

## Research paper

# Sustaining Organizational Growth through Strategic Management in Production Companies

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**ABSTRACT:** In today's world, organizations face various unexpected events such as policy changes, market failures, natural disasters, terrorist attacks, and technology breakdowns. To tackle such unpredictable situations, the study of strategic management and organizational growth has become essential. It helps organizations to develop strategies and plans to overcome these challenges and achieve sustainable growth. Two research questions were posed and two research hypotheses were developed to guide the study. The study population comprised of 63 regular staff members from the Mouka and Frendy foam production industry, which also constituted the sample size due to its small size. A questionnaire consisting of 15 items was used to collect data from the sampled staff in Warri and Abraka, after validating and testing for reliability with a Cronbach Alpha score of 0.75. According to the statistical analysis conducted on the extracted data, it has been found that defensive strategy has a significant impact on organizational growth. However, it was observed that prospective strategy does not have a significant effect on organizational growth. Based on these findings, it is recommended that managers at all levels and stages of business development adopt a defensive strategy. This strategy proves to be effective in combating competitors and navigating through the challenging and competitive business environment.

**Keywords:** Sustaining organizational, growth, strategic management, production companies

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## INTRODUCTION

Strategic management is a continuous process that examines and safeguards the organization on the businesses in which the company operates, evaluates its competitors and sets goals and strategies to satisfy all current and potential competitors, and then reassesses each strategy every year or quarterly, maybe regularly, to ascertain how well it has been executed and whether it needs to be replaced by a new strategy to address changing circumstances, new technology, and new competitors (Wan et al., 2022). The key goals that business organizations in particular should aim to achieve are securing a competitive advantage position and improvement, especially in the areas in comparison to their rivals (Biswas and Akroyd, 2022). Strategic management is increasingly about productivity. It is about setting corporate goals and devising a plan to achieve

them. Strategic management is concerned with planning and forecasting the future of the business, taking into consideration the current and future of the business's surroundings. Once the entrepreneur has a sense of how the future may appear and what the business's place ought to be in that future, tangible targets can be established, as well as the path to achieving these objectives. These objectives and the approach for achieving them are designed to maximize the return on investment.

The centric of strategic management is when corporate organizations create plans to anticipate unanticipated events, reduce production costs and waste, and then be able to compete with rivals in a planned manner. No of the type of market they operate in—competitive, oligopolistic, or monopolistic—all business organizations

need to prepare ahead of time. Planning and developing strategies that will first assure an organization's survival and ongoing profitability is necessary for businesses functioning in competitive markets (Obeta, 2010). The size of a company and its business environment's propensity to change may affect strategic management. Due to its scale, operational range, and obligation to take into account stakeholder needs and opinions, a global transnational organization may thus use a more formal strategic management model.

### The problem

Many organizations, ranging from the list entrepreneurial setting to a more mega-company, need a strategy to be able to pilot the company or organization towards its growth and goal attainment. Many managers find it difficult to classify the type of strategy needed to meet the challenges they and their company face. Thus, the defensive strategy and the prospective strategy will be considered in this study to know whether the foam production companies apply the strategies mentioned in the attainment of their organizational growth.

### Objectives

- i) To determine the relevance of defensive strategy on organizational growth
- ii) To determine the effect of prospective strategy on organizational growth

### Research questions

- i) Does defensive strategy affect organizational growth?
- ii) What is the effect of prospective strategy on organizational growth?

### Research Hypotheses

- i) There is no significant effect between defensive strategy and organizational growth
- ii) There is no significant effect between prospective strategy and organizational growth

### Literature review

Strategic management (SM) and Organizational growth (OG) or change (OC), as well as their many combinations, have been researched and used for a long time in several unique units of organizations, private corporations, and companies, such as production, operation, and research and development (R&D) (Shenhar, 2004). Strategic management may be described from a variety of perspectives, including economic, social, marketing, and management.

The process of creating an organization's vision, mission, objectives, and goals to provide value for clients, stakeholders, and the community at large while competing in markets is known as strategic management (SM) (Puthamont and Charoenngam, 2007). To manage many projects at once, governmental or commercial companies may have a functional matrix or a project (Kerzner, 2017). Additionally, SM plans are typically used by corporations to better implement their strategic

### Defensive strategy

Organizations regularly encounter unforeseen occurrences like natural catastrophes, terrorist attacks, or technology failures in extremely unpredictable and uncertain times (Duchek, 2020). For any organization to fulfill its objective, it must first and foremost continue to exist. This is no easy undertaking given the company's difficult competitive climate and the kind of people working there, among other things (Friday et al., 2018). As a result, businesses must cope with issues such as increased global rivalry, altered customer expectations and behaviors, new technology, and a variety of unforeseen occurrences at the economic, social, and institutional levels and because of this, for a business to succeed, it must demonstrate its inherent capacity to react pro-actively and creatively to significant changes that might derail the planned sequence of events. It might not be able to live for a long time without such a skill. For an organization to survive, its overall resilience is crucial (Edwinah and Korgba, 2017).

Management uses a defensive approach as a marketing tactic to protect their company from possible rivals. In other words, it's a battlefield where you have to engage in combat to defend your market share while maintaining customer satisfaction and profit stability (Yannopoulos, 2021). According to Bradley (2019), effectively protecting your business depends on recognizing the market you can operate in and when to broaden your appeal to enter other markets. Holding onto what you have and exploiting your competitive edge to fend off rivals are the goals of defensive tactics.

Thus, according to the defensive strategy's primary objective is to deter challenger firms from attacking. It is further broken down into two parts: pre-entry (which protects a firm by making it difficult for another firm to enter the same industry by raising the entry barriers, or it occurs before the market leader firm is attacked by the challenger firm), and post-entry (which involves making the competitor firm's life difficult after it has entered the market).

### Prospective strategy

Future exploration is the focus of the business field of strategic perspective. The strategic perspective allows for building several future scenarios and planning the

transformation of a present state into a desired future. It is rooted in qualitative approaches with participatory experts and stakeholders. There are two basic schools of thought in future studies: the first stresses the past as the primary predictor of the future and takes into account phenomena that exhibit historically verifiable behavior. The present is a son of the past, as Miklos and Tello, (2006) stated. The other stream, voluntarism, views how human action is shaping the future and allows for the proactive design and modification of the future (Miklos and Tello, 2006). Emphasizing that perspective presupposes the creative energy of man, associated with the concept of freedom, to function in some manner, refers to the "proactive oxygen" in this sense. Therefore, whereas the tools of the deterministic current primarily consider a static approach in which it is necessary to provide instruments to first identify the system's present state and then those conditioning components to construct and achieve the desired future, the tools of the voluntarist current primarily take into account a dynamic approach.

A four-step process is necessary for perspective strategy, as explained by Zafar et al. (2014), to design and develop future research. The first step involves understanding the overall context, followed by adopting a strategic perspective. The third step entails designing potential futures, and finally, the fourth step involves bringing those futures to life. This process involves comprehending the context, visualizing strategies, sketching potential futures, and ultimately building the future.

It is the initial approach to the research object. It alludes to the widespread comprehension of the issue or research topic for which the future will be imagined. It entails comprehending the aspects of the system. When it comes to using qualitative approaches, it is important to understand how to communicate with specialists if the study calls for their input. Understanding the context in terms of quantitative methodologies involves identifying variables, observing and comprehending their prior behavior, and establishing causal linkages between variables. Understanding the context therefore entails having a macro-level notion from a surface-level observing position.

After gaining broad knowledge, it is feasible to hone the observational method to ascertain how the relative significance of the studied constituent elements may influence their future evolution; this is called strategic visualization. In terms of qualitative approaches, this includes not only the classification and analysis of variables and stakeholder interactions but also the identification of strategic internal and external elements and their future effects. The validation and quantification of causal links between variables is a focus of quantitative approaches, as is the recognition of patterns so that their internal structure and potential future effects may be examined. Strategic visualization therefore

entails having a micro-level understanding and adjusting the level of observation from an internal level.

### **Creating future sketches**

There are sufficient components to delve further into the potential futures of the thing under investigation once the first two stages of the prospective process have been finished. The third step, future drawing, enables the start of designing many future situations. It's time to use the strategic knowledge gained from the prior two phases to present the potential future states and sketch either alternative or probable possibilities (Kerzner, 2017). This may be done either through the exploratory technique or the regulatory one. The narrative that each scenario offers is explained, and each scenario is given a meaningful name, making this stage the most imaginative.

### **Constructing the future**

Defining or selecting of the desired or bid scenario is the first step in the fourth stage, constructing the future. To get to the bid scenario, the route and appropriate courses of action should be outlined here. According to Kerzner, (2017), this is the point at which perspective and strategy come together to form one indivisible binomial. This is unquestionably the most difficult stage when it is necessary to balance the interests of all parties involved, resolve conflicts, and address internal and external difficulties. To realize the desired situation, the change components need to be internalized. Setting up the process that results in the system evolving from its current state to the one intended in the future is important from a systemic perspective.

## **METHODOLOGY**

The study employed a survey design and included a total of sixty-three (63) employees from the Mouka and Frendy foam production industry as participants. Regression and correlation analysis were utilized for data analysis.

## **RESULTS AND DISCUSSION**

### **Analysis of respondents' responses**

Table 1 shows the analysis of respondents' responses to the various items in the questionnaire which were used to elicit information. On the Ds (Defensive Strategy), out of the items Ds1 to Ds5, items Ds1 and Ds2 were disagreed upon where the mean were  $2.14 \pm 0.67$  and  $1.90 \pm 0.30$ , respectively where the benchmark for acceptance is 2.50 in a four Likert scaling. Meanwhile, items Ds3 to Ds5 were agreed. The highest of the respondents is item Ds3 which shows a mean value of  $3.49 \pm 0.50$  where respondents

**Table 1:** Analysis of Respondents' responses.

S/N	Questionnaire items	Mean	STD	Remark
<b>Ds</b>	<b>Defensive Strategy</b>			
Ds1	We have defensive strategies in place that cover all areas	2.14	0.67	Disagree
Ds2	Our organizational policy for signaling and increasing capacity in defensive strategies is strictly followed	1.90	0.30	Disagree
Ds3	We have developed a defensive mechanism whenever the market is unfavorable	3.49	0.50	Agree
Ds4	Making our product durable is a competitive edge over other organizations in the market	3.25	0.67	Agree
Ds5	We have quick feedback from the market environment which feeds us with market situation information	3.00	0.95	Agree
<b>Ps</b>	<b>Prospective Strategy</b>			
Ps1	We make plans for the future and get all gadgets ready to fight opposition in the market share with adequate assurance	2.29	0.71	Disagree
Ps2	We identified the verifiable behavior of the product in the market before introducing new ones	3.92	0.41	Agree
Ps3	We take proactive design and modification of the future market taking into consideration past market outcomes on our product.	3.73	0.54	Agree
Ps4	We give demo products to evaluate the reaction of customers before mass production and subsequent introduction into the market	3.60	0.71	Agree
Ps5	Though we employ the best staff and place them on hand desk training to maintain organizational knowledge and staff are retained	1.87	0.34	Disagree
<b>OGr</b>	<b>Organizational growth</b>			
OGr1	Since the application of the defensive strategies, the organization has maintained steady growth	2.59	0.68	Agree
OGr2	The adoption of a defensive strategy has made the organization maintain a good market share	2.35	0.72	Disagree
OGr3	Our staff are also monitored in line with business and the strategic plan for proper feedback	3.43	0.50	Agree
OGr4	There have been steady profit and organizational expansion	1.56	0.88	Disagree
OGr5	There has been favourable feedback from customers and stakeholders over the years	3.87	0.34	Agree
	Grand mean	2.85	0.82	Agree

Fieldwork (2023)

**Table 2:** Correlation Effect of the Variables

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. correlate Ds Ps OGr
(obs=63)
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	Ds	Ps	OGr
Ds	1.0000		
Ps	0.7894	1.0000	
OGr	0.6906	0.6322	1.0000

agree that they have developed a defensive mechanism whenever the market is unfavorable whereas the lowest mean response value is  $1.90 \pm 0.30$ , where respondents disagree that "Our organizational policy for signaling and increasing capacity in defensive strategies is strictly followed"

On Prospective strategy (Ps), Items Ps1 and Ps5 disagreed with a mean of  $2.29 \pm 0.71$  and  $1.87 \pm 0.34$  respectively being below the benchmark of 2.50 acceptances level. Item Ps5 is the lowest because respondents disagree with the statement that "though we employ the best staff and place them on hand on desk training to maintain organizational knowledge and staff are retained" which shows that even if the staff are trained they leave the job easily. Also, the highest mean respondents from the prospective strategy are  $3.92 \pm 0.41$  where respondents agree that they identified verifiable behavior of the product in the market before introducing new ones. On the questionnaire items on Organizational Growth (OGr) items OGr1 to OGr5, items OGr 2 and OGr4 were disagreed being below the benchmark value of 2.50. The respondents disagree that the Adoption of a defensive strategy has made the organization maintain a good market share and that they do not maintain steady

profit and expansion respectively, with mean values of  $2.35 \pm 0.72$  and  $1.56 \pm 0.88$ . Meanwhile, items OGr1, OGr3, and OGr5 were agreed upon. The highest mean value is  $3.87 \pm 0.34$  which shows that there has been favourable feedback from customers and stakeholders over the years.

### Testing of hypotheses

Table 2. above shows the correlation effect of the tested variable. It was done to show if there are positive correlation between defensive strategy, prospective strategy, and Organizational growth (OGr) which shows 0.7894, 0.6906, and 0.6322 respectively. Table 3 is the summary of regression analysis for hypotheses 1 and 2.

### Hypothesis 1

Hypothesis 1 states there is no significant effect between defensive strategy and organizational growth. The analysis was tested to show if there is a significant effect of Defensive strategy (Ds) on Organizational Growth (OGr), the obtained  $F(2,60) = 29.65$  with  $p\text{-value} = 0.000$  at 0.05 level of significance.

**Table 3:** Summary of Regression for Hypotheses 1& 2

**. regress OGr Ds Ps**

Source	SS	df	MS			
Model	4.21031939	2	2.1051597	Number of obs =	63	
Residual	4.25952188	60	.070992031	F( 2, 60) =	29.65	
Total	8.46984127	62	.136610343	Prob > F =	0.0000	
				R-squared =	0.4971	
				Adj R-squared =	0.4803	
				Root MSE =	.26644	

  

OGr	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Ds	.3843749	.1127699	3.41	0.001	.1588015	.6099482
Ps	.2911418	.1879812	1.55	0.127	-.0848765	.6671601
_cons	.74057	.3861054	1.92	0.060	-.0317558	1.512896

**Table 4:** Variable Inflation Factor

**. vif**

Variable	VIF	1/VIF
Ds	2.65	0.376868
Ps	2.65	0.376868
Mean VIF	2.65	

Where  $r^2$  is 0.4971. coefficient of 0.384 with an error of 0.1127 and  $t = 3.41$  with a p-value of 0.001 with a 60% confidential interval, we can say there is a significant effect between defensive strategy and organizational growth. This is corroborated by a study by Wegwu (2022), Yannopoulos, (2021), Bradley (2019), and Friday et al., (2018), on Defensive strategy opined that Defensive strategy is more effective if they are implemented before the competitor invests in the business or if they enter the market before exit barriers are put in place, making it more difficult for challengers to depart. If an attack has already started, a defensive business may try to reduce the severity and likelihood of harm by shifting the attack to locations where the firm is less vulnerable or where the attacker has less desire or when entrance has taken place, they should start making the entrant's life challenging. This may persuade the applicant that its projections were overly optimistic and

that its limited industry expertise makes it necessary to develop new goods.

**Hypothesis 2**

Hypothesis 2 stated that there is no significant effect between prospective strategy and Organizational growth. The analysis was tested to show the obtained  $F(2,60) = 29.65$  with p-value = 0.000 at 0.05 level of significance. Where  $r^2$  is 0.4971. coefficient of 0.2911 with an error margin of 0.1879 and  $t = 1.55$  with a p-value of 0.127 with a negative confidential interval, we can say there is no significant effect between prospective strategy and organizational growth. The combined variable inflation factor obtained was tolerance because the VIF values of 2.65 fall within the acceptable limit of between 10 and 1 which shows good tolerance. This was supported by Zafar et al. (2014), and Asmuß (2018) when they opined

that the examination of strategy execution should begin with people, their perspectives, personalities, and motivations. They are essential for the proper implementation of strategy and serve as the starting point when things go wrong. The research should center on their ideas, experiences, and talents. Where prospective strategy is effective is at the start of business or when the business is about to give birth to a new business outfit. Hence there was not statistical significance in the above result of prospective strategy. Implementing a strategy entails following a strategic plan's predetermined components and timetable. These factors are the core of implementation and need to be closely watched throughout. The studies (Tolstyakova and S Batyrova, (2020) show that the most typical error in strategy execution is the absence of systemic control over these aspects. Strategic management is not easily come by it requires tactful thinking and articulated one for that matter. The requirement to coordinate a sizable number of individuals on various organizational levels and with various business activities adds another layer of complexity to the strategy implementation process). The senior management team is no longer the exclusive group responsible for strategy; instead, any internal and external organizational player whose activities may be determined to be relevant to strategic results may be included (Asmuß, 2018). An organization may be thought of as a collection of interrelated sets of processes, where processes are the tasks and activities that work together to convert inputs into outputs (Verweire, 2018)

## Conclusion

The study has established that growth is a function of strategies which include defensive and prospective because service firms have been able to grow better in capacity, expansion, and profitability arising from the strategies they have adopted.

## Recommendations

- 1) Defensive strategy boosts organizational growth and it should be adopted by managers at all levels and stages of business development as it helps to fight competitors amidst a harsh competitive business environment
- 2) Prospective strategy only works at the start of a business concerned or if there is a new birth of business thus it is recommended for management whenever they consider a new brand of market or during repackaging product. A prospective strategy is for prospecting it has little value for the ongoing business concerned.

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