

STRATEGIC ORIENTATION AND PERFORMANCE OF MANUFACTURING FIRMS IN THE NIGERIAN UNSTABLE BUSINESS ENVIRONMENT: THE MODERATING EFFECT OF INNOVATION, ORGANIZATIONAL STRUCTURE, DESIGN AND LEADERSHIP.

BY

Prof. Ogbaini Aliu Clement: Department of Business Administration, Global Wealth University, Lome Togo, profoclementogbaini@gmail.com

Abstract

In recent times, the Nigerian business environment has been unstable and turbulent, many manufacturing firms have closed operations in the country and the overall contribution of the sector to GDP has been decreasing. This study examines the effects of strategic orientation on the performance of manufacturing firms in the country, using Lagos State as a case study. The study adopted the mixed method research design by combining qualitative and quantitative methods. Multistage sampling technique was used to select 120 respondents from the eight industrial estates in Lagos. All the variables of strategic orientation and the moderating variables were measured with 5 items Likert scale. Collected data was analyzed with the use descriptive statistics such as; frequency distribution table, percentages, mean and standard deviation, while formulated hypotheses were tested with the chi-square statistical formula. Findings revealed that entrepreneurial orientation, market orientation, learning orientation and business network orientation all influences organizational innovations, which in turn influence organizational performance. Organizational structure and organizational design significantly moderate the effects of innovations on organizational performance, while organizational leadership has insignificant impact in moderating the effect of innovation on organizational performance. The study recommends that manufacturing companies operating in unstable business environment should not be conservative, they need to constantly monitor trends in their internal and external business environment and develop strategies to ward off these threats and take emerging opportunities. They should avoid the strategic orientation of defenders and reactors, rather, they should be prospectors and analysers, striving to become cost leaders in their chosen market segment and using differentiation strategies to become unique in their industry, based on features that customers values. Manufacturing firms in Nigeria should invest in research and development, use market penetration, product and market development strategies to increase market share.

Keywords: Strategic Orientation, Organisational innovation, Structure, Design, Leadership

Introduction

Most societies evolve from agrarian to a modern economy, initially, agricultural sector will be the main contributor to the nation's GDP, industrialization later brings transformation into the economy, by adding value to agricultural products and eventually, the two sectors will increase their contribution to the GDP. In every nation, the manufacturing sector is the backbone of economic development, in Nigeria, this sector helps to modernize and mechanizing farming, it processes agricultural products into durable consumer goods. According to National Bureau of Statistics (NBS) in year 2023, the manufacturing sector contributed 16.04% to Nigeria Nominal GDP.

The Manufacturing Association of Nigeria (MAN) reported that in year 2023, about 767 manufacturing companies shut down operations while 335 experienced distress. According to MAN, "The capacity utilization in the sector has declined to 56%; interest rate is effectively above 30%; foreign exchange to import raw materials and production machine inventory of unsold finished products has increased to N350 billion and the real growth has dropped to 2.4% as indicated in figure1 below.

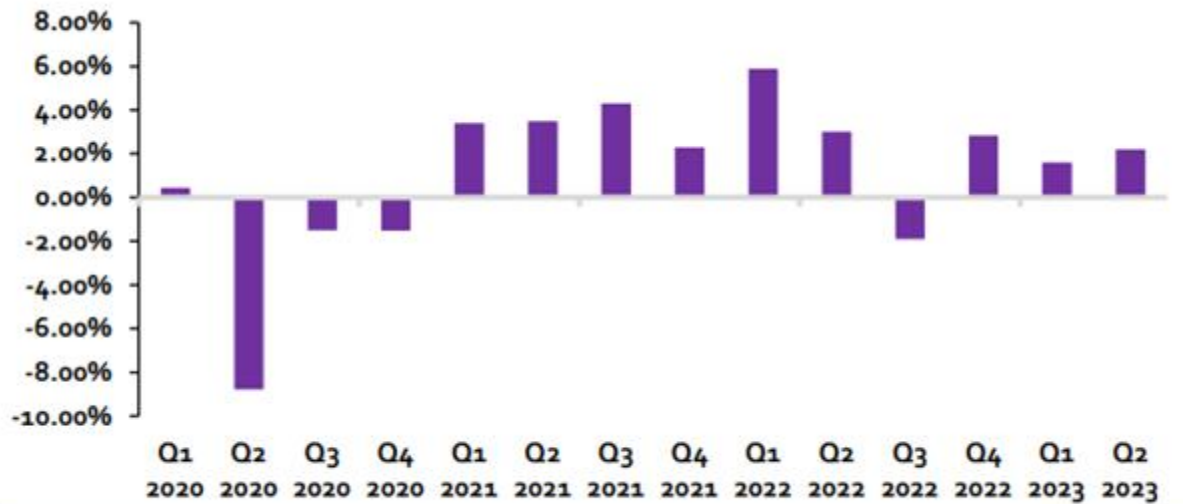


Figure 1: Manufacturing Sector Real GDP Growth (Percent)
Source: NBS, CSL Research, 2023

Some of the manufacturing companies that have exited the sector in the last 10 years includes: Mayor Biscuits Company Limited (MABISCO), Louis Carter Industries Moak Enterprises in Sango-Ota, Ogun State, Tower Aluminium, GlaxoSmithKline Nigeria, Technoflex Company Limited, Evans Medicals, Procter & Gamble (P&G), Multi-Trex Integrated Foods Plc, Deli Foods, Surest Foam Limited, Mufex, Framan Industries, Stone Industries, and MZM Continental. Recently, Guinness Nigeria PLC a leader in the Beverage Industry announced that it's leaving the country, Microsoft Corporation have also revealed that they are divesting from the Nigerian Market.

This development has been attributed to various economic difficulties, including exchange rate volatility, rising inflation, increase in cost of petroleum products and a general worsening of the investment climate. The President of Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture, NACCIMA, Mr. Herbert Ajayi in 2024, blamed the continued decline in the manufacturing sectors on “political and economic factors”, citing poor infrastructure and epileptic power supply which has led to manufacturing industry generating more than 70 per cent of energy using generators; and operating these generators greatly increases the cost of manufacturing goods. Other operational cost problems includes incessant increase in the price of petroleum products used by industries, multiple taxation, unabated smuggling, widespread insecurity, high interest rate and inadequate access to finance (Aghogho, 2024).

Strategic orientation refers to the manner in which a firm adapts to its external environment (Kumar, et al 2012), it is the pattern of responses that an organization makes to its operating environment in an effort to enhance performance and gain competitive advantage (Avci, et al 2011, cited in Obeidat, 2016). Strategic orientation is a guideline for a company to achieve their strategic goals, it fully reflect the company's values and appears as a general understanding and cognitive interpretation of its external environment and internal resources (Selmi and Chaney, 2018). According to Dominguez et al. (2015, cited in Handoyo, et al, 2023) organisational performance is determined by its strategic choice and adaptive capability, in which strategic choice interacts with environmental forces. In an unstable market environment, firms faces challenging efforts to adapt to changes and remain stable to control uncertainty and simultaneously to maintain their competitive position (Anwar and Hasnu 2017, cited in Handoyo, et al, 2023). In an unstable and uncertain environment, organisations are forced to constantly adapt to new conditions, requiring a more flexible, less formalised structure (Jaffee 2001; cited in Handoyo, et al, 2023). Consequently, any organization that did not adapt to the changing environment, using appropriate strategic orientation will experience negative performance.

Statement of the Problem

The manufacturing sector is the main driver of a nation's economy, its growth, productivity, and competitiveness goes a long way in influencing the level of industrialization and economic development (United Nations Report, 2011). The manufacturing sector activates agricultural transformation through mechanization,

create employment for people of varying skills and creating demand for agricultural products by providing purchasing power for industrial workers. In year 2021, World Bank reported that industry employment accounted for 13% of total employment in Nigeria. The manufacturing sector in Nigeria also helps to reduce domestic competition for imported goods by producing locally and minimally exporting to other countries. With this, the sector is making the nation to get more value from her resources, reducing dependency on imported goods and vulnerability to external shocks (Aghogho, (2024).

In 2023, KPMG Nigeria reported that “the growth of the nation’s manufacturing sector has been weak and sluggish since its recovery from the Covid-19 Pandemic with an average annual growth of 3.4% in 2021 and 2.5% in 2022, culminating in the sector’s contribution to Nigeria’s GDP falling far short of globally competitive levels”. Many companies have started divesting from Nigeria to other countries.

What is already known about challenges faced by the Nigerian manufacturing sector according to Abolo (2017) are; frequent policy changes, inconsistent regulations that hampers long-term planning and investment, insecurity of lives and properties, poor and deteriorating infrastructural services, deepening weak domestic demand, depreciation of the Naira against major currencies, high lending rates, problems of supply of petroleum products (particularly AGO, LPFO (black oil), anomalies in customs duty, multiple taxes, corruption, cumbersome port administration, low rate of technology acquisition stemming from low investments in research and Development, frequent power outages and bad roads etc. These unpleasant environmental variables are actually external to manufacturing firms, what is unknown is the effects of internal environmental variables that are firm specific, but also determines the success or failure of a manufacturing firms in Nigeria. This has become important because, while some companies are failing in the Nigerian business environment, others are succeeding and declaring profits. In year 2022, the companies that made profit collectively posted an aggregate of N387.7 billion as profit after tax, growing their bottom line by 14.9% from N337.6 billion. Specifically, some of companies that recorded profit growth in year 2022 were Unilever Nigeria (+11k %), Cadbury (+367%), International Breweries (+133%), Champion Breweries (+128%), CAP Plc. (+115%) etc.

This paradox calls for an inquiry into the strategic management orientation of manufacturing firms in Nigeria. Since strategic orientation refers to the manner in which a firm adapts to its external environment (Kumar, et al 2012), there is need to determine whether a manufacturing firm that uses the right strategic management orientation, can achieve strategic fit in Nigerian business environment, survive and achieve profitability. It is also necessary to investigate the role played by complementary internal variables like; organizational structure, organizational design and organizational leadership in the successful implementation of a firm’s strategic orientation.

Research Objectives

- i. To investigate the effect of entrepreneurial orientation on the innovativeness of manufacturing firms operating in unstable business environment.
- ii. To examine the effect market orientation on the innovativeness of manufacturing firms operating in unstable business environment.
- iii. To determine the effect of learning orientation on the innovativeness of manufacturing firms operating in unstable business environment.
- iv. To determine the effect of business networking orientation on the innovativeness of manufacturing firms operating in unstable business environment.
- v. To investigate the moderating role of organizational structure on the successful implementation of strategic orientation.
- vi. To investigate the moderating role of organizational design on the successful implementation of strategic orientation.
- vii. To investigate the moderating role of organizational Leadership on the successful implementation of Strategic Orientation.

Research Questions

- i. What is the effect of entrepreneurial orientation on the innovativeness of manufacturing firms operating in unstable business environment?
- ii. What is the effect of market orientation on the innovativeness of manufacturing firms operating in unstable business environment?
- iii. Does learning orientation influence the innovativeness of manufacturing firms operating in unstable business environment?
- iv. How does business networking orientation affects the innovativeness manufacturing firms operating in unstable business environment?
- v. What is the role of organizational structure in moderating the effect of strategic orientation on organizational performance?
- vi. What is the role of organizational design in moderating the effect of strategic orientation on organizational performance?
- vii. How does organizational Leadership determine the successful implementation of Strategic Orientation?

Significance of the Study

The findings of this research will be useful to all organizations that operates in an unstable business environment, especially when taking strategic decisions, engaging in creativity and innovations to sustain and grow their businesses. It will be of practical relevance to both small, medium and large enterprises that operates in the harsh Nigerian business environment. Lessons learnt in this study will be useful to training institutions and management consultants that has the responsibility of training and developing of entrepreneurs and business managers.

Literature Review**Theoretical Review**

Useful strategic Management framework have been develop by strategic management scholars over the years to be used to achieve organizational success. The most appropriate to this study are discussed below;

i. Miles and Snow (1978) Strategic Orientation Typology

Miles & Snow's (1978) believed that firms are confronted with three major challenges, these are entrepreneurial problem that defines the firm's product-market; the engineering that focuses on the choice of technology and processes to be used in production and distribution and administrative challenges that emanates from organizational design, policies and procedures. How different organization respond these problems are classified into four typologies, i.e. defenders, prospectors, analyzers and reactors.

- **Defenders:** these are firms that wants stability and efficiency, they achieve this by aggressively defending their market share and consistently improving on their internal efficiency.
- **Prospectors:** these are firms that are risk takers and the technological drivers and innovators in the industry, always ready to take on new opportunities. They sustain their market leadership by investing heavily on research and development.
- **Analyzers:** They sought to maintain their core competencies in established markets. They have a strong capital base that gave them balance of efficiency and consistency.
- **Reactors:** These are firms that are considered as reactors, they have no clear cut strategies, they only respond to what is happening in the environment.

ii. Michael Porter (1985) Business Level Competitive Strategies

Porter's competitive strategies outlined three core paths to competitive advantage: cost leadership, differentiation, and focus.



Figure 2: Porter's Generic Competitive Strategies Source: Porter (1985)

➤ **Cost Leadership**

In cost leadership, a firm tries to become the lowest cost producer in its industry. The sources of cost advantage may include; economies of scale, proprietary technology, preferential access to raw materials and other factors. If a firm can achieve and sustain overall cost leadership, it will perform above average in the industry if it can command prices at or near the industry average.

➤ **Differentiation**

A firm that uses differentiation strategy seeks to be unique in its industry, based on features that customers valued. The firm will select one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. The firm will be rewarded for its uniqueness with a premium price.

➤ **Focus**

Focus strategy is when a company selects a market segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. It can either seek cost advantage in its selected target segment or seek differentiation in the target market. Cost focus exploits differences in cost behavior in some segment, while differentiation focus exploits the special needs of buyers in the segment.

iii. **Ansoff (1985) Product Market Mix**

Ansoff (1985) identifies four strategic options available for business concerns. They include;

➤ **Market Penetration:** This is an attempt to increase the organisational sales without departing from an original product/market scope. Sales may be improved by increasing the volume of sales in the present market. The task is usually accomplished by means of promotional strategy.

➤ **Market Development:** This is an adaptation of the company's product to suit the new mission, e.g. a computer company opening ICT centres in schools to cultivate the habit of using computers at the early stage in children's life.

➤ **Product Development:** This is a strategy that allows the firm to retain the present mission but develops products which have new and different characteristics, e.g. automobile industry producing variety of cars, banking industry moving into insurance business.

➤ **Diversification:** This means a simultaneous departure from the present market structure and product line. Diversification means changes in the characteristics of the company's product line and market.

Strategic Orientation

Strategic orientation is perceived as principles that direct, guide, guard and impact on the activities of a business management in their effort to achieve a better performance in the marketplace and ensure its viability (Hakala, 2011: cited in Ndubuisi-Okolo, et al. 2020). According to Zhou et al. (2005: cited in Hunik et al, 2014) "strategic orientation is the company's strategic direction in creating the proper behavior so as to achieve superior performance." Strategic orientation refers to the manner in which a firm adapts to its external environment (Kumar, et al 2012), it is the pattern of responses that an organization makes to its operating environment in an effort to enhance performance and gain competitive advantage (Avci, et al 2011, cited in Obeidat, 2016). Isoherranen and Kess (2011). The definition of strategic orientation as explained by (Grawe 2009 as cited in Hunik et al 2014), covers the orientation of market, entrepreneurship, customer, cost, innovation, competitor, learning, employee and interaction. Ndubuisi-Okolo, et al. (2020) conceptualized it to include; entrepreneurial orientation, market orientation and learning orientation. In this study, strategic orientation will

be investigated using entrepreneurial orientation, market orientation, product orientation, Learning orientation and Business Network orientation.

Entrepreneurial Orientation (EO): EO is a firm-level strategic entrepreneurship framework used by organisations to adapt to changing environmental variables. It refers to a strategic organizational posture that captures the specific processes, practices and activities that enable firms to create value by engaging in entrepreneurial endeavors (Lumpkin and Dess, 1996, cited in Wales, 2011). The traditional three EO variables of Miller (1934) includes; innovativeness, risk taking and proactiveness, Lumpkin and Dess (1996) extended the variables to includes; autonomy and competitive aggressiveness. Ogbaini (2024) further extended it to include; environmental consciousness and social networking. According to Lumpkin and Dess (2005), entrepreneurial orientation has a direct and sustainable effect on firm performance, Wiklund and Shepherd (2003) believed that EO catalyzes firm's actions and thereby helps it to be ahead of competitors, it enables the management of organization to achieve its purpose (Rauch et al. 2009). From the foregoing discussion, this study is proposing that:

H1: *Entrepreneurial orientation enhances the organizational innovativeness of manufacturing firms in unstable business environment.*

Market orientation (MO): Market orientation is the ability to generate information about customers' current and future needs, allocate this information to relevant units and respond to it properly (Kohli, Jaworski, 1999, cited in Ndubuisi-Okolo, et al. 2020). It is the ability of a company to develop market intelligence and use it to gain competitive advantage. The activities involves monitoring trends, collecting and analyzing data regarding current and potential customer, competitor analysis and monitoring other important stakeholders in the market. It also involves using the market intelligence to formulate and implement strategies. This study is proposing that;

H2: *Market orientation enhances the organizational innovativeness of manufacturing firms that operates in unstable business environment.*

Learning Orientation (LO): According to Sitinjak, Ngatno and Listyorini (2023), learning orientation is considered a philosophy used by companies that emphasizes learning in every company activity. Learning orientation reflects the propensity of an organisation to verify continuously their basic assumption about its business organization and environment (Hakala, 2013). It is a mechanism that directly affects a company's ability to update old assumptions about the market and how the company organizes it (Sinkula et al., 1997: cited in Sitinjak, et al 2023). According to Haldorai et al. (2021, cited in Sitinjak et al 2023) learning orientation is a resource owned by a company that can create a competitive advantage for the company. Consequent upon the above discussion, this study is proposing that;

H3: *Learning orientation enhance the innovativeness of manufacturing firms in unstable business environment.*

Business Network Orientation (BNO): According to Öberg (2019) business networking is the practice of building relationships with individuals and businesses for professional purposes (Håkansson and David (2002). It involves the strategic exchange of information and resources to create connections that can be mutually beneficial. Business networking can be conducted in person, online, or through a combination of both. Through repeated interactions, companies create deeper connections. This encourages knowledge exchange, mutual adaptation, and a commitment of resources, which can be both financial and social Öberg (2019). This study is proposing that;

H4: *Business Network orientation enhance the organizational innovativeness of manufacturing firms operating in unstable business environment.*

Organizational Innovation

According to Mehmet Akif Demircioglu (2017) organizational innovation can be defined as the introduction of something new (an idea, product, service, technology, process, and strategy) to an organization. Organizational innovation by large serves to refer to either the creation or the adoption of a notion or behavior that is new to an organization (Lam, 2006). Schumpeter (1934) divided the innovation into different types including; a unique way of production, unique products, new supply chain, new markets, and a new method to manage the business.

Organizational innovation leads to improved productivity, helps to reduced costs, increases competitive advantage, improved brand recognition, image and value and ultimately increase turnover and improved profitability. Consequent on the above discussion, this study is proposing that;

H5: Organizational Innovation enhance the performance of firms operating in unstable business environment.

Organisational Structure

According to Ahmady, Mehrpour and Nikooravesh (2016) Organizational structure is a way or method by which organizational activities are divided, organized and coordinated. The organizations created the structures to coordinate the activities of work factors and control the member performance. Organizational structure is shown in organizational chart, it is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities. five dimensions namely; Specialization, Departmentalization, Span of Management, Hierarchy, Delegation, level of formalization, coordination, flexibility, communication were positively linked to business performance. Organizational structure provides the backbone to organizational strategy, it dictates the coordination of activities, systems of power, control and communications, and roles and responsibilities necessary for strategy implementation. Organizational structure has a significant impact on innovation, a flatter organizational structure, characterized by decentralized decision-making, autonomy, and flexibility, is positively associated with employee creativity (Fraihat, et al 2023). This study is proposing that;

H6. Organizational structure moderates the effects of organizational innovations on the Performance of firms in unstable business environment

Organizational Design

Organizational design is defined as the process of aligning the structure of an organization with its goals. It is more focused on the attainment of set objectives as opposed to its structure, while organizational structure deals with the distribution of authority within an organization. Organization design involves many different aspects of life at work, including team formations, shift patterns, lines of reporting, decision-making procedures, communication channels, and more. A good organizational design leads increased efficiency, faster and more effective decision making, improved quality of goods and services, better higher profits, better customer relations, Safer working conditions, a happier, healthier and more motivated workforce and greater preparedness for future challenges. *This study is proposing that;*

H7. Organizational design moderates the effects of organizational innovation the Performance of firms in unstable business environment.

Organisational Leadership

Anne Gomez (2023) defines organizational leadership as “the art of harnessing the collective potential of a group to achieve common goals, foster innovation and adapt to changing circumstances”. Leadership defines how decisions are made, teams are motivated and objectives are achieved within a company or institution. It plays a fundamental role in shaping an entity’s culture, productivity, and overall success. Conțu (2020) maintained that Organizational performance depends on leaders’ mastery to create a cooperative working climate and on their ability to lead a team. According to Munsey (2023) the major leadership requirement for transforming strategies to positive organization performance includes;

- Visionary thinking; which is the ability to see the big picture and the potential for what could be, not just as it is or what it has always been.
- Strategic execution of strategies, by creating a plan for the strategy implementation, Align the strategy with company goals, coordinating business operations, monitor the performance of the strategy and the team, testing and adjusting the strategy.
- Creating a people-centric culture by adapting management styles to fit each person's needs, rather than treating everyone the same and finding ways to motivate your team to do their best work. This study is therefore hypothesizing that;

H8 Organizational Leadership moderates the effects organizational innovation on the Performance of firms in unstable business environment

Organizational Performance

Organizational performance is the ability of that organization to achieve its goals effectively and efficiently. According to Gutterman (2023) the traditional approach has been to focus on the ability of the organization to achieve its economic goals by using its available resources in both an efficient and effective manner using measures such as profitability, return on assets and equity, market share and sales growth. There is need to consider sustainability, non-financial factors, such as business process, working conditions, employee satisfaction, product/service quality, market share, productivity, innovation, and environmental and social responsibilities.

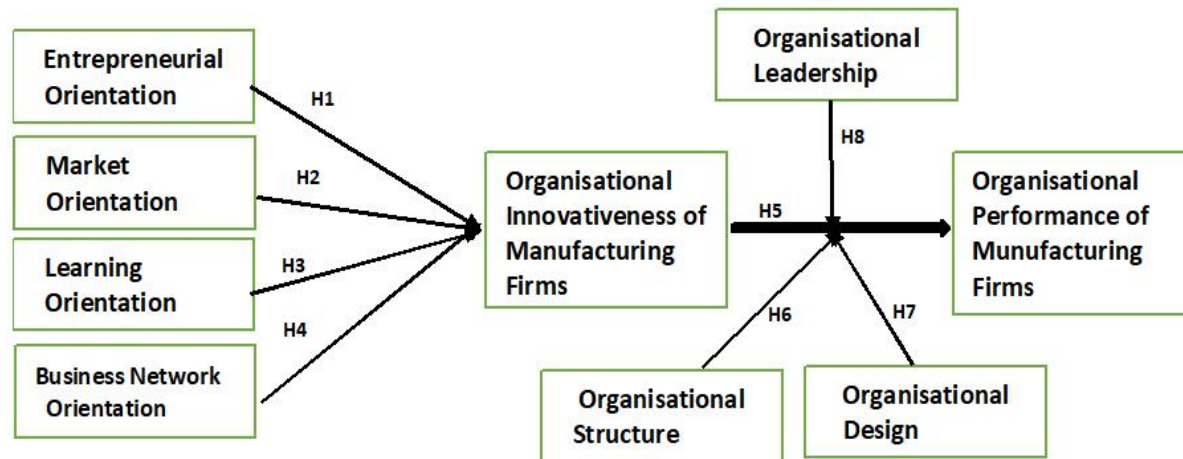


Figure 3: Model of the effects of Strategic Orientation on the Performance of Manufacturing Firms in Unstable Business Environment
Source: Researcher, 2024

Empirical Review

[Obeidat (2016) used a dynamic business environment to investigate the Effect of Strategic Orientation on Organizational Performance, with the Mediating Role of Innovation. It also examined whether innovation acted as a mediator between strategic orientation and organizational performance. Data were gathered from the three telecommunication companies that exist in Jordan. The data were then analysed using Structural Equation Modelling (SEM) and the results revealed that strategic orientation had a significant effect on innovation but not on organizational performance. It was also found that innovation significantly affected organizational performance.

Al-Ansaari, Bederr and Chen (2015) used a sample of 200 SMEs in Dubai in the United Arab Emirates to examine the role of strategic orientations on organizational performance in an emerging market. This study used a structured survey that was developed from a methodical literature review. Both descriptive and inferential statistics were used to evaluate the findings. The findings revealed that market orientation has a positive effect on business performance compared to technology and alliance orientations within SMEs in the Dubai marketplace.

Oyedijo and Akewusola (2012) studied organizational strategy and firm performance among SMEs in South West, Nigeria. The findings of this study show that organizational strategy type was a key determinant of SMEs performance. It was also observed that SMEs business performance was positively associated with a prospector strategy and an anxious analyzer strategy. The result also showed that a domain defender strategy is associated with low performance while a negative performance is associated with a reluctant reactor strategy. By contrast, SMEs that adopt a domain defender strategy are likely to find it difficult to improve their performance while the performance of those that adopt a reluctant reactor strategy is likely to lag behind that of prospectors, analyzers and defenders and ultimately lead to failure.

Olufemi and Olayinka (2013) used a cross sectional survey design to examine the relationships that exist between strategic orientation and organization performance in African Textile Industry in Nigeria. A total of 60 questionnaires were used to collect data, findings offered little support for a positive association between strategic orientation and firm performance.

Research Method

Lagos is the commercial hub of Nigeria, located in the southwest of the country along the Atlantic coast. With a population of 22 million inhabitants and the largest Ports in the country. Lagos accounts close to 16% of Nigeria's 36-State GDP. Lagos' economic contribution makes it the 7th largest economy in Africa, hence, this study used Lagos as a case study. The study adopted a mixed method research design, the quantitative approach involve the use of closed-ended questionnaire to collect data from respondent, while the qualitative approach was carried out by using structured interview to gain insight into the strategic orientation of the manufacturing companies, their organizational structure, organizational design and leadership styles. Multistage sampling techniques was used to select respondents into the sample. There are eight (8) major industrial estates in Lagos, these are; Ikeja, Agidingbi, Amuwo Odofin, Apapa, Gbagada, Iganmu, Ijora and Yaba (Arikawe, 2002, Akinsaya, 2003, Ogungbuyi and Osho, 2005). The first stage was to randomly select three manufacturing companies from each of the industrial estates in Lagos. The second stage was to randomly select and administer questionnaires to 5 employees from each of the selected companies. Strategic orientation which was the independent variable, was subdivided into sub-variables as follows; entrepreneurial orientation, market orientation, learning orientation, business networking orientation. The dependent variables were Organizational innovation and organizational performance. The moderating variables consisted of organizational structure, organizational design and organizational leadership. All the variables of strategic orientation and the moderating variables were measured with 5 items each on a likert scale of strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1). Collected data were analyzed with descriptive statistics such as frequency distribution table, mean and standard deviation, while formulated hypotheses were tested with the use of chi-square statistical formula at 95 % confidence level. The research questionnaires were given to two professors in Strategic Management and Business Administration for review, they examines the face and content validity of the instrument their suggested corrections and modifications formed the final version of the questionnaires used for this study. Before the questionnaires were administered, they were pre-tested using 30 copies, which represent 25% (percent) of the sample size. The instrument was tested using Crobach Alpha and the result of 0.85 was obtained, which showed that the instrument was reliable.

Results and Discussion

Research Question one: *What is the effect of entrepreneurial orientation on the innovativeness of manufacturing firms operating in unstable business environment?*

Table 1

Analysis of responses to questions on the effect entrepreneurial orientation on firm innovativeness

SN	Entrepreneurial Orientation and Firms' Innovativeness	Mean	SD
1	My firm favours' a strong emphasis on producing and Marketing new products or services.	4.51	.502
2	My firm invest large amount of resources on Research and Development activities aimed at developing new product/services	4.38	.609
3	My firm take risk by investing significant resources to seize new opportunities, whose probability of success may be highly uncertain.	4.16	.758
4	My firm monitors emerging market trends, anticipate future changes in demand that can lead to new venture and innovations.	4.42	.567
5	My firm respond promptly to our competitors' activities and we always want to outperform our competitors.	4.07.	.796
Overall		4.3	.646

Source: Field Survey, 2024

The result presented in Table 1, with the overall mean of 4.3 associated with a standard deviation of 0.645 indicates that respondents appeared to consistently agreed they were aware of entrepreneurial activities of their firm and influences the firms' innovativeness.

Research Question two: *What is the effect market orientation on the innovativeness of firms operating in unstable business environment?*

Table 2

Analysis of responses on the effects of market orientation on the innovativeness of firms operating in unstable business environment

N	Market Orientation and Firm Innovativeness	Mean	SD
1	My firm collect information about customers' current and future needs	4.22	.717
2	My firm is committed to satisfying customers' needs as they changes	4.42	.550
3	My firm collects information about our competitors and use it to formulate our strategies.	4.43	.535
4	My company monitors the activities of other important stakeholders in the market and use to formulate strategies	4.30	.650
5	The information we collect about customers, competitors and other stakeholders in the market, helps us to be more innovative.	4.28	.658
Overall		4.3	0.622

Source: Field Survey, 2024

The result presented in Table 2, the overall mean of 4.3 associated with a standard deviation of 0.622 indicates that manufacturing firms in Lagos, Nigeria, engages in market orientation activities and it influences their innovativeness

Research Question three: *Does learning orientation influence the innovativeness on firms operating in unstable business environment?*

Table 3

Respondents' response to l/earning orientation and innovativeness

N	Learning orientation and innovativeness	Mean	SD
1	My company emphasizes learning in every company's activity	4.02	.738
2	My firm verifies continuously basic assumptions about our business and ready to update when business environment changes	4.11	.696
3	My firm documents new experiences and knowledge gained from each project	3.97	.758
4	There are no restrictions on the learning process within our organization	4.18	.548
5	The learning orientation of our company enable us to respond to changes in the business and to be innovative in our operations.	4.31	.629
Overall		4.12	.674

Source: Field Survey, 2024

The overall mean of 3 associated with a standard deviation of 0.674 indicates that most respondents appeared to consistently agree that manufacturing firms in Nigeria engages in learning orientation activities and it influences their innovativeness.

Research Question four: *What is the effect of business networking orientation on the innovativeness firms operating in unstable business environment?*

Table 4

Respondents' response to business network orientation

N	Business Networking orientation	Mean	SD
1	My firm build business relationships with individuals and other firms	2.42	.134
2	Our company engage in strategic exchange of information and resources with other companies	2.45	.217
3	My firm has a long term agreement with some of our suppliers	1.41	.118
4	My firm has working relationship with financial institutions, insurance transporters, communications agency and research centres.	1.30	.130
5	Our staff engage in social interaction with personnel from other firms to share knowledge on innovations	1.11	.182
Overall		1.7	.156

Source: Field Survey, 2024

Results presented in table 4 (M=1.7, SD=0.156), shows an overall agreement among respondents that the level

of Business Networking activities in manufacturing firms in Nigeria is low and it has insignificant effect on manufacturing firms innovativeness.

Research Question five: *What is the role of organizational structure on the successful implementation of strategic orientation?*

Table 5

Organizational structure and strategy implementation

N	Organizational Structure and Strategy implementation	Mean	SD
1	In my firm encourage team work among staff, instead of specialization and Departmentalization.	4.22	.717
2	In my firm roles and responsibilities of each staff are clearly stated	4.42	.550
3	There is an organizational chart in my company that shows the organizational hierarchy	4.43	.535
4	My firm's organizational structure dictates the relationship and systems of power and control	4.30	.650
5	Our organizational structure enables our company to achieve strategic objectives.	4.28	.658
Overall		4.3	0.622

Results presented in Table 5 (M=4.3, SD=0.622), shows an overall agreement among respondents that they are aware of the activities associated with their company's organizational structure and it enables the company to achieve its strategic objectives.

Research Question six: *What is the role of organizational design on the successful implementation of strategic orientation?*

Table 6

Organizational design

N	Organizational Design and Strategy implementation	Mean	SD
1	My firm's organizational design is focused on the attainment of set objectives.	4.44	.772
2	In my firm, roles and responsibilities of each staff are clearly stated	4.32	.545
3	My firm's organizational Design specifies decision-making procedures	4.23	.544
4	My company's organizational design enhance better customer relations and improved quality of our products.	4.53	.654
5	organizational design leads increased efficiency in strategy implementation	4.38	.652
Overall		4.38	0.633

Results presented in Table 6 (M=4.38, SD=0.633), indicates that respondents are aware of the activities associated with their company's organizational design, it enables the company to achieve its strategic objectives by clarifying decision making procedures, increase efficiency, product quality and better customer relations.

Research Question seven: *Does organizational Leadership determine the successful implementation of Strategic Orientation?*

Table 7

Organizational leadership

N	Organizational Leadership and Strategy implementation	Mean	SD
1	The management of our company harness the potential of all staff to achieve organizational goals.	4.31	.737
2	Our company's management create plans for the strategy implementation	2.33	.659
3	Our company's management create a cooperative working team to implement strategies.	1.11	.642
4	Our management use financial and non-financial incentives to motivate staff to achieve organizational objectives	2.01	.650
5	To implement strategies, the management of this company often foster innovations and adapt to changing circumstances.	2.34	.648
Overall		2.4	0.667

Results presented in Table 7, ($M=2.4$, $SD=0.677$), it shows that respondents does not believe that the organizational leadership determine the successful implementation of strategies.

Testing of Hypotheses six, seven and eight was done by using the Chi Square statistical formular, at 95 percent confidence level, 4 degree of freedom.

Decision Rule: We reject the null hypothesis (H_{01}) and accept the alternative hypothesis (H_1) if the Chi –Square calculated is greater that table value of Chi-Square. In this study, the Chi Square (χ^2) calculated at 0.05 level of significance.

Testing of Hypothesis six

Ho6: Organizational structure does not moderates the effects of organizational innovation on organizational Performance.

Ha6: Organizational structure moderates the effects of organizational innovation on organizational Performance.

This hypothesis was tested with the use of chi-square statistical formula.

Table 8

Chi-square analysis of responses on the effect of organizational structure on strategy implementation

Responses	Frequency (O)	Expected (E)	(O-E)	(O-E) ²	(O-E) ² /E
Strongly Agree	26	24	2	4	0.17
Agree	44	24	20	400	16.67
Undecided	10	24	-14	196	8.17
Disagree	30	24	6	36	1.5
Strongly Disagree	10	24	-14	196	8.17
Total	120	120	0	832	34.68

Chi Square Calculated is tables 4. 7 above is **34.68**

Degree of freedom = (r-1) (c-1)

$$(5-1) (2-1) = 4$$

Decision: reject the null hypothesis (H_{01}) and accept the alternative hypothesis (H_1) because the Chi –Square calculated (**34.68**) is greater that table value of Chi-Square (9.49) at 0.05 level of significance and 4 degree of freedom (df). Thus, **Organizational structure moderates the effects of organizational innovation on organizational Performance.**

Testing of Hypotheses Seven

Ho7: Organizational design does not moderates the effects of organizational innovation on organizational Performance.

Ha7. Organizational design moderates the effects of organizational innovation on organizational Performance.

Table 9

Chi-square analysis of responses on the effect of organizational design on strategy implementation

Responses	Frequency (O)	Expected (E)	(O-E)	(O-E) ²	(O-E) ² /E
Strongly Agree	32	24	8	64	2.67
Agree	38	24	14	196	8.17
Undecided	10	24	-14	196	8.17
Disagree	17	24	-7	49	2.04
Strongly Disagree	23	24	-1	1	0.41
Total	120	120	0	506	21.46

Chi-square calculated was Table 9 is **21.46**

Degree of freedom = (r-1) (c-1)

$$(5-1) (2-1) = 4$$

Decision: reject the null hypothesis (H_{01}) and accept the alternative hypothesis (H_1) because the Chi –Square

calculated (**21.46**) is greater than table value of Chi-Square (9.49) at 0.05 level of significance and 4 degree of freedom (df). Thus, *Organizational design moderates the effects of organizational innovation on organizational Performance.*

4.2.10 Testing of Hypotheses Eight

Ho8. Organizational Leadership does not moderate the effects of organizational innovation on organizational Performance.

Ha8. Organizational Leadership moderates the effects of organizational innovation on organizational Performance.

Table 10

Chi-square analysis of responses on the effect of organizational leadership on strategy implementation

Responses	Frequency (O)	Expected (E)	(O-E)	(O-E) ²	(O-E) ² /E
Strongly Agree	32	24	8	64	2.67
Agree	38	24	14	196	8.17
Undecided	10	24	-14	196	8.17
Disagree	17	24	-7	49	2.04
Strongly Disagree	23	24	-1	1	0.41
Total	120	120	0	506	5.46

Chi-square Calculated is Table 10 is **5.46**

Degree of freedom = (r-1) (c-1)

$$(5-1) (2-1) = 4$$

Decision: accept the null hypothesis (H_{01}) and reject the alternative hypothesis (H_1) because the Chi-Square calculated (**5.46**) is lesser than table value of Chi-Square (9.49) at 0.05 level of significance and 4 degree of freedom (df). Thus, *Organizational leadership does not moderate the effects of organizational innovation on organizational Performance.*

Findings and Discussions

This study revealed that entrepreneurial activities of manufacturing firms influences their innovativeness, the specific entrepreneurial activities includes; producing and marketing new products or services, investing in research and development, take risk by investing significant resources to seize new opportunities, monitoring market trends and coming up with strategies to outperform competitors. This confirms with the findings of Kiyabo and Isaga (2020). In Nigeria, most of the manufacturing companies don't invest in research and development, few uses the services of consultants.

The findings of this study is consistent with that of Salyoka, et al (2015) that found market orientation increases business performance in Slovakia. That is, collecting information about customers' current and future needs and about competitors actions aid in organizational innovation and performance in a dynamic business environment. It was found that manufacturing companies in Nigeria don't engage in active learning and business networking. As noted by Tan and Olaore (2020) "in today's business world, competition is no longer about resources accumulated, but the emphasis is now placed more on the actual accumulation and utilization of knowledge within the organization". Many manufacturing companies in Nigeria are not updating their assumptions about the business environment and actively document the changes and lessons learnt. Most manufacturing companies only see themselves as competitors and not collaborators. There is no strategic sharing of information, joint negotiation with regulators, suppliers, transporters, communication agencies and research centres.

Organizational structure was found to be a moderator on the effects of organizational innovation on Performance. The implication of this is that, though an organization may be innovative and with the right business strategy, without an appropriate organizational structure, the firm may still under perform in critical areas (Nene and Pillay, 2019). Organizational Design which specify your strategy implementation procedure to achieve corporate objectives, staff responsibilities and decision making was also found to be a moderating variable that determine how organizational innovations can lead performance. The design adopted by an organization can lead to efficiency, enhance better customer relations and improved quality of products or services. Leyer & Pisani (2017) found that organizational designs that are directed towards process improvement encourages both operational performance and innovation.

This study found that organizational leadership does not moderate the effects of organizational innovation on organizational performance of manufacturing companies in Nigeria. This result is in conflict with the findings of (Hurduzeu, 2015; Boateng, 2016; Akinniyi, 2021) that effective leadership has a positive impact on organizational performance. How the company's management harness the potential of all staff to achieve organizational goals, create plans and implement strategies and encourage team work determines their organizational performance.

Recommendations

- i. Since the Nigerian business environment is unstable, complex and turbulent, for any business to survive, it must not conservative, manufacturing companies in Nigeria need to constantly monitor trend in their internal and external business environment and develop strategies to meet up with the threats and opportunities.
- ii. Manufacturing companies in Nigeria need to embrace entrepreneurial orientation, continuously reexamine their business assumptions, invest in research and development, and engage in new product and service development and existing product modification to meet the changing customer needs.
- iii. Since the Nigerian business environment is dynamic, manufacturing companies should not adopt the strategic orientation of defenders and reactors, rather, they should be prospectors by becoming the technological drivers of their industry and analysers by concentrating in their area of core competent.
- iv. Whichever market segment manufacturing companies in Nigeria chooses to serve, they should work towards achieving cost leadership and use differentiation strategies to seek for uniqueness in its industry, based on features that customers value.
- v. Manufacturing firms in Nigeria should use market penetration and market development strategies to increase their sales revenue.
- vi. The organizational structure and design of manufacturing companies should be directed towards process improvement, encouraging both operational and innovative performance. The companies leadership should be work towards harnessing the potentials of all staff to achieve organizational goals, by creating plans and implementing strategies and encouraging team work that leads to organisational performance.

References

- Akinniyi, A., Alaba, J. & Ideraola, O. (2021). The impact of effective leadership on organizational performance. *Journal of Public Administration*, 3, 1,
- Ashaolu, J. (2015). Strategic entrepreneurship. *International Journal of Entrepreneurship and Innovation Management*, 23, 7,
- Aghogho, U. (2024). "Contribution of manufacturing sector to Nigeria's GDP declines to 8.23%" <https://nairametrics.com/2024/02/26/contribution-of-manufacturing-sector-to-nigerias-gdp-declines-to-8-23>.
- Al-Ansaari, Y., Bederr, H & Chen. C. (2015) Strategic orientation and business performance. *Management Decision*, 53(10), 2287-2302
- Aremu et al (2015), "Impact of strategic management on the performance of Small and Medium Scale Enterprises (SMEs) in Nigeria. *Journal of Sustainable Development in Africa, Clarion, Pennsylvania*, 17, 1.
- Avci, U., Madanoglu, M. & Okumus, F. (2011). Strategic orientation and performance of tourism firms: Evidence from a developing country. *Tourism Management*, 32, 147-157.
- Branislav, D. (2013). Strategic entrepreneurship: Issues and challenges' mediterranean. *Journal of Social Sciences Published by MCSER-CEMAS-Sapienza University of Rome*, 4, 7.
- Håkansson, H. & Ford, D. (2002). How should companies interact in business networks?. *Journal of Business Research*, 55 (2), 133–139.
- Hurduzeu, R. (2015). "The Impact Of Leadership On Organizational Performance," SEA - Practical Application of Science, Romanian Foundation for Business Intelligence, Editorial Department, 7, 289-294.
- Isoherranen, V & Kess, P. (2011). Strategy orientation analysis in the mobile phone case. *Business Modern Economy*, 2, 3.
- Kutllovci E. & Shala V, (2013). The role of strategic management in small business growth in Kosovo". Kosovo, *International Journal of Business and Social Research (IJBSR)*, 3, 4
- Kumar, K., Boesso, G., Favotto, F. & Menini, A. (2012). Strategic orientation, innovation patterns

- and performances of SMEs and large companies. *Journal of Small Business and Enterprise Development*, 19, 132-145.
- Krzakiewicz, K. & Cyfert, S. (2019). Strategic orientations of the organization - entrepreneurial, market and organizational learning, *Management Journal*, 23, 1.
- Kiyabo, K., & Isaga, N. (2020). Entrepreneurial orientation, competitive advantage, and SMEs' performance: application of firm growth and personal wealth measures. *J Innov Entrep* 9, 12.
- Ndubuisi-Okolo P.U.Anekwe,R.I. Akaegbobi,G.N.,& Onuzulike-Chukwuemeka N. (2021). Effect of strategic Orientation On Performance Of Food And Beverage Firms In Enugu State, Nigeria. *International Journal of Business and Management Research*, 3, 2, 159 - 171
- Nafula J. (2014) "Management of Public Entrepreneurship. *Journal of Small Business Management*, 52 (3), 8.
- Öberg, C. (2019). "The role of business networks for innovation". *Journal of Innovation & Knowledge*. 4 (2): 124–128. .
- Okoroagu,A.,Emezue,L.N, & Okocha,E.R.(2019). Effect strategic orientation on the performance of selected manufacturing firm in Enugu State, Nigeria. *International Journal of Advanced Research in Management and Social Sciences*, 8, 9.
- Popoola, T. (2014). "Entrepreneurship and self-reliance: Building an entrepreneurial economy". A conference paper-in The Nigerian Accountant. *Journal of the Institute of Chartered Accountants of Nigeria*, 47, 3.
- Porter, M. E. (1985). *Competitive advantage*". Ch. 1, pp 11-15. The Free Press. New York.
- Rahmana, N. (2018). *Impact of strategic leadership on organizational performance, strategic orientation and operational strategy*. Management Science Letters 8 Management and Science University, Selangor, Malaysia.
- Schumpeter, J. A. [1934]. *Theory of Economic Development (3rd ed.)*. New York: Oxford University Press.
- Sascha and Ilkka (2009)" Strategic management and entrepreneurship: Friends or foes?" *Int. Journal of Business Science and Applied Management*, 4, 1.
- Sudha, B (2015)."Entrepreneurship And Economic Development. *International Journal of Multidisciplinary Research Review*, 1, 10
- Slater, S.F., Olson, E.M. and Hult, G.T.M. (2006) The Moderating Influence of Strategic Orientation on the Strategy Formation Capability-Performance Relationship. *Strategic Management Journal*,7,12-21.
- Sitinjak,M.T, Ngatno,& Listyorini, S. (2023). Learning orientation as fundamental platform to achieve Competitive Advantage: An Integrative Review and Framework. *Journal of Economics, Finance and Management Studies*, 6, 5.
- Šályováa, S., Tábořecká-Petrovičová, J., & Nedelováa, G., (2015). *Effect of marketing orientation on business performance: A study from Slovak Foodstuff Industry*", Business Economics and Management 2015 Conference.
- Sinqobile W. N. & Pillay, A.S. (2019). An investigation of the impact of organisational structure on organisational performance. *Financial Risk and Management Reviews*, 5, 1, 10-24
- Tan, F.Z. & Olaore, G.O (2020). Effect of organizational learning and effectiveness on the operations, employees productivity and management performance, Vilakshan - XIMB. *Journal of Management*, 19, 2.
- UNCTAD (2004). *Entrepreneurship and economic development: The empretec showcase*. A publication of United Nations Conference on Trade and Development.
- United Nations Report (2011). "Entrepreneurs and economic development". In *Economic Development*, United Nations University online publication. Retrieved on September, 2, <http://unu.edu/publications/articles/are-entrepreneurial-societies-also-happier.html>.