtained related to financial performance (profitability) and non financial performance which was measured by the market share, perception of the company and quality of products. Financial performance data was obtained from published sources. Market share and other market related information was obtained from media reports, company websites and any other relevant sources. The validity of the instrument was ascertained by test experts to ascertain its content before its use. The experts were three senior lecturers from the Faculty of Management Sciences, Nnamdi Azikiwe University, Awka. The validity of the instrument was ascertained by giving out copies of the draft questionnaires, research questions, hypothesis, alongside with the purposes of the study. The suggestions and recommendations of the experts were used to correct the drafted questionnaire. Mean and standard

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deviation was used to provide answers to the research question while the multiple regression model was used to analyze the hypothesis. The results were presented in tables and figures.

Presentation and Analysis of Results

Research Question1: What are the strategy management techniques adopted by plastic industry in their business operations in Anambra State?

Table 1: Strategic management Techniques adopted by Plastic Industry in Anambra State N= 55

S/N	Strategic management techniques	Mean	SD	Remark
1.	Strategic formulation is a top priority activity at your firm	2.08	0.68	Low Extent
2.	Members of staff are briefed and taken through the strategic management plan before implementation	2.05	0.67	Low Extent
3.	The company analyzes / gathers information about its external environment to understand their implications	1.57	0.77	Low Extent
4.	Company strategy is adequately and comprehensively communicated to members of the staff	2.28	0.82	Low Extent
5.	Adequate resources are allocated to strategy implementation	1.50	0.76	Low Extent
6.	Organization strategy is matched to organizational structure	2.26	0.68	Low Extent
7.	Organization strategy is implemented purely based on set objectives and expected performance	2.12	0.94	Low Extent
8.	There is clearly defined and measurable performance targets for each strategic management plan element	1.75	0.86	Low Extent
9.	There is monitoring, evaluation and control of the implementation of strategy in your firm	2.20	0.87	Low Extent

10.	Strategy implementation time line is evaluated	1.60	0.77	Low Extent
11.	Strategy evaluation is done on regular basis and corrective action is taken on timely basis on the strategy for highest performance	1.63	0.81	Low Extent
	Cluster Mean	**1.91**	**0.81**	**High Extent**

Data in Table 1 show that the respondents opined that their firms adopted strategic management techniques at a low extent as reflected in items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 with mean ratings ranging from 1.57 to 2.28. The cluster mean of 1.91 indicates that the plastic industries in Anambra State adopted strategic management techniques in their business operations at a low extent.

Research Question 2: What is the relationship between strategy management techniques and organization performance of plastic industry in Anambra State?

Table 2: Relationship between strategic management Techniques and performance of Plastic Industry in Anambra State

N= 55

S/N	Strategic management techniques and performance	Mean	SD
1.	Strategic formulation improves firms profitability	4.21	1.18
2.	Appraisal of business environment improves firms' sales volume	3.67	0.96
3.	Implementing and executing the strategic plan increases the firm's market value	3.88	1.08
4.	Making resource available for strategy implementation ensures improved sales volume.	4.01	1.02
5.	Strategic implementation ensures that customers are always satisfied	3.74	0.94
6.	Evaluating strategy implementation enhances firms' performance	4.15	1.12
7.	Consistent review of the process of strategy	3.76	0.78

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	formulation and implementation increase firms competitiveness		
	Cluster Mean	**3.92**	**1.01**

Data in Table 2 reveal that the respondent opined that strategic management techniques have a positive relationship with performance of plastic industry in Awka at a high extent as reflected in item 1-7 with mean ratings of 4.21, 3.67, 3.88, 4.01, 3.74, 4.15 and 3.76 respectively. The cluster mean of 3.92 further indicates that respondents agreed that strategic management techniques have a positive relationship with the performance of plastic industries in Anambra State at a high extent.

Hypothesis
There is no significant relationship between strategic management techniques and the performance of plastic industry in Anambra State.

To achieve the other specific objectives of the study, correlation analysis was used. These objectives were to determine the relationship between strategy formulation, strategy implementation, strategy evaluation and performance of plastic industries.

		Organization Performance	**Strategy formulation**	**Strategy implementation**	**Strategy evaluation**
Strategy formulation	Pearson Correlation	0.05549	1.0000		
	Sig. (2 tailed)	0.0061			
Strategy implementation	Pearson Correlation	0.1510	0.0200	1	
	Sig. (2 tailed)	0.0001	0.8540		
Strategy evaluation	Pearson Correlation	0.4610	0.0880	0.0680	1
	Sig. (2 tailed)	0.0000	0.4080	0.5220	

Strategy formulation has a coefficient of correlation on 0.0549 and a p-value of 0.0061. The positive coefficient implies that strategy formulation has positive relationship with organization performance. This indicates that

adoption of strategy formulation strategies will improve performance of plastic industries. The p-value of 0.0061 which is less than 0.05 implies that strategy implementation has a significant relationship with performance at 95% confidence level.

Strategy implementation had a coefficient of 0.1520 with a p-value of 0.0001. This implies that strategy implementation techniques have positive relationship with organization performance. Hence, adoption of superior strategy implementation practices will increase organization performance. Strategy evaluation and organization performance had a coefficient of correlation of 0.4610 and p-value of 0.0000. This implies that strategy evaluation techniques have positive and significant relationship with performance of plastic industries in Anambra State. Organization performance was measured by a composite score of financial and nonfinancial performance indicators. Financial performance was measured using return on assets while non financial performance was determined by growth in firm's market share.

Table 3: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.48a	0.23	0.201	0.88923

a. Predictors: (Constant), Strategy Evaluation, Strategy Implementation, strategy formulation

Strategic management techniques were found to have positive relationship with organization performance as shown by the coefficient of correlation of 0.48. The coefficient of determination of 0.23 indicated that strategic management practices influences 23% of organization performance.

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Table 4: Analysis of the Variance

	Sum of Squares	**df**	**Mean Square**	**F.**	**Sig.**
Regression	20.224	3	6.741	8.525	.000a
Residual	68.794	51	0.791		
Total	89.018	54			

a. Predictors: (Constant), Strategy Evaluation, Strategy Implementation, strategy formulation
b. Dependent Variable: Organization Performance

The analysis of the variance indicated a p-value of 0.00. This implied that strategic management techniques adopted by plastic industries were statistically significant with since p value of 0.00 was less than 0.05. Hence at 95% confidence level, strategic management techniques influenced organization performance.

Table 5: Model Coefficients

	Coefficient	Std. Error	Beta	t	Sig
(Constant)	28.2360	7.0090		4.0280	0.0000
Strategy formulation	0.120	0.0920	-0.0130	0.1340	0.8940
Strategy Implementation	2.8330	2.2100	-0.1210	1.2820	0.2030
Strategy Evaluation	1.2760	0.2680	-0.4520	4.7620	0.0000

a. Dependent Variable: Organization Performance


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The model coefficients obtained were strategy formulation (0.120), strategy implementation (2.8833) and strategy evaluation (1.28). The model shows that positive coefficient adoption of superior strategic management techniques relating to formulation, implementation and evaluation lead to higher organization performance.

Discussion of Findings

Finding relative to research question one revealed that plastic industries in Anambra State adopted strategic management techniques at a low extent. This is in agreement with the findings of Muogbo (2013) who revealed that strategic management is not yet a common business practice among manufacturing firms in Anambra State. Findings relative to research question two revealed that the respondent opined that strategic management techniques have a positive relationship with performance of plastic industries in Anambra State. This is in line with Philania (2008) who noted that the adoption of strategic management will greatly influence the performance of organization. According Muogbo (2013), strategic management is a veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Anambra State.

The test of the hypothesis revealed that strategic management techniques have a positive relationship with performance of plastic industries in Anambra State. This is in line with Otieno (2013) who found that organizations perceived strategic practices were very important to the future success of organization and performance. Similarly, Lawal, Omone and Oludayo (2012) also found that adoption of strategic management techniques improved the performance and relative standing of organization.

Conclusion

Based on the study findings, it was concluded that strategic management techniques had a significant with the performance of plastic industries. The researchers assert that the adoption of strategic management techniques would improve the performance plastic industries. The researcher therefore concludes that strategic management practices had a significant relationship with the performance of plastic industries in Anambra state.

Recommendations

In view of the findings of this study, the following strategies were recommended for adoption by management of plastic

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industries in Anambra State in order to improve performance:

1. Management of plastic industries in Anambra State should make concerted effort to adopt strategic management practices identified by this study to enable them acquire sustained business performance.
2. Management of plastic industries in Anambra State should involve all level of staff in the strategy formulation process of their organization so that the formulated plans are effective and in line with both long and short term objectives of the organization.
3. Management of plastic industries in Anambra State should initiate and use a combination of strategy corrective measures to counter the challenges their firms face to ensure that the formulated strategic plans are properly implemented and evaluated.
4. Management of plastic industries should consistently review and monitor the strategy implementation processes in their firms to know where improvements are needed.

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