COMPETITIVE STRATEGIES ON CHANGE MANAGEMENT IN THE NIGERIAN BUSINESS ENVIRONMENT: STUDY OF SEYLAND ALUMINIUM COMPANY AND MMIRI ALUMINIUM COMPANY, LAGOS STATE

By

AKINTUNDE, O. A.
Department of Business Administration, Faculty of Management Sciences, University of Lagos.
oluakintunde@unilag.edu.ng

Abstract

This study examines factors of competitive strategies on change management in the Nigerian Business Environment. A quantitative research method was used for the study. The objectives of the study were to assess the extent to which cost leadership, focus, niche and differentiation strategy influences change management in the Nigerian Business Environment. By means of researcher-designed questionnaire, primary data were obtained from randomly selected employees of Seyland Aluminium Company and Mmiri Aluminium Company in Lagos State. The research hypotheses were subjected to regression analysis with the aid of Statistical Package for Social Sciences (SPSS v. 20). The researcher used a cross sectional research design for the study and also employed a simple random sampling technique in selecting 150 employees of the companies in Lagos State while analysis was based on 136 properly filled and retrieved questionnaires from the survey. Findings from the study revealed that: commitment to using cost as a competitive strategy by charging a little lower than competitors attract more sales; focus strategy that ensures that an organization concentrates on a particular focused group and products; an organization that differentiates it products from those of competitors is likely to achieve good result; niche strategy ensures that an organization is devoted to the lower class of the market without aiming to compete with the big players. The study however concludes that cost leadership, focused, differentiation and niche strategies influence change management. The study recommends that organizations should adopt the most appropriate strategy for various products and the organization as a whole to compete favorably in the business environment through change management.

Keywords: *Cost-leadership, focused-strategy, differentiation-strategy, niche-strategy, Change-management, Nigeria.*

1. Introduction

To succeed in the long term, organizations must compete effectively and out perform their rivals in a dynamic business environment. To accomplish this, they must find suitable ways for creating and adding value for their customers. This is why competitive strategy is about consistently looking for ways to create a unique value to customers and that customer recognized and is willing to pay any premium price charge on the product (Acquaah, 2018). Strategic management is a highly important element of organizational success. The need to know what the business is about, what it is trying to achieve and which way it is headed, is a very basic requirement determining the effectiveness of every member's contribution (Allen & Helms, 2016). Every successful entrepreneur has this business self-awareness and every successful business seems to have this clarity of vision, even though it does not arise from a formal planning process (Baack, & Boggs, 2018).

Competitive strategy is described as the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs (Acquaah, 2018). Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever changing environment then developing strategies that match organizational capabilities to the changes in the environment (Davis & Walters, 2015). Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Allen & Helms, 2016). The three approaches to competitive strategy as submitted by (Porter, 2017) are; striving to be the overall low cost producer, that is, low cost leadership strategy, seeking to differentiate one's product offering from that of its rivals, that is, differentiation strategy and focus on a narrow portion of the market, that is, focus or niche strategy. Competitive strategy as argued by Campbell-Hunt (2015) enables a firm to define its business today and tomorrow, and determine the industries or markets to compete. The drivers of firm change management and the sources of sustained competitive advantage have been at the core of strategic management research for many years, but with only a limited consensus as to what works best (Baack & Boggs, 2018). In the view of Porter (2017) generic strategies provides a framework for examining firms' strategies and how they affect change management in an organization. The three generic strategies identified by Porter are low cost, differentiation, and focus. He argues that firms which do not pursue any particular strategy, i.e., "stuck in the middle," will have lower performance than those pursuing low-cost, differentiation, or focus strategies. Competitive advantage is critical in order for a firm to perform above average within a given industry. It indicates that a firm is capable of producing value that is seen as superior to that of its competitors. A strategy, therefore, should be based on a firm's unique and individual advantages, capabilities, and circumstances (Davis & Walters, 2015). The ability of business organizations in Africa to be competitive and improve change management depends on their capacity to leverage their capabilities for implementing a coherent competitive strategy. In order words organizational capabilities will positively moderate the influence of competitive strategy on change management (Acquaah, 2018). The debates about organizational responses to economic crisis have focused on the need for strategic and structural realignment. Work organization is rarely considered as an integral element of competitive strategy. Current shifts in the contours of previously stable mass markets, product and process innovation demand equally profound organizational change to maintain competitiveness. In this context maintaining or regaining competitive advantage is critically dependent upon striking an optimal balance between maximizing the productivity and versatility of work organization. Therefore this study examines the impetus, dynamics and managing pervasive change through competitive strategy in the Nigerian Business Environment.

Identifying and developing sustainable competitive strategies could be considered one of the most critical activities for business organizations of today. The process can often be challenging to business owner, as the process can often be both difficult and time consuming. Developing competitive strategies can be especially demanding for business organizations operating in industries where many other businesses have better competitive strategies. Unfortunately, some managers lack an understanding of the process and/or fail to recognize the importance of developing sustainable competitive strategies for their business venture. In some instances, new business ventures neglect securing a market position where the business could have reasonable chance for success. In some cases, a business will struggle to compete with bigger competitors while focusing on price, while other businesses believe that the key to business success is to

open their business and customers will rush to purchase their products and services.
The main objective of this study is to examine factors of competitive strategies on change management in the Nigerian Business Environment, and use factors like, cost leadership strategy, focus strategy, differentiation strategy, and niche strategy to determine the effect.

2. Conceptual Review

2.1 The Concept of Strategy

Campbell-Hunt (2016) submits that Strategy is that which top management does that is of great importance to the organization.it refers to basic directional decisions, that is, the purposes and missions and consists of the important actions necessary to realize these directions. According to him, Strategy answers the question such as: What should the organization be doing? What are the ends we seek and how should we achieve them?
Davis and Walters (2015) Strategy is a *plan*, a "how," a means of getting from here to there. Strategy is a *pattern* in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy. Strategy is *position*; that is, it reflects decisions to offer particular products or services in particular markets. Strategy is *perspective*, that is, vision and direction. They argue that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a *perspective* and conclude that it calls for a certain *position*, which is to be achieved by way of a carefully crafted *plan*, with the eventual out-come and strategy reflected in a *pattern* evident in decisions and actions over time.
Parnell (2016) submits that corporate strategy is the *pattern* of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or in-tends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

2.2 Strategic Approach

Strategy is not about planning, but about thinking and doing things differently to achieve unique result. It is not a technique, but a way of managing the business according to a strategic understanding and perspective. Strategic management is concerned with understanding, choosing and implementing the strategy that an organization follows. Managers should be aware of the issues which must be addressed if changes in strategy are to be formulated and implemented effectively (Parnell, 2016). In addition, they should be aware of the managerial and behavioral processes which take place within organizations in order that they can understand how changes actually come about. Strategic management is the ongoing process of ensuring a competitively superior fit between the organization and its ever-changing environment. Strategic management is the process that defines the organization's mission, scans the environment to ascertain opportunities, and then merges this assessment with an evaluation of the organization's strengths and weaknesses to identify an exploitable niche in which the organization will have a competitive advantage. This process also includes implementation. The best strategy can go awry if management fails to translate that strategy into operational plans, structural designs, systems of motivation and communication, control systems, and other necessary means of implementation (Kimatu & Bichanga, 2017).

2.3 Competitive Advantage

Real competitive advantage implies that companies are able to satisfy customer needs more effectively than their competitors. This is achieved when real value is added for customers. A business must add value if it is to be successful. It is imperative for an organization to use all resources efficiently and effectively; it is also crucial to ensure that the potential value of the outputs is maximized by ensuring they fully meet the needs of the customers for whom they are intended. An organization achieves this when it sees its customers´ objectives as its own objectives and enables its customers to easily add more value or, in the case of final consumers, feel they are gaining true value for money (Acquaah, 2018).

2.4 Planning for Competitive Advantage

If the organization gains an advantage, the business will survive. If that advantage is significant, the organization will thrive. According to Porter, (2015) companies can choose between three generic strategy types to build competitive advantage: a differentiation strategy, a low-cost strategy, and a third strategy, frequently used by entrepreneurs, which is the focus, or a niche strategy. A firm that uses a differentiation strategy competes on the basis of its ability to do things differently than its major competitors do. A firm that uses a low-cost strategy builds competitive advantage by producing goods or services at the lowest possible cost. And if entrepreneurs persist in their ability to keep costs lower than others, their organizations thrive. In contrast to the cost leadership and differentiation strategies, which are based on the creation of competitive advantage over an entire market segment, Porter´s focus, or a niche strategy recommends focusing on market niches on specific target groups, particular portion of the product spectrum or a narrower geographical market. Competitors using niche strategies are specialists. They serve a narrow market segment that can be local or national. Niche strategists build special skills that are uniquely matched to a specific market; they are rewarded with high profit margins. Effective entrepreneurs are aware that establishing and maintaining a competitive advantage is a great challenge. Without careful attention, competitive advantage can be easily lost (Parnell, 2016).

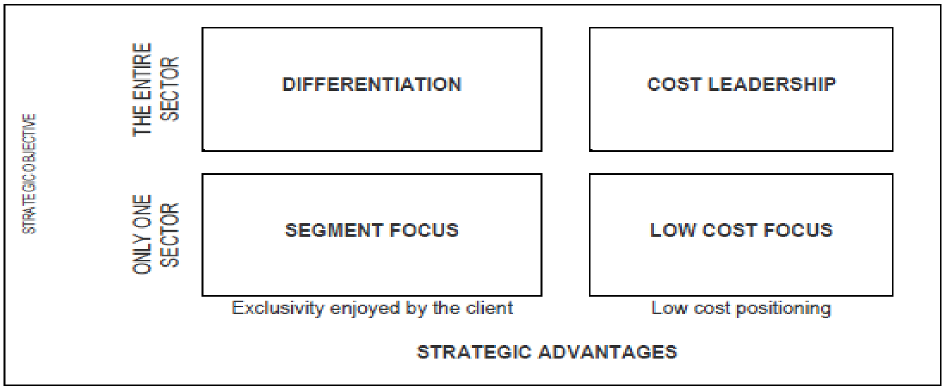
2.5 The Competitive Specialization

Though an understanding of the business mission is the key to survival, it is not in itself sufficient for high performance. That is achieved by exploiting the competitive specialization (Davis & Walters, 2015). There are three ways in which the competitive specialization can be exploited. Firstly, it can be strengthened or intensified so that it is more readily perceived by customers or so that customers accord it a higher value and are therefore prepared to pay a higher premium. Thus, for example, a specialization related to product quality could be intensified by increasing the quality of the product further and/or promoting the quality of the product more effectively. The result will be to increase the actual and perceived level of quality and reduce the price sensitivity of the product (Davis & Walters, 2015).

2.6 Change Management

According to Parnell (2016), they defined change management as the effective management of a business change such that executive leaders, managers and frontline employers work in concert to successfully implement the needed process, technology or organizational changes. While Acquaah (2018 defined change management as the process of continually renewing an organization direction, structure and capabilities to serve the ever changing needs of external and internal customers. Burnes (2016) like many others scholars asserted that change is an ever present feature of organizational life, both at the operational and strategic level.

2.7 Conceptual Model: Michael Porter's Generic Strategies



Matrix demonstrating Porter's generic strategies

Porter (2015) argued that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2015).

2.8 Strategic Alliances

Strategic alliances are increasingly becoming popular day by day. To achieve competitive advantages firms, combine their assets and capabilities in a cooperative policy that is termed as strategic alliance. Strategic alliance is considered as an essential source of resource-sharing, learning, and thereby competitive advantage in the competitive business world. Management of alliance and value creation to attain competitive advantage is very important in strategic alliance (Davis & Walters, 2015). This involves firms exchanging and sharing of resources and capabilities to co-develop or distribute goods or services (Kimatu and Bichanga, 2017).

The achievement of competitive advantages may not be possible by one firm itself because it does not possess required all resources and knowledge to be entrepreneurial and innovative in dynamic competitive markets. Inter - organizational relationships create the opportunity to share the resources and capabilities of firms while working with partners to develop additional resources and capabilities as the function for new competitive advantages (Burnes, 2016)).

3.0 Methodology

To examine factors of competitive strategies on change management in the Nigerian Business Environment, a cross-sectional research design was employed by collecting data from a defined population in the Aluminium Industry. The use of this research method is justified because it follows a regressional research strategy and helps in predicting the effect of one variable on another. It also helps to determine whether or not a relationship exists between the variables of study. Responses were sought from Seyland Aluminium Company and Mmiri Aluminium Company on a wide range of issues relating to competitive strategies and change management. The population of the research study is the entire staff of Seyland Aluminium Company and Mmiri Aluminium Company. The population consists of 240 employees of the organizations at various functional units consisting of men and women of twenty years of age and above. The researcher employed simple random technique, which gives equal opportunity of participation. The sample size was statistically determined using Yamane Taro (1967) formula below and 150 respondents were randomly selected for this study while the questionnaire was designed and administered to them. The questionnaires were personally administered by the researcher and the data collected from the field survey was analysed using descriptive and inferential statistics. In all cases alpha (significance value) is set at 0.05, to test at the 5% level. Frequency distribution and simple percentages were used to analyse the bio-data and statement by statement item on the questionnaire while regression analysis was employed in testing the hypotheses with the aid of Statistical Package for Social Sciences (SPSS version 20.0).

4.0 Data Analysis

Total of one hundred and fifty (150) questionnaires were distributed out of which one hundred and thirty-six (136) were duly completed and retrieved. The results of data analyzed have been presented in the form of table below.

Table 4.1: Questionnaire Administered and Response Rate

Retrieval Rate	Frequency	Percent
Retrieved	136	90.7
Not Retrieved	14	9.3
Total	**150**	**100**

Source: Field Survey, 2020.

As shown in Table 4.1, a total of one hundred and fifty (150) copies of the questionnaire were administered to the entire workers of Seyland Aluminium Company and Mmiri Aluminium Company in Lagos State. However, one hundred and thirty-six (136) copies were correctly filled and returned for the analysis.

The socio-demographic characteristics of the respondents' shows, 89 respondents representing 65.4% were male, while 47 female respondents accounted for 34.6% of the total respondents. This implies that both genders were sampled but majority of the respondents are male.

According to the analysis of respondents by marital status 61 respondents representing 44.9% were single, 52 respondents representing 38.2% were married, 17 respondents representing 12.5% were divorced while 6 respondents representing 4.4% were widowed. This implies that majority of the respondents are single.

The analysis of respondents' age revealed that 29, 63, 33, 11 respondents representing 21.3%, 46.3%, 24.3%, and 8.1% were aged between 21-30, 31-40, 41-50, 51years & above respectively. This implies that majority of the respondent's falls between the ages of 31-40 years.

The analysis of respondents' highest educational qualification showed that 15, 41, 45, 20, and 15 respondents representing 11.0%, 30.1%, 33.1%, 14.7% and 11.0% were holders of SSCE/GCE, OND/NCE, B.Sc./HND, M.Sc./MBA and professional qualification degrees respectively. This implies that majority of the respondents have B.Sc./HND degree.

The analysis in the table finally shows that 24 respondents representing 17.6% are junior staff, while 34 respondents representing 25.0% are supervisors, 39 respondents representing 28.7% are middle level managers while 39 respondents representing 28.7% are senior managers. This implies that majority of middle and senior manager participated more in the survey.

The analytical results clearly indicate a strong positive relationship between cost leadership strategy and change management in the Nigerian Business Environment, as coefficient of correlation ($r=0.916^{*}p<0.05$). This firmly establishes that cost leadership strategy is significantly associated with change management in the Nigerian Business Environment. The F sig of 0.000 shows that there is a considerable harmony associated with the regression result. The coefficient of determination (r^2) is 0.839, implying that cost leadership strategy account for 83.9% slope of the variation in change management in the Nigerian Business Environment. This is also a very high explanatory potency, characteristic of cost leadership strategy in boosting change management in the Nigerian Business Environment. The effect of the Adjusted R-squared value shows that the explanatory variables linearly explain changes in the dependent variable and thus the model is well specified and fit to explain the relationship existing between the investigated variables. This is a further proof for the rejection of null hypothesis. The conclusion is that cost leadership strategy influence change management in the Nigerian Business Environment,

5. Findings

The test of hypotheses one, two, three, and four shows that there is a positive and significant influence of cost leadership, focus, differentiation and niche strategies on change management in the Nigerian business environment. The positive values of (0.916, 0.937, 0.838 and 0.912) show the strength of the relationships between the variables. The P-value (0.00) is less than the level of significance at (0.05). Therefore, this suggests that factors of competitive strategies have influence on change management in the Nigerian business environment. Hence, the null hypotheses are hereby rejected.

The study finding corroborates with the views of Jensen (1986) that the purpose of this strategy is the company's low-cost products offers in an industry. Cost leadership strategy takes place through experience, investment in production facilities, conservation and careful monitoring on the total operating costs - through programs such as reducing the size and quality management (Jensen, 1986). Accordingly, Porter (2015) suggested that cost leadership firms need to control costs tightly, refrain from incurring too many expenses from innovation or marketing, and cut prices when selling their products.

The finding of the study also supports the result of the study carried out by Stone (1995) that focus strategy is based on selecting a market niche where buyers have distinctive preferences.

The findings is also in congruence with Miller (1987) who argued that product differentiation firms tend to invest heavily in research and development activities in order to increase their innovative capability and enhance their ability to keep up with their competitors' innovations (Jermias, 2008).

The findings from the analysis is in also tandem with empirical studies that niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members. Organization using focus strategy integrate their customers into their strategic orientation and attempt to satisfy them through change management, increasing innovativeness, while integrating stewardship cultural behaviors in their customer service processes.

Reference

Acquaah, M. (2018). Manufacturing strategy, competitive strategy and firm performance: an empirical study in a developing economy environment: *International Journal of Production Economics, 111*, 75-92.

Allen, R. S., & Helms, M. M. (2016). Linking strategic practices and organizational performance to Porter's generic strategies, *Business Process Management Journal, 12*(4), 433.

Baack, D. W., & Boggs, D. J. (2018). The difficulties in using a cost leadership strategy in emerging markets, *International Journal of Emerging Markets*, *3*(2), 125-39.

Burnes, B. (2016). Managing change. London pitman publishing.

Campbell-Hunt, C. C. (2016). Generic competitive strategy: *a meta-analysis, Strategic Management Journal*, *21*, 27–154.

Davis, H., & Walters, P. (2015). Emerging patterns of strategy, environment and performance in a transition economy: *Strategic Management Journal, 25*(2), 47-64.

Kimatu, D. K., & Bichanga, O. W. (2017). Competitive strategies and the non-financial performance of micro enterprises in Kenya. *International Journal of Management and Commerce Innovations*, *2*(2), 31-36.

Parnell, J. A. (2016). New evidence in the generic strategy and business performance debate: A research note. *British Journal of Management, 8*(7), 24-31.

Porter, M. E. (2015). What is strategy? *Harvard Business Review, 74*(2), 23-27.

Porter, M. (2017). *Competitive advantage*, New York: The Free Press.

Thompson, J., & McEweeen, O. L. (2015). *Strategic management, awareness and change*, London: Chapman & Hall.