Effect of Strategy Formulation on Organizational Performance: A Study of Innoson Manufacturing Company Ltd Emene, Enugu

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Abstract: The study investigated the Effect of Strategy formulation on organizational performance: a study of INNOSON MANUFACTURING COMPANY LTD EMENE, ENUGU. The objectives of the study include among others to find out the extent of the relationship between strategy formulation and organizational structure and also to examine the effect of strategy formulation on workers behaviours at (INNOSON MANUFACTURING COMPANY LTD EMENE, ENUGU), the researcher adopted survey research. A total sample size of 100 was obtained from a total population of 185 workers using the freund and Williams formluar. The main instrument was questionnaire. The study used descriptive statistics to answer the questions posed for it. The parametric tests method (T-test statistical technical and non parametric test method (chi – square (x²)) were used to test the three hypothesis that guided the study. The study revealed that a well conceived and formulated strategy matched with appropriate structure increases productivity in the organization and secondly, that behavioural and systematic resistance to strategic changes render formulation ineffective. Against these background therefore, the researcher concluded and recommended that (1) Top management should take more responsibility in reducing uncertainties by improving performance for the organization through strategy formulation by this, they can gain back their customers through product line diversification strategy and strategic technological changes, o be in tune with the Current Consumption patter in the Manufacturing Industry in Nigeria (2) Management should reduce behavioral and systematic resistance to strategic changes through appropriate organization structure and that workers should also be well informed on the reasons for the changes.

Key words: Strategy · Formulation · Organization · Performance

INTRODUCTION

The world economic growth and development are changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investors demand, ever increasing product-market competition etc. To compete successfully in this environment, business organizations in this environment need to improve their performances by reducing cost, innovating products and process, improving quality, productivity and speed to market. Therefore, the issue of strategy formulation is very vital for organizations to experience such positive performance. The word strategy is synonymous with grand plan. This is a situation where the military makes an arrangement in combat, such that adversary might not take them by surprise. This is to say that strategy has a competitive implication. Today, strategy is a concept used to denote a general programme of actions of an enterprise in a bid to achieve its objectives. Strategy is the determination of basic long term goals and objectives of an enterprise and the adoption of course of action and allocation of resources necessary to carry out these goals [1]. Therefore strategy can be viewed as the process of deciding what will constitute the objectives of an organization, the changes that are expected in the objectives, the resources that are
expected to be used in other to achieve the objectives and the polices that will govern the acquisition, use and disposition of the resources. Strategy can be defined as the broad programmes for defining and achieving an organization’s objectives as well as organization’s response to its environment over time [2]. Strategy is broad programmes of activity to achieve organizational objectives [3]. They are guide as to how resources are to be deployed to achieve the objectives. They can be defined as the adoption of courses of actions and the allocation of resources necessary for carrying out these goals. It is a unified, comprehensive and integrated plan designed to ensure that the basic objectives of the organization are achieved. This is to say that strategy involves rational planning. The question is, what is rational planning? Any organization that is result oriented needs to ask the question “what do we want to become”? The answer to that question leads the executive to the vision of the organization. A clear vision provides the foundation for developing a comprehensive mission statement [4]. Mission leads an organization from “what do we want be become”? To “How do we become what we want to be”? This is like asking the question, what is our business? Asking the question, what is our business? Is synonymous with asking the question, what is our mission? A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and above all, for the design of managerial structures [5]. Nothing may seem simpler or more obvious than to know what a company’s business is. Actually, “what is our business”? The answer to this question is the first responsibility of strategists. Only strategists can make sure that this question receives the attention it deserves and that the answer makes sense and enables the business to plot its course and set its objectives. Strategy is the determination of mission or purpose and the basic long term objectives of an enterprise followed by the adoption of courses of action and allocation of resources necessary to achieve these aims [6].

The strategic responses to environmental changes are the strategy implementation and the process of formulating the implemented strategies are strategic planning [7]. Major management theories such as those of [8-12] emphasized that an organization can exercise strategic choice, even in the face of external constraints. The way and manner they may face strategic issues can affect the overall growth and development of the organization. It goes on to agree with the input of [13] that strategic framework must also address fundamental issues such as resource base, infrastructure constrains, appropriate level of technology and raw materials input.

This paper focused on the effects of strategy formulation in organizational growth and development using INNOSON Nigeria Manufacturing Company Ltd, Emene Enugu as a case study.

Statement of the Problem: Past and recent research studies have made it clear that there is an increased internal and external uncertainty due to emerging opportunities and threats, lack of the awareness of needs and of the facilities related issues and environment and lack of direction. Organizations caught off guard may spend a great deal of time and energy playing catch up. They use up their energy coping with immediate problems with little energy left to anticipate and prepare for the next challenges. This vicious cycle locks many organizations into a reactive posture. This research study is to assess the impact of strategy formulations on organizational growth and development which in the long run enhances organizational survival. It is common to hear these days that, organizations are being shut down as a result of non-performance, necessitated by sudden environmental changes. It is also common to hear that, a policy of the government has either positive or negative effect on an organization in Nigeria. Environmental changes affect organizations either positively or negatively. The changes in the consumption pattern of customers can also affect the future of an organization negatively or positively. (Past studies of manufacturing firms [14-20] have indicated that strategic formulation and planning result in superior financial performance, measured in terms of generally accepted financial measures (e.g., sales, net income, ROI, ROE, ROS). Subsequent studies [21-26] have contradicted the notion of a strategy formulations and planning-superior performance relationship. However, more recent studies [27, 28] provide convincing evidence that strategic planning does indeed result in superior financial performance. The fact that these studies accounted for factors responsible for past research contradictions (e.g., methodological flaws, no-robust statistical methods) provides additional support for their conclusions. One stream of strategy formulation research has raised the issue of whether the length of time a firm or organization has been involved in the strategy formulation process has any impact on performance. This is to say that INNOSON might have formulated strategies to meet up with certain changes but failed to
also change the product line and structure of the organization to be in tune with the formulated strategies. Each time an organization implements a strategy, it affects its organizational structure therefore appropriate organizational structure that matches the environment and the productive activities of an organization is necessary in strategic management [29]. Secondly, INNOSON just like many other manufacturing organizations in Nigeria was faced with developmental problems of behavioural and systemic resistance to strategic changes in the organizations. Thirdly, the current world economic meltdown trend also affects the INNOSON Nigeria Manufacturing Company Ltd, Emene Enugu as well as many other Nigerian Organizations negatively. Despite these, no concrete research work has targeted to investigate the impact of the broad subject of strategy formulation on organizational growth and development in Nigeria. Existing studies in Nigeria, aimed at human resource development [30]. Related studies on this study were on strategic planning (an off shoot of strategic formulation) [31]. To these effect, this study attempts to empirically analyze how strategy formulation can be used by organizations like INNOSON to effectively derive plans for growth and development.

Objective of the Study: The broad objective of the study is to investigate the effect of strategy formulation on organizational performance.

While The Specific Objectives Are:

- To find out the extent of the relationship between strategy formulation and organizational structure of INNOSON NIG. LTD Emene Enugu.
- To examine the effects of strategy formulation on workers behaviour at INNOSON NIG. LTD Emene Enugu.
- To determine the implications of strategy formulation on organization survival.

Research Questions: The following questions will guide the study

- To what extent is the relationship between strategy formulation and organizational structure?
- What has been the effect of strategy formulation on workers behaviour?
- What is the implication of strategy formulation on organizational survival?

Hypothesis: The following null hypothesis were constructed to guide the study

- There is no relationship between strategy formulation and organizational structure.
- Strategy formulations do not affect the behaviour of workers.
- There is no link between strategy formulation and organizational survival.

Overview of the Concept of Strategy Formulation:
The concept “strategy” is ancient, carried from the Greek word strategic, which means the art or science of a general. It is a military term used for describing grand plan used for gaining advantage over adversary in war period. Today, the business organizations have adopted the concept and it is now commonly used among managers. The concept can be used to denote a general programme of action and deployment of emphasis and resources to attain comprehensive objectives. Strategies are the firm’s overall plan dealing with and existing in its environment [32].

Strategies result from the process of deciding on objectives of organizations, on changes in these objectives, on resources use to attain these objectives and other policies that are to govern the acquisition, use and disposition of these resources [33]. Strategy is the science and art of employing the political, economic, psychological and military forces of a nation or group of nations to afford maximum support to adopted policies [34]. Applying the above definition to business organization, strategy is the science or art of employing the group of organizations to afford the maximum support to adopted policies of the organization or group of organizations [35]. Strategies are the broad programmes for defining and actuating an organization’s objectives as well as the organization’s response to its environment over time [36]. Strategy is a unified, comprehensive and integrated plan designed to ensure that the basic objectives of the organization is achieved [37]. Strategy is the firm’s action plan aimed at achieving its objectives. Satisfying the needs of the customers and surviving the competition in its environment [38]. Therefore, strategy involves rational planning. Any organization that is choosing its objectives, identifying the courses of action that best enable it fulfill its goals and allocating resources optimally is regarded as applying strategy. Strategies are the basic pattern of proposals and policies that define the firm and its business [39]. They state that strategy answers such basic questions as:

- What business are we in?
- Who are our customers?
How do we compete?
What kind of organization are we?
What are we trying to achieve?

**Strategy Formulation:** According to [40], strategy formulation is a guide to executives in defining the business their firm is in, the ends it seeks and the means it will use to accomplish those ends. Therefore, organizations formulate strategy by firstly defining the mission of their organization. A company’s mission is the unique purpose that set the company apart from others of its type and identifies the scope of operations. Organizations are consciously created at one point in time to accomplish certain objectives [41]. In order to accomplish the objectives which they have set, organizations formulate appropriate strategies which give rise to development of organization structure through which the set objectives will be achieved, hence in strategic management; organizations choose appropriate organizational structure that matches the environment in which the organization operates as well as the productive activities of the organization. At the implementation level of formulated strategies there could be further environmental changes which indicates that there could also be further strategic planning analysis of the new changes. This is done by the organization such that the organization is not taken by surprise, which could lead to some losses in investment caused by the new changes. The new analysis to the changes are called real time response issue or surprise issue [42].

When formulated strategies are being implemented as a response to changes in the environment, two major problems are faced by organizations [43]. The problems are:

**Behavioural Resistance To Strategic Changes And Systemic Resistance To Strategic Changes:** The former being mostly common among the middle and first line managers who have most time feel that their interests and positions may be affected by the new strategic changes hence they psychologically resist the changes. The systemic resistance to changes occurs in a situation where there are the structure deficiencies in the organization. The structure of the organization must contain appropriate skills system, flexibilities, managerial mentalities and critical success factors if the purpose for which strategies were formulated must be accomplished. These problems were profound in Nigeria organizations and in major sectors of Nigeria like INNOSON and this resistance posses danger to the organizational developments or strategic formulation [44].

**Ways of Formulating Strategies:** The process of defining or formulating mission statement of an organization is a major issue that should be done from the inception of the organization. According to [45], strategies are the overall concepts of a firm’s business in terms of;

- Product market scope strategy
- Growth-Vector strategy
- Competitive advantages strategy and
- Synergy

The concept of strategy is a set of decision making rules for guidance or organizational behavior [46]. According to [47], strategy can be formulated through any of the following modes:

- The entrepreneurial mode
- The adaptive mode
- The planning mode

**Entrepreneurial Mode:** This is strategy formulation mode that is mostly found in small scale businesses. Strategy is formulated by the owner of the businesses, hence the manager/owner of the business does not make any consultation with anybody before arriving at what should be his strategy. He does not make use of much data since small businesses keep little or no record. Therefore the strategy is formulated based on intuition rather than careful planning. The objective here is mostly to achieve rapid growth.

**Adaptive or Incremental Mode:** This method of strategy formulation is mostly used by government agencies and large firms facing relatively environment. Here strategy is formulated based on the interplay of various powerful coalitions within and outside the organization. In a government agency, strategy formulation is influenced by the management team, the head of government, ministers or commissioners, party stalwarts, legislators and the general public. This is to say that there is no central source of power as in the entrepreneurial firm. Therefore there is no clear strategy for the organization. The strategy formulation is characterized by disjointed incrementalism, sequential piece-meal decisions in which each decision is created separately rather than item as part of an integrated whole as in the planning mode.

**Planning Mode:** This method of strategy formulation is a systematic and structured approach to the development of an organization’s strategy. Here the internal and external data related to the problems at hand are collected, analyzed and alternative strategies identified and
evaluated in terms of their costs and benefits before one of the alternatives is selected as one of the organization’s strategies. It is mostly found in very large organizations, where planning specialists are employed to perform the functions of collection and analyses of data, on the basis of which the operating executives make strategic decisions.

**Steps In Strategic Planning:** The formulation of the strategy of an organization involves elaborate analysis of technological, environmental and organizational resources and other structural factors [48]. The elaborate analysis of organization’s technological and environmental factors which influence strategy formulation is called strategic planning. The steps in this strategic planning for organizations according to [49], are as follows; Goal Formulation These are reviewing and understanding of the organization’s purposes, defining its mission and established objectives which translate that mission into concrete terms. The first step in goal formulation is to define the mission of the organization. Identifying the organization’s mission can take managers a long way toward deciding what objectives that will be pursued. Before deciding what their objectives are going to be, managers must know the purpose and mission of their organization. Identification of Current Objectives and Strategy Once the organization’s mission has been defined and translated into concrete objectives; managers are ready for the next stage in the process. Steps 2 through 6 provide the basis for determining what must be done differently to achieve those objectives. The first step in these series is to identify the organization’s existing objectives and strategy. Sometimes, the newly defined mission and objectives will be quite similar to the mission and objectives on which the existing strategy was based. Often, however, the goal formulation process yields a substantial change in mission and objectives; this is especially true if the organization has been failing to meet key objectives.

**Environmental Analysis:** The knowledge of organizational goals and existing strategy provide a framework for defining which aspects of the environment will have the greatest influence on the organization’s ability to achieve its objectives. The purpose of environment analysis is to identify the ways in which changes in an organization’s economic, technological, social/cultural, political/legal and ethical environment can indirectly influence the organization. Direct influence is exerted on the organization as these factors act on the organization market, industry, suppliers, competitors or key resources and skills.

**Resource Analysis:** The organization’s goals and existing strategy also provide a framework for analyzing its resources. This analysis is necessary to identify the organization’s competitive advantages and disadvantages. These are the strengths and weaknesses of the organization relative to its present and likely future competitors.

**Identification of Strategic Opportunities and Threats:** Identifying strategy, analyzing the environment and the organization’s resources, come together in the fifth step determining the opportunities available to the organization and the threats it faces. Opportunities and threats may arise from many factors, thus an environment that pose a threat to one organization may offer opportunities to others. Determination of Extent of Strategic Change Required After the analysis of resources and environment, it is possible to forecast the result of the existing strategy. The longer that strategy has been in place and the more stable the environment, the easier it will be to make this prediction. Then the managers can decide whether or not to modify that strategy or its implementation. This decision should be based on whether performance gaps can be identified. A performance gap is the difference between the objectives established in the goal formulation process and the result likely to be achieved if the existing strategy is continued. An organization that continues successfully to implement a strategy formulated several years earlier may find no fault with its past performance.

**Strategy Formulation Vs. Strategy Implementation:** Before strategy formulation leaders have to identify the need for change by proper care full scanning of environment in which organization exist [50]. Environment scanning or situational analysis is the starting point of whole strategic process. In the strategy formulation after changing the understanding of people about change leaders try to find different suitable ways to translate organizations vision into realistic purpose (goals and objectives). In the strategy formulation process leaders sets the objectives then analyze the environment both internal and external. Then fix the targets to be achieved, sets the measures for performance evaluation and finally select or formulate the proper strategy. Strategy formulation is all about planning for future [12]. On the other hand strategy implementation is a process of conversion in which planned strategies are converted into real actions. So that goals and objectives can be achieved [16].
Theoretical Framework

Strategic Performance: The researcher reviewed the work of Kaplan and Norton in their theory titled the balanced scorecard (B.Sc) strategy theory. According to [17], Performance is an outcome of strategy. The success with which a firm’s business strategy effectively addresses its industry’s key success factors will determine its strategic performance. Strategic performance is measured in terms of both financial and market success. They went further to posit that:

- Financial performance is essential for continued business operations. Financial capabilities are critical in supporting functional strategies and making required infrastructure investments. For example, a company with adequate funding can expand or invest, or can provide customer financing.
- Market share demonstrates a firm’s ability to create and hold customers, which determines the long term success of a firm. The freshness of product lines and market positioning affect a firm’s ability to attract customers ahead of their competition.

Managerial: The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government and non-profit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications and monitor organization performance against strategic goals. It was originated as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more balanced view of organizational performance. The phrase balanced scorecard was coined in the early 1990s, the roots of this type of approach are deep and include the pioneering work of General Electric on performance measurement reporting in the 1950’s and the work of French process engineers) in the early part of the 20th century [20].

The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The “new” balanced scorecard transforms an organization’s strategic plan from an attractive but passive document into the “marching orders” for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies.

Recognizing some of the weakness and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to ‘balance’ the financial perspective. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise.

Perspectives: The balanced scorecard suggests that we view the organization from four perspectives and to develop metrics, collect data and analyze it relative to each of these perspectives:

The Learning & Growth Perspective: This perspective includes employee training and corporate cultural attitude related to both individual and corporate self-improvement. In a knowledge worker organization, people who the only repository of knowledge – are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge – worker organization.

[37], emphasized that ‘learning’ is more than ‘training’ it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed.

The Business Process Perspective: This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running and whether is products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants.

The Financial Perspective: Timely and accurate funding data will always be a priority and managers will do whatever necessary to provide it. In fact, often
there is more than enough handling and processing of financial data. With the implementation of a corporate database.

**Empirical Review:** The researcher reviewed the works of [37] which they carried out on the same topic – the effect of strategy formulations on Organizational Performance using a consortium of manufacturing companies in the three (3) senatorial districts in Anambra State. Their work’s objectives tallied with the researcher’s objectives one and two; they used the descriptive survey design and cluster sampling to select their firms. And they used the chi-square method to test their entire three hypotheses. That the research was done at Anambra state using clustered firms for the study gave this researcher the gap to fill because, this research is conducted in Enugu State, using a well known manufacturing company with two (2) different statistical tools to test the hypothesis. The strategic measures they reviewed ranged from effective regulations to achieving favourable macroeconomic environment. They posited that these strategies will not promote the efficiency of the capital market, the growth and development of the organization, but the overall promotion of the economic indices. Also the work of the [40] was reviewed as it relates to the subject matter. He examined the effect of strategic management on organizational performance of medium sized manufacturing enterprise in Nairobi Kenya and also investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted. His work objectives matched the researcher’s third objective. He did a theoretical research on the subject matter using only the medium size manufacturing companies – thus creating a yawning gap which this research tends to fill by empirically analyzing the subject matter in Enugu State Nigeria – using a big manufacturing company.

From the above works of [41], the researcher found some yawning gaps of not looking at the effect of the strategy formulation in a manufacturing sector of Nigeria economy vis-a-vis its relationship to the organizational structure and the workers’ behaviour and the statistical tools to test the data using a big manufacturing firm as a study – these and other interesting areas will be filled by this researcher.

**Research Methodology:** The descriptive research method was used in carrying out this study. This method was chosen because it was the method that best interprets the problems as well as the prospects of strategy formulation in the INNOSON, Emene Enugu without loss of facts. Specifically, two descriptive research methods were used namely, survey research and case study. The data for this study were generated from both the primary and secondary sources. The primary data were generated through questionnaire administration, while the secondary data were from existing documents. The instrument for collection of primary data for this study was questionnaire. The questionnaire was structured and covered the essential problems and prospects of strategy formulation in INNOSON. The structured questions drawn from the objectives and research questions of the study, gave the respondents opportunity to choose from the list. The population of this study constituted of all the workers of INNOSON categorized into Management, Senior and junior staff, totaling 185 [25]. Due to fluctuating economic trend in Nigeria, the company had carried out several staff rationalization/retrenchment exercises. This population of 185 was made-up of 20 Management, 65 Senior and 100 junior staff members. The researcher adopted the simple random sampling technique to select those that constituted the sample space. Selection without replacement method was applied to pick the sample elements. This was because it gave all members of the population equal opportunity of being selected or otherwise. To draw a sample for the study from the population, the researcher adopted the Freund and Williams formula for sample size determinate from a finite population. It states thus.

\[
n = \frac{Z^2 Npq}{Ne^2 + Z^2 pq}
\]

where

- \(n\) = Sample size
- \(N\) = Population = 185
- \(p\) = Probability of success = 80% (0.8)
- \(q\) = Probability of failure = 20% (0.2)
- \(Z\) = Standard error of the mean = 1.96
- \(e\) = Level of significance = 5% (0.05)

Therefore substituting into the formular to determine the sample size

\[
n = \frac{(1.96)^2 185(0.8)(0.2)}{185(0.05)^2} = \frac{(1.92)^2 (0.8)(0.2)}{3.8416(29.6)} = \frac{113.7135}{0.4605 + 0.614655} = \frac{1.077156}{1.077156} = 100
\]

\(\therefore n=100.\)
Testing of the Hypotheses: In order to test the hypotheses, the Parametric Test Method (T-test statistical technique) and Non Parametric Test Method (Chi-Square ($x^2$)) were used.
- There is no relationship between strategy formulation and organizational structure.
- Strategy formulations do not affect the behaviour of workers.
- There is no link between strategy formulation and organizational survival.

Hypothesis I

Decision Rule:
Accept Ho if $t_{cal} < t_{tab}$
Reject Ho if $t_{cal} > t_{tab}$

Step 1:
H.: There is no relationship between strategy formulation and organizational structure.

\[
\begin{array}{|c|c|c|c|}
\hline
\text{Valid} & \text{Agree} & \text{Undecided} & \text{Total} \\
\hline
\text{Strongly agree} & 56 & 70.0 & 70.0 & 70.0 \\
\text{Agree} & 18 & 22.5 & 22.5 & 62.5 \\
\text{Undecided} & 6 & 7.5 & 7.5 & 100.0 \\
\hline
\text{Total} & 80 & 100.0 & 100.0 & \\
\hline
\end{array}
\]

Source: Field Survey (2015)

Step 2

T-Test: One-sample statistics

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>SEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>4.63</td>
<td>0.62</td>
<td>6.98</td>
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</tbody>
</table>

Step 3: One-sample statistic

Test value = 0.05

<table>
<thead>
<tr>
<th>$t$</th>
<th>df</th>
<th>Sig (2-tailed)</th>
<th>Mean difference</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>65.588</td>
<td>79</td>
<td>0.000</td>
<td>4.38</td>
<td>4.44</td>
<td>4.17</td>
</tr>
</tbody>
</table>

Interpretation: This is a two tailed test with d.f = 80-1. From the statistical value for 0.05 at 79 d.f is 1.99. Since the calculated value $t = 65.588$ is greater than the computed value of 1.99, we reject the null Hypothesis (Ho) and accept the alternative Hypothesis (Hi). This implies that the adoption of strategy formulation have effect on the organizational structure and productivity.

Hypothesis II

Decision Rule
Accept Ho if $x^2_{cal} < x^2_{tab}$
Reject Ho if $x^2_{cal} > x^2_{tab}$

$H_0$: Strategy formulations do not affect the behaviour of workers.

Step 1

$H_0$:

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>(%)</th>
<th>Value (%)</th>
<th>Cumulative (%)</th>
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</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>44</td>
<td>55.0</td>
<td>55.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>33.8</td>
<td>33.8</td>
<td>88.8</td>
</tr>
<tr>
<td>Undecided</td>
<td>9</td>
<td>11.3</td>
<td>11.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey (2015)
Step 2:
Chi-Square Test
Frequencies

<table>
<thead>
<tr>
<th>Source</th>
<th>Observed (O)</th>
<th>Expected (E)</th>
<th>Residual (O-E)</th>
<th>(O-E)^2</th>
<th>(O-E)^2/E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undecided</td>
<td>9</td>
<td>26.7</td>
<td>-17.7</td>
<td>313.29</td>
<td>11.70</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>26.7</td>
<td>0.3</td>
<td>0.09</td>
<td>0.0034</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>44</td>
<td>26.7</td>
<td>17.3</td>
<td>299.30</td>
<td>11.20</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>80.0</td>
<td></td>
<td></td>
<td>22.90</td>
</tr>
</tbody>
</table>

Source: Field Survey (2015)

Step 3:

\[ x^2 = \sum (O-E)^2 / E = 22.90 / E \]

Chi-square: df = 2
Sig: 0.000

*0 cells (0%) have expected frequencies less than 5. The expected cell frequency is 26.7

Interpretation: The degree of freedom (df) = 2. From the statistical value for 0.05 at 2 degree of freedom is 5.991. Since the calculated value \( x^2 = 22.90 \) is greater than the computed value of 5.991, we reject the null hypothesis (\( H_0 \)) and accept the alternative hypothesis (\( H_1 \)). This implies that behavioural and systemic resistance to strategic changes render strategy formulation and implementation in the INNOSON, ineffective.

Hypothesis III
Decision Rule
Accept \( H_0 \) if \( t_{cal} < t_{tab} \)
Reject \( H_0 \) if \( t_{cal} > t_{tab} \)

Step 1

\( H_1: \) There is no link between strategy formulation and organizational survival

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>(%)</th>
<th>Valid (%)</th>
<th>Cumulative (%)</th>
</tr>
</thead>
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<td>Valid</td>
<td>80</td>
<td>59.8</td>
<td>48.8</td>
<td>48.8</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
<td>47.5</td>
<td>47.5</td>
<td>96.3</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>3</td>
<td>3.8</td>
<td>3.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Undecided</td>
<td>3</td>
<td>3.8</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>


Step 2:

\( t \)-Test: One sample test

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>SEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>4.45</td>
<td>0.57</td>
<td>6.3E-02</td>
</tr>
</tbody>
</table>

Step 3:

\( t \)-Test: One sample test

Test value = 0.05

\[ t = 68.865 \]
\[ df = 79 \]
\[ Sig. (2-tailed) = 0.000 \]
\[ Mean \text{ difference} = 4.49 \]
\[ Lower = 4.27 \]
\[ Upper = 4.59 \]

Interpretation: This is a two tailed test with \( df = 80 - 1 \). From the statistical value for 0.05 at 79 degree of freedom is 1.99. Since the calculated value \( t = 68.865 \) is greater than the computed value of 1.99, we reject the null hypothesis (\( H_0 \)) and accept the alternative hypothesis (\( H_1 \)). This implies that there is a link between strategic planning and organization’s survival.
RESULT AND DISCUSSIONS

Judging from the various computation analysis and findings, the results revealed some pertinent fact from which the researcher then drew certain conclusion.

Considering the high percentage in favor of the three tested hypotheses, it can be reasonably concluded that at 95% confidence, strategy formulation enhances performance and survival.

Most of the respondents strongly agree that strategy formulation enhances better organizational development, growth and productivity, as this also constituted part of the hypotheses used for this study. Few agree while just a little of the respondents were undecided. Hence, it can be deducted from the above responses that strategy formulation have effect on the organizational structure, its productivity, its growth cum development. it can be summarized that it enhances better organizational performance.

The data also revealed that whenever there was a change in strategy, it brings about structural changes to match the strategic changes with capabilities, but behavioural and systemic resistance by workers who were afraid to lose their positions seem to render the strategy formulated ineffective. This could have arisen as a result of additional work load that might be created by the newly formulated strategy which could be beyond the working capacity of the already overloaded workers, but after sometime, the workers began to understand the new strategy and getting used to it hence greater performance on the part of workers. This was observed from the responses in almost all of the respondents strongly agree and agree that there is a link between strategy formulation and organization’s survival, which was the final hypothesis tested in the study, while just a very few of the respondents were undecided, none of the respondents disagree nor strongly disagree. Hence, it can be concluded that there is a link between strategy formulation and organization’s survival, using the above responses as proves.

Recommendations: From the findings, the following recommendations were therefore adduced:-

- The top management should take more responsibility in reducing uncertainties for the organization through strategy formulation. By this, they can gain back their customers through product line diversification strategy and strategic technological changes, to be in tune with the current consumption pattern in the manufacturing Industry in Nigeria.
- The management should through strategy formulation and positioning of activities, integrate the management functions through the process of organizational design in terms of strategy implementation. This will go a long way increasing the workers productivity.
- Behavioural and systemic resistance should be reduced, through appropriate organizational structure and workers should be well informed on why such strategic changes. This will reduce fear and encourage workers to perform optimally.

CONCLUSION

This study had shown that there were lots of benefits from well conceived and formulated strategy. The most problem area was in its application to planning, organizational structure and design, environmental and technological changes. These could contribute to loss of customers and. resistance by workers to changes etc. Therefore in conclusion, strategy formulation and its implementation enables organizations like the INNOSON Manufacturing Company Limited to thrive in growth and development and also place the company in a position where it will continue to secure its productive activities and reduce environmental uncertainties in areas of constraints, threats and opportunities, hence the Management of the INNOSON Manufacturing Company Limited can be measured in terms of its environmental and technological impact in the Automobile Industry in Nigeria.

Summary: The findings from the analyses based on the obtained data revealed that the INNOSON Manufacturing Company Limited looses sales as a result of change in consumption pattern of their customers. The findings also revealed that a well conceived and formulated strategy matched with well structured organization increases productivity and again that, there was existence of behavioral and systemic resistance to strategic changes in the organization and that this tends to render strategy formulation and implementation ineffective. And also there is a link between formulation of strategy and organizational survival. All these tend to agree with the previous works of [24], [25] and [26].
Also having discovered that organizational performance and survival is a function of strategic planning, Organizations should accord priority attention to the elements of strategy formulation, planning and implementation for example; having a documented mission statement, a future picture (vision) of the organization,

Organizations should establish core values i.e., organization’s rules of conduct, set realistic goals, establishment of long term objectives (this has to be measurable and specific) and the development of action (strategic) formulations, plans and its implementation and adequate follow-up.

Finally, since it was discovered that environmental factors affect strategy formulation and planning intensity, organizations should make adequate environmental analysis both the internal and external analysis, this can be done through the SWOT analysis which indicates the Organization’s strengths, weaknesses, opportunities and threats.

The study recommended that further studies be carried out in Nigeria to investigate the causes of non- adoption of strategic management in Enugu State in particular and Nigeria in general. The causes of this when known and curbed, small and medium scale industries in Nigeria might become more competitive in boosting the development of Nigeria economy.

REFERENCES


