

Analysis of the Impact of Strategic Thinking on Organizational Performance of Manufacturing Firms in Delta State Nigeria.

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Abstract

This study was carried out to examine the analysis of the impact of strategic thinking on organizational performance of manufacturing firms in Delta State, Nigeria. The objective of the study was to examine the impact of strategic thinking on organizational performance of manufacturing firms in delta State Nigeria. Structured questionnaire was used to obtain primary data from the employees of the manufacturing organizations, namely, Asaba Textile Mill Ltd, Coca-cola Nigeria Plc, and Delta Glass Nigeria Plc. The hypotheses formulated were subjected to statistical tests using Regression analysis and correlation with the aid of SPSS. The findings or results of the study revealed that strategic thinking has a significant effect on corporate performance of manufacturing firms in Delta State Nigeria with the R2 value of 0.662.

Strategic thinking is significantly and positively related on employee productivity of manufacturing firms in Delta State. That strategic thinking has a significant and positive relationship on employee efficiency of manufacturing firms in Delta State, Nigeria with R2 value of 0.681. From the findings of the study, it was concluded that strategic thinking has a significant positive impact on organizational performance since the majority of the stated variables are statistically significant with one another. The study therefore, recommended that in order to enhance or promote strategic thinking, an organization should emphasize to the employees the importance of strategic thinking for the growth of the organization. Finally improvement in the award scheme on the part of management in order to encourage managers and employees.

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1. Introduction

So many organizations are increasingly facing acute and complicated problem and there is urgent need or radical and proper modern and reliable solutions for organizations. In most cases, the efforts made by managers and other officials of most organizations could only temporarily solve the problems and in some instances may generate into more complicated problems and even worsen the problems of the existing ones. One of the challenges is traced to lack of strategic thinking among top management staff or managers.

In order to cope with the harsh dynamic, and rapidly growing global business environment, the focus of management strategy is to direct strategic thinking effort in competitive business executives. Important reasons and efforts for strategic thinking include a necessary tool to direct the collection of knowledge issues and patterns and the appropriate selection of the right strategic initiatives. Strategic thinking is an essential element that helps organizations and also managers to cope with changes, create plans for future developments of their organizations. To turn around poorly managed companies, to make profit and cope with environmental challenges, strategic thinking is imperative as a result of strategic leadership. An organization strategic path to remain competitive in its industry is influenced by strategic leadership. This entails the type of top management staff to make strategic choices and the capability to lead the organization to success. Strategic thinking is an essential ingredient to the performance and success of an organization in a business environment where competition is not flexible but rigid and rapidly emerging competitive factors pose a very big barrier to the survival of the firm (Pisapia, 2019).

1.2 Statement of the Problem

Inspite of many organizations contribution to their national economic development inadequate strategic plans and lack of adequate implementations arising from lack of strategic thinking continue to militate against their overall success. Arising from a research point of view strategic thinking elements involved in shaping a strategic direction, has not been addressed properly in research studies carried out in the past. For instance, in Kenya Gekonge (2020), in his research work "A survey of Strategic Change Management Practices by Kenyan Companies dwells on managing strategic change and culture as the most important factor that influences the successful implementation of strategic change management and does not address the key strategic elements. Numerous organizations face challenges that emanated within management and thinking is a lot of complex processes that take place in the human brain at amazing speed whose function is to ease the things that increase the burden, and analyze them into elements that can be linked, compared, presented, represented and photographed, and then come up with a vision or theory that provide a stable base for practical application. Going further, strategic thinking may help organizations to focus adequately on generating more effective business decisions that may otherwise create value, in addition to implementing the organizations vision and appropriate delegation. Where strategic thinking exists, better corporate decisions would be made and greater value provided to customers and other stakeholders.

1.3 Objectives of the Study

The main objective of this study is to examine the analysis of the impact of strategic thinking on organizational performance of manufacturing firms in Delta State, Nigeria. However, the specific objectives of the study are to;

- i. Assess the impact of strategic thinking on corporate, performance of manufacturing firms, in Delta State, Nigeria
- ii. Examine the relationship between strategic thinking on employee productivity of manufacturing firms in Delta State, Nigeria
- iii. Examine the relationship between strategic thinking on employee efficiency

1.4 Research Questions

Arising from the above objectives of the study, the following research questions were raised.

- i. Is there any significant impact between strategic thinking on corporate performance of manufacturing firms in Delta State, Nigeria.
- ii. Does strategic thinking has any relationship on employee productivity?
- iii. Is there any relationship between strategic thinking on employee efficiency?

1.5 Statement of Hypotheses

From the specific objectives, the following hypotheses are stated.

Ho1: There is no significant, relationship between strategic thinking on corporate performance of manufacturing firms in Delta State, Nigeria.

Ho2: Strategic thinking has no significant effect on employee efficiency of manufacturing firms in Delta State Nigeria.

Ho3: There is no relationship between strategic thinking on employee efficiency of manufacturing firms in Delta State, Nigeria.

2. Review of Related Literature

Conceptual Clarifications

Concept of Strategy

The word strategy which is derived from the Greek word “Strategos” stratus (meaning army) and “ago” (meaning leading/moving). The history of strategic thinking originated and has its heritage in the military, (David, 2017). Strategy is an action which help managers to attain one or more of the goals of the organization. Strategy as a concept in an organization means a general programme of action involving plans of the deployment of organizational resources to achieve pre-set objectives or goals. Strategies are broad programmes for achieving objectives strategy as the determination of the basic long-term goals and the objectives of an organization and the adoption of courses of action and the allocation of resources necessary for caring out these goals.

The Concept of Strategic Thinking

Strategic thinking is a process that defines the manner in which people think about, assess, view, and create the future for themselves and others. Strategic thinking is an effective and essential tool one can apply to arrive at decisions that can be related to his/her work or personal life (Bradford 2019). This definition is essential to the entrepreneur who must think towards success in his or her business. Strategic thinking is about looking at the environment assessment of certain ingredients that are important to the success of the business, look at the possible treats in the business and possibly thinking positively towards the creation of opportunities for their businesses. Strategic thinking involves making a series of decisions about what actions the company or organization intends to take to become more successful in business. An

organization often go through a strategic thinking process yearly, creating a document that is a guide book for the management team to use in the coming year. Organizations should endeavour to make strategic thinking an ongoing, year-round process. The basic fundamentals of strategic thinking is the ability to anticipate a major shifts in the competitive market place and identify emerging opportunities.

Gratez (2020) defines strategic thinking as attempts for change or innovation including future thinking which leads to a rethink of basic strategies and industrial business. Kaufman (2019) views strategic as a manner in which individuals in an organization examine views and develop the future for themselves and their members by defining and visualizing value-adding outcomes.

Elements of Strategic Thinking

Several researches have stated a number of key elements for strategic thinking. According to Liedtka (2018) five essential elements are found in strategic thinking, they are as follows;

- i. Intent focus
Liedtka states that strategic intent provides the basis that enable individuals provides basis that enable individuals within an organization to use their energy, to focus attention, to resist distraction, and to concentrate for as long as it takes to achieve or accomplish a goal. Strategic intent is a strategic focus which enable people mobilize control their resources inside an organization, full attention, overcome distractions, well focus till objectives are accomplished.
- ii. Systems perspectives
This involves being smart enough in order to know the results of strategic actions.
- iii. Thinking in time
This is the strength to bear the past, present including the future all together in mind to create and enforce better decisions. It is imperative linking today's reality with tomorrow's desire.
- iv. Intelligent opportunism
This implies the strength to react to great opportunitites. Intelligent opportunism also implies that you dig deep into your organization to hear from numerous perspectives, ideas and knowledge available wherever they exist but you need to observe and listen to benefit from them.
- v. Hypothesis Driven
Strategic thinking embraces the scientific method. It is creative and critical in nature. Strategic thinking welcome hypothesis generation an testing of hypothesis. The empirical method is brought into scientific approach through this capability.

Features of Strategic Thinking

Strategic thinking has the following features (Al-zaher, 2019)

- i. Humanistic and optimistic thinking that have strong believe in human capabilities and mental energies to penetrate the world of the unknown and to predict the reality of what will take place and the responsibility of employing the available knowledge and creating and enabling atmosphere that support participation in forming the feature.
- ii. Competitive thinking whose real supporters identify the realities of the emergence of conflict between oppositions and look forward to using opportunities before others.
- iii. Strategic thinking is more prone to development than reformist because it starts from the future to derive the age of the present and proceeds from the external vision through which it deals with the internal environment.

- iv. Strategic thinking is multi-vision and it entails forward looking adopting viewing from the top to know what is below and leading to diagnostic analysis to understand the reality of things.
- v. Strategic thinking employs quantitative methods, figures and the laws of causation and consistency in knowing the independent and dependent variables among relationships.

Advantage or Importance of Strategic Thinking

Strategic thinking is characterized by the following advantages and benefits

- i. **Focusing on problem solving**
Strategic Thinking encourages employees to take a long view of their company's business model and operations.
- ii. **Missing opportunities**
With strategic thinking, it will assist you to know and take advantages of opportunities that will result in business expansion
- iii. **Formation of proper strategy**
Employees gain from the strategic mindset of business owners. A clear business strategy should explain clearly to employees what tasks they play in arriving at organizational goals.
- iv. **Effective utilization of resources**
Strategic thinking assist a business owner in determining how to effective utilize resources effectively and assist the organization achieve its objectives.
- v. **Helps in adapting to changing environment**
Businesses are affected by environmental changes. Strategic thinking is a strategy for preparing for this environmental changes
- vi. **Improved decision making**
Strategic thinking assists a business owner to make good and sound business decisions.
- vii. **Business growth is enhanced**
Businesses are encouraged to grow. Growth would lead to higher profitability and higher returns on investments for the business owners. Strategic thinking compels organizations to grow.

Organizational Performance

Organizational Performance deals with how capable an organization is operating to accomplish its aim, mission, and set objectives. An important feature of strategic management is assessing organizational performance and growth. Business managers must take note of how well their organization are performing to find out strategic improvements to introduce to the performance of an organization where competition is keen and rigid and increasing emerging competitive forces pose reasonable treats to the growth of the firm. Pisapia, 2019.

Organizational performance consists of three key areas, financial performance that deals with earning of profit, return on assets, return on investment, performance of the product market, like revenue and market share and return on share holders and added economic value. Organizational performance relates to the tasks that occur in other to enforce goals of an organization, check projects towards the goals as well as embark on the necessary changes to achieve those goals effectively and efficiently. (Richara, Devinerey, George, and Johnson, 2019).

Theoretical Review

This study is anchored on the cognitive Domain Theory (CDT) and Hybrid EWA Model Theory.

Cognitive Domain Theory was propounded by Bloom (1994). The cognitive development theory entails the development of mental skills and improvement of knowledge acquisition.

The cognitive domain highlights ways a person possess and uses information by collection of materials by abstract behaviour. Cognitive domain represents a more active mode of thought and is accurate. In comprehending strategic thought the cognitive domain has been accepted to be a necessary factor. The cognitive domain improves learning thinking and strengths of an organization. Cognitive thought is encouraged by insightfulness, strategic, leadership, principles, structures, procedures, processes and performance of an organization. The driving forces of the cognitive domain are vision clarity and insight leadership involvement and authority, processing of thoughts and rewards accurate transmission of ideas and experiences teamwork and collaborative problem solving. Cognitive Domain Theory also involves skills and abilities in the development, acquisition and change of strategic thoughts and enhancement of behaviour to encourage new thoughts and attitudes.

The hybrid EWA Model theory was propounded by Camerer and Ho (1999). Strategic thinkers, according to Camerer and Ho (1999) need to weigh different strategies and discontinue the old strategies because the environment is constantly changing. These two theories of strategic thinking are relevant to the study because the cognitive domain theory encourages the strategic thinkers to uphold the top thinking ladder in order to stay ahead. In hybrid EWA model, put a partial weight to strategic thinking.

Empirical Review

Some studies have been carried out on the analysis of the impact of strategic thinking on organizational performance.

Poku (2019) carried out a study on the effect of strategic thinking on the performance and operatives of the Agricultural Development Bank, in Accra Primary and Secondary data were used by the researcher for collection of data: The results of the questionnaire administered showed a degree of agreement on the characteristics of the different dimensions of effective operated bank. It was concluded that increasing the awareness of employees on key features of strategic thinking among senior managers is a necessary ingredient in achieving and recording success in the bank. It is agreed that the increasing involvement of strategic thinking in the success and development of business strategy will lead to improved effectiveness of the organization as a whole.

Moran and Murphy, (2018) research on the influential factors of strategic thinking on the organizational level of selected firms. On the basis of the findings, it was concluded that strategic thinking is a veritable source of competitive advantage for organizations. The findings also revealed that organizational structure which include formalization and centralization in the decision making has a positive influence on strategic thinking.

3. Research Method and Data Analysis

The study employed survey research design for the study as this involves the collection of information relating to the study from a sample of individuals. A well structured questionnaire was used for gathering the necessary primary data for the study and was given to the respondents. The questionnaires were divided into two sections; Section A and B. Section A consist of questions that provided the demographic information of the respondents. While in Section B, the response from respondents were based on a 5-point likert scale with relevant questions to the study. The population consists of employees and management staff of the selected manufacturing firms in Delta State Nigeria namely, Asaba Textile Mill Ltd. Coca-cola Nigeria Plc and Delta Glass Nigeria plc Ughelli, who are 259 in total. Probability sampling technique was adopted. This gave all the population elements fair chance of selection. The sample size for the study was determined using Guilfond and Fluchter formula maintaining

error at 5% which gives 157. One hundred and fifty seven (157) copies of the questionnaire were administered to the selected manufacturing firms in Delta State Nigeria under study and one hundred and fifty (150) copies of the questionnaires were filled accurately and returned by the respondents. Linear Regression and correlation were used to test the formulated hypotheses for the study with the aid of statistical package for social sciences software.

Hypothesis I

H₀₁: There is no significant relationship between strategic thinking on corporate performance of manufacturing firms in Delta State, Nigeria.

Model summary				
Model	R	R square	Adjusted R Square	Statistical error of the estimate
1	.814	.62	.659	.725
a.	predictors: (Constant) strategic thinking			

Source: SPSS Printout

The model summary shows that R^2 is 0.0602. This implies that 66.2% of corporate performance (dependent variable) is affected by strategic thinking (independent variables) while the remaining 33.8% of the sustainability maybe affected and explained by other unexplained factors. Thus, it can be said that strategic thinking has a significant relationship on corporate performance

Model	Sum of squares	df	Mean square	F	Sig.
1	Regression	119.50	1	119.501	.000
	Residual	60.973	116	.526	
	Total	180.475	117		
a.	Dependent variable: Corporate performance predictors (constant) strategic thinking.				
b.					

Source: SPSS output.

The table above presents ANOVA table. The F-statistic as shown from the table above is significant since the probability value of (227.348) indicates a significant relationship. In addition, the significant value of p(0.000) is smaller than (0.05) which means that the independent variable (strategic thinking) to a large extent accounted for the variation in the dependent variable (corporate performance of manufacturing firms).

Regression Coefficients

	Unstandardized coefficients		Standardized coefficients		
Model	B	Std. Error	Beta	T	Sig.
Constant	.773	.187		4.107	.000
Strategic thinking	.801	.053	.814	15.078	.000
a.	Dependent: Variable: Corporate performance				

Source: SPSS output

The coefficient table shows the coefficient of strategic thinking of 0.801 which indicates that the independent variable has a significant relationship on corporate performance. In addition, the probability and (t-statistics) value of .000 further suggest that the relationship between strategic thinking and corporate performance is significant since alpha level of 0.05 is greater than the p-value. Thus, the alternative hypothesis accepted. The final conclusion is that

strategic thinking has significant relationship on corporate performance of manufacturing firms.

Hypothesis II

Ho2: Strategic thinking has no significant relationship on employee productivity of manufacturing firms in Delta State, Nigeria.

Coefficient matrix			
Variables	Statistical parameter	Strategic thinking	Employees productivity
Strategic thinking	Pearson correlation	1	.811
	Sig.(2 tailed)	.	.024
	N	118	118
Employee's productivity	Pearson correlation	.811	1
	Sig(2 tailed)	.024	
	N	118	118

Source: SPSS output

The table above presents the result of correlation analysis for hypothesis 2 which shows the relationship between strategic thinking and employee productivity. The result of the hypothesis in the table above shows that there is significant positive relationship (0.811) between strategic thinking and employee productivity. Since $r=0.811$ which implies that there is increase in strategic thinking led to an increase in employees productivity and decrease in strategic thinking decreases employees productivity. As show in the table above, the less the correlation significance of 0.000 is less than the alpha level of 0.05, hence, the null hypothesis will be rejected and the alternative hypothesis will be accepted. This therefore, implies that strategic thinking has significant relationship on employees productivity.

Hypothesis III

Ho3: Strategic thinking has no significant effect on employees efficiency of manufacturing firms in Delta State.

Model summary				
Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.825	.681	.675	.721
a.	Predictors: (constant) employee efficiency			

Source: SPSS output

The model summary indicates that there exists a strong linear relationship between employee efficiency (dependent variable) and strategic thinking (independent variables). The result shows the R^2 which is the co-efficient of determination which gives 68.1%. This implies that 68.1% of employee efficiency (dependent variable) is affected b strategic thinking (independent variable) while the remaining 31.9% of employee efficiency may be affected and determined by other unexplained factors. Thus, it can be concluded that strategic thinking has impact on employee efficiency.

ANOVA						
Model		Sum of squares	Df	Mean square	F	Sig
1	Regression	127.575	2	63.787	122.619	.000
	Residual	59.824	115	.520		
	Total	187.398	117			
a.	Dependent variable (employee efficiency)					
b.	Predictors: (constant) strategic thinking					

Source: SPSS output

The f-s statistic as shown from the table above is significant since the probability value of .000 is less than the alpha level of 0.05. Thus the model is fit. This implies that the model accounted for most variations in the dependent variables. Furthermore, the significant value $p(0.000)$ is smaller than (0.05) which means that the independent variable (strategic thinking) to a large extent accounts for the variations in the dependent variable (employees efficiency) of manufacturing firms. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that, there is significant relationship between strategic thinking on employee efficiency.

Coefficients					
Model		Unstandardized coefficients	Standardized coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	.769	228		3.375	.000
Strategic thinking	.710	.048	.798	14.936	.000
a.	Dependent variable: Employee efficiency				

Source: SPSS output

The table above presents the coefficient of the independent variables. The coefficients of independent variables indicated that strategic thinking (.710) has a significant positive effect on employee efficiency. In addition, the probability value of (.000) further suggest that the relationship between strategic thinking and employee efficiency is significant since alpha level of 0.05 is greater than the p-value of 0.000. Thus, the null hypothesis is rejected and the alternative hypothesis is accepted. It was concluded therefore that strategic thinking has impact on employee efficiency of the manufacturing firms.

4. Discussion of Findings

The study findings reveal that there is strong significant relationship between strategic thinking and corporate performance of manufacturing firms in Delta State, Nigeria. This finding corroborates with the empirical study by Khalili and Armani, (2019) that found a statistically significant and positive relationship between strategic thinking and corporate performance of manufacturing firms. Furthermore, the study reveals a significant positive relationship between strategic thinking and employee productivity of manufacturing firms in Delta State Nigeria. This finding is in agreement with the findings of Chaoying (2018) who established that there was a strong correlation relationship between strategic thinking and employee productivity of manufacturing firms. Lastly, the findings of this study reveal that there is a significant relationship between strategic thinking on employee efficiency of manufacturing firms in Delta

State Nigeria. The finding is in support of the work of Pisapia (2019) who found that strategic thinking was strongly correlated with employee efficiency of manufacturing firms.

Conclusion

The study examined the analysis of the impact of strategic thinking on organizational performance of manufacturing firms in Delta State, Nigeria. Based on the findings, which indicated that strategic thinking have significant impact on corporate performance, employee productivity and employee efficiency. The study therefore, concludes that strategic thinking is positively significant to organizational performance. Furthermore, organizations should encourage strategic thinking amongst its employee to achieve an enhanced organizational performance.

Recommendations

In view of the findings and conclusion of the study, the following recommendations were proposed for effective strategic thinking practices for manufacturing firms in Nigeria.

1. To enhance strategic thinking, an organization should relate with the employees the importance of strategic thinking for the growth of the organization and they should encourage their employees to come forward with brilliant ideas for the growth of the organization.
2. Management should ensure that employees are included in the planning processes as this improves job satisfaction.
3. In order to remain competitive and survive in a dynamic business environment, an organization through strategic thinking process, formulate and implement strategies that encourages organizational sustainability and growth.
4. Organization should build strategic thinking competence of its managers and employees through brainstorming, dialogue as a strategy by which they can effectively respond effectively to rapid change and achieve success.
5. There must be an improvement in the award scheme on the part of management in order to encourage manager and employees to think strategically in other to enhance collaboration.

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