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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

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WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

STRATEGIC THINKING: A KEY FOR COMPETITIVENESS IN SMALL BUSINESS OPERATING IN NIGERIA

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ABSTRACT

The development of effective strategy is essential for the survival of every business. Through management strategy, managers initiate actions necessary to get the organization from where it is, to where it wants to be. Successful organizations develop and implement strategies that are designed to ensure long-term success. This study which examined the effect of management strategy on the ability of small business to compete in their environment was carried out in Port Harcourt, Rivers State. The variables impacted in this study are management strategy; as independent variable and business competitiveness, as the dependent variable. The study adopted the survey design and the population of study comprised of all small businesses operating in Port Harcourt municipal council. The sample size was 20, chosen systematically from two groups, A and B (the service and non service small business). Structured questionnaire was used to elicit response from respondents. The questionnaire was validated and reliability test carried out to ascertain its suitability. Response from 18 respondents who properly completed the questionnaires were collated and analyzed. The Spearman Rank Correlation was used to test the hypotheses. Result from Data analysis and test of hypotheses indicates that; management strategy has effect on small business competitiveness and that the influence is to a great extent. We therefore recommend that, for small business to achieve competitiveness, they should continually strategize and adjust strategies in line with the products or service offered by competitors. They should therefore provide necessary capabilities to attack and respond quickly to competitive dynamics, this is to avoid competitive rivalry escalating to an intense level.

KEYWORDS

Strategy, Small business, Competitiveness, Competitive dynamics, Competitive rivalry, Content, Context.

INTRODUCTION

Small businesses are vehicles that drive employment generation, poverty alleviation, and sustainable economic development and hold the key for rapid industrialization of any nation. The Nigerian Institute of Management (2005) describes small scale business as an enterprise employing between 1-35 people, utilizing local raw materials for its operations. They include; supermarkets, eateries and bakeries, hairdressing and barbing saloons, business centers, tailoring and fashion design shops, electronics and computer repair centers, furniture makers and etc. It is expected that these businesses grow bigger in the future.

Small businesses operate in competitive environment which makes it difficult for them to fill customer needs. Competition is one of the environmental factors that challenge business, big or small. For every small business to grow, and avoid loss of one or more key customers to competitors, they need to strategize. Amara,Njoku,Ojukwu and Okpata(2012) is of the view that growth plan (a type of strategy) is especially important because, small businesses are vulnerable to smallest changes in the market place, changes in customer preferences, new moves by competitors or fluctuations in the overall business environment which can negatively impact on them, if not projected and adjusted for their future. Since it is the wish of every business to grow, a plan for growth is needed and loss of sales avoided. Most small businesses find it difficult to provide customer satisfaction at a reasonable price. May be customer' decisions are constantly changing with the changes in the business environment. The environment influences the type of business objectives and strategies and consequently, the type of enterprise that will seek to implement them. In a competitive business environment, enterprise existence and survival own allegiance to how effective it can plan to remain competitive, it is therefore important to understand the nature of the environment in which organization function and apply necessary strategies to achieve goal and resolve other problems arising thereof (from the environment where they operate). Since business operate in a macro environment shaped by influences emanating from general economic conditions, population demographics, technology and competition, issues of competitive strategy are likely to be especially important for them. However, decisions on competitive strategies are likely to be strongly influenced by the experience of those running the business; consequently issue of competitive strategy is very relevant. Thus an insight analysis of a firm's external and internal environment is a prerequisite for crafting or exporting a strategy that is an excellent fit with the company's situation which is capable of building competitive advantage, and holds good prospect for boosting business performance.

STATEMENT OF THE PROBLEM

Small business as catalyst for employment generation are looked upon to grow, provide jobs for many people and contribute to economic growth, but in Nigeria, these businesses operate in turbulent and competitive environment which remarkably affect their growth. This scenario has put competitive pressures on them making planning surpass available techniques and strategy loose application and efficacy. Small business which is sometimes typified as unplanned and unstructured, where owners react to events with no clear strategy to direct them is argued; do not have deliberate, intended strategy and that the managers manage by impulse, that is to say, they don't have a purposeful and consistent strategy to respond to competitive pressures. These businesses are often described as being at the mercy of unfair competition which threatens their growth and survival from many directions. Today, many of these businesses are closing down and some gross their dismal performance to so many factors but management ineptitude arising from their inability to apply management strategy for competitiveness is easily forgotten, hardly remembered or embraced. This may have informed Johnson and Scholes (1999) to say "Small businesses are likely to be operating in limited number of markets probably with limited range of products and services or their scope of operation look less strategic". Observation has shown that small businesses carry out regular planning i.e. they only develop a plan to achieve the short range objective of profitability, looking to profit as the major indicator for success hence profit maximization becomes their primary goal, thus ignoring long term plans. But Peter Drucker, had warned against focusing solely on profit as a measure of success. Drucker maintains that a preoccupation with profit alone can lead to short term thinking and reactive management behaviours. Buttressing Drucker's belief is Weihrich and Koontz (2005) who say that availability of resources is not always necessary. According to them, Japan, for example, lacks natural resources, yet the country prospered in the past. Mamman et al (2012) may have identified this when they said "business exists to provide products and services that will satisfy their customers, but their major problem is in the area of growth and strategic policies that will guide their operations". In fact, there appears to be a fundamental problem with small businesses. It does appear that small businesses in Nigeria seems to ignore management strategy, some feel that strategic management is the domain of big businesses thus loosing focus of it or they do not consider the environment these businesses find themselves today which necessitates rethinking of courses of action for the unknown. But Strokes (1992) says it all that strategy is significant in the success of small as well as large business. It is against this backdrop that this study is designed to ascertain if small business operating in the competitive environment they find themselves in Nigeria has anything to do with management strategy.

OBJECTIVE OF THE STUDY

The main objective of this study is to determine if management strategy has any effect on the performance of small business operating in a competitive environment.

Specially, this study examined the following:

(i) The effect of management strategy on the performance of small business operating in a competitive environment.
(ii) Level of the effect management strategy has on the performance of small business operating in a competitive environment.

RESEARCH HYPOTHESES

The following hypotheses were formulated and stated in their null;

Ho_1: Management strategy has no effect on the performance of small business operating in a competitive environment.

Ho_2: The level of effect management strategy has on the performance of small business in a competitive environment is not great.

SIGNIFICANCE OF STUDY

Much as small businesses provide jobs for people, their growth and survival is the desire of many. For the owners of small business, this study will open up new horizon on the need to strategize for competitiveness. Owners of small business will be made to understand that strategy is not the domain of big businesses alone.

Confronted with the growing variability and unpredictability of the environment, small business will increasingly be concerned with finding rational and fore-sightful ways of adjusting to, and exploiting environmental changes caused by competition. Thus, the result of this study will help them make such adjustments.

For the fact that business failures send negative signals to their owners and employees in terms of loss of income and job which hitherto affects economic growth, this study will therefore benefit employees, owners of small business and the government, for as much as small business survive, they create job opportunities, and help to generate income which adds to the gross domestic product and contribute to economic growth of a nation.

LITERATURE REVIEW

THE CONCEPT OF STRATEGY

A strategy is a plan ahead of time. It deals with the generation and alignment of programs to meet predetermined goals and not just the unpredictable but the unknown (Aluko, 1995). Chandler (1962) defined strategy as: "The determination of the basic long-term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals. In the words of Glueck (19720), strategy is a unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved. Strategy is a word that seems to be more commonly associated with large organizations than small businesses, which are often thought to be run more on tactical lines, with the focus on day to day activities (Strokes, 1992).

In his view about strategy Kazmi (2003) asserts:

When an old enterprise which has been profitable in the past starts facing new threats in the environment-like the emergence of competitors, it has to rethink the course of action it had been following. With such rethinking, new ways are devised to counter the threats. Alternatively, some new opportunities may emerge in the environment which had not been there in the past. In order to take advantage of these opportunities the enterprise reassesses the approaches it had been following and changes its courses of action. These courses of action are called strategies.

Strategy is the pattern or common thread related to the organization's activities which are derived from its policies, objectives and goals Kazmi, (2003) maintains.

The strategy of a business integrates its objectives and policies into a cohesive whole, that give activities longer term direction. According to Thompson, Strickland, and Gamble, (2010) the main ingredients of strategy are:

Objectives: Broad or narrow targets to be achieved.

Policies: Rules or guidelines, defining the limits for activities.

Activities: Sequence of actions, sometimes specified as action plans.

It is important to know at this point the type of objectives set by businesses and how they work toward achieving these objectives.

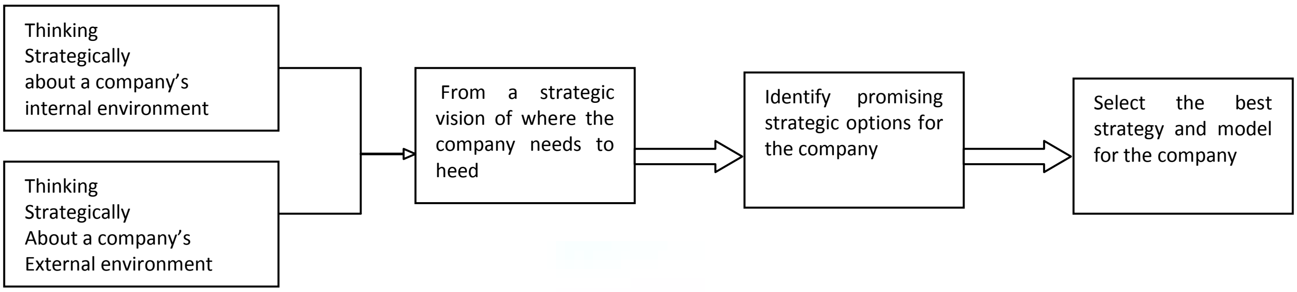
Since business objectives and policies are inextricably linked to the motives of the founders in setting up business by themselves, they are diverse. The objective common to all business is survival. Another common objective is independence, other objectives include:

(1) Growth in value to eventually secure a capital gain.
(2) To provide high income to owner(s)
(3) To ensure the status of the owner(s) in the community.
(4) To ensure a secure future for the heirs of the owner(s)
(5) To provide a satisfying place to work
(6) To represent a democratic and fair system of employment.
(7) To support artisan methods of production
(8) To promote environmentally sound business policies,

It is difficult to formulate generally applicable successful strategies because; the criteria for success represented by the objectives of the small enterprises are highly diverse. A pattern of activities emerges which have an element of consistency that amounts to strategy, when recognized these are often then converted to an intended strategy by a deliberate decision. Strategy is formulated by human activity, as well as human design where deliberate, intended strategy is required. Hitt, Ireland and Hoskisson (2001) say:

because of competitive dynamics (a series of competitive actions and responses among firms competing within a particular industry, including the size of the firm, innovation, product and process quality, speed of decision making), the effectiveness of any strategy is determined not only by the initial move, but by how well the firm anticipates and addresses the move and countermoves of competitors and shifts in customer demands over time.

Insightful analysis of a company's external and internal environment is a prerequisite for crafting a strategy that is an excellent fit with the company's situation. This is capable of building competitive advantage and hold good prospect for boosting enterprise performance- thus the criteria of a wining strategy (Thompson et al 2010).



Source: Thompson et al (2010)

CONCEPT OF COMPETITION

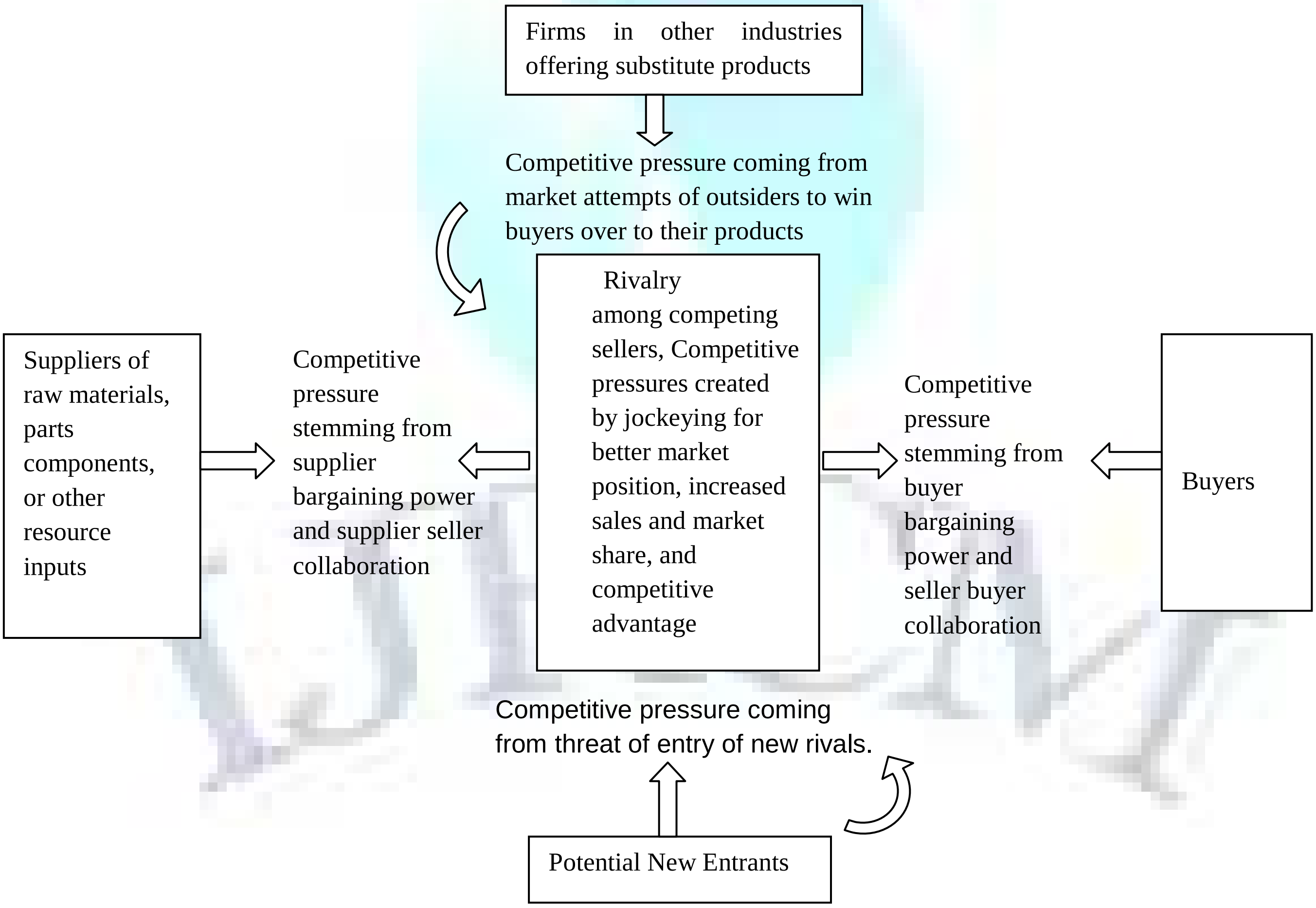
Competition is one of the key external variables of marketing environment. It is the battle among businesses for consumer acceptance. Sales and profits are the yardsticks by which such acceptance is measured. Competition exists when individuals or firms strive for the same economic goals at the same time (Kalu, 1998). Competition is a critical mechanism for guaranteeing that the private enterprise system will continue to provide the goods and services that make for higher living standards and sophisticated life styles. The business world has abundant examples of firms that were once successful but failed to continue satisfying consumer demand because they could not face the competition battle front. Competition assures that, over the long run, firms that satisfy consumer demands will be successful and those that do not will be replaced.

Competition is a constant threat to the life of firms and to keep its share of the market, the firm is forced by competition to continue to improve its products or lower its prices. To successfully improve product or lower price, strategy must be formulated and applied. This results in a changing economy with more and better goods and services available. Similarly, Boone & Kurtz (1982) opined that the private enterprise system requires that firms continually adjust their strategies, product offering, service standards, operating procedures, and the likes, otherwise the competition will gain higher share of an industry's sales and profits.

Thompson et al (2010) assert that firms face competition from three different sources:

(1) Brand competition from marketers of directly similar products.
(2) Substitute products that satisfy the same needs.
(3) Rivals that limit the buying power e.g. rival competition faced by children toys might be the daycare bills/fees.

THE FIVE – FORCES MODEL OF COMPETITION



Source: Thompson et al (2010)

The above model holds that the state of competition in an industry is a composite of competitive-pressure operating in five areas of the overall market.

(1) Competitive pressure associated with the market maneuvering and jockeying for buyer patronage that goes on among rival sellers in the industry. This is the strongest of the five forces, making the market a battle field. There is no end to maneuvering for buyer patronage. Rival sellers employ whatever weapon they have in their business arsenal to strengthen their positions, attract and retain buyers, and earn good profits, typical weapons for battling rivals and attracting buyers are; lower prices, more or different features, better product performance, higher quantity, stronger brand

image and appeal, wider selection of models and styles, bigger/ better dealer network. Low interest financing, higher levels of advertising, stronger product innovation capabilities, better customer services capabilities, stronger capability to provide buyers with customer made products. Rivalry intensifies when competing sellers are active in making fresh moves to improve their market standing and business performance.

Entry threats are weaker when the pool of entry conducts is small, entry barriers are high, existing competitors are struggling to earn healthy profits, the industry's outlook is risky or uncertain, buyer demand is growing slowly or is stagnant. Industrial members are strongly contesting the efforts of new entrants to gain a market foothold.

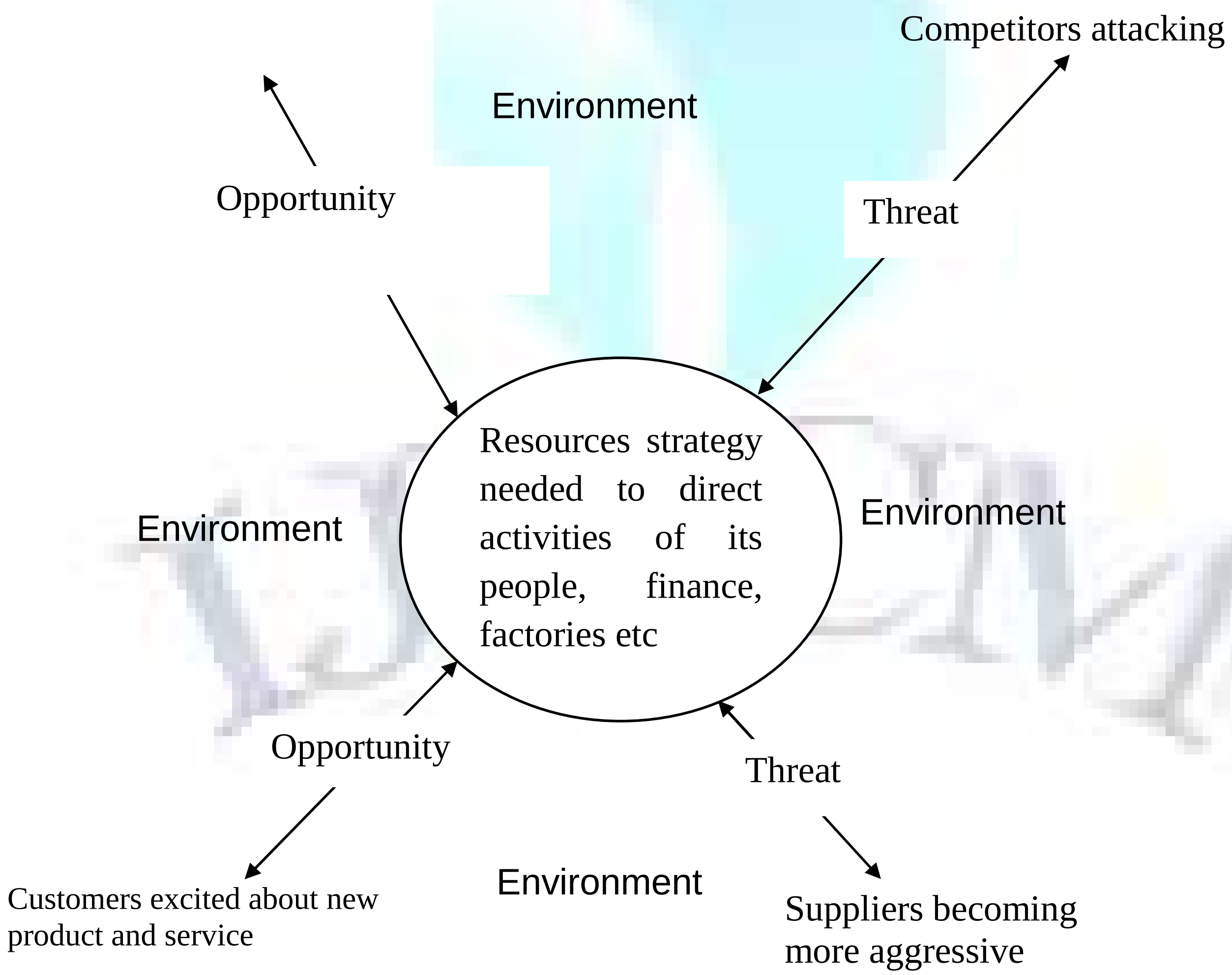
Competitive pressure from substitutes are weaker when; good substitutes are not readily available or don't exist, substitutes are highly priced relative to the performance they deliver, end users have high costs in switching to substitutes.

Supplier bargaining power is weaker when the items being supplied is a commodity, item readily available from many suppliers at the going market price, seller switching costs to alternative supplier are low, Good substitute inputs exists or new ones emerge. There is a surge in the availability of supplies (thus greatly weakening supplier pricing power): Industry members are a threat to integrate backwards into the business of suppliers and to self manufacture their own requirements, seller collaboration or partnering with selected supplier provides attractive win-win opportunities.

Buyers bargaining power is weaker when buyers purchase item infrequently or in small quantities; Buyers switching costs to competing brands are high, There is a surge in buyer demand that creates a sellers market. A seller's brand reputation is important to a buyer, a particular seller's product delivers quality or performance that is very important to buyer and that is not matched in other brands. Buyer collaboration or partnering with selected sellers provides attractive win-win opportunities.

1. **Trends:** Trends signal shifts in the current paradigm (or thinking) of the major population. For instance, there is the fact that the behaviour of one market operator may differ from the other, resulting in different operational behaviours (Akintoye, 2007). Observing trends closely will grant an entrepreneur the ability to recognize a potential opportunity. Trends need to be observed in society, technology, economy, and government. Such trends are: societal trends, aging demographics, health and fitness growth, senior living.
   a) Technology trends: Mobile (cell phone) technology, e-commerce, internet advances.
   b) Economic Trends: Higher disposable income; Dual wage-earner families and performance pressures.
   c) Government Trends: increased regulation, petroleum price and terrorism.
2. **Unexpected occurrences:** These are successes or failures that, because they are unanticipated or unplanned, often prove to be a major innovative surprise to everyone.
3. **Incongruities:** Incongruities occur when a gap or difference exists between expectations and reality for example, when Fred Smith proposed overnight mail delivery, he was told, "if it was that profitable, the U.S. post office would be doing it. It turned out Smith was right. An incongruity existed between what Smith felt was needed and the way business was currently conducted; thus he created FedEx. Similarly, Associated Bus Company (ABC) introduced an alternative to air transport when the weakness in Nigeria road transport continued to increase; a gap many providers failed to fill in the past.
4. **Process Needs:** These occur when an answer to a particular need is required. Venture capitalist refer to these needs as 'pain' that exist in the market place – the entrepreneur must recognize an innovative solution, or 'pain killer'

HOW CORPORATE STRATEGY LINKS THE ORGANIZATION'S RESOURCES WITH ITS ENVIRONMENT



Source: Lynch (2006) corporate strategy

There are five key elements of strategic decisions that are related primarily to the organizations ability to add value and compete in the market place. They are:

(1) Sustainable Decision that can be maintained over time for long-term survival of the organization

(2) Develop processes to deliver the strategy: strategy is at least partly about how to develop organizations or allow them to evolve towards their chosen purpose.

(3) Offer competitive advantage: Sustainable strategy is more likely if the strategy delivers sustainable competitive advantages over actual or potential competitors. Corporate strategy usually takes place in a competitive environment.

(4) Exploit linkages between the organization and its environment – links that cannot easily be duplicated and will contribute to superior performance. The strategy has to exploit the many linkages that exist between the organization and its environment: suppliers customers, competitors and often the government

(5) Vision – the ability to move the organization forward in a significant way beyond the current environment. This is likely to involve innovative strategies.

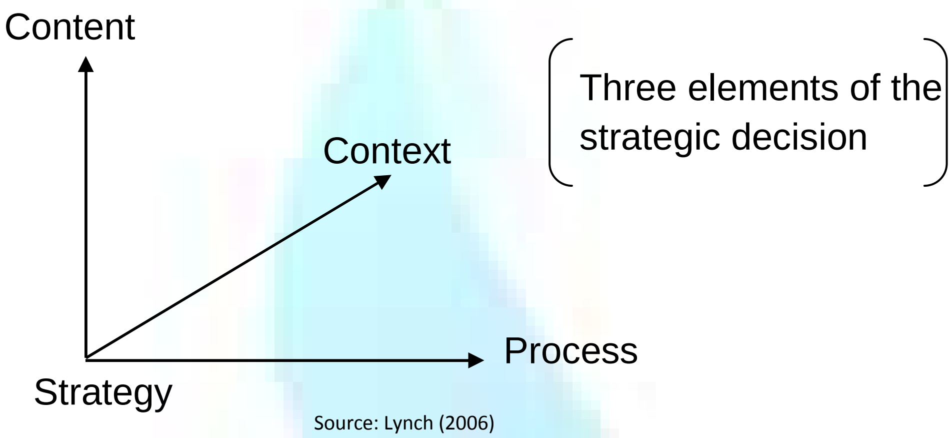
Every strategic decision involves the environment within which the following is achievable:

(i) Content or reason- Strategy operates and is developed.

(ii) Context – the main actions of the proposed strategy.

(iii) Process – How the actions link together or interact with each other as the strategy unfolds against what may be changing environment.

(iv)



Source: Lynch (2006)

METHODOLOGY

This study adopted a survey design. Respondents were 20 Small scale business managers /owners, drawn from 40 Small businesses. They were divided into two groups; group "A" (service business) and "B" (non-service business). This grouping is to ensure representation from the service and non-service business. For each group, 10 people were systematically selected which gave the sample size of 20. A simply designed questionnaire with close-ended questions was distributed to the 20 respondents. 18 useable questionnaires provided the data base (90 percent response rate). Responses were rank ordered. Data generated were presented using frequency table and hypotheses tested using Spearman Rank Correlation.

To tests Ho_1: Responses for the measured dimension; the effect management of strategy on the performance of small business operating in a competitive environment was used. Respondents were asked to indicate whether management strategy has effect or no effect on the performance of small business operating in a competitive environment. Having effect was rated 1, having no effect was rated 2,

TABLE 1: EFFECT OF MANAGEMENT STRATEGY ON PERFORMANCE OF SMALL BUSINESS OPERATING IN A COMPETITIVE ENVIRONMENT

Response from group A	Response from group B	Differences B/W Rank(D)	D^2
3	1	2	4
4	4	0	0
4	2	2	4
2	4	-2	4
1	3	-2	4
4	2	2	4
4	4	0	0
2	2	0	0
2	4	-2	4
		0	**$\sum d^2 = 24$**

$$r = 1 - \frac{6\sum d2}{N(N^2 - 1)} \Rightarrow 1 - \frac{6 \times 24}{9(9^2 - 1)}$$

$$r = 1 - \frac{144}{9(81 - 1)} \Rightarrow 1 - \frac{144}{9(80)}$$

$$r = 1 - \frac{144}{720} \qquad r = 1 - 0.2$$

$$r = 0.8$$

Since perfect correlation between two valuables would result in a value of +1, if the variable were positively correlated and -1 if they are negatively correlated (Baridam 1995).

A value of 0.8 indicates a positive correlation. Thus, we reject the null hypothesis and accept the alternative hypothesis which says" management strategy has effect on the performance of small business operating in a competitive environment.

Test of Ho_2: To test this hypothesis, responses from the dimension; what level of effect does management strategy have on the performance of small business operating in a competitive environment was used. For this question, the level of effect management strategy has on the performance of small business operating in a competitive environment was measured by asking respondents to selected one of the options: To a low level rated 1, to a moderate level rated 2 and to a great level rated 3.

TABLE 2: LEVEL OF EFFECT MANAGEMENT STRATEGY HAS ON THE PERFORMANCE OF SMALL BUSINESS OPERATING IN A COMPETITIVE ENVIRONMENT

Repose from group A	Response from group B	Differences B/W Rank(D)	D^2
1	3	-2	4
2	1	1	1
3	3	0	0
3	1	2	4
2	3	-1	1
1	1	0	0
1	2	-1	1
3	2	1	1
2	2	0	0
		0	**$\sum d^2 = 12$**

$$r = 1 - \frac{6\sum d2}{N(N^2-1)} \Rightarrow 1 - \frac{6 \text{ X } 12}{9(9^2 - 1)}$$

$$r = 1 - \frac{72}{9(81-1)} \Rightarrow 1 - \frac{72}{9(80)}$$

$$r = 1 - \frac{72}{720} \qquad r = 1 - 0.1$$

$$r = 0.9$$

Since perfect correlation between two variables would result in a value of +1, if the variables were positively correlated and -1, if they are negatively correlated (Baridam, 1995). Therefore a value of 0.9 indicates a positive correlation. Thus, we reject the null hypothesis and accept the alternative hypothesis which says" management strategy has great effect on the performance of small business operating in a competitive environment.

DISCUSSION OF FINDINGS

Test of hypothesis one indicates that there is perfect correlation between the measured variables which resulted in a value of 0.8. Since the variables were positively correlated, this shows that management strategy has effect on the performance of small business operating in a competitive environment. In consonance with this outcome, Amara et al(2012) say that growth plan (a type of strategy) is especially important for small businesses because they get easily affected even by smallest changes in the market place which can negatively impact on their activities if not projected and adjusted for their future.

Test of hypothesis two shows that there is perfect correlation between the measured variables which resulted in a value of 0.9. Since the variables were positively correlated, this result depicts that management strategy great effect on the performance of small business operating in a competitive environment to a great extent. Kazmi (2003) is in support of this finding when he said if an old enterprise which has been profitable in the past starts facing new threats in the environment-like the emergence of competitors, it has to rethink the course of action it had been following. With such rethinking, new ways are devised to counter the threats and some new opportunities may emerge in the environment which had not been there in the past. In order to take advantage of these opportunities the enterprise reassesses the approaches it had been following and changes its courses of action.

CONCLUSION

Based on the findings, we draw conclusion as follows; since management strategy has great effect on the performance of small business operating in a competitive environment, small business may not successfully contend competitive pressures if they fail to see management strategy as a veritable tool and apply same to achieve competitiveness.

RECOMMENDATION

Small business need to go out and find a market opportunity, then establish and organize a business to satisfy that opportunity, they should understand the capabilities and limitations of an existing business; identify gaps and close such gaps, thus checking competitive rivalry escalating to an intense level..

While businesses never plan to fail, they should have a clear and sustainable plan for operating successfully and competitively in their environment. Small businesses should develop the necessary capacity in terms of time, energy, commitment and action which strategic management requires.

They should not react on competitive pressures rather; proactively formulate suitable strategies which will enable them respond promptly to competitive challenges.

Since it is the wish of every small business today to grow to a large scale tomorrow, for that reason, the growth plan should be set from the inception rather than when they realize it has become necessary.

Like the global imperative management orientation (GMO) which holds that we have very quickly become a global village and managers must adopt a global vision regarding all their activities (Jaja and Zeb-Obipi, 1999), consequently, small business are prone to all forms of competition and as such, should develop management strategies to proactively respond to competitive pressures.

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