



POLAC ECONOMIC REVIEW (PER)  
DEPARTMENT OF ECONOMICS AND MANAGEMENT SCIENCE  
NIGERIA POLICE ACADEMY, KANO



## STRATEGY EXECUTION AND THE OPERATIONS OF LARGE SCALE BUSINESS ORGANIZATIONS IN ABIA STATE

**Akpaetor, Ubong Augustine**

Department of Business Administration, AkwaIbom State University

**G.A Emerole**

Department of Business Administration, Micheal Okpara University of Agriculture, Umudike

### Abstract

*This study examined strategy execution and the operations of large scale business organizations in Abia State. The main objective of the study was to examine the effect of leadership style on the operations of large business organization in Aba metropolis of Abia State and to ascertain the effect of communication style on the operations of large business organization in Aba metropolis of Abia State. To achieve this objective, two research questions as well as two research hypotheses were formulated for the study. Survey research design was used in the study. Three hundred and ninety two (392) respondents were randomly selected as the population of the study, while three hundred and eighty eight (388) were used as sample size. Simple linear regression was used in testing the formulated hypotheses. Results from the study showed that communication style ( $R^2 = 0.653$ ) and communication style ( $R^2 = 0.854$ ) has significant effects on the operations of the studied large organizations in Aba metropolis of Abia State. The researcher's concluded that strategy execution has significant effect on the operations of large scale business organizations in Abia State. Based on these findings, the study recommends that the leadership style of the studied organizations should be participatory in nature, starting first with involvement of their subordinates, and the managers of the studied organization should communicate with their employees in clear terms as this would help in proper execution of planned strategies.*

**Keywords:** Strategy execution, Large Scale business organizations, Strategic Actions, Strategic Intends.

### 1.0 Introduction

Business organizations are established to achieve pre-determined corporate objectives. To help them achieve that course, different department are tasked to achieve corporate objectives while employees are assigned respective tasks(s). It is expected, based on different time frame, for owners/management of an organization to assess if the tasks assigned to departments as well as employees have equally helped in achieving corporate objectives. In doing that, owners/management of organizations strategically devise a means through which the objectives could be translated into strategic

actions in order to optimally achieve pre-determined objectives of an organization. One of such means is through the use of strategy execution (Hitt, Ireland and Hoskisson, 2001).

Conceptually, strategy execution is defined as actions that are undertaken by management of an organization in order to achieve set goals (Thompson and Strickland (1989) as cited in Effiom and Edet (2010). In another context, David (2013) defined the concept as the motivation that are given to employees for them to ensure that strategic goals are properly turned into strategic actions. Put together, strategy

execution entails what an organization must do for them to realize their strategic intents. Knowledge of strategy execution ensures that while trying to achieve objective of an organization, there must be a supporting system that is well rooted in the system, culture and values of such an organization. More so, it must be an action that is allowed to succeed without any form of disruption from the organization's structures.

Two major variables are vital if strategy execution exercise in any organization is to be successful. The variables are leadership style of the organization manager's and communication style. Social relationships are important determinant of a successful strategy execution. From a corporate level prism, leaders discussed in this context include individuals like: the top level managers, the middle level managers and the lower level managers or the owners of a business in the case of small businesses (Li, Guohui and Eppler, 2008). Known as strategy executors or goal implementor's, the relationship of these individuals with their subordinates as well as their behavioural disposition undoubtedly predict the success or failure of any strategy execution exercise. Equally, Successful strategy execution in any organizations inevitably requires effective communication among individuals (especially in a team) and across all levels of the organization. The nature of such communication would often demand agreement between the strategy planners and their subordinates on certain issues and parameters.

Accordingly, operations in large scale organizations must be routinely carried out if pre-determined objectives are to be achieved. Such organizations must remain competitive if they are to survive overtime. Thus, the determinants of how well large organization perform is largely determined on how successful their strategy implementation exercise is. From extant management literature, it has been established that the leadership style of the business

owners as well as their communication style are crucial in assessing the performance of such organizations. Therefore, since these variables are crucial in assessing, predicting and sustaining the performance of large scale organizations, study of this nature requires an in-depth consideration.

## **1.2 Statement of the Problems**

Leadership and communication styles of strategy planners in the studied organizations have not been helpful in achieving the corporate goals of the organization.

## **1.3 Objectives of the Study**

The objective of this study is to examine the effect of leadership and communication styles of strategy planners, as variables of strategy execution, on the operations of large scale business organizations in Aba metropolis of Abia state.

## **1.4 Scope and Limitations of the Study**

The scope of this study covered Champion breweries Plc, Aba and Aba Textile Mills Plc., which are both are registered large scale businesses operating in Aba metropolis; while strategy execution variables used in the study were leadership style and communication style of the strategy planners.

## **2.0 Literature Review**

### **2.1 Conceptual Framework**

Business organizations strive to survive, grow and remain in business overtime. In order to achieve these objectives, firms need to remain competitive in today's changing and dynamic business environment by being able to strategize and execute such strategies successfully. Effective strategy execution is fundamental to firms' improvement. Strategy execution is used to control and keep track of how a

firm is performing and whether it is meeting its objectives. It is a critical aspect of business process which must be carried out for firms that wish to enhance their performance. The critical success factors in current dynamic and competitive business environment are providing strong indications those strategy execution variables such as leadership and communication styles of strategy planners are effective in predicting successful operations of large businesses (Sun & Scott, 2003).

Strategy execution involves taking careful actions as organization moves from the known to the unknown (Cummings and Worley, 2005). Li, Guohui and Eppler (2008) further opined that strategy execution answers the question of whether a formulated strategy is successful or not. Altogether, the whole process of strategy planning is difficult, however, making such strategy work throughout the organization is even more difficult (Hrebiniak, 2006). Butressing this assertion, Thompson, Strickland and Gamble (2007) posit that strategy execution is never easy in the sense that it requires more time than strategy formulation. Therefore, since strategy execution involves complex processes than strategy formulation, strategy execution therefore is pivotal towards transferring strategic intention of an organization into strategic actions (Ibrahim, Sulaiman, Kahtani and Abu-Jarad, 2012).

Since the emergence of strategy execution studies, plethora of variables, sometimes called critical success factors, have been proffered in order to ensure successful execution of strategic plans in an organization. Therefore, in tandem with the objectives of this study, the two aforementioned strategy execution variables are explained as shown hereunder:

**Leadership Style of Strategy Execution Planners:** Social relationships are important determinant of a successful strategy execution. The leaders, in the

context of this study are individuals like: the board of directors, the managers, chief executive officers, among others (Li, Guohui and Eppler, 2008). The leadership style of these individuals who are formally known as strategy executors or goal implementors undoubtedly predicts the success or failure of any strategy execution process. Thus, when the leaders in an organization cordially relate with their subordinates, their subordinates optimally bring in their knowledge, behaviours, skills, capabilities, and experiences that are all required for a programmed goal to function effectively (Govendarajan, 1989 as cited in Maotwanyane, 2017). Therefore, more than any other factor, the human side of strategy executors as well as their attitude towards others are more important in viable operations of a business than the physical side of an organization (Visera, Baines and Sweeney, 2005).

**Communication Style of Strategy Execution Planners:** The effectiveness and efficiency that may be achieved in any strategic execution process rest solely on the communication habit and structure that exist between the managers and their subordinates (Hitt, Ireland and Hoskisson, 2001). Put differently, strategy executors are responsible for allocation of resources, structuring the organization, motivating and ensuring commitment of employees across all units in the organization (Rowe, Mason, Dickel, Mann and Mockler, 2001). Thus, situations where strategies are crafted, executed and the objectives are timely and optimally achieved, there is a possibility that the company has a good strategic leader, but where the expected objectives are not realized, in the words of Jooste and Fourie (2009) there is clear lack of communication between the leaders and their subordinates.

## **2.2 Large Scale Business Organizations and their Operations**

Just like micro, small and medium scale enterprises, the definition of large scale business organizations is not homogenous among academic scholars. The varying definition is attributable to the objective of the writer and their understanding of what large businesses. Large scale organizations, according to Oppong, Owiredo and Churchill (2014) are organizations that have 100 staff and more. For developing countries, the United Nations Industrial Development Organization (UNIDO) defined large scale organizations as firms with staff strength of 100 workers and more while developed countries, large firms are firms with staff strength of 500 workers and more (Elaian, 1996). Elsewhere, The Ghana Statistical Service (GSS) considers firms with more than 10 employees as both Medium and Large-Sized Enterprises (Kayanula and Quartey, 2000). Large scale business organizations are organizations with a labour size of over 300 workers or a total cost of over N200 million, including working capital but excluding cost of land and/or a workforce of over 300 employees (Moses, Oluwafunmilayo & Prosper, 2015). Large scale industry is an industry with a labour size of over 300 workers or a total cost of over N200 million, including working capital but excluding cost of land (Udechukwu, 2003).

As corporate organizations want their business processes to be valuable and more sustainable in the longer term, it is important for them to realize how effective strategy execution could play significant role in that direction (Micheli and Manzoni, 2010). Through an effective strategy execution exercise, corporate managers could know which factors influence an organization's performance in order for them to take appropriate steps to initiate them. As such, As such, strategy execution, as one of the important issues in strategic management process, has served as reason why some organizations succeeded while others failed, be it profit or nonprofit one. Hence, successful strategy execution could be relied on by corporate managers as they make decisions that

relates to effective and efficient achievement of corporate goals.

### 2.3 Theoretical Framework

**Knowledge-Based View Theory of the Firm:** In the Resource-Based View (RBV) Theory that was propounded by Wernerfelt in 1984, was developed so as to understand the source of competitive advantage that firms enjoy as contained in their business strategies and processes. The theory believed that firms' source of competitive advantage could be tangible or intangible. Knowledge was mentioned as one and not the primary source of a firms' source of competitive advantage. This is where the knowledge-based theory comes to fore. In the knowledge-based view theory, knowledge is not considered as one of the source of a firms' competitive advantage but the most strategically significant resources of the firm. The theory considers that for knowledge to be a strategic resource, it must be rare, inimitable, scarce and non-substitutable (Therious, Aggelidis and Therious, 2009). The tangible assets, as proponents of the theory contend, are physical assets that are tractable, could be measures, seen and touched. They include assets such as: land, buildings, machinery equipment, products/goods, among others (Wang, Chen and Chen, 2012). The intangible assets, on the other hand, are assets that are not seen physically, they cannot be quantified and it is impossible to touch. Features of intangible asset include: goodwill of a firm, knowledge base, and copyright, employee training and superior-subordinate relationship, among others. Thus, the believe of this theory is that, as long as the combination of these assets remain valuable, rare, difficult to imitate and are non-substitutable, they are seen as source of competitive advantage to a firm (Wernerfelt, 1984).

Knowledge-based view theory of the firm, therefore, constitutes the theoretical basis of this study. For the knowledge-based view theory, it has been adduced

that the success of large scale business organizations largely depends on the leadership and communication styles of the strategy planners. These factors, which are intangible in nature, aid in creating and sustaining competitive advantage of a firm when it is effectively applied. On the basis of the above propositions, RBV theory serve as a suitable

### 2.3 Empirical Review

Gure and Karugu (2018) examined *strategic management practices and performance of SMEs in Nairobi City County, Kenya*. The population of the study was 100 respondents while 30 respondents were selected as samples for the study. The primary data generated was analyzed descriptively. The study revealed that the adoption of Micheal Porter's generic strategies of competition in strategic management practices influenced the performance of SMEs in Nairobi County, Kenya. It was recommended that in order for the SMEs to grow in scale and profitability and also compete favourably, they need to embrace Micheal Porter's generic strategies of competitive advantage.

Orugun, Nafiu, Aduku and Donkor (2017) carried out a study on *strategy implementation and its effect on superior performance and competitive advantage of SMEs in Kogi State, Nigeria*. Specifically, the objective of the study was to determine the extent at which effective implementation of SME's strategy can enhance higher competitive advantage compared to other business firms in the same industry in Kogi State. The study made use of survey research design. Using convenient sampling technique, 1886 SMEs was selected as the population of the study while 330 was selected as the sample size using Taro Yamane sample size determination technique. The demographic data of the respondents was analyzed using descriptive data while the formulated hypotheses were analyzed using regression analysis. The study revealed, among others, that strategy implementation has significant effect on the superior performance of SMEs in Kogi State

compared to their competitors. It was concluded that when strategy is successfully implemented, it has consequences on organizational performance. The researcher recommended that SMEs owners in Kogi State should ensure that their business strategy is successfully implemented so as to outperform other competitors within the same business environment.

Kihara (2016) conducted a study on *influence of strategy implementation on the performance of manufacturing SMEs firms in Kenya*. Out of 593 registered SMEs in Kenya, 115 was used as sample for the study. Using systematic sampling technique, copies of questionnaire was administered to the respondents. The generated data was analyzed using bivariate correlation and multiple regressions. The result provided statistical evidence that a positive and significant effect exist between strategy implementation and the performance of the studied manufacturing SMEs. It was recommended that the studied SMEs should maintain a proper balance between strategy implementation and their human resources.

Njeru (2015) studied *strategic management practices and performance of small and medium sized enterprises in Kenya*. The primary objective of the study was to determine the strategic management practices adopted by one hundred (100) SMEs in Kenya and the influence of strategic management practices adopted on corporate performance. The population of the study was top one hundred (100) SMEs in Kenya. Finding from the study revealed that the SMEs had adopted strategic management practices which influence their performance. It was recommended that top management of the SMEs should strive to make strategic management process as inclusive as possible from the lower level employees to senior management.

Alhilou (2015) examined *strategy implementation process in SMEs: Exploring Multiple cases from the*

KSA. The study was a pilot. Data generated in the study was analyzed using content analysis. Findings from the study showed that, in implementing strategy formulated, majority of studies have focused on traditional strategy implementation approaches whereas few studies have considered the use of contemporary views. It was recommended that for effective strategy implementation processes, studied SMEs should develop a primitive framework for strategy implementation.

### 3.0 Methodology

Survey research design was used in this study. The rationale for this choice of research design was based

on the researcher's use of structured questionnaire in eliciting responses from the respondents. Three hundred and ninety two (392) copies of administered questionnaire were properly filled and returned out of three hundred and eighty eight (388) that were administered on the respondents. Analysis on the generated primary data was done using simple linear regression.

## 4.0 Data Analysis and Findings

### 4.1 Hypothesis One

**H<sub>01</sub>:** Leadership style has no significant effect on the operations of large scale business organizations in Aba metropolis of Abia State.

**Table 1:** Regression Result of Hypothesis One

Table 2: Regression Result of Hypothesis One

A: Model Summary						
Mode 1	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.411 <sup>a</sup>	.653	.042	2.187		
B: Goodness of Fit						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	86.087	1	86.087	17.997	.000 <sup>b</sup>
	Residual	1846.366	388	4.783		
	Total	1932.454	387			
C: Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.694	.465		20.858	.000
	Leadership Style	.502	.118	.211	4.242	.000

The Table above shows the result of hypothesis one. From the Table (Table A: Model Summary), the correlation co-efficient (r) which shows the relationship between leadership style and operations

of large scale business organizations in Aba metropolis is 0.411. This shows that there is a positive relationship between the two correlated variables. Also, the Table shows the value of

coefficient of determination  $R^2$  which explains changes in the dependent variable that is caused by changes in the independent variables as 0.653. This evidenced the fact that the independent variable (leadership style) used in the model is able to explain 65% variation in the operations of large business organizations in Aba metropolis of Abia State.

Furthermore, the Table shows the goodness of fit (Table B: Goodness of Fit) between the regressed variables. The **F** statistics have a value of 17.997 with a corresponding **p-value** of 0.000, which is less than 0.05 level of significance ( $P < 0.05$ ). This further strengthened the fact that the regressed variables are significant and also exhibit goodness of fit between them. Equally, the  $\beta$  value of the analysis is 0.211 with a **t** value of 4.242 and **p-value** of 0.000 (Table

C: Coefficient), which is less than 0.05 level of significance ( $P < 0.05$ ). This buttressed that the independent variable (leadership style) has positive effect on the independent variable (operations of large business organizations in Aba metropolis of Abia State). Statistically, it shows that the independent variable could explain 65% changes in the dependent variable (operations of large business organizations in Aba metropolis of Abia State) while 34% could be explained by other factors not captured in the model.

## 4.2 Hypothesis Two

**H<sub>02</sub>:** Communication style has no significant effect on the operations of large scale business organizations in Aba metropolis of Abia State.

**Table 2:** Regression Result of Hypothesis Two

A: Model Summary						
Mode 1		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.432 <sup>a</sup>	.854	.049	2.179	
B: Goodness of Fit						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	103.831	1	51.916	10.930	.000 <sup>b</sup>
	Residual	1828.623	388	4.750		
	Total	1932.454	387			
C: Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.021	.579		15.567	.000
	Communication Style	.477	.119	.200	4.019	.000

Furthermore, the Table above shows the result of tested null hypothesis. For the Table (Table A: Model Summary), the value of **R** which represent the correlation coefficient between communication style

and operations of large scale organizations is 0.432. This shows that there is a significant relationship between the independent variable (communication style) and the dependent variable (operations of large

scale business organizations). On the proportion of changes in the dependent variable that could be explained by the independent variable,  $R^2$  value of 0.854 showed that the independent variable (communication style) could only explain 85% changes of the variation in the dependent variable (operations of large scale business organizations).

A look at the goodness of fit between the variables showed that there is an excellent fit. The  $F$  statistics has a value of 10.930 with a corresponding  $P$ -value of 0.000 which is less than 0.05 level of significance. Altogether, this shows that the regressed variables are good fit and are statistically significant. On the beta weights of the variable, the result showed a  $\beta$  value of 0.200 with a  $t$  value of 4.019 and  $p$ -value of 0.000 (Table C: Coefficient), which is less than 0.05 level of significance ( $P < 0.05$ ). This indicates that the independent variable (communication style) used in the model has a positive and significant effect on the dependent variable (operations of large scale business organization). This implies that, when tested

independently, a unit increase in communication style of strategy planners enhances the operations of the studied organizations by 15%.

## 5.0 Conclusion and Recommendations

This study centered on strategy execution and operations of large scale business organizations in Abia State. Results from the study has shown that strategy execution variables of leadership and communication styles have significant effects on the operations of large scale business organizations in Aba metropolis of Abia State.

Based on the above conclusion, the following recommendations were made for this study:

- i. The leadership style of the studied organizations should be participatory in nature, starting first with involvement of their subordinates; and
- ii. The managers of the studied organization should communicate with their subordinates in clear terms as this would help them in proper execution of planned strategies.

## References

- Elaian, K (1996). Employment Implications of Small Scale Industries in Developing Countries: Evidence from Jordan. *Science, Technology and Development*, 14(1): 80-101.
- Gure, A. and Karugu, J. (2018). Strategic Management Practices and Performance of SMEs in Nairobi City County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3 (1): 1-26.
- Hitt, M., Ireland, R. and Hoskisson, R. (2001). *Strategic Management: Competitiveness and Globalization*. Southwestern: Cincinnati, OH.
- Joostle, C. & Fourie, B. (2009). The Role of Strategic Leadership in Effective Strategy Implementation: Perception of South African Strategic Leaders. *South African Business Review*, 13 (30), 51-68
- Joostle, C. and Fourie, B. (2009). The Role of Strategic Leadership in Effective Strategy Implementation: Perception of South African

- Strategic Leaders. *South African Business Review*, 13 (30), 51-68.
- Kihara, M. (2016). Influence of Strategy Implementation on the Performance of Manufacturing Small and Medium Firms in Kenya. Thesis, University of Agriculture and Technology, Jomo Kenyatta University of Agriculture and Technology.
- Li, Y., Guohusi, S. & Eppler, M. (2008). Making Strategy Work: A Literature Review of the Factors Influencing Strategy Implementation. *ICA Working Paper*, 2/2008, Institute of Corporate Communication.
- Micheli, P. and Manzoni, J. (2010). Strategic Performance Measurement: Benefits, Limitations and Paradoxes. *Long Range Planning*, 43(4):465-476.
- Oppong, M., Owiredo, A. and Churchill, R. (2014). Micro and Small-Scale Enterprise Development in Ghana. *European Journal of Accounting, Auditing and Finance Research* 2 (6):78-91.
- Therious, N., Aggelidis, V. and Therious, G. (2009). A Theoretical Framework Contrasting the Resource-Based Perspective and the Knowledge-Based View. *European Research Studies*. 12(3): 177-190.
- Viseras, E. & Baines, T. & Sweeney, M. (2005). Key Success Factors when Implementing Strategic Manufacturing Initiatives. *International Journal of Operations and Production Management*, 25, 151-179.
- Wang, C., Chen, K. and Chen, S. (2012). Total Quality Management, Market Orientation & Hotel Performance: The Moderating Effects of External Environmental Factors. *International Journal of Hospitality Management*, 3(1):119-129.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.