INNOVATIVE DISTRIBUTION STRATEGIES AND PERFORMANCE OF SELECTED MULTINATIONAL CORPORATIONS (MNCs) AND DOMESTIC MANUFACTURING FIRMS IN NIGERIA

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BEING A Ph.D THESIS SUBMITTED TO THE SCHOOL OF POST GRADUATE STUDIES, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF DOCTOR OF PHILOSOPHY (Ph.D) IN BUSINESS ADMINISTRATION (ENTREPRENEURSHIP), OF DEPARTMENT OF BUSINESS STUDIES, SCHOOL OF BUSINESS, COLLEGE OF DEVELOPMENT STUDIES, COVENANT UNIVERSITY, OTA, OGUN STATE, NIGERIA

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CERTIFICATION

This is to certify that this study was carried out by Michael Makeyoh Oladun in the Department of Business Studies, College of Development Studies, Covenant University, under our supervision and that this thesis has not been submitted for the award of any degree in this or any other University.

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DECLARATION

It is hereby declared that this research work titled ‘’Innovative Distribution Strategies and Performance of Multinational Corporations (MNCs) and Domestic Manufacturing Sectors in Nigeria: A Case Study of Lagos State Industrial Areas’’, was undertaken by Michael Makeyoh Oladun. It is based on his original study in the Department of Business Studies, College of Development Studies, Covenant University, Ota, under the supervision of Prof. I. O. Fajana and Prof. S. O. Otokiti and that ideas and the views of other researchers have been duly expressed and acknowledged.

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DEDICATION

This thesis is dedicated to the Almighty God, the owner of the universe and the fountain of life for giving his servant, Bishop David Oyedepo, the vision of Covenant University and for empowering me to undertake and finish this work. I also dedicate this thesis to Bishop David Oyedepo, my Spiritual father, mentor and coach and to the affectionate memory of my late mother, Mrs. Emasie Asabi Oladun for laying the foundation of my education and career.

ACKNOWLEDGEMENTS

In preparing this thesis, I received valuable assistance and support from several persons to whom I hereby express my sincere gratitude.
First, I owe a great deal of Glory to the Almighty God, my creator and the giver of wisdom and sincere gratitude to my spiritual father, coach, mentor and role model, Bishop David Oyedepo and his wife, Pastor Mrs. Faith Oyedepo, who God gave the heavenly mandate of liberation that birthed Covenant University on which platform this life-long goal was achieved. Daddy, I will eternally be grateful for your fatherly actions and love specially shown to me throughout the period of this academic programme that started way back in December, 2003.

My appreciations to the Vice Chancellor, Covenant University, Professor Aize Obayan, Deputy Vice Chancellor, Prof. Charles Ogbulogo, former Registrars of the University, Pastor Yemi Nathaniel and Dr. Daniel Rotimi and the incumbent, Mr. J. N. Taiwo, for their leadership role that aided the actualisation of my dream in the University.

I would like to pay special tribute to my Supervisor, Prof. Isaac Olusola Fajana, who opened my mind to new research horizon, inspired me and set new standards of excellence. I benefitted immensely from his supervision in many ways including generosity of his time, usage of library, invaluable advice and encouragement at different stages of the thesis. I am truly grateful for your guidance and encouragement. It has been a privilege to work with you and I look forward to future research collaborations.

It is my pleasure to acknowledge the constructive comments, corrections, generosity and suggestions provided by my Co-Supervisor, Prof. Sunday Otokiti, especially in the final stages of this thesis.
Also worthy of mention is the trust and continuous support of the Dean, College of Development Studies, Prof. Kayode Soremekun, former Dean, Prof. M. O. Ajayi, Dean, College of Science and Technology, Prof. Fredrick Kofi Hymore and Prof. C.A. Awonuga of the School of Postgraduate Studies. I thank you all for your useful advice and guidance while this research work lasted.

My gratitude also goes to Prof. J.A. Bello, Head of Department of Business Studies, the 'father' of the Department for his prayers, personal encouragement and friendship. Sharing his research experience with me motivated me to work harder on this thesis.

Likewise, I salute the academic prowess of the former Head of Department of Business Studies, Dr. Olalekan U. Asikhia. I am also grateful to other distinguished academics in the College for their valuable contributions, including Professors J.A.T. Ojo, Don Ike, A.K. Omideyi, T. Fadayomi, D. Omoweh, Okediji, E.N. Kwofie and Idowu Sobowale and D. Rudrappan.

I also appreciate the contributions of Professors N. Asika, I.C. Achumba, Famous Izedomi, Adewoye, Adedeji, B. Oghojafor, J.O .Onah, Sola Fajana, S.A. Banjoko, and F. Akingbade, and the roles of Dr. A. Adedayo, Dr. (Mrs) Jummy Familoni and Dr. Adeleke. I feel privileged to have studied under the watchful eyes of these erudite scholars in the course of the programme. I am indeed grateful to them all. I am also grateful to my colleagues at both the Department of Business Studies and the College of Development Studies of this university for their diverse

contributions and critical comments. These include: Dr. S.O. Ibidunni, Dr. C. Okafor, Dr. O.J. Kehinde, Dr. O. Oyeniyi, Dr. R.E. Worlu; Dr. S. T. Akinyele; Dr. A.A. Adeniji, Dr. J.K. Obamiro, Dr. J. Abiodun, Dr. Iyiola, Dr. O. Adegbuyi, Mr. O. Ojo, O.O Ogunaike, A.O.Akande, C.I. Tongo, Mrs. C. Roland-Otaru, Mrs. E.E. Oni-Ojo, and Miss A. Ogunba.
No less measure of gratitude goes to Professors. P. Enyi and. I. O. Ogunrinola, Dr. P. Adelusi, Dr. D. Gberevbie, Dr. J. Ayam Dr.. W. Olayiwola, Dr. P. Alege, Dr. J. Enahoro, Dr. B. Umoren, Dr. E. Ovia, Dr. Duruji, Messrs Olowe, Adetiloye, Fashina, Amoo, Akanbi, Mrs. Adegboye, Mrs Oyerinde, Dr. F. Iyoha and many others for their personal encouragement and friendship.

I also appreciate the authors of various materials used in the preparation of this thesis, the Librarian of Covenant University and other libraries as well as the staff of these libraries for their generous permissions, excellent disposition, suggestions and support.

This research could not have been completed without the assistance of my interview subjects and survey participants who patiently gave their time and shared their valuable experiences and knowledge with me. I sincerely appreciate your cooperation.
A special appreciation goes to Dr. G. O. Adejumo for technical and Information Technology (IT) support, Mr. John A. Philip and Mr. Olarewaju O. Raphael for their excellent secretarial services.

I am sincerely grateful to my parent, Elder Oladun. F. Okiyadah and Prof. E.B. Ajulo, Chief M.A. Olorunfemi, Rev. F.A Adetukasi, Engr.(Dr) Sir. G.E. Omene, Rev. J.S. Ajulo.and my late mother Mrs. Asabi E. Oladun for all you went through for me to get to this level. I am also grateful to my brothers and sisters, Pastor Sunday Oladun Jr., Victoria, Winifred, Cynthia and Jocyline; my uncles, aunties, and parents in-law Prince A.B. Momoh and Mrs Ajara Momoh, who although far away were yet so near to listen to my frustrations via phone calls and e-mails and provided moral cum emotional support all the way. Thank you all for this great journey to achieve this personal goal.

I am especially grateful to my wife, Charity Oshokenoya Oladun, for her great understanding and support for my dreams. She has been a blessing to me and to our wonderful children – Omonofan, Peace, Ojaweh, Orimezo and Azaboh. Her unconditional support throughout the process of writing this thesis gave me the requisite impetus to complete this thesis with all the attended challenges.

I am eternally grateful to you all.

Michael Makeyoh Oladun
May, 2012.

ABSTRACT

Innovation reflects the tendency of a firm to enhance, appreciate and acquire new ideas, novelty, experimentation and the creative processes that may result in new products, services or technological processes. This study attempts to examine the impact of innovative distribution strategies on performance of the firms (MNC's and DE's) in Lagos industrial areas. The work examined the relationship between the production capacity, market share, possible return on investment, profitability as resulting from IDS of both DE's and MNC's. Globally, many firms have been found not to be adequately innovative and there is a wide gap between firms in sub-Saharan Africa and their counterparts elsewhere. To do this, firms need to develop the capability to manage technological change, the development of new processes and design. The study in its descriptive nature, adopts a cross-sectional survey design. One hundred and seventy-five participants were randomly selected from six multinational and indigenous firms. Five hypotheses were stated and tested. The findings revealed that the sales turnover of multinational corporations (MNCs) with high level IDS and domestic enterprises (DEs) with low level of innovative distribution strategies is significantly different at t= 68.442, df= 89 and >0.05.And that, Innovative distribution teams/ strategies adopted by MNCs and DEs when compared and analyzed have a significant effect in predicting annual overall profitability at $F_{(1,174)}$= 13.086. The findings also reveal that there is a significant effect of IDS of MNCs and DEs on their capacity to increase market shares at $F_{(1,174)}$= 18.237 and there is positive relationship between the obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover to distribution mix and internal channel management. The study revealed that MNCs because of their size, sophisticated distribution strategies and channels, were able to be more innovative than indigenous firms and thus achieve better performance. The innovation decision - making process model rating scale developed by the researcher, is a contribution to knowledge.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The capacity to innovate is recognised today as one major way to gain competitive advantage in the marketing of products and services in particular and corporate world in general. An innovative firm would readily lend its support to new ideas, novelty, experimentation and the creative processes that may result in new products, services or technological processes (Fulmer, Gerhart and Scott, 2003). One traditional means of achieving competitive advantage is to create new products but can be easily copied. Low-cost of products as a competitive advantage also suffers from sustainability while the brand name as competitive advantage is possible only if there is a strong brand. Marketers are turning more and more to channels as a competitive advantage e.g. Dell Computer (Rhodes, Hung, Lok, Ya-Hui Lien and Wu, 2008). This maximises control over service level/output, enhances product's image and engenders higher markups, promotes dealers loyalty, better forecast, better inventory and merchandising control and restricts resellers from carrying competing brands.

The rules of competition in the World today have made it even more important for firms to innovate or liquidate. Globally, many firms have been found not to be adequately innovative and there is a wide gap between firms in sub-Saharan Africa and their counterparts elsewhere. Within the context of developing countries, innovation is best thought of as a process of adopting existing indigenous technologies. To do this, firms need to develop the capability to manage technological change. Oyelaran–Oyeyinka, B; .Laditan,G.O.A; and Esubiyi A.O (1996) found

out in their study of 50 Nigerian firms that innovation is mostly adaptive and incremental in nature within the Nigerian industrial sector. Because of constraints that are peculiar to developing countries (such as poor infrastructure and weak innovative systems), the results of innovation studies carried out in developed nations may not be of much use in Nigeria.

Nigeria is presently witnessing an emerging entrepreneurial development in various sectors of the economy. This trend is championed by the presence of multinational corporations (MNCs), which are responsible for independent/sole venture capital development, joint venture collaboration and complex intra and inter-industry relationship. The MNCs use this strategy to develop comparative upper reach in industrial structure, over and above their domestic counterparts (Kuratko & Hodgetes, 2004). A broad categorisation of innovation is difficult to achieve, because innovation normally covers a considerable range and combination of products/markets and technological innovation, as in the case of sophisticated, technologically innovative products designed to meet demand in a specific market. So far, most, research work have been based on technological innovation, which mainly consists of the development of products and processes, engineering, research, with emphasis on industry-relevant technical expertise and knowledge.

It is important at this introductory stage to distinguish between entrepreneurship and distribution for purpose of clarity. Almost all definitions of entrepreneurship agreed that the concept entails a kind of behaviour which includes (i) initiative taking, (ii) the organising and reorganising of social and economic mechanisms to turn resources into practical outputs which have utility value to the consumers, (iii) the acceptance of risk or failure (Hisrich & Peters, 2002). According to Peter Maris (1972), entrepreneurship is practical creativeness and innovativeness, which

combines resources and opportunities in new ways. It involves the application of personal qualities, finance and other resources within the environment for the achievement of business success.

Distribution in the manufacturing sector, on the other hand, has been defined as the handling and moving of physical goods within industrial firms and through channel systems (McCarthy, 1968, 1978). It also involves the planning and implementation of physical flow of materials and final goods from the point of production to the point of use to meet consumer needs at a profit on the side of the marketer (Gong, Law, Chang, and Xin, 2009). The link between entrepreneurship and distribution is that any production without effective distribution system is useless because the produced goods do not gain any utility until the final consumer derives some level of satisfaction after using them.

It appears today that only economies dominated by entrepreneurial skills, that is market based economies can survive the current wave of economic realities. This is against the background that money value has continually failed to drive the productive factors of many developing economies, whereas the position in developed countries is quite different (Kuratko and Hodgettes, 2004). But little research works have been carried out in the areas of management and marketing abilities of entrepreneurs in developing countries and their ability to compete favourably in global economy. Also, it is observed that within the developing economies, there exist differences in the level of development injection of entrepreneurial skills and the consequent performance on the economy (Ariyo, 2000).

Given the historical experience of developing countries through the process of colonial capitalist expansion, there seems to exist the possibility that only an entrepreneurship-driven economy will remain solvent and prosperous to engender growth and development, (Ajakaiye & Ade, 2003).

In addition to the above, one must incorporate Space Theory to this analysis. However, in view of the speed with which events unfold globally today, the benefit of physical distribution management strategies of products and perceived innovativeness necessitated this study. The aim of this study is therefore to examine the significant difference or otherwise in innovative physical distribution strategies adopted by selected MNCs and domestic enterprises in their annual performance in Nigeria, and articulate the problems of the inter-related factors to an effective distribution in manufacturing companies.

1.2 Statement of the Research Problems

In examining manufacturing distribution strategies, findings of earlier studies indicated a number of differences and similarities between indigenous and foreign firms using data gathered from both developed and developing countries. Although there is growing empirical evidence showing that international firms perform better in almost all areas than their domestic counterparts, the intervening effects of innovative distribution has not been reported (Holt, 2005, Stevenson, 2000). Although distribution is very important to the productivity of indigenous and multinational firms, in actual operation, many indigenous and multinational firms do not realise this point completely, as there are always several of problems in the distribution strategies.

From a contemporary perspective, it is observed that innovation in industrialisation process has occupied an important dimension to performance optimisation (Achumba, 1996, Iyanda, 1990, Nwokoye ,1981and Ige 1975, 1979). In another contribution by Erik and Kelvin (2006), the issue

of innovation was associated with metro-logistics particularly with emphasis on some predictors of successful distribution studies. However, most of the indicators of performance in these studies were qualitative. The general belief that sales turnover depends on innovative distribution strategies is evident in existing literature (Truell, Webster & Davidson,1998, Upton, Teal, & Felan, 2001). The findings showed that companies with innovative distribution teams are expected to have more sales, although such conclusion is still a subject of empirical verification because the samples of such studies were mainly drawn from developed countries(Timmons, 2002, Trolt, 2004). This study therefore, attempts to establish the relationship between sales turnover and innovative distribution strategies between selected MNCs and DE operating in the manufacturing sector of the Nigerian economy.

Another notion in existing body of knowledge on this concept has it that innovative distribution process adopted by MNCs and DEs engenders high profitability. However, innovative distribution strategies have been found to lead to high cost of distribution and marketing of good, which contradicts the notion of positive correlation between high profit and innovative distribution teams and process (Trolt, 2004). This study establishes the effect of innovative distribution teams and process on the profitability of MNCs and DEs against the background that the profit level is a function of both cost and revenue relationship of these innovations. It has been asserted, albeit erroneously that the nature and behaviour of cost as well as revenue functions of innovative distribution process (IDP) and profitability have consequential effect on MNCs and DEs profit structure (Trolt, 2004). This cost revenue function requires significant study focusing on MNCs and DEs profit effect and distribution teams on one hand and high profitability and innovative distribution process on the other.

In the studies by Ige (1975, 1979) it was observed that as companies (MNCs and DEs) adopted innovative distribution processes, they tended to capture new markets, acquire new customers and gain former and widen foothold in market. Also, the studies brought out the strong relationship between innovative distribution strategies and new product introduction. Those studies, however added that innovative distribution (ID) and new products (NP) introduction might not necessarily result in increased market share and the associated profit. Consequently, this thesis examined the inclusion of NP and ID in the manufacturing mix, the nature of market diversification and concentration resulting from ID and NP as part of its major preoccupation.

While MNCs invest more in innovative distribution teams (IDT), that is the trained personnel charged with effective product distribution, than their domestic counterparts, these domestic enterprises make more return on investment than the multinationals (Trolt 1998, Illori 2000) This study therefore attempts to examine why MNCs post less return on investment than domestic enterprises despite the abundant comparative advantage innovative distribution strategies are supposed to confer on the MNCs.

Other factors influencing the physical distribution management strategies (Offiongodon (1991) ; Baker (1971), include what can be categorized as "obstructive distribution parameters" (ODP).

- Administrative bottlenecks in the collection and handling of products.
- Unnecessary hoarding of products.
- Inadequate storage facility.
- Numerous and unnecessary middle men.
- Problem of processing and packaging.
- Insecurity on the Nigerian roads.

These obstructive distribution parameters represent partly, another area or focus of this research work. There is no doubt that over the years, a number of problems have arisen from economic policies in Nigeria. These problems have adversely affected the management, marketing, distribution and productivity of enterprises in the country. They have also affected innovative distribution strategies in our production systems (Offiongodon, 1991).

Previous research studies had covered much ground in general management, marketing and economics but not much had been done in the specific area of innovative distribution strategies. Of more significance is the identified gap in the area of physical distribution management strategies in domestic enterprises, which this study will identify within the selected manufacturing sectors in the Nigerian economy.

As in other countries, the innovation distribution channels in Nigeria face some problems. Other writers and scholars (Davide & Antonello, 2003 and Fareeda, 2010) in this area include but not limited to the report on "analysis and evaluation of distribution channels in various sectors of the Indian economy" (www. bee management.com 2005) & Coca-Cola in India: "Innovative Distribution Strategies with Right Execution Daily (RED) Approach" (Fareeda, 2010). These two studies involved analysing and evaluating distribution channels of various companies belonging to sectors of the Indian economy. Davide & Antonello (2003), in their study titled "Innovation, Foreign Ownership and Multinationality: An Empirical Analysis on Italian Manufacturing Firms'', stated that combining evidence on the ownership structure, internationalism and economic performance of Italian manufacturing companies with microdata from the second Community Innovation Survey showed that significant difference exists in productivity and innovatory behaviour of (foreign and domestic-owned) multinationasl relative

to domestic uni-national firms in Italy. This study attempts to verify the situation of performance and innovatory behaviours of manufacturing sectors.

1.3 Objectives of the Study

The main objective of this study is to examine the effect of innovative distribution strategies on the performance of MNCs and DEs..

Other specific objectives are to :

(1) Examine the significant relationship between the sales turnover of multinational corporations (MNCs) and domestic enterprises (DEs) as a result of innovative distribution strategies;

(2) Determine, if there exists the significant difference between innovative distribution strategies of both MNCs and DEs in predicting profitability;

(3) Analyze the effect of innovative distribution strategies of MNCs and DEs on their capacity to increase market share;

(4) Identify the effect of innovative physical distribution strategies of MNCs and DEs in predicting returns on investment; and

(5) Examine the effect of obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover.

1 .4 Research Questions

The following set of questions reflects the thrust of this study:

(1) Is there a relationship between the innovative distribution strategies of MNCs and DEs.

(2) Does difference exist in the sales turnover of multinational corporations (MNCs) and domestic enterprises (DEs) as a result of their innovative distribution strategies?

(3) To what extent can the innovative distribution strategies of both MNCs and DEs be used in predicting their profitability?

(4) What difference exists between the innovative distribution strategies of MNCs and DEs on their capacity to increase market share?

(5) What is the effect of innovative physical distribution strategies of MNCs and DEs on return on investment?

(6) What is the effect of obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover?

1.5 Hypotheses of the Study

The following hypotheses were stated and tested in the study;

(1) There is no significant relationship between the innovative distribution strategies of MNCs and DEs.

(2) The sales turnover of multinational corporations (MNCs) and domestic enterprises (DEs) as a result of their innovative distribution strategies will not be significantly different.

(3) There is no significant effect of innovative distribution strategies of both MNCs and DEs in predicting their profitability.

(4) There is no significant difference in the effect of innovative distribution strategies of MNCs and DEs on their capacity to increase market share.

(5) There is no significant effect of innovative physical distribution strategies of MNCs and DEs in predicting returns on investment.

(6) There is no significant effect of the obstructive distribution parameter confronted by MNCs and DEs and their annual sales turnover.

1.6 Scope of the Study

The aim of the study is to assess the comparative innovative distribution strategies and performance of selected multinationals and domestic enterprises in Nigeria's manufacturing sector using Lagos State Industrial areas. The companies were selected to represent examples of major efforts to determine distributive strategies of indigenous and multinational firms from developing economies.

The study attempts to address the features of innovative distribution strategy process through case studies from indigenous and multinational firms in Nigeria's manufacturing sector in relation to their performance. As brought forth in the previous chapter, the underlying premise of this study is that the earlier research works in this area did not establish the difference between distribution strategy and innovative distribution strategy. Rather, they addressed the entire concept from an application perspective.

This study collected information directly from employees of manufacturing firms as regards innovative distribution strategy and performance indicators. Therefore, the scope of this study is

limited to the information sought and supplied at that point in time. The study documented only situations that were reported and investigated by employees. The study did not include information about unreported situations.

1.7 Significance of the Study

The findings of this research work are significant in several respects. First, the result will help consultants and researchers to appreciate the problems encountered by local entrepreneurs and their multinational counterparts. Second, it will help to influence the decisions of policy makers in addressing the problems of innovative distribution strategies in Nigeria. Thirdly, the study will help manufacturers to understand the extent of variation in the performance of multinationals and domestic manufacturing companies and innovative physical distribution strategies caused by the amount of innovative teams, process, and strategies introduced to the training needs of the distribution staff. The innovative distribution process, products distributed & new products introduced into the markets and the consequence of these in annual sales turnover, profitability, market share and return on investment of multinationals and domestic enterprises in Nigeria would be revealed from the study. It will also help to influence the formulation, implementation and evaluation of government policies while also creating further opportunity for research on the issues of innovations in physical distribution management strategies, development, trend and inter-industry relationship in the Nigerian economy. Finally, the study will reveal and broaden the knowledge of indigenous companies on the competitive uses of innovative distribution strategies in the distribution and marketing of products.

1.8 Limitation of the Study

In the process of this study, the researcher encountered some challenges that are likely to affect the overall outcome of this work. These problems include insufficiency of secondary data, lack of sufficient fund, inability to access the required offices for the collection of necessary materials and other unexpected distortions during the study.

1.9 Operationalisation of the Definition of the Variables/ Model Specification

The comparative innovative distribution strategies and performance of selected multinationals and domestic enterprises in manufacturing companies in Nigeria have two main constructs that have been operationalised for the purpose of this study.

Put mathematically, the two constructs are: $Y=f(X)$

Where

Y = Vector of Dependent Variable

X = Vector of Independent Variables

Performance of multinationals and domestic enterprises as a function of innovative distribution strategies is determined as:

PMNs/DE= f (IDS)

Operatinalising PMNDE as a construct shows that;

PMNDE or $Y = y_1, y_2, y_3, y_4, \ldots\ldots\ldots y_n$

Where;

y_1 = Sales turnover.

y_2 =Profit of the company

y_3 = Company market shares in the industry

y_4 = Return on investment

(IDS) = Innovative distribution strategies;

Where IDS as a construct can be operationalised into research variables as shown below:

IDS = (X) = x_1, x_2, x_3, x_4, x_5.....u

X_1 = Innovative management structure

X_2 = Innovative distribution process

X_3 = Innovative product Distribution

X_4 = Innovation product teams

X_5 = Innovative commercial strategies

X_6 = Government policies on distribution

X_7 = Physical distribution management (Obstructive distribution parameters)

U = Unspecified (Random Variables)

The computation of co-efficient of determination to explain the proportion reduction in error (PRE) is expressed using r^2 expressed as a percentage (%). The principles and assumptions of each statistical method of analysis are explained in chapter IV of this thesis.

1.10 The Structure of the Work

This study is divided into five chapters. Chapter One focuses on introduction while Chapter Two is the review of literature with respect to entrepreneurship, physical distribution, innovative strategies, theoretical and empirical framework, Chapter Three focuses on the research methods while Chapter Four examines data presentation and analysis. The last chapter contains the discussion, summary of findings, conclusion, recommendations and suggestions for further studies.

1.11 Definition of Terms

Entrepreneurial Innovation-Entrepreneurial Innovation is the process of creating a valuable product or service in a different way by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risks and receiving the resulting reward of monetary and cum personal satisfaction (Robert D. Hisrich 1986) It is also a process of doing something new and/or something different for the purpose of creating wealth for individuals or adding value to the society.

Entrepreneurial Education-Entrepreneurial education is an educational programme that focuses on acquainting trainees with issues on entrepreneurship. Entrepreneurial education is designed to teach and inculcate the skills needed to recognise business opportunity, organise and start new business venture in trainees.

Innovative Distribution Management-Operations and Production management of the efficient transfer of goods from the place of manufacture to the point of sale or consumption is defined as innovative distribution management. Distribution management encompasses such activities as warehousing, materials handling, packaging, stock control, order processing, and transportation.

Innovative Distribution Strategy-An innovative strategy can be defined as a planned course of action undertaken to achieve the aims and objectives of an organisation.

Multinational or Transnational Corporations: A company or corporation that operates on a global scale, usually with subsidiaries, offices or production facilities in more than one country.

CHAPTER TWO

REVIEW OF LITERATURE

2.0 Introduction

This part of the research thesis reviews existing body of works on the thesis topic. This section is divided into conceptual, theoretical and empirical frameworks. The conceptual framework of this study encompasses the system of concepts, assumptions, expectations, beliefs that support and inform the research (Miles and Huberman, 1994; Robson, 2002). The important thing to note is that conceptual framework is primarily a conception or model of what is out there that the researcher plans to study, and of what is going on with these things and why?. Under the conceptual frame work, the views of different authors in relation to innovation/innovativeness, management and distribution strategies were reviewed.

The theoretical framework reviews the development of theories of entrepreneurship, innovative distribution strategies and performance, while empirical framework examines the results and reports of previous works on innovative distribution strategies and performance.

2.1 Conceptual Framework

This conceptual framework presents a group of concepts that are broadly defined and organised to provide focus, rationale and tool for the integration and interpretation of information. This is expressed abstractly through word models and theories employed in this study.

2.1.1 Historical Background of Industrial Development

Historical background of industrial development might be incomplete without looking at the traditional industrial practice and how this was influenced by the Industrial Revolution that began in Britain. The Industrial Revolution spread to the rest of Europe, America through the activities of British missionaries and other European expeditionists. These groups of missionaries and expeditionists later spread their activities to Nigeria in particular and other parts of Africa in general. In support of this perspective, Amrine, Ritchey and Hulley (1983) argued that the beginnings of modern industry can be accurately dated and placed. They said that series of events that brought into being the factory system were referred to as the Industrial Revolution which occurred largely in England from 1770 to the early 1800. Most writers' referred to events occurring at this time as period of great inventions (Barber, 1967; Jhingan, 1975; Meier, 1976; Bhatia, 1978; Hagen, 1986 and Todaro, 1990). These inventions brought the machine age to all civilised people of the World. The machines revolutionalised the character of industrial England and later the industrial life of the United States. The great inventions are eight in number, with six of them having been conceived in England, one in France and one in the United States (Amrine et al, 1983). These inventions related to spinning of yarn and the weaving of cloth. This is because the principal export commodity of England at that time was cloth, which was in short supply as a result of considerable expansion of England's colonial empire and its commercial trade worldwide. Nigeria as a colony of Britain provided market for British traditional industries, and as time went on, there was the need to start setting up some small production facilities by British authorities. This was the watershed period of industrial development in Nigeria, albeit on a small scale. Thus, the missionaries, expeditionists and

traders began to show interest in areas which had abundant raw materials including the Niger Delta and Lagos that provided sea ports. This led to the evolution of modern industry in Nigeria.

According to Folayan and Adeogun (1995), evolution of modern industry in Nigeria started with the beginning of trade between Britain and Nigeria as far back as $17^{th}/18^{th}$ centuries. They argued that the trade volume became substantial after the abolition of the obnoxious slave trade. They added that for instance, importation of palm oil from Nigeria (Niger Delta) which was then known as Oil Rivers to Liverpool in Britain rose from 150 tons in 1806 to 13,000 tons in 1839 and 30,000 tons in 1870. Major British trading companies were amalgamated to form the United African Company (UAC) in 1879. The UAC started with a nominal capital of 250,000 British Pounds Sterling shared among the four companies that were amalgamated. Gradually, the need for the establishment of small production facility commenced first with margarine business and later soap business in the early 1900.

Writing about industrial evolution in Nigeria, Aderinto, Akande, Anyanwuocha and Sani (1999) discussed six major stages. These are traditional crafts industries, processing industries, import-substitution industries, assembly industries, heavy manufacturing industries, export industries and services. They were of the view that the traditional crafts industry was in existence before colonisation by Europeans. Examples of traditional crafts include mat making, pottery, metal work, cloth weaving, leather works and calabash carving. They saw the processing industry as another type earliest form of modern industries to develop in Nigeria because they helped to process agricultural and mineral products for export. These include cotton, gins, saw mills, and palm oil processing companies. Import substitution industry came into being after Nigeria gained independence from Britain. Import substitution industry was set up to produce goods that

were hitherto imported to conserve foreign exchange and improve the balance of payments of Nigeria. These organisations include textile, detergent and soap-making factories, cement companies and those in the production of soft drinks. In order to reduce the outflow of scarce foreign exchange and promote development of indigenous technology, a number of organisations were encouraged to engage in importation of components and assembled them locally. Examples include car assembly plants, trucks and machinery, electronic and other equipment factories. Gradually, heavy industries with special emphasis on production of intermediate and capital goods started growing as a means of laying solid foundation for a sound economic development. The last stage of industrial development is the emergence of organisations that specialised in export business. This provided the basis for industry pattern and structure in Nigeria.

On the basis of the Standard International Trade Classification (SITC), major industrial sectors in Nigeria could be classified as shown in Table 1.1. The international trade classification is a form of trade nomenclature. Otokiti (2003) was of the view that SITC is used for international classification of all imports and exports operations of countries, regions and institutions. SITC, he maintained, is used worldwide as basis for trade comparison and to calculate global business volume. He added that SITC is divided into two major parts, which are (a) Import Section and (b) Export Section. This position was supported by extracts from the Bureau of Statistics (BOS) indices on trade classification.

Another similar classification of industries is that of the Nigerian Stock Exchange. This classification is based on the number and categories of companies that were listed on the Nigerian Stock Exchange Market. There are twenty-five active industrial sectors in Nigeria

which are listed in alphabetical order. According to Adejugbe (1979) in Olaloku, Fajana, Tomori, Ukpong, Fapohunda, Umo, Ubogu and Adejugbe (1979), business ownership deals with the forms of ownership as well as the identification of the owners of business in an economy. He argued that the study of business ownership is important from the point of view of income distribution, resource allocation and economic power which can be easily transformed into political power. He added that the greater the concentration of ownership in a few hands or units, the greater the influence of that group on output, employment and even wage rates. High ownership concentration inhibits competition and this may adversely affect economic performance and income distribution. Such skewed ownership is called various names in Economics which include Monopoly, Oligopoly and Duopoly (Whitehead, 1978). Adejugbe maintained that when such high ownership concentration is skewed in favour of foreigners, there arise problems of divided loyalty between the national interest and foreign interest. He opined that forms of business enterprises ownership in Nigeria are sole proprietorship, partnership, private and public companies, government establishments, cooperatives and statutory corporations. Business enterprises have peculiar characteristics which are noticeable in modern organisations.

Amrine et al (1983) posited that there are certain characteristics of modern organisations that contribute to performance. The first is Specialisation. They saw Specialisation as division of work or effort which operates at both the worker and management levels. They argued that at the worker level, there are those who work in trades requiring a great deal of skill, such as machinists, tool and die makers, and welders. Such craftsmen, they maintained, become highly skilled specialists. Other workers do special semi-skilled jobs. But both skilled and unskilled specialists keep mass production assembly lines running continuously. They contended that the

result of Specialisation is usually lowered cost of production and improved quality. Both of these factors will eventually lead to organisational performance, they posited.

The second factor they mentioned is Mechanisation. Mechanisation, they argued, started during the Industrial Revolution. But today, mechanisation has been taken to a greater height and it has become part of our ways of life. Some machines can do their work without human aid during the process. This has led to the extensive use of numerical control to automation of an advanced variety.

The third factor is increasing use of the technology of industrial engineering. By eliminating waste and inefficiency, industrial engineers have made significant contributions to increasing production and reducing costs which are required for organisations to perform and deliver superior results, argued Amrine et al (1983).

The fourth factor is the use of computer and data processing equipment. Amrine et al (1983) were of the view that no other recent development has had more impact on industry than the widespread adoption and application of computers. Computers support the handling of enormous amount of data and solving of complex problems at unimaginable speed.

The fifth factor is the use of scientific method which conforms to the following steps namely, clearly state the problem; gather all facts pertaining to the problem; analyse the facts; synthesise principles to be followed; arrive at solution to the problem; and test solution to prove or disprove its adequacy (Amrine et al 1983). To encourage the development of modern organisations and industrial growth, the Federal Government introduced the Industrial Policy Framework.

In order to encourage local production and establishment of industries, there are a number of incentives put in place in Nigeria by the Federal Government. These incentives include pioneer status, the industrial development income tax relief, local value added and investment in economically disadvantaged areas, research and development concessions, among others.

The Pioneer Status is a tax incentive status for an initial period of three years, renewable for a further period of two years. It is granted to industries that are regarded as high priority for Nigeria's economic development. An investor using local raw materials is entitled to 30% tax relief for five years. The locally sourced raw material contents are Agro 80%, Agro-Allied 70%, Engineering 60%, Chemical 60% and Petro-chemical 70%.

The local value added tax concession also applies to engineering industries that use some finished imported products as inputs. Such industries get 10% tax concession for five years to encourage local fabrication rather than mere assemblage of completely knocked down parts. Investors who embark on provision of basic infrastructure such as roads, water and electricity where they do not exist will be entitled to 20% tax deduction of cost of providing such amenities. For investing in economically disadvantaged areas, there is 100% tax holiday for seven years and additional 5% depreciation allowance over and above capital depreciation. Organisations that focus on research and development are offered concession ranging from 120% to 140% tax deductible expenses on local raw materials. There are good concessions on repatriation of returns on investment such as profit and capital, management fees and consultancy fee, all aiming at improving the industrial climate of the country (IMC Switzerland, 2006).

2.1.2 Manufacturing Firms in Developing Economies

The manufacturing sector is often the darling of policy makers in less developed countries like Nigeria. It is viewed as a veritable means of modernisation and skilled job creation as well as a fundamental source of various positive spillovers. Accordingly, although many developing economies have scaled back trade barriers over the past 20 years, the industrial sector remains relatively protected in the typical country (Schiff and Alberto, 1992, Rafik, Kuwahar, Sarafino Marchese and Renee, 1989; Francis, 1996). Governments also promote manufacturing with special tax concessions and relatively low tariff rates for importers of manufacturing machinery and equipment. At the same time, many observers believe that the maze of business regulations is unusually dense and unpredictable in developing nations.

Moreover, within the manufacturing sector, it is also often argued that policies favour large firms while inhibiting growth among small companies (Ian Little, 1987). In some cases, investment incentives are available only to projects above a minimum scale and large-scale producers are singled out for special subsidies. Anti-trust enforcement is typically weak, and special tax breaks are sometimes granted to large, influential corporations (Gauthier and Gersovitz, 1997).

Even when policies do not explicitly favour large firms, these firms may enjoy *de facto* advantages. Banks view them as relatively low risk and cheap to service (per unit of funds lent), so they have preferential access to credit. This phenomenon is wide spread in developing countries because private sector credit is relatively scarce there, information networks are poorly developed, and binding interest controls are relatively common (Levine, 1997; Little, 1987; Tybout, 1984). The distribution channels among these manufacturing firms- indigenous and multinational especially equally differentiates them in performance.

A supply channel is composed of three structures. At one end of the channel is the manufacturer. The manufacturer focuses on the development and production of products and originates the distribution process. The terminal point in the channel is the retailer who sells goods and services directly to the customer for their personal, non-business use. In between the two lies a process called distribution, which is more difficult to define. One involved in the distribution process is labeled a "distributor." The *APICS Dictionary* describes a distributor as "a business that does not manufacture its own products but purchases and resells these products. Such a business usually maintains a finished goods inventory." The proliferation of alternative distribution forms, such as warehouse clubs, catalog sales, marketing channel specialists and mail order have blurred functional distinctions and increased the difficulty of defining both the distribution process and the term “distributor”.

One could ultimately argue that distributors include all enterprises that sell products to retailers and other merchants—and/or to industrial, institutional and commercial users—but do not sell in significant amounts to the ultimate customer. According to this definition, most companies that are involved with the disbursement of raw materials and finished products belong, in one sense or another, to the distribution industry. By adopting this definition, distribution is expanded to cover nearly every form of materials management and physical distribution activity performed by channel constituents, except for the processes of manufacturing and retailing.

A Distribution Manager must find a better way to stay in touch with customer and distributor stock levels, orders, forecasts, and deliveries as well as liaise with transport providers, the sales teams and production management to agreed priorities. Being at the top of multiple distribution levels also means that the company's success depends on the success of other firms. Thus, finding, training and motivating the right partners is a vital success factor. Literally, excellent

companies with great products can be shut out of a market if the appropriate distribution relationships are not put in place. This is a good place to look if sales revenues for a good manufacturer are more sluggish than the market indicates.

To make distribution systems work appropriately, the manufacturer must implement excellent management practices of these customer distribution networks. The first step is to ensure the existence of excellent communications. Manufacturing companies that employ a multi-tier distribution system are literally setting up partnerships with their partners to move products through the system. Therefore, the entire system will only be able to operate as effectively as its weakest link. Because of this, all players must proceed from the same perspective and work for a similar goal. This is easier said than done since independent companies will have individual objectives. Since the manufacturer is often at the top of the distribution chain, it plays a critical role in implementing a comprehensive distribution communication strategy.

Maintaining the flow of money in the distribution system provides proper financial motivation to all participating companies. This means understanding the profit incentives, investments required and ROI (of both time and money) for each company in the distribution process.

Cost accounting is another key to the marketing success of manufacturing firms. Having a solid understanding of product costs plays a vital role in establishing pricing systems. Given that manufacturing costs drive wholesale prices, which consequently drive other distribution prices, slight variances in the calculation of product costs can have a dramatic, leveraged impact on the final cost to the consumer.

This also has a huge impact on the marketing strategies employed by the company. Manufacturing costs will also combine with other positioning/imaging aspects of the finished

product and will have impact on strategic decisions. For instance, if costs are calculated too high, it may be necessary to implement a positioning strategy based on "high end" marketing approaches. Thus, the importance of proper information is critical. Quality management in a manufacturing firm also has a huge impact on marketing. Ultimately, the customer makes the critical decisions based on the perceptions of quality. Because of this, the quality parameters used by the company must match the customer's perspectives.

The place of quality in an organization also has an impact on the marketing approach the company will take. Quality objectives within the company should not operate in a vacuum, but in careful conjunction with marketing and customers. Quality departments should base key parameters around market feedback. Marketing and manufacturing departments will also interact closely on the product line. An important aspect of this concept is found in SKU (stock keeping unit) management. Sales departments typically want to offer a large number of SKUs to meet the custom needs of customers. Manufacturers tend to want to produce a smaller number of SKUs to gain economies of scale, which results in larger, more homogeneous production runs.

Proper balance is essential. Product lines and SKUs should be broad enough to gain market penetration, yet narrow enough for product efficiencies to be realised. Obviously this can be a delicate balancing act, which will probably require some give and take on both sides.

A final issue to consider is the rate of growth for sales and marketing in relation to the ability to grow production capacity. In an ideal world, the ability to sell would grow at exactly the same rate as the ability to produce. In reality, this rarely happens. If production capabilities grow faster than sales and marketing, then excess inventories will occur, which can create a significant financial problem. On the other hand, if sales and marketing capacity grows faster than the company's ability to manufacture, then the product would be out of stock on a regular basis. This

is a disastrous situation that results in unhappy and lost customers and a major loss in marketing momentum. The importance of balancing manufacturing growth and marketing growth is a constant and ongoing process of adjustments in a manufacturing company. Of course, these marketing and business development issues will surface in the financial statements of the company. In many cases, certain marketing challenges may not even be identified until aberrations appear in the numbers.

All these may depend on the size of the firm and whether the firm is indigenous or multinational. Traditionally it has been argued that the industrial relations practices of multinational corporations tended to conform with the prevailing industrial relations practices of the host country. Recent arguments claim that this trend has now been reversed. The new orthodoxy prevails which originates in the multinational corporation's country of origin. This will have differential effects on distribution strategies and performance of indigenous or multinational.

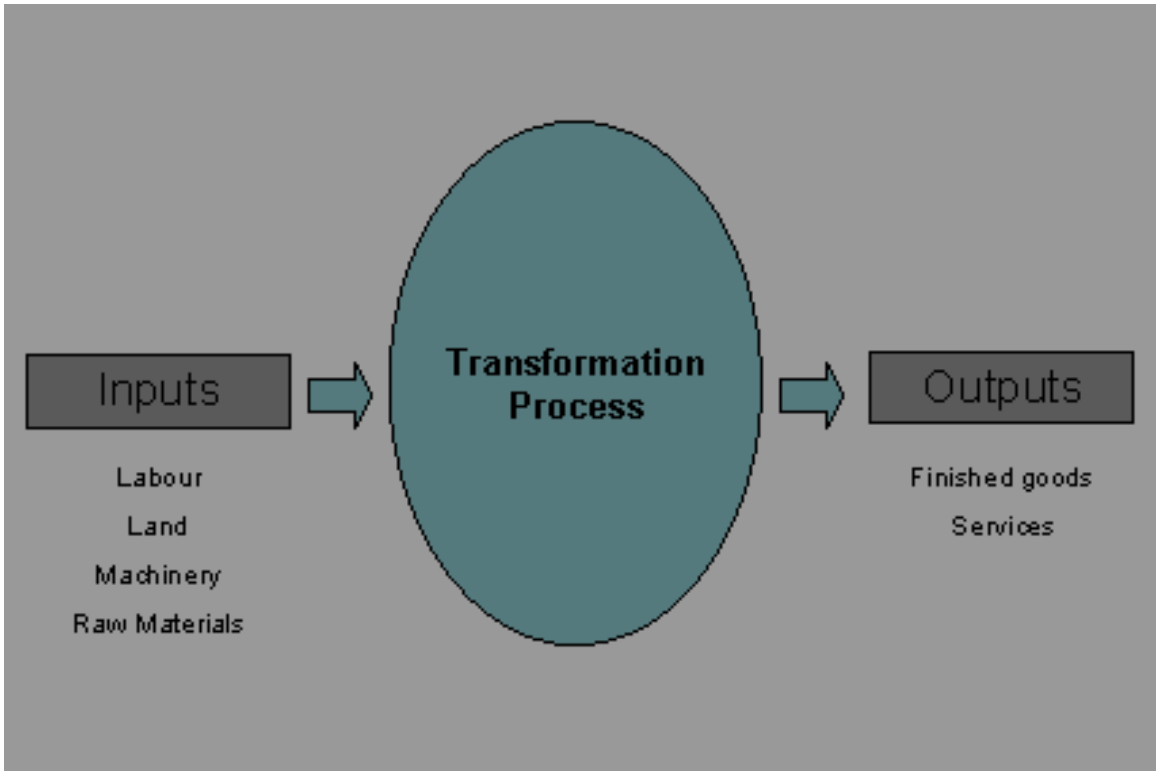
A firm must purchase all the necessary inputs and then transform them into the product (outputs) that it wishes to sell. How well organised a firm is at undertaking this transformation process will determine its success. This is known as the productive efficiency of a firm and it will want to be as efficient as possible in transforming its inputs into outputs (i.e. using the minimum number of inputs as possible to achieve a set amount of output). This will reduce the cost per unit of production and allow the firm to sell at a lower price.

2.1.3: Production Process

The way businesses create products and services is known as the production process.

There are three main parts to the production process as can be seen in the diagram below:

Figure 1: Production Process



Source: Hall, (1980).

Ultimately, th**e** objective of the production process is to create goods and services that meet the needs and wants of customers. The needs and wants of customers will be met if a business can produce the appropriate number of products, in the shortest possible time, of the best quality and all at a competitive price.

2.1.4: Production Technology

Ilori (2000) defined technology as an all prevailing phenomenon which concerned everybody because it is basically the interaction of science and society. It has elements of natural endowment, culture, environment, knowledge and resourcefulness, politics, etc. As a result, technology is not a commodity that can be simply bought and used once the funds are available. Woodward (1965) viewed technology as a mediating variable between an organisation and its environment. The market environment of an organisation determines what types of technology are feasible, and these in turn constrain organisational structure and process. Technology choice has critical implications for growth and productivity in industry. The use of technology is always tied to an objective. Because various kinds of technologies can be used to achieve an organisation's objectives, the issue of choice arises. The concept of technology choice assumes access to information on alternative technologies and the ability to evaluate these effectively. Moustafa (1990) asserted that effective choice is based on preselected criteria for a technology's meeting specified needs. Furthermore, it depends on the ability to identify and recognise opportunities in different technologies. The expected outcome is that the firm will select the most suitable or "appropriate" technology (AT) in its circumstances.

The concept of AT has been a subject of debate for many years. Stewart (1987) contrasted two general views. First, welfare economics defined AT as a set of techniques for making optimum use of available resources in a given environment. Second, social scientists and those working in AT institutions associated AT with a specific set of characteristics. According to Stewart, the characteristics defining AT normally included "more labour-using, less capital-using, less skill-using, making more use of local materials and resources, and smaller in scale."

It is also sometimes emphasised that AT should not affect the environment negatively and that it should fit in with the socioeconomic structures of the community. The suggested characteristics are too numerous, which implies that a technology can be appropriate in some ways and inappropriate in others. Kaplinsky examined the trade-offs involved in the choice of technology and found that mechanised production can, at times, turn out an inexpensive, higher quality product for consumers, whereas normal production of a lower quality and higher cost product generates more employment (ATI 1987). This illustrates the dilemma involved in evaluating technology and raises the question: Appropriate for whom?

Entrepreneurs decide at the enterprise level which technologies to use. The main factors influencing their choice of technology include the objectives of the firm, the resources available, the nature of the market, and their knowledge of available technologies (Stewart 1987). Moreover, the entrepreneur needs technical and managerial skills to choose, adapt and effectively use technology.

Additionally, one would be in a better position to choose a technology if one were able to assess the demand for the firm's products, estimate the rate of change in the market that may call for change in technology, gather information about alternative technologies, and estimate the potential return on investment for each alternative. However, many entrepreneurs in indigenous firms lack the education, training, management experience and other competencies needed to respond to these issues. Because of their economic and organisational characteristics, many indigenous firms lack information about technologies and have no way of gauging the appropriateness of those they are aware of (Neck and Nelson 1987). This contradicts what obtains in multinational corporations.

Macro policies also affect technology choice at the firm level through the overall socioeconomic, political and legal forces. It has been suggested that general socioeconomic environment, industry-specific regulations, taxes, subsidies, trade and financing policies, science and technology research and dissemination policies tend to favour large-scale enterprises (ATI 1987).

The effective deployment of technology has been associated with industrial competitiveness, productivity and efficiency, economic development, business growth and business flexibility, quality, the maintenance of high-wage jobs and the support of rounds of innovation. In other words, Science and Technology (S&T) are the cardinal factors in determining the quality of life of a people and the overall status of their country.

The trend in advanced countries today is towards the use of advanced technologies to promote rapid industrialisation. Developing countries on the other hand, see more urgency in the need to improve on rural indigenous technologies which will increase employment, provide food for the growing populations, and ultimately improve standards of living. Nevertheless, there are times when a developing country would choose to employ an advanced technology because it is considered progressive. This has led many developing countries to buying brand new high technology equipment regardless of operational and maintenance costs and where it would be employed. They never bothered whether the manufacturers of such complex equipment could supply them in simpler units that would allow the user to upgrade in complexity as they mastered the system. As a result, such developing countries have often in the end found themselves embarrassed owners of shiploads of high technology junks for which neither the seller nor buyer would want to take the blame.

Developing countries like Nigeria should stick to “bread and butter” technologies. Faced with rising unemployment, they should give priority to projects that maximise the use of local materials and labour. This, however, should not discourage the deployment of advanced technology where it is appropriate, thus buttressing the need for rural and intermediate level technologies to exist alongside each other.

Advanced technology is often necessary for use on a different tier, for example, in communications and recreation. These are technologies that would improve vital infrastructure and thereby increase the possibility of export earning or local production of erstwhile imported raw materials. These objectives are most often the core of any worthwhile technology transfer programme. The case of new and emerging technology such as new materials sciences and technology, genetic engineering, micro-electronics, molecular biology, remote sensing, optic fibres, polymer science, and biotechnology, raises some very complex but fundamental issues with regards to their precise implications for S&T development in developing countries. There are those who argue that because countries like Nigeria are largely rural, practically all her S&T efforts for now should be directed towards upgrading rural technologies, and providing such other S&T applications and innovations as would help raise the standard of living and productivity of rural communities. They believe that any consideration of the frontier technologies at this stage is premature if not irrelevant, with the possible exception of biotechnology.

While the need to upgrade rural technologies and rural economies has been established as a major developmental imperative in Nigeria today, the fact of the matter is that we live in an interdependent world which, at the moment is lopsided in favour of the developed countries.

Therefore, in order to reduce the country's over-dependence which is exacerbated by these advanced technologies, there is the need to determine with reasonable clarity the kind of response Nigeria should make to these technologies, including the kinds of capabilities to develop in them at this stage. Ilori (2000) suggested that apart from bio-technology, Nigeria should also embrace micro-electronics and raw materials technologies. Micro-electronics has found such increasing wide applications that are currently transforming the capabilities of human society. Micro-electronics is being used in areas such as communications, educational instructions, agriculture, computer-aided design and manufacturing, data processing and scientific R&D. Therefore, it is necessary that Nigerian scientists develop capabilities for evaluating, selecting, assembling, testing, maintaining and repairing imported micro-electronics-based technologies, he concluded.

Similarly, in view of the great need in Nigeria for all sorts of materials and having regard to advances in materials research which make the country's reliance on export of conventional raw materials precarious, there is a great need to build a capacity for advanced research in materials S&T which will enable the proper exploitation of Nigeria's material resources. This will add very high value to these raw materials to satisfy both local and foreign markets. However, this is only possible by training people at the universities and in postgraduate research institutions in modern material science as well as in new methods of testing and standardisation in order to provide solutions to problems posed by the materials industry. Therefore, there is a need for a national R&D project in material science and technology with linkages to industry, Ilori (2000) summarised.

2.1.5 Organizational Structure in the Twentieth Century

Understanding the historical context from which some of today's organisational structures developed helps to explain why some structures are the way they are. From Figure 4 in Section 2.1.19 of this thesis, there seems to exist a very strong relationship between entrepreneurship and distribution on one hand and innovative distribution strategy on the other, which results in creativity and innovation globally today. For instance, why are the old, but still operational steel mills such as U.S. Steel and Bethlehem Steel structured using vertical hierarchies? Why are newer steel mini-mills such as Chaparral Steel structured horizontally, capitalising on the innovativeness of their employees? One of the reasons, as this section argues, is that organisational structure has a certain inertia—the idea borrowed from physics and chemistry that something in motion tends to continue on that same path. Changing an organisation's structure is a daunting managerial task, and the immensity of such a project is at least partly responsible for why organisational structures change infrequently.

At the beginning of the Twentieth Century the United States (U.S.) business sector was thriving. Industry was shifting from job-shop manufacturing to mass production, and thinkers like Frederick Taylor in the U.S. and Henri Fayol in France studied the new systems and developed principles to determine how to structure organisations for the greatest efficiency and productivity, which in their view was very much like a machine. Even before this, German sociologist and engineer, Max Weber, had concluded that when societies embrace capitalism, bureaucracy is the inevitable result. Yet, because his writings were not translated into English until 1949, Weber's work had little influence on American management practice until the middle of the Twentieth Century.

Management thought during this period was influenced by Weber's ideas of bureaucracy, where power is ascribed to positions rather than to the individuals holding those positions. It was also influenced by Taylor's scientific management, or the "one best way" to accomplish a task using scientifically-determined studies of time and motion. Also influential were Fayol's ideas of invoking unity within the chain-of-command, authority, discipline, task specialisation, and other aspects of organisational power and job separation. This created the context for vertically-structured organisations characterised by distinct job classifications and top-down authority structures, or what became known as the traditional or classical organisational structure.

Job specialisation, a hierarchical reporting structure through a tightly-knit chain-of-command, and the subordination of individual interests to the super ordinate goals of the organisation combined to result in organisations arranged by functional departments with order and discipline maintained by rules, regulations and standard operating procedures. This classical view or bureaucratic structure of organisations was the dominant pattern as small organisations grew increasingly larger during the economic boom that occurred from the 1900s until the Great Depression of the 1930s. Henry Ford's plants were typical of this organisational structure growth, as the emerging Ford Motor Company grew into the largest U.S. automaker by the 1920s.

The Great Depression temporarily stifled U.S. economic growth, but organisations that survived emerged with their vertically-oriented bureaucratic structures intact as public attention shifted to World War II. Post-war rebuilding reignited economic growth, powering organisations that survived the Great Depression toward increasing in size in terms of sales revenue, employees, and geographic dispersion. Along with increasing growth, however, came increasing complexity. Problems in U.S. business structures became apparent and new ideas began to appear. Studies of

employee motivation raised questions about the traditional model. The "one best way" to do a job gradually disappeared as the dominant logic. It was replaced by concerns that traditional organisational structures might prevent, rather than help, promote creativity and innovation—both of which were necessary as the century wore on and pressures to compete globally mounted.

2.1.6 Emerging Trends in Organisational Structure

Section 2.1.20 of this study focuses on stages of the innovation – decision process in modern organisational structures. However, a look at emerging trends in organisational structure would explicate their focus today globally (Fajana, 1990). Except for the matrix organisation, all the structures described above focus on vertical organisation, that is, who reports to whom, who has responsibility and authority for what parts of the organisation, and so on. Vertical integration is sometimes necessary but it may be a hindrance in a rapidly changing environment. A detailed organisational chart of a large corporation structured on the traditional model would show many layers of managers. Decision making flows vertically up and down the layers, but mostly downward. In general terms, this is an issue of interdependence.

In any organisation, the different people and functions do not operate completely independently. To a greater or lesser degree, all parts of the organisation need each other. Important developments in organisational design in the last few decades of the Twentieth Century and the early part of the Twenty-first Century included attempts to understand the nature of interdependence and improve the functioning of organisations in respect to this factor. One approach is to flatten the organization, develop the horizontal connections and de-emphasize vertical reporting relationships. At times, this involves simply eliminating layers of middle

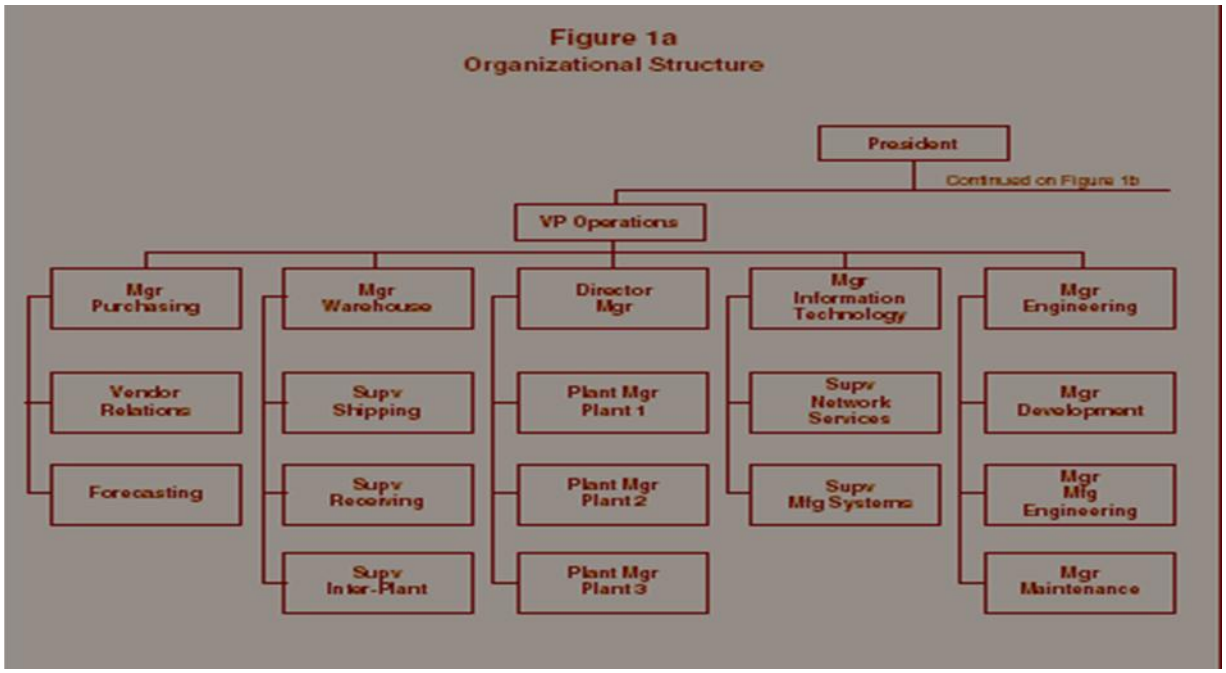
management. For example, some Japanese companies—even very large manufacturing firms—have only four levels of management: top management, plant management, department management, and section management. Some U.S. companies also have drastically reduced the number of managers as part of a downsizing strategy, not just to reduce salary expense, but also to streamline the organisation in order to improve communication and decision making. In a virtual sense, technology is another means of flattening the organisation. The use of computer networks and software designed to facilitate group work within an organisation can speed communications and decision making. Even more effective is the use of intranets to make company information readily accessible throughout the organisation. The rapid rise of such technology has made virtual and boundaries organisations possible, where managers, technicians, suppliers, distributors and customers connect digitally rather than physically. A different perspective on the issue of interdependence can be seen by comparing the organic model of organisation with the mechanistic model. The traditional, mechanistic structure is characterised as highly complex because of its emphasis on job specialisation, highly formalised emphasis on definite procedures and protocols, and centralised authority and accountability. Yet, despite the advantages of coordination that these structures present, they may hinder tasks that are interdependent. In contrast, the organic model of organisation is relatively simple because it de-emphasises job specialisation, is relatively informal and decentralises authority. Decision-making and goal-setting processes are shared at all levels, and communication ideally flows more freely throughout the organisation.

A common way that modern business organisations move toward the organic model is by the implementation of various kinds of teams. Some organisations establish self-directed work teams as the basic production group. Examples include production cells in a manufacturing firm or

customer service teams in an insurance company. At other organisational levels, cross-functional teams may be established, either on an ad hoc basis (e.g., for problem solving) or on a permanent basis as the regular means of conducting the organisation's work. Aid Association for Lutherans is a large insurance organisation that has adopted the self-directed work team approach. Part of the impetus toward the organic model is the belief that this kind of structure is more effective for employee motivation. Various studies have suggested that steps such as expanding the scope of jobs, involving workers in problem solving and planning, and fostering open communications bring greater job satisfaction and better performance.

Saturn Corporation, a subsidiary of General Motors (GM), emphasises horizontal organisation. It was started with a "clean sheet of paper," with the intention to learn and incorporate the best in business practices in order to be a successful U.S. auto manufacturer. The organisational structure it adopted has been described as a set of nested circles, rather than a pyramid. At the center is the self-directed production cell, called a Work Unit. These teams make most, if not all, decisions that affect only team members. Several of such teams make up a wider circle called a Work Unit Module. Representatives from each team form the decision circle of the module, which makes decisions affecting more than one team or other modules. A number of modules form a Business Team, of which there are three in manufacturing. Leaders from the modules form the decision circle of the Business Team. Representatives of each Business Team form the Manufacturing Action Council, which oversees manufacturing. At all levels, decision making is done on a consensus basis, at least in theory. The president of Saturn, finally, reports to GM headquarters.

Figure 2: Organisational Structure



Source: Light, (1968).

2.1.7 Multinational Companies Model

Multinational corporations are business entities that operate in more than one country. The typical multinational corporation or MNC normally functions with a headquarters that is based in one country while other facilities are based in locations in other countries. In some circles, a multinational corporation is referred to as a multinational enterprise (MNE) or a transnational corporation (TNC). The exact model for an MNC may vary slightly. One common model is for the MNC to have its headquarters in one country and its production facilities in one or more others. This model often allows the company to take advantage of benefits of incorporating in a given locality, while also being able to produce goods and services in areas where the cost of production is lower.

MNCs account for 40% of the world's manufacturing output and almost a quarter of the world trade. About 85% of global automobiles, 70% of computer, 35% of toothpaste and 65% of soft drinks are produced and marketed by MNCs (Bartlett et al, 2003). However, most of the MNCs have come up in recent times of change and globalisation. It is evident in the changed definition of MNC i.e. till 1973 the United Nations defined MNC as an enterprise which controls assets, factories, mines, sales offices and the like in two or more countries (Bartlett et al, 2003). However, the scope of what the term "Multinational Corporation" covers has changed and required two crucial qualifications. The first qualification requires an MNC to have substantial direct investment in foreign counties and not just an export business. The second requisite for a true MNC would be a company engaged in the active management of these offshore assets rather than simply holding them in a passive financial portfolio (Bartlett et al, 2003).

One of the most important motivations for companies to expand their operation internationally is the low-cost factors of production in developing countries like China and India (Papers4you.com, 2006). This has had a tremendous influence on the economies of the developing countries, acting as a catalyst in their growth process. However, entering a new market in a different nation is not as easy as it sounds, with factors like local culture and local market knowledge obstacles to contend with. There are various models which a company can adopt to enter the market. One of such is the Uppsala model, which suggests that a company should make an initial commitment of resources to the foreign market through which it gains the local market know-how on the basis of which further evaluations can be made (Bartlett et al, 2003). However, there are many companies who do not follow this model and take a shortcut to building the market knowledge by investing in or acquiring a local partner for instance Wal-Mart

entered the United Kingdom (UK) by buying the supermarket chain Asda (Papers4you.com, 2006).

However, in recent times most companies have recognised the need to be responsive to local markets and political needs, hence the management styles being adopted by multinationals are gradually shifting towards a trans-national strategy of 'Think global, act local'.

2.1.8 Organisation's Strategy

All organisations benefit from committing themselves to a strategy that facilitates the value that they intend to produce, the means it would rely on to produce that value and how it would sustain itself in the future. The most well-developed and commonly used models for developing organisational strategies come from the private sector. Broadly speaking, an organisation's strategy is defined as "the basic characteristics of the match the organisation achieves with its environment" (Hofer and Schendel, 1978, p.4). It is useful to differentiate between three major levels of organisational strategy: (1) corporate strategy, which is concerned primarily with the determination of the domain in which an organisation chooses to do business; (2) business strategy, which focuses on how to compete in a particular industry segment; and (3) functional area strategy, which focuses on how to use resources in a particular functional area. From the above, it can be opined that performance and sales turnover, high profitability and return on investment of manufacturing companies are directly related to organisational strategies along defined channels of innovative teams, process and management of physical distribution of products and services.

Organisational structure refers to the way an organisation arranges people and allocates jobs so that its work can be performed and its goals met. When a work group is very small and face-to-face communication is frequent, formal structure may be unnecessary, but in a larger organisation decisions have to be made about the delegation of various tasks. Thus, procedures are established that assign responsibilities for various functions. It is these decisions that determine the organisational structure.

In an organisation of any size or complexity, employees' responsibilities typically are defined by what they do, who they report to, and for managers, who reports to them. Over time, these are assigned to positions in the organisation rather than to specific individuals. The relationships among these positions are illustrated graphically in an organisational chart. The best organisational structure for any organisation depends on many factors, including the work it does; its size in terms of employees, revenue, and geographic dispersion of its facilities; and the range of its businesses i.e. the degree to which it is diversified across markets.

There are multiple structural variations that organisations can take on, but there are a few basic principles that apply and a small number of common patterns. The following sections explain these patterns and provide the historical context from which some of them arose. The first section addresses organisational structure in the Twentieth Century. The second section provides additional details on traditional, vertically-arranged organisational structures. This is followed by descriptions of several alternate organisational structures including those arranged by product, function, and geographical or product markets. Next is a discussion of combination structures, or matrix organisations. The discussion concludes by addressing emerging and potential future organisational structures.

Creating an effective organisational structure is one of the most important tasks for top managers of any company. If everyone in a company is in place and knows his duties, if there are rules of interaction between departments, company's activities will remind a tuned mechanism which works with maximum results and minimal costs. Organisational structure is a scheme consisting of units and individual officers of the company, located by levels of importance and responsibility, which spells out the relationship between them and the chain of command.

Depending on the stage of company development (formation, development, stabilisation, crisis) require different approaches to build the organisational structure. It is particularly important to control the situation in transition from one stage to another and at the stage of active growth and development of the company. A competently built organisational structure optimises the strength and number of units, simplifies interaction between units, distributes evenly the pressure on staff to avoid duplication of in order to and to eliminate double and triple subordination, and delimits the scope of leaders, defines their powers and area of responsibility to increase productivity.

2.1.9 Multinational Organisation's Strategy

Organisational structure is the basis for building an effective system of management. Large multinational corporations require an organisational structure that can house the usual business functions - finance, marketing, R&D, production, etc. - as well as those functions required for success beyond the domestic market. The most appropriate organisational structure will be determined by the overall global strategy of the firm, the relative size of international operations as compared to domestic operations, and the characteristics of the marketplace in which the firm competes. The four basic organisational structures are: International Division, Global Area, Global Product Division and Matrix.

The need for new approaches to governance became clear. This occurred because of the sharp increase in the size of enterprises, the diversification of their activities (multidisciplinary) and the complication of processes in a dynamically changing environment. In this connection, international divisional structure which began to emerge, especially in large corporations had to provide some autonomy to their production units, leaving to their leadership strategy development, scientific research, financial and investment policies, etc. This type of structure attempts to combine centralised coordination and control of decentralised administration activity. A leading company in the soft drinks industry, and a multinational firm, the Coca-Cola Company, operates with the International Division organisational structure.

International Division Structure represents a more evolved form of organisational system because of the incorporation of specialised division to act on foreign markets, and that way it is no limit to export. We can observe that they are more concerned about conducting business in other countries. The key management figures in an organisation with divisional structure are not the heads of functional units, but the managers leading the production department (division). The organisation by division, as a rule, is based on one of these criteria: production (product or service) - product specialisation; targeting specific groups of consumers - consumer specialisation of serviced territory - a regional specialty.

The main features of this type of structure are:

- typically set up when firms initially expand abroad, often when engaging in a home replication strategy;

- foreign subsidiary managers in the international division are not given sufficient voice relative to the heads of domestic divisions;
- the “silo” effect: International division activities are not coordinated with the rest of the firm, which focuses on domestic activities; and
- firms often phase out this structure after their initial overseas expansion.

The main advantages of International Division Structure are:

- It manages a diversified enterprise with hundreds of thousands and geographically remote units;
- It provides greater flexibility and quicker response to changes in the environment of enterprise;
- Expanding the companies’ borders, separate offices become "profit centers" actively working on improving the efficiency and quality of production; and
- closer connection between production and consumers.

The disadvantages of divisional structure are:

- A large number of levels managing by vertically, between workers and the managers of production units - 3 or more levels; between workers and company management - 5 or more;
- Large distance between the office staff structure from the headquarters of the company;

- The key relationships are vertical, and therefore create common problems for hierarchical structures - delays, congestion managers, poor cooperation in addressing issues related to the units, etc.;

- Duplication of functions at different "levels" and consequent high cost of maintaining the management structure;

- Offices tend to remain in the linear management structure, with all their shortcomings.

In conclusion, the advantage of divisional structure outweighs its shortcomings only in periods of fairly stable existence. With an unstable environment, it risks the fate of the dinosaurs. With this structure, they may embody most of the ideas of the contemporary quality philosophy. Another example of multinational company structure is the European Aeronautic Defense and Space Company. This company supports a global strategy in treating each product division as a stand-alone entity with full worldwide— as opposed to domestic—responsibilities for its activities and is called the Global Product Division Structure. It facilitates the global planning and strategy for the product, but is much less responsive to the local conditions and differences in consumer behaviour and tastes.

The main advantages of this type of structure are:

- Single chain of communication for information about product and technology for division on each level;

- Related production and marketing resources are entirely devoted to products offered by each division, thus determine excellent production and selling results for each local market;

- Possibility for each division to develop independently of international economic activities;

The disadvantages of Global Product Division Structure are:

- Local autonomy is very limited and the local subsidiaries are treated as cost centers as opposed to profit centers;
- Communication and coordination difficulties between divisions, which can cause loss of opportunities of cooperation on the foreign market;

In conclusion, an effective organisational structure would facilitate working relationships between various entities in the organisation and may improve the working efficiency within the organisational units. Organisation operating with this structure retain a set order and control to enable monitoring of the processes. They would support command for coping with a mix of orders and a change of conditions while performing work. They would also allow application of individual skills to enable high flexibility and apply creativity. When a business expands, the chain of command will lengthen and the spans of control will widen. When an organisation comes of age, the flexibility will decrease and the creativity will fatigue. Therefore, organisational structures should be altered from time to time to enable recovery. If such alteration is prevented internally, the final escape is to shut down the organisation to prepare for a re-launch in an entirely new set up.

2.1.10 Product Distribution

Most producers use intermediaries to bring their products to the market. They try to develop a distribution channel to do this. A distribution channel is a set of interdependent organisations that

help make a product available for use or consumption by the consumer or business user. Channel intermediaries are firms or individuals such as wholesalers, agents, brokers, or retailers who help move a product from the producer to the consumer or business user. A company's channel decisions directly affect every other marketing decision. Place decisions, for example, affect pricing. Marketers who distribute products through mass merchandisers such as Wal-Mart will have different pricing objectives and strategies than those who sell to specialty stores. Distribution decisions can sometimes give a product a distinct position in the market. The choice of retailers and other intermediaries is strongly tied to the product itself. Manufacturers select mass merchandisers to sell mid-price-range products while they distribute top-of-the-line products through high-end department and specialty stores. The firm's sales force and communications decisions depend on how much persuasion, training, motivation and support its channel partners need. Whether a company develops or acquires certain new products may depend on how well those products fit the capabilities of its channel members. Some companies pay too little attention to their distribution channels. Others, such as FedEx, Dell Computer, and Charles Schwab have used imaginative distribution systems to gain a competitive advantage.

2.1.11 Distribution Channels

A distribution channel is a set of interdependent organizations that help make a product available for use or consumption by the consumer or business user. Armstrong and Kotler (2003) defined distribution channel as a set of inter-dependent organisations involved in the process of making a product or service available for use or consumption by the consumer or business buyer. In most contemporary markets, mass production and consumption have lured intermediaries into the

junction between buyer and seller. Intermediaries provide economies of distribution by increasing the efficiency of the process.

Researchers have credited distribution channels with the following roles: information gathering and distribution of marketing research and intelligence information (Sawhney, 2000); promotion (Jantan et al. 2003); contact or prospecting (Sawhney, 2000); matching (Kearney, 2000a); negotiation (Ndubisi et al. 2003); physical distribution (Sawhney, 2000; Kearney, 2000a); financing (Jantan et al. 2003); and risk-taking (Ndubisi et al. 2003; Kearney, 2000a;). Bagozzi et al., (1998) categorises the distribution functions into three: functions for customers; functions for producers; and functions for both customers and producers. Two forces underlie the need for intermediaries: the discrepancy of quantity (i.e. differences between the quantity typically demanded by customers and the quantity that can be produced economically by manufacturers) and the discrepancy of assortment (differences between the varieties of products typically demanded and economically produce-able varieties (Bagozzi et al., 1998). Middlemen fill these needs by carrying out transactional, physical and facilitating roles.

Channel intermediaries are firms or individuals such as wholesalers, agents, brokers or retailers who help move a product from the producer to the consumer or business user. In this review two types of channels are identified- for consumer goods and organisational goods.

The existence of distribution channels has helped to make society more efficient in resource allocation. Most producers use intermediaries both to acquire raw materials for production and to bring their products to market. They try to forge distribution channel to facilitate the process of making a product or service available for use or consumption by the consumer or business user

(Stern, El-Ansary & Coughlin, 1996). Bagozzi et al., (1998) assert that intermediaries create savings, which becomes more dramatic as the number of producer-consumers increases. Armstrong and Kotler (2003) pointed out that intermediaries play an important role in matching supply and demand, while Waxman (2000) argued that by servicing the thousands of indirect partners who were the customers, midrange distribution added true value.

The distribution channel of consumer goods is further sub-divided into four channels. These are:

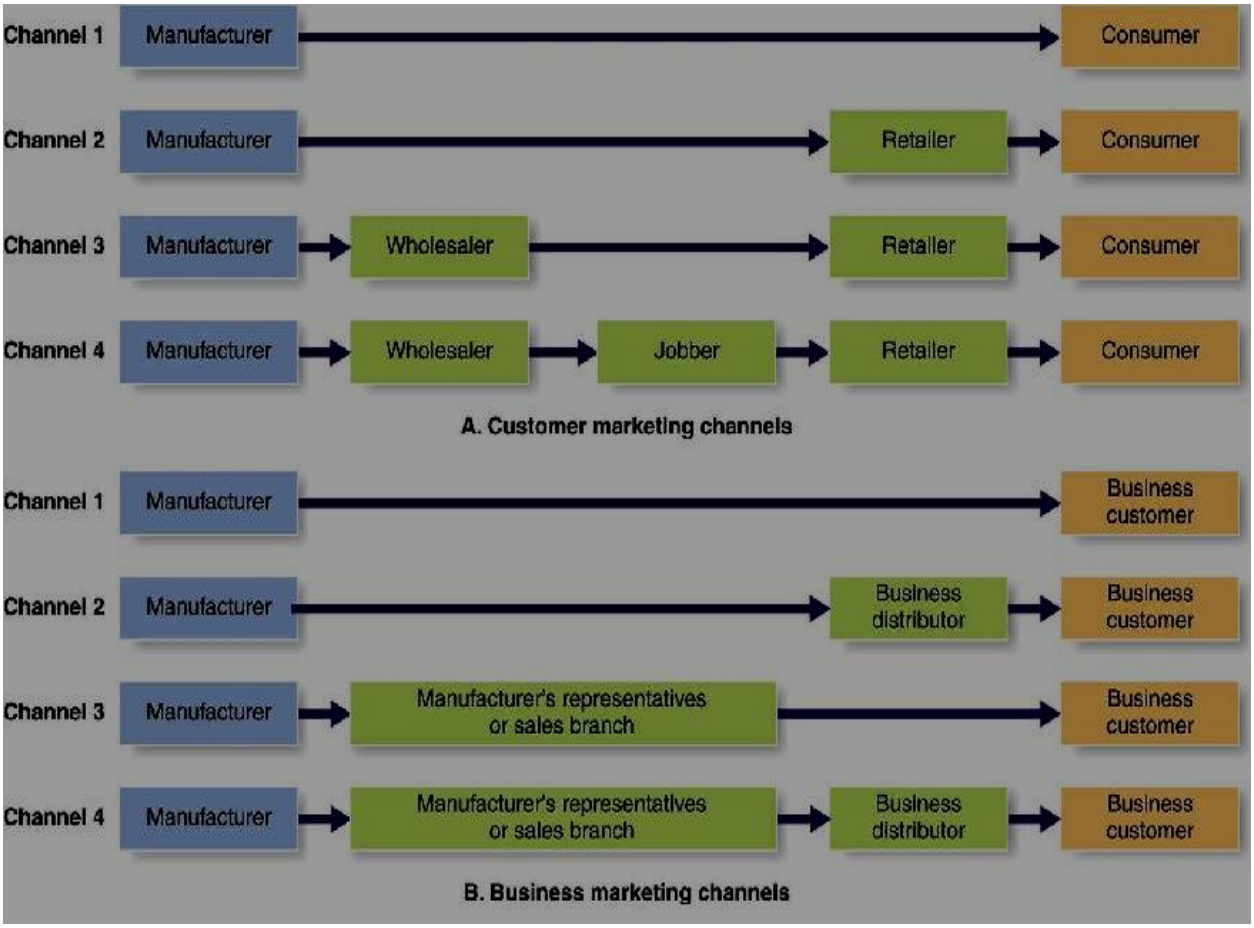
(i) **Channel A:** In this channel there are no intermediaries. This channel is called direct marketing.

(ii) **Channel B:** In this channel goods move from producers to retailers to consumers.

(iii) **Channel C:** This is the most common. In this channel the producer sells to wholesalers, who sell to retailers who in turn sell to consumers.

(iv) **Channel D:** This is the most indirect channel. Goods pass from producers to agents, then to wholesalers to retailers and then to customers. Agents coordinate a large supply of goods when there are many small manufacturers and retailers. Small manufacturers lack the capital for their own sales force and thus use agents to serve as independent sales teams.

Figure 3. Channels of Consumer Goods and Organisational Goods



Source: Drucker, (1985).

Organisational buyers are usually in small number. They are also more concentrated geographically and usually buy in large quantities. The distribution channel for these goods is usually shorter than those for consumer goods. The channels are presented in figure1.

(i) Channel A: This is a direct channel from a producer to organisational buyers – a direct channel is often efficient when buyers are large and well defined. Selling under this channel requires extensive service and support.

(ii) Channel B: Goods flow from producer to a distributor. Using a distributor is efficient for producers of products targeted at a large number of organisations which buy in small quantities e.g. software packages.

(iii) Channel C: The goods flow from the producer to agents instead of intermediaries. This happens when the producer's marketing department is small, the producer wants to introduce a new product or enter a new market.

(iv). Channel D: This brings together producers and organisational distributors. The agent seeks a market for the producer's output and locates sources of supply for a buyer.

2.1.12 Structure of Distribution Channels

The structure of a channel depends on the members of that channel and the extent of their relationship. These structures are:

(a) Traditional Distribution Channels

In this structure, all members of the channel enter into formal or informal agreements with one another. The members provide top quality marketing which the customers finds the product easy to purchase.

(b) Horizontal integration

This involves the organisation combining with other organisations at the same stage in the distribution channel. Often this involves buying or merging with these organisations. This might improve the organisation position in the market place but it might not improve distribution.

(c) Vertical Integration

This involves members at different levels of a distribution channel coordinating their efforts to reach the desired market. This is called Vertical Channel Integration.

A vertical marketing system (VMS) is a centrally managed distribution channel that is designed to achieve efficiency with maximum marketing impact.

(d) Franchising

This is a contractual distribution system in which a parent company gives franchisers the right to operate the business according to the franchiser's marketing plan and to use its trademark. Apart from the right to operate the business, the franchise receives marketing, management and technical services. The advantage is that to the franchiser, there is a ready source of funds for expansion coupled with the ability to establish policies for each franchise. For the franchisee, there is greater name recognition, better prices from supplier, business advice e.t.c. The disadvantage of this channel is that it is hard to find qualified franchisees, and even harder to control the franchiser.

(e) Direct Marketing

This is using the direct channel of distribution. The usual approaches to direct marketing include offering products through mail, by telephone, door to door e.t.c. Direct mail is not the most efficient channel of distribution.

2.1.13 Functions of Distribution Channels

Distribution channels perform a number of functions that make possible the flow of goods from the producer to the customer. These functions must be handled by someone in the channel. Though the type of organisation which performs the different functions can vary from channel to channel, the functions themselves cannot be eliminated. Channels provide time, place and ownership utility. They make products available whenever, wherever and in the sizes and quantities that customers want. Distribution channels provide a number of logistics or physical distribution functions that increase the efficiency of the flow of goods from producer to customer. Distribution channels create efficiencies by reducing the number of transactions necessary for goods to flow from many different manufacturers to large numbers of customers. This occurs in two ways. The first is called Breaking Bulk. Wholesalers and retailers purchase large quantities of goods from manufacturers but sell only one or a few at a time to many different customers. Second, channel intermediaries reduce the number of transactions by creating assortments—providing a variety of products in one location—so that customers can conveniently buy many different items from one seller at one time. Channels are efficient.

The transportation and storage of goods is another type of physical distribution function. Retailers and other channel members move the goods from the production site to other locations where they are held until they are wanted by customers. Channel intermediaries also perform a number of facilitating functions that make the purchase process easier for customers and manufacturers. Intermediaries often provide customer services such as offering credit to buyers and accepting customer returns. Customer services are often times more important in B2B markets in which customers purchase larger quantities of higher-priced products

Some wholesalers and retailers assist the manufacturer by providing repair and maintenance service for products they handle. Channel members also perform risk-taking functions. If a retailer buys a product from a manufacturer and does not sell, the retailer is "stuck" with the item and would lose money. And, channel members perform a variety of communication and transaction functions. Wholesalers buy products to make them available for retailers and sell products to other channel members. Retailers handle transactions with final consumers. Channel members can provide two-way communication for manufacturers. They may supply the sales force, advertising and other marketing communications necessary to inform consumers and persuade them to buy. Channel members can be invaluable sources of information on consumer complaints, changing tastes and new competitors in the market.

2.1.14 Physical Distribution Management

Physical Distribution Management (PDM) is concerned with ensuring that the product is in the right place at the right time. 'Place' has always been thought of as being the least dynamic of the '4Ps'. Marketing practitioners and academics have tended to concentrate on the more conspicuous aspects of marketing. It is now recognised that PDM is a critical area of overall marketing management. Marketing management realised that distribution could be organised in a scientific way so the concept of business logistics developed, focusing attention on and increasing the importance of PDM.

As marketing analysis became increasingly sophisticated, managers became more aware of the costs of physical distribution. The primary aim of business is to provide customer satisfaction in a manner that creates profit for the company. Business logistical techniques can be applied to PDM so that costs and customer satisfaction are optimised. There is little point in making large

savings in the cost of distribution if, in the long run, sales are lost because of customer dissatisfaction. Similarly, it does not make economic sense to provide a level of service that is not really required by the customer and leads to an erosion of profits. This cost/service balance is a basic dilemma faced by physical distribution managers.

A final reason for the growing importance of PDM as a marketing function is the increasingly demanding nature of the business environment. In the past it was not uncommon for companies to hold large inventories of raw materials and components. Although industries and individual firms differ widely in their stockholding policies, nowadays, stock levels are kept to a minimum wherever possible. Holding stock is wasting working capital it is not earning money for the company. A more financially analytical approach by management has combined to move the responsibility for carrying stock onto the supplier and away from the customer. Gilbert and Strebel (1989) pointed out that this has a 'domino' effect throughout the marketing channel, with each member putting pressure on the next to provide higher levels of service.

Logistical issues facing physical distribution managers today include the increasing application by customers of just-in-time management techniques or lean manufacturing. Hutchins (1988) stressed that companies who demand 'JIT' service from their suppliers carry only a few hours' stock of material and components and rely totally on supplier service to keep their production running. This demanding distribution system is supported by company expediters whose task it is to 'chase' the progress of orders and deliveries, not only with immediate suppliers, but right along the chain of supply (called 'supply chain integration'). Lean manufacturing has been widely adopted throughout the automotive industry where companies possess the necessary purchasing power to impose such delivery conditions on their suppliers. Their large purchasing

power also necessitates stringent financial controls, and huge financial savings can be made in the reduction or even elimination of stockholding costs where this method of manufacturing is employed.

To think of the logistical process merely in terms of transportation is much too narrow a view. PDM is concerned with the flow of goods from the receipt of an order until the goods are delivered to the customer. In addition to transportation, PDM involves close liaison with production planning, purchasing, order processing, material control and warehousing. All these areas must be managed so that they interact efficiently with each other to provide the level of service that the customer demands and at a cost that the company can afford.

2.1.15 Innovative Physical Distribution Strategy

Innovative Physical distribution is the set of activities concerned with efficient movement of finished goods from the end of the production operation to the consumer. Bolt (1987) grouped innovative physical distribution as one of the various environments in which sales management operates. He noted that innovative physical distribution, sales services, brand of product and service group management were all sales interface with marketing and these accounted to a great extent for the market share of each organisation operating in the industries.

(a) Analysis & Evaluation of Distribution Channels in various Sectors of the Indian Economy. The research on analysis and evaluation of distribution channels in various sectors (Bee Mgt Consultancy, 2005) of the Indian economy comprised of activities like listing down various agencies like manufacturing, distributors, etc and also chambers and

libraries like the Indian merchant chambers and interacting with them in order to gather first hand information.

(i) The Cement Sector.

The Cement production sector is of high significance to this study in many respects. First, this study examined the works of Ige (1975 & 1979), on Cement distribution in Nigeria an application model, Secondly, this sector represented the heavy duty transportation sector in this thesis and finally a comparison between the Indian situation and that of Nigeria can be carried out of their report.

Cement production industry in India is estimated at Rs. 24-25 billion in value terms and 114 million tonnes by volume. The domestic cement industry is highly deregulated, with over 50 cement players and more than 120 manufacturing plants. Concentration, in terms of the number of units and the dominance of large players is low. During 1999-2000 and 2003/04, the installed capacity of the industry increased at a CAGR of installed capacity of all the players in the industry.(beemanagement.com). The seven states that dominate the industry accounts for around 74% of the total domestic capacity.

(ii) Mechanics of Distribution Channel of Sector: Companies invariably hire c & f agents or transport cement to own or government warehouses either via roads or railways. Distributor network in cement industry is highly dominating and companies are compelled to hire as they do not really have a direct link with the end user of their products. Apart from this, the distributors have storage facilities which help control well in the entire supply chain as they are the ones who bring orders and therefore are directly responsible for the business that a manufacturer would do.

Accordingly, industry dynamics in The Indian Cement industry do not favour entry of MNCs into the Indian market, the study reported. However, the dynamics of the Nigerian Cement industry highly favours the entry of MNCs into the country's cement industry.

(b) Innovative Distribution Strategies - Selling Innovative Products.

Selling Innovative Products: Sanchhez (2010) reported that sometimes the most important feature of a purchase when and where people can buy a product; it is in its innovative distribution strategies. With innovative distribution strategies, you can capture sales from your competitors by being more convenient or available than other options (htp: ezinearticles.com). For example, can you recall the brand of gas you purchased the last time you stopped at the highway rest stop? Probably not, because it didn't matter whatever brand was offered, you bought it because you manage to secure one of the slots at a rest stop is using a distribution strategy, the report stated.

As a strategic marketer, you need to keep a sharp eye on your product line and weed out any fading old products before they drag you down with them. Keep looking for adding hot new ones so your marketing efforts will be supplemented by the natural growth of exciting new options as a new and innovative distribution strategy, the report concluded.

(c) **Innovation, Foreign Ownership and Multinationality: An Empirical Analysis of Italian Manufacturing Firms**.

Innovative Distribution Strategies combines evidence on ownership structure, internationalisation and economic performance of Italian manufacturing companies with micro data from the second Community Innovation Survey, the article reported. The paper attempted to

establish that a significant difference exist in productivity and innovatory behaviour of foreign and domestic- owned multinationals relative to domestic uni-national firms in Italy. However, while high productivity has diffused throughout all firms belonging to multinationals, crucial innovative activities including research and development, product innovation, patenting and technological cooperation with local firms and universities are more likely in Italian domestic manufacturing firms than in foreign-owned firms in Italy (Davide & Antonello, 2003)..This suggests that it is highly desirable that the share of dynamic domestic multinational firms grows in Italian manufacturing industry, but it does not necessarily mean that a lower inflow of foreign capital is also desirable. In fact, they find no evidence that incoming foreign firms are taking over the most innovative and productive domestic firms. Hence they appear to add to, much more than substitute for domestic technological activity.

Comparing productivity and innovative behaviour report, their result derived from the theoretical and empirical publications, that a firm belonging to multinational groups out-performs domestic uni-national firms in terms of higher productivity and wages, and exhibiting different innovative patterns (higher propensity to in

novate products). However, interesting results emerge when we distinguish within domestic multinational manufacturing firms. First, only manufacturing MNCs have higher productivity and pay higher wages relative to domestic uni-national. Second, while productivity and wages are higher in all domestic subsidiaries within an Italian manufacturing multinationals, the most crucial innovative activities, including product innovation, R & D, patenting and technological cooperation with foreign parties, appear to be concentrated at the headquarters level.

Conclusively, their result suggests that EU- owned multinationals carry out relatively more R & D and innovative activities in their Italian affiliates than U.S. multinationals while the latter, consistently with a general characteristic of US firms, tend to pay higher wages and show a very high propensity to engage in international technological cooperation, they (Davide & Antonello, 2003), summarised.

The figure 4 below is the link between entrepreneurship and innovative distribution strategy. Since the essence of any production or manufacturing is to satisfy the needs of the final consumers of such products or goods, there must be an effective innovative distribution strategy to help manufacturers achieve the objective. Following from the model, an entrepreneur starts his activities via research and development progresses to product development and strategic mapping. He then moves on to manufacture his products and do an inventory management of his production and finally enters the marketing and distribution strategies to get the manufactured goods to the end users. When an entrepreneur operates with innovative distribution strategy, he will ensure innovative product distribution, leading to high productivity and competition. Profitability and growth, will lead to increase in market share for the entrepreneur.

The link and relationship described below in Figure 4, describes an entrepreneurship strategy, leading to strategic market planning, leading to supply chain management. This strategy of distribution operations leads to implementation management and finally leading to innovative distribution strategy of the manufacturing sector. This will result in sustainable development of manufacturing and distribution firms in the Nigerian domestic economy particularly and the continent of Africa in general if adequately implemented.

(d) **Coca-Cola in India: Innovative Distribution Strategies with "RED" Approach**

The case study of Fareeda under the guidance of Dr. Nagendra, (2010), deals with the distinctive distribution strategies of Coca-Cola India (CCI) for the rural and urban market segments in India, and the company's efforts towards effective execution of these strategies. CCI built a distribution network in combination with its bottling partners and contract manufacturers. In urban areas, it distributed product directly from bottling plants to retailers. However, owing to lack of proper infrastructure and difficult access to the villages, it modified its distribution chains and adopted the three tier "hub and spoke" distribution model, to penetrate into the rural areas and increase its sales. Besides its distribution network, CCI adopted "Right Execution Daily" (RED) strategy for effective execution of its distribution mainly in the urban areas, which boosted the sales of the company. RED ensures the proper display, availability and activation of company's products in the retail stores. With the success of RED in urban markets, the company plans to implement it in rural areas. However, given the potential of the Indian rural markets and the challenges they poses, the question that arises is, how far can RED be effectively implemented and what are the challenges the company might face in reaching out to the rural communities? The, scholars concluded.

2.1.16 Physical Distribution

The field of distribution is made up of two distinct branches which comprise a comprehensive supply chain from raw materials to finished products: channels of distribution and physical distribution. Channels of distribution consist of a network of intermediaries that manages a flow of goods and services from producer to final customer. Physical distribution activities include the actual movement of goods and services (logistics) with a focus on transporting and warehousing.

McCarthy (1978) Defined Physical Distribution as "the handling and moving of physical goods within industrial firms and through channel systems. It is also involved in planning and implementing the physical flow of materials and final goods from the point of production to the point of use to meet consumer needs and at a profit on the side of the marketer". Offiongodon (1991) defined physical distribution as a concept, which underlies effective and efficient physical distribution management with emphasis on the cost pattern, thereby coordinating or integrating all the activities pertaining to physical distribution. Nwokoye (1981) defined physical distribution or logistics as activities concerned with the efficient movement of raw materials from supplier and finished goods from the end of the production line to the customers. Customer service standard include speed, reliability, availability, accuracy and delivery as well as examined by others Nwokoye summarized. Kirpalani (1984) opined that physical distribution and channel policy can be over–viewed variously into managing international distribution, channels of distribution, and distribution channels in different markets, multinational retailers, multinational wholesalers, and physical distribution management. Physical distribution takes place within numerous wholesaling and retailing channels, and includes such important decision areas as customer service, inventory control, material handling, and protective packaging, order processing, transportation, warehouse site selection and warehousing Artman (1990). Physical distribution is part of a large process called "distribution", which includes wholesale and retail marketing as well as the physical movement of the products.

The goal of physical distribution is the optimum or lowest system cost consistent with customer service objectives of the firm. If the activities in the physical distribution system are viewed separately without consideration for their interdependence, the final cost of distribution may be

higher than the lowest possible cost (optimum cost) and the quality of service may be adversely affected. Additional variables and costs that are interdependent and must be included in the total physical distribution decision heighten the distribution problems confronting the international marketer. As the international firm broadens the scope of its operations, the additional variables and costs become more crucial in their effect on the efficiency of distribution system.

One of major benefits of the developed nations' unification like the European Union (EU) is the elimination of transportation barriers among member-countries. Instead of approaching Europe on a country by country basis, a centralised logistics network plan is developed. The trend in Europe is toward planned Europe distributor centers. Studies indicate that companies operating in Europe may be able to cut 20 warehousing locations to 3 and maintain the same level of customer service. A German white goods manufacturer was able to reduce its European warehouses from 39 to 10 as well as improve its distribution and enhance customer service. Cutting the number of warehouses reduced total distribution and warehousing costs, brought downs staff numbers, held fewer items of stock, provided greater access to regional markets, made better use of transport networks, and improved service to customers all with a 21 percent reduction of total logistics costs.

Physical distribution activities have recently received increasing attention from business managers, including small business owners. This is due in part to the fact that these functions often represent almost half of the total marketing cost of a product. In fact, research studies indicate that physical distribution costs nationally amount to approximately 20 per cent of the country's total gross national product (GNP). These findings have led many small businesses to take their cost-cutting efforts beyond their historical focus on production to encompass physical

distribution activities Bowersox (1990). The importance of physical distribution is also based on its relevance to customer satisfaction. By storing goods in convenient locations for shipment to wholesalers and retailers, and by creating fast reliable means of moving the goods, small business owners can be assured of continued success in a rapidly changing, competitive global market, Bowersox (1990) concluded. Physical distribution can be viewed as a system of components linked together for the efficient movement of products.

(a) Export Shipping and Warehousing

Whenever and however title to goods is transferred those goods must be transported. Exporting goods to another country presents some peculiar differences from moving products within the domestic market to a domestic site. The goods can be out of the shipper's control for longer periods of time than in domestic distribution. More shipping and collections documents are required. Packing must be suitable, and shipping insurance coverage is necessarily more extensive. The task is to match each order of goods to the shipping needs best suited for swift, safe and economical delivery. Ocean shipping, air-freight air express and parcel post are all possibilities. Ocean shipping is usually the least expensive and most frequently used method for heavy bulk shipment. For certain categories of goods, air-freight can be the most economical and certainly the fastest.

Shipping costs are an important factor in a product's price in export marketing, and the transportation mode is selected in terms of the total impact on cost. One estimate is that logistics account for between 19 and 23 percent of the total cost of a finished product. One of the

important innovations in ocean shipping in reducing or controlling the high cost of transportation is use of containerization.

(b) Transport Sector

Over the years, the three tiers of government in Nigeria have continued to invest huge sums of money in the development of transport infrastructure and services, among others Ogunsanya (2000) reviewed the catalytic effect of the transport sector, often referred to as the engine of socio-economic development, which he said cannot be overemphasized. Public sector efforts are also being complemented by the private sector, particularly in the area of transport services delivery. The reviews of some key policies that have been introduced or contemplated, in order to improve the performance of individual transport sub-sectors are considered. The rail, maritime, air and road transport sub-sectors have been subjected to intense evaluation, using indicators that were reflected in the Nigerian Development (NRND) report of 2000. The indicators measuring the performance of comparator countries have been used to assess the place of Nigeria in comparison to the countries in question. The objective here is to find out what specific measures and positive lessons could be learnt in Nigeria, particularly if the policy measures have contributed positively and significantly to the attainment of "good" indicators.

(c) Review of Transport Sector Policies

In the last few years, there have been several policy changes and reviews, which were intended primarily to improve the performance of the various modes of transport in the country. In this section, emphasis is placed on policy reviews that occurred between 1996 and 2000. Nevertheless, it must be pointed out from the outset that despite the priority given by successive

governments in Nigeria to transport development, the implementation of the National Transport Policy of 1993 is yet to take off effectively. The spin-off document prepared in 1994 as guidelines for the implementation of the policy was also, unfortunately, put in the cooler (Ogunsanya, 2000). Besides, the policy as it is now lacks clear-cut measurable targets or time frame for evaluation purposes or target attainment. However, a review of policy measures, as they relate to each mode of transport is discussed below separately.

(i) Rail Transport

The immense contribution of rail transport to passenger and freight movements and to the Nigerian economy, which nosedived considerably after the "Rail Indian Technical Services"(RITES) interventions in the late 1970s, spurred the Federal Government into taking some policy measures to revive the rapidly dwindling relevance of rail transport sector in overland movement of passengers and goods. The sector suffers poor funding, decreasing capacity, huge operating losses and other operational problems, among others. Consequently, a policy on the expansion and revitalisation is being pursued. The elements of this policy include making better use of existing railway assets through rehabilitation and rail expansion programmes. In addition, a commercial –led approach is be used in the provision of rail services as well as in the management of resources. One of the recent steps taken to revive the Nigerian railway was included a bilateral technical partnership, worth about US$528,697,000 with the China Civil Engineering and Construction Corporation (CCECC) in December, 1995 for a three-year period.

The CCECC was charged with the responsibility of track surveying in order to repair and realign rail tracks, eliminate sharp curves, ease steep track gradients and renew existing sleepers with

additional ballast. In addition, the CCECC was asked to rehabilitate and refurbish the existing rail signalling and telecommunication system as well as rehabilitate old and supply new locomotives and rolling stock include 50 locomotives, 150 coaches, 400 wagons and 100 guard vans, among others.

Another initiative aimed at breathing life into the rail transport sub-sector was the contract award in 1997 of about N2.64 billion to NAIRDA, an Israeli firm, to install a modern and more advanced comprehensive communication system based on micro-wave technology.

It is rather curious that about seven years on, the impact of the CCECC intervention has not brought about a dramatic transformation of the Nigerian railways system. The recovery of the rail transport sub-sector has been very sluggish and this is having devastating effects, not only on the Nigerian roads, which are being damaged by overloaded heavy duty vehicles used in hauling goods over long distances, but also on the economy as a whole. Indeed, newspaper reports indicated that a new technical partner (possibly from Canada) was expected to commence collaborative work with the NRC. The most recent effort is the preparation of a report, which provides a strategic vision for the Nigerian railway system for 25 years (FRN, 2002). In addition, about N5 trillion (US$40 billion) may be required over the next 25 years in order to improve the ailing Nigerian Railways. (Ezereonwu,2002).

(ii) Water Transport

The Maritime transport accounts for more than 90 per cent of international trade value and volume in Nigeria. For this reason, recent policies relating to this mode of transport have been directed towards making shipping and the Nigerian seaports more attractive to users as well as

improving port productivity in general. More specifically, the National Transport Policy seeks to encourage Nigeria's participation in international shipping, improve institutional structures and features of the seaports in order to attain high efficiency (through port commercialisation), improved-port linked flows with hinterland transport networks, entrench an efficient cargo clearing and documentation procedures as well as create an enabling environment for maritime transport operation. The policy recognises the limitations imposed on inland water transport (IWT) by high siltation along water courses and low patronage due to competition from land transport. The transport policy intends to encourage private sector's involvement in the dredging and the channelization of waterways in order to promote the movement of people and goods by IWT.

In order to improve port operations, facilitate the clearance of cargo at the Nigerian seaports within 48 hours as well as create a favourable environment for port operations and activities-by ridding the ports of malpractices, instilling sanity and transparency, some ports reforms were introduced in 1996. Part of the reforms included the rationalisation of agencies at the ports, the installation of high technology scanners and the introduction of the Automated System for Customs Data (ASYCUDA).

Also, policy measures have been introduced in the maritime transport industry to encourage greater participation of indigenous shipping companies in mainstream shipping operations, the expansion and replacement of obsolete navigational facilities, cargo handling equipment and the reduction of the high port charges which have made other West African ports more attractive than the Nigerian seaports. In order to stem the rate of revenue leakage arising from the doctoring of bills of laden, under-invoicing as well as delays and lack of transparency in pre-

shipment inspection procedures among other things, 100 percent cargo inspection, with the initial port congestion problem, was introduced in early 2001.

Also, in order to organise dock-related activities properly, protect the interest and rights of dock-workers, and reduce the incidence of debilitating labour unrest in the seaports, Joint Dock Labour Industrial Council (JODLIC) was established through Dock Labour Act No. 37 of 1999.The Federal Government has also ordered the merging of the Government inspectorate of Shipping (GIS) with the National Maritime Authority (*The Guardian.* 2002;37) as a way of streamlining functions and strengthening the capacity for state port control activities. It is also noteworthy that since 1999, the proposed privatisation of some port activities and Nigerdock, the government owned ship-building company, has continued to generate different reactions. What is not in doubt, however, is the commitment of the Government to private sector- led approach to managing some of its agencies.

The creation of the National Inland Waterways Authority in 1997 as well as the plans to dredge River Niger and develop inland river ports at Lokoja, Baro, Nembe and Patani, among others, are some of the attempts aimed at improving the IWT. So far, the participation of indigenous shipping companies in coastal shipping is very low. The passage into law of the Coastal and Inland Shipping (Cabotage) Bill in 2002 is a step towards addressing the problem. Nevertheless, there is still the need to improve the capacity of the Nigerian shipping companies to actually participate effectively in coastal shipping as well as consider the waver clause in the cabotage law that allows the minister to selectively approve the participation of foreign shipping firms. In addition, Nigerian seaports need to be made more attractive and user-friendly through the implementation of the port reforms already mentioned as well as improving port capacity to

handle, store and clear cargoes within the shortest possible time. Improved participation of indigenous shipping companies cannot be over emphasised, and it is hoped that the new funding scheme (proposed Fleet Expansion and Maritime Infrastructure Development) would provide an avenue for more sustainable vessel funding than the chequered Ship Building and Ship Acquisition fund.

The provision of more funds and improved management of Ferry services operation by the public sector in riverine states (such as Lagos, Kogi, Rivers and Ondo) is vital to improving IWT as well as the provision of incentives (in terms of cheap and subsidised out-board engines) to private operators of boats and canoes. The menace of water hyacinth also needs to be addressed, through constant clearing of IWTs.

(iii) Air Transport Sub-sector

The transport policy document plans on the civil aviation industry, to classify Nigerian airports for better management and revenue generation, optimise the use of existing airports infrastructure and facilities and provide efficient air services among others, (Olesin & Ogunkanmi, 2002). The policy document also acknowledged the unviability of many airports, the poor state of navigational facilities and domestic aircraft maintenance. Since the mid-1990s, several institutional changes have taken place, in order to improve air transport safety, airspace and airport management, and provision of air transport and related services. For instance, in August 1995, the Federal Airport Authority of Nigeria (FAAN) was created through the merging of the defunct Nigerian Airports Authority (NAA) and the Federal Civil Aviation Authority (FCAA) in order to align their functions. Two other agencies were created in 1999, namely, the

Nigerian Civil Aviation Authority (NCAA) and Nigerian Airspace Management Agency (NAMA).

The policy of reducing public sector participation in the delivery of air transport services led to the privatisation of the Nigeria Airways. The International Finance Corporation of the World Bank as well as technical, legal and accounting consultants were employed to do a detailed survey/study on the matter and make recommendations. The privatisation of Nigeria Airways is being vehemently opposed by various trade unions that have high stakes in the company. Indeed the controversy surrounding the planned partnership between Nigeria Airways and Air wing Airspace Ltd , to run the so called Air Nigeria, is yet to settle (Olesin and Ogunmakin, 2002) The foregoing notwithstanding, the deregulation of the civil aviation industry in 1985 has encouraged more private carriers. Although, the effectiveness and efficiency of the services of private carriers in particular, coupled with the poor observance of aircraft safety measures have raised a lot of questions lately, due to some very recent aircraft accidents (such as BAC 1-11 air crash in Kano and the Beach craft plane crash in May, 2002). In order to improve aircraft safety for landing and take-off, navigational facilities are being modernised and provided to acceptable ICAO standards.

(iv) Road Transport Sub-sector

The Nigerian road system is the predominant channel for the internal movement of people and goods in the country. According to Ogunsanya (2000), the responsibility for the road system is shared by the federal, state and local governments in the proportion of 22 per cent, 27 per cent and 51 per cent respectively. Ironically, a sizeable proportion of federal roads, with relatively lower control of road length, are in good condition, while the physical condition of state and

local government roads leave much to be desired. The policy thrusts of the government concerning this sub-sector include the exploration of new sources of finance for road infrastructure expansion and maintenance, promotion of intermodal freight transport to reduce pressure on the roads, establishment of a Highway Authority to harmonise highway planning, construction and maintenance and the reorganisation of the road transport industry through the establishment of a Joint Government Initiative Productivity Council, among others (Ogunsanya, 2000).

With roads having an estimated asset value of N5,000 billion, the rapidly deteriorating and the unsatisfactory situation of many Nigerian roads, including Federal or trunk A roads, about N80 billion is said to be lost annually. The aforementioned loss is estimated at about 5.5 per cent of the Gross Domestic Product (GDP) (Fadaka, 1996). A key policy measure of the government in this regard is to repair and rehabilitate bad roads. Already, plans are underway to establish a Highway Maintenance Agency. In addition, the need to expand the Federal road network, since 1999, has led to the award of several federal road projects across the country. The roads are at various stages of construction and completion. Some of the Federal road projects include Keffi-Abuja road expansion work, the new Ilorin-Ibadan and Ife-Iloko highways.

The need to effectively fund and manage roads in Nigeria led to the Road Vision 2000 initiative in June 1996. This included the proposal to set up a National Road Fund, where monies for road financing can be pooled from sources such as petroleum tax, vehicle licences, driver licences and so on, as well as the creation of a National Roads Board. Beyond this, the Federal Ministry of Works and Housing has also been promoting the use of build-operate and transfer (BOT) mechanism for road construction, in which the private sector or concessionaries would play

dominant role. In addition, as a result of the need to reduce revenue leakage and generate more funds, for the repairs and maintenance of Federal roads, private sector contactors took over the duty of toll collection and the management of selected segments of Federal roads and bridges, after they were privatised in February 1996.

In order to harmonise road traffic legislation, the National Road Traffic Regulations of 1997 came into force. The regulations provide for a more centralised system of motor vehicle administration (Ibrahims, 1997). It should be mentioned that motor vehicle administration in Nigeria is supposed to encompass the National Vehicle Identification Scheme, National Vehicle Licence Scheme, Proof of Ownership Certificate, National Standard Vehicle Inspection Scheme and the Enhanced National Driver's Licence Scheme. In addition, the Federal Road Safety Commission (FRSC) was merged with the Nigeria Police in early 2000 in order to harmonise road safety functions.

In spite of the good intentions of the aforementioned policy measures, lip-service is still being paid to road maintenance. The Road Vision 2000 initiative, with all its laudable proposals, is still far from being executed. This could be attributed to the pervasive lack of political will to follow through on programmes or initiatives by the government in particular. Much more worrisome is the deteriorating condition of roads, despite the commitment of hundreds of billions of naira to road-works, since May 1999, when the Obasanjo-led government took the reins of power Ogunsanya (2000) concluded.

2.1.17 Distribution process

The distribution process begins when a supplier receives an order from a customer. The customer is not too concerned with the design of neither the supplier's distributive system nor any supply problems. In practical terms, the customer is only concerned with the efficiency of the supplier's distribution. That is, the likelihood of receiving goods at the time requested. Lead-time is the period of time that elapses between the placing of an order and receipt of the goods. This can vary according to the type of product and the type of market and industry being considered. Lead-time in the shipbuilding industry can be measured in fractions or multiples of years, whilst in the retail sector, days and hours are common measures. Customers make production plans based on the lead-time agreed upon when the order was placed. They expect that the quotation would be adhered to and late delivery is no longer acceptable in most purchasing situations.

(a) Order processing

Bradmore (2004)described order processing as all of the activities related to filling a customer's order - checking the order, prices, terms, customer credit and stock levels; producing an invoice; picking the goods from the warehouse; packing and shipping them and collecting payment. It is the key element of Order fulfillment. Order processing operations or facilities are commonly called "distribution centers". It is the term generally used to describe the process or the work flow associated with the picking, packing and delivery of the packed item(s) to a shipping carrier. The specific "order fulfillment process" or the operational procedures of distribution centers are determined by many factors. Each distribution center has its own unique requirements or priorities. Order processing is the first of the four stages in the logistics process. The efficiency of order processing has a direct effect on lead times. Orders are received from the

sales team through the sales department. Many companies establish regular supply routes that remain relatively stable over a period of time, providing that the supplier performs satisfactorily. Very often, contracts are drawn up and repeat orders (forming part of the initial contract) are made at regular intervals during the contract period. Taken to its logical conclusion, this effectively does away with ordering and leads to what is called **'**partnership sourcing**'**. This is an agreement between the buyer and seller to supply a particular product or commodity as at when required without the necessity of negotiating a new contract every time an order is placed.

Order-processing systems should function quickly and accurately. Other departments in the company need to know as quickly as possible that an order has been placed and the customer must have rapid confirmation of the order's receipt and the precise delivery time. Even before products are manufactured and sold the level of office efficiency is a major contributor to a company's image. Incorrect 'paperwork' and slow reactions by the sales office are often an unrecognised source of ill-will between buyers and sellers. When buyers review their suppliers, efficiency of order processing is an important factor in their evaluation. A good computer system for order processing allows stock levels and delivery schedules to be automatically updated so management can rapidly obtain an accurate view of the sales position. Accuracy is an important objective of order processing, as are procedures that are designed to shorten the order processing cycle.

(b) Inventory

Inventory or stock management is a critical area of PDM because stock levels have a direct effect on levels of service and customer satisfaction. The optimum stock level is a function of the type of market in which the company operates. Few companies can say that they never run out of

stock, but if stock-outs happen regularly, then market share will be lost to more efficient competitors. Techniques for determining optimum stock levels are illustrated later in this chapter. The key lies in ascertaining the re-order point. Carrying stock at levels below the re-order point might ultimately mean a stock-out, whereas too high stock levels are unnecessary and expensive to maintain. The stock/cost dilemma is clearly illustrated by the systems approach to PDM that is dealt with later.

Stocks represent opportunity costs that occur because of constant competition for the company's limited resources. If the company's marketing strategy requires that high stock levels be maintained, this should be justified by a profit contribution that will exceed the extra stock carrying costs. Sometimes a company may be obliged to support high stock levels because the lead-times prevalent in a given market are particularly short. In such a case, the company must seek to reduce costs in other areas of the PDM 'mix'.

(c) Warehousing

American marketing texts tend to pay more attention to warehousing than do British publications. This is mainly because of the relatively longer distances involved in distributing in the USA, where it can sometimes take days to reach customers by the most efficient road or rail routes. The logistics of warehousing can, therefore, be correspondingly more complicated in the USA than in the UK. However, the principles remain the same, and indeed the European Union should be viewed as a large 'home market'. Currently, many companies function adequately with their own on-site warehouses from where goods are dispatched direct to customers. When a firm markets goods that are ordered regularly, but in small quantities, it becomes more logical to locate warehouses strategically around the country. Transportation can be carried out in bulk

from the place of manufacture to respective warehouses where stocks wait ready for further distribution to the customers. This system is used by large retail chains, except that the warehouses and transportation are owned and operated for them by logistics experts (e.g. BOC Distribution, Excel Logistics and Rowntree Distribution). Levels of service will of course increase when numbers of warehouse locations increase, but cost will increase accordingly. Again, an optimum strategy must be established that reflects the desired level of service.

2.1.18 Organisational Performance

Organisational performance is the outcome of both individual and collective efforts of human elements in the work environment. It should not come as a surprise that researchers and organisational leaders show age-long deep interest in organisational performance. Podsakoff (1982) put it succinctly, when he argued that: "The performance of organisational participants, both individually and as a collective, has been an overriding concern of corporate and national leaders for decades, and for good reason. Individual productivity is often taken as a measure of societal and socioeconomic trends of a culture and is therefore an important determinant of the welfare and health of an economy (Goodman and Pennings, 1977; Grayson, Note 1: O'Toole, Hansot, Herman, Herrick, Leibow, Lusigan, Richman, Sheppard, Stephansky and Wright, 1973; Sutermeister, 1979; Ruch and Hershauer, 1974). Moreover, the performance of individuals in work settings is closely related to organisational and managerial success and effectiveness (Campbell, 1977; Cummings, 1977; Georgeopoulos and Tannenbaum, 1958; Steers, 1976). Individual performance, to the extent it is followed by or produces rewards, has also been viewed by many behavioural scientists as an important determinant of satisfaction and morale among workers (Adam and Scott, 1971; Campbell, Dunnette, Lawler and Weick, 1970; Lawler, 1971;

Porter and Lawler, 1968). Finally, an individual's performance and its effectiveness are prominent factors influencing the decisions which management practitioners make with respect to training, motivation, advancement and identification of outstanding workers. It should come as no surprise, therefore, that behavioural scientists and organisational leaders alike have long been interested in the determination of human performance.

Stoner (2005) perceived organisational performance as the measure of how efficient and effective an organisation is, that is, how well it achieves appropriate objectives. A similar perspective to the discussion of organisational performance is the view expressed by Ogundele (2005) when he quoted Katz and Kahn (1966) who viewed it as the totality of organisational goodness representing the sum of such elements as production, cost performance, turnover, and quality of output, profitability and efficiency. Performance measures include market share, sales volume, marketing cost, return on investment, gross earnings, total assets, profit before tax and current ratio (Osuagwu, 2006 b). The implication of these diverse views is that leadership and performance measures are the cement that binds all other organisational components together. The corollary to this idea is that effective internal performance measure is *sine qua non* to organisational performance. To support this perspective, Bititci (2007) opined that: "When it comes to performance measures, they can also make or break a business. There are numerous examples where performance measures cause dysfunctional behaviours at all levels and undermine business results and transformation attempts. What is really needed is a simple but integrated set of performance measures that links stakeholders' expectations, and strategies of the values streams, to the processes, teams and individuals within the organisation. Furthermore, the performance measures should provide everyone, from the chief executive officer (CEO) down to the shop floor, with accurate, factual and timely information to allow these people to

make decisions on a daily basis. The measurement system in the organisation should be a living and breathing thing. It should allow us to monitor performance in certain areas, at the same time facilitating performance improvements in other areas. What we measure and what we do with the information we get back should be sensitive to business priorities and, where necessary, we should be able to change these priorities to realign the organization with a new or changed set of objectives. The trick here is to develop a simple and integrated performance measurement system first, and then we can develop a process that allows us to review, refine and change the performance measurement system as the business needs, environment and strategy changes.

The Foundation for Performance Measurement (1999) saw organisational performance dimensions as including competitive advantage, financial performance, quality of product or service, flexibility, resource utilisation and innovation. However, the most noticeable and convincing measurement of organisational performance, most especially to the shareholders of an organisation is the level of profitability. Organisations get a lot of things done through the amount of profit they make in their various business endeavours. Government charges company income tax from the profit organisations make from their operations. Most publicly quoted companies pay minimum of 30% to the government as company income tax, which form substantial part of government revenue. The revenue so generated by the Government is normally used to provide social and economic infrastructures for the citizenry. These facilities include good network of roads, hospitals, security, schools and educational institutions of higher learning, maintenance of embassies abroad and portable water among other good things of life. If organisations are not performing to provide much of the government revenue, one can make a good guess of our societal standard. What is incontrovertible is the fact that organisations contribute substantially to the revenue base of the governments at all levels. Such revenues are

generated from their performance, what needs to be done is efficient management and utilisation of these scarce financial resources which must be managed for their positive effects to trickle down to all levels of the economy.

Approaches to organisational performance improvement can be examined from internal and global perspectives. The internal performance concepts include balanced scorecard, benchmarking, business process reengineering, continuous improvement and cultural change. The global performance concepts include learning organisation, certification, knowledge management and management by objectives. Pearce and Robinson (2003) conceived organisational performance as a multidimensional factor which includes profitability, productivity, competitive position, employee development, employee relations, technological leadership and public responsibility.

One of the most radical views of organisational performance was provided by Osuagwu (2006 a). He said organisational performance, whether as a construct or concept, can be measured objectively or subjectively. There were several good reasons for using subjective performance measures in business research (Dawes, 1999). First, managers may be reluctant to disclose actual performance data if it is considered to be commercially sensitive or confidential (Dess and Robinson, 1984). Second, subjective measures of performance may be more appropriate than objective measures of performance for comparing profit performance in cross-industry business research studies. This is because profit levels can vary considerably across industries, thereby obscuring any relationship between independent variables and measures of performance (Dawes, 1999). Subjective measures of performance may be more appropriate in this situation because involving managers in a research study can take the relative performance of their industry into

account when providing a response. Subjective measure of performance has been recommended by various researchers (for example, see: Powell, 1992; Venkatraman and Ramanujan, 1987). Third, objective performance measures, such as profit, may not accurately indicate the underlying financial health of a company. For instance, profitability may vary due to reasons such as the level of investment in R&D or marketing activity that might have long-term effects (Dawes, 1999). Osuagwu (2006 a) stressed that there have been research studies that showed strong correlation between objective and subjective measures of performance (Dawes, 1999; Dess and Robinson, 1994; Pearce, Robbins and Robinson, 1987; Venkatraman and Ramanujam, 1985). He supported this view by arguing that subjective measures of performance are popular in market orientation research studies (Dawes, 1999). Also, he cited existing evidence that managers can give good subjective estimates of specific financial estimates (Hart and Banbury, 1994; Dess and Robinson, 1984; Venkatraman and Ramanujam, 1986). In conclusion, Osuagwu (2006 a) listed organisational performance measures to include sales, market share, ability to gain market share, sales growth rate, return on investment, profits and competitive position or advantage.

Desarbo (2005) in their research, collected a battery of performance indicators, which included 'profit (that is, total revenue minus variable costs divided by total revenue); average percentage of the return on investment; return on investment; return on assets; relative market share; overall customer retention; retention of major customers; sales growth rate; and overall profit margin relative to the objective for a business unit.

Thus, organisational performance does not depend on a single attribute, but rather on the fit among the elements of an organisation (Donaldson, 2001; Miles and Snow, 1978; Miller, 1992,

1996; Siggelkow, 2002; Venkatraman and Camillus, 1984; Zajac, Kraatz and Bresser, 2000). As pointed out by Miles and Snow (1978), organisational performance is a function of the level of fit (consistency) that managers achieve between strategy, structure and technology. The Miles and Snow (1978) framework remains one of the most comprehensive, insightful and useful ways for senior managers to understand patterns of relations among organisational variables and their effect on effectiveness, and thus respond to the challenges they face in their own organisations (Ghoshal, 2003). A positive covariance among organisational variables is associated with higher performance. For instance, an increase in product-market scope must be accompanied by a similar increase in the degree of decentralisation in the decision-making process and in production process flexibility. Under this circumstance, the organisation is capable of maintaining consistency and is therefore effective, Roca-Puig and Bou-Llusar, (2006). One of the definitions of high performance organisations (HPO) emanated from the description of achievement or attribute put forward by Epstein (2004) as including strong financial results, satisfied customers and employees, high levels of individual initiative, productivity and innovation, aligned performance measurement and reward systems, and strong leadership. In this connection, De Waal (2007) argued that "to develop an overall definition of a high performance organisation (HPO) requires the identification of common themes and composing a uniform definition based on these common themes": "a HPO achieves sustained growth that is better than the financial performance of its peer group over a period of at least five years;

a HPO has a great ability to adapt quickly to changes;

a HPO has a long-term orientation;

the management processes of a HPO are integrated and the strategy, structure, processes and people are aligned throughout the organisation;

a HPO focuses on continuously improving and reinventing its core capabilities;

a HPO spends much effort on developing its workforce."

Thus, a HPO is a company that achieves financial results that are better than those of its peer group over a longer period of time by adapting well to changes and reacting quickly, by managing for the long term, by setting up an integrated and aligned management structure, by continuously improving its core capabilities, and by truly treating the employees as its main asset, (De Waal, 2007).

In his discussion of the nature of high performance businesses, Kotler (2000) stated that "as its first stop on the road to high performance, the business must define its stakeholders and their needs." Thus, organisations are becoming more aware of the need to nourish stakeholders, which include customers, employees, suppliers and distributors, in order to earn enough profits for the shareholders. Kotler (2000) a similar view: 'A business must strive to satisfy the minimum (threshold) expectations of each stakeholder group. At the same time, the company can aim to deliver satisfaction levels above the minimum for different stakeholder. For example, the company might aim to delight its customers, perform well for its employees and deliver a threshold level of satisfaction to its suppliers. In setting these levels, the company must be careful not to violate the various stakeholder groups' sense of fairness about the relative treatment they are getting. There is a dynamic relationship connecting the stakeholder groups. A smart company creates a high level of employee satisfaction, which leads to a higher effort,

which leads to higher-quality products and services, which creates higher customer satisfaction, which leads to more repeat business, which leads to higher growth and profits, which leads to high stockholder satisfaction, which leads to more investment, and so on. This is the virtuous circle that spells profits and growth," (Kotler, 2000).

Furthermore, "a company can accomplish its satisfaction goals only by managing and linking work processes...High performance companies are increasingly focusing on the need to manage core business processes such as new-product development, customer attraction and retention, and order fulfillment. They are reengineering the work flows and building cross-functional teams responsible for each process…To carry out processes, a company needs resources – labour power, materials, machines, information, (and) energy and so on. Resources can be owned, leased or rented…Companies are finding that some resources under their control are not performing as well as those that they could obtain from outside the company. Many companies today have decided to outsource less critical resources if they can be obtained at better quality or lower cost from outside the organisation," (Kotler, 2000).

2.1.19 Entrepreneurship and Innovative Distribution Strategy.

(a) Who is an Entrepreneur?

An entrepreneur is a person who has the ability to see and evaluate business opportunities, to gather the necessary resources to take advantage of them, and to initiate appropriate action to ensure success (Grabel & Hanusch, 2001). The World Bank's definition states that entrepreneurs are people who perceive profitable opportunities, are willing to take risks in pursuing them and have the ability to organise a business. Badi and Badi (2005) defined an entrepreneur as a person

with vision, original idea, decision-making and daring to try. They see an entrepreneur as one who acts as leader and boss of the show, who decides how business has to be done, who coordinates and arranges all the factors of production, one who has expertise in the field, who anticipates the market trends and demand patterns and prices.

The entrepreneur is also an inventor who brings in new ideas, new commodities, and new processes and encourages his team in new activities. The entrepreneur is an organiser and good businessman. However, Carland et al (1984) took the debate further and considered who an entrepreneur is as distinct from a small business owner. Accordingly, they defined an entrepreneur as an individual who establishes and manages a business for the purpose of profit and growth. A Harvard view defines the entrepreneur as the promoter who uses other people's capital to exploit opportunities.

Ologun (2006) defined an entrepreneur as an economic leader who effectively combines factors of production (land, labour, capital and human resources) to produce goods and services. He can also be defined as an individual who conceives an idea and makes it work. Inegbenebor (2006) defined an entrepreneur as an individual who perceives needs, conceives goods and services to satisfy the needs, organises factors of production and creates and markets the products. In almost all of the definitions of entrepreneurship, there is agreement that we are talking about a kind of behaviour that includes: (1) initiative taking (2) the organising and reorganising of social and economic mechanisms to turn resources and situations to practical account, (3) the acceptance of risk or failure (Hisrich and Peters, 2002). Olson (1987), taking a leaning towards the classical theory of the capitalist, defined an entrepreneur as a "risk-taking, innovative individual who

establishes and manages a business for purposes of profit and growth". These characteristics are group together to show a trend.

(b) Characteristics of Entrepreneurs

The concept or idea of all entrepreneurs are action-based or action-oriented; highly motivated individuals who take risks to achieve set goals. Owualah (1999) observed that the characteristic feature of an entrepreneur includes direction, supervision, control and risk-taking. It is his (the entrepreneur) affinity for risk which, according to Mill, distinguished him from the manager. However, differing from Mill's viewpoint, Schumpeter (1934) later emphasised innovation rather than risk-taking as the most important distinction between the two. In his opinion, an entrepreneur's goal broadly defined is to develop new products or services as well as new methods of production, identify new markets, discover new sources of supply and develop new organisational forms. The entrepreneur is characterised principally by innovative behaviour and will employ strategic management practice in the business". Their definition more or less concurs with Olson's and seems to blur the distinction between an entrepreneur and a manager implied by Mill and Schumpeter. On the other hand, Carland et al (1984) considered a small business owner as "an individual who establishes and manages a business for the principal purpose of furthering personal goals".

(c) Who is an Innovative Entrepreneur?

The innovative entrepreneur is that individual who creates a product, service or activity with the purpose of meeting societal or environmental needs of mankind, earning the financial rewards and running the risks of an eventual failure of such a venture. The concept of an innovative

entrepreneur is further refined when principles and terms from a business, managerial and personal perspective are considered. In particular, the concept of entrepreneurship from a personal perspective has been explored in this century, Gartner, (1989, 2001). This exploration is reflected in the following three definitions of an entrepreneur.

To an economist, an innovative entrepreneur is one who brings resources, labour, materials, and other assets into combinations that make their value greater than before. He is also one who introduces changes, innovations and a new order. To a psychologist, such a person is typically driven by certain forces –the need to obtain or attain something, to experiment, to accomplish or perhaps to escape the authority of others. To a business man, an innovative entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman, the same entrepreneur may be an ally, a source of supply, a consumer, or someone who creates wealth for others as well as finds better ways to utilise resources, reduce waste and produce jobs others are glad to get, (Barreto,.1989; Bangs, 1995) Thus, innovative entrepreneurship, like other concepts, has no specific definition. It has been defined in different ways by many authors. It is generally believed that the entrepreneur, particularly the small business entrepreneur, is the original, the sole and the ultimate creator of wealth (Udeh, 1999).

(d) What is Entrepreneurship?

Peter (1980) defined entrepreneurship as "a practical creativeness, which combines resources and opportunities in new ways. It involves the application of personal qualities, finance and other resources within the environment for the achievement of business success". Odusina (1975) defined entrepreneurship as "the process of using available capital in any form of business endeavours in an open and free economy for the sole purpose of making profit and it includes all

enterprises in new fields or in older ones at all risk levels." He argued that "entrepreneurship has to do with a conceptual approach of doing new things, within a new philosophy of value, of purpose, of utility, of quality and of use which satisfies needs". Osagie et.al (1990:26) submitted that "entrepreneurship is generally associated with or is usually defined to reflect the indigenous traits inherent in an individual". Barlett (2004) defined entrepreneurship as being concerned with opportunity creation and seeking behaviour. Holt (2005) defined entrepreneurship as the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and /or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources. Vesper (1987) simply defined entrepreneurship as the "art of operating in an exceptional way".

These definitions have the following common elements: creativity and innovation; resource gathering and the founding of economic organisation. This implies that entrepreneurship is related to innovation. Entrepreneurship can be defined as the creation of an innovative economic organisation (or network of organisations) for the purpose of gain or growth under conditions of risk and uncertainty (Dollinger, 2003). Hisrich(1985,2002) defined entrepreneurship, as "the process of creating something new with value by devoting the necessary time and effort ,assuring the accompanying financial psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence."

(e) Historical perspectives of Entrepreneurship in Nigeria

The origin of entrepreneurship can be traced to the period in human history when people produced more products than they needed and as such they had to exchange these surpluses. By this way, producers came to realize that they can concentrate on their areas of production to produce more and then exchange their product with what they needed. This was known as trade by barter. Barter was the only means of exchange in the pre-colonial period. Barter is the exchange of goods for goods. However, barter as a system was not dominant as some anthropologists would assume, but some assumed that trade by barter pre-dominated the economy of Nigeria as other African countries; that production for the needs of people was subsistence. In pre-colonial Nigeria, cowries and, slaves, among other valuables, were used in a metric of perceived value in relation to one another, for commodity valuation or price system economies. Through this exchange of products, entrepreneurship started in those pre-colonial communities.

Modern entrepreneurship in Nigeria started with the coming of the colonial masters who brought in their wares and made Nigerians their middle men. In this way, modern entrepreneurship was conceived. Most of the modern entrepreneurs were engaged in retail trade or sole proprietorship. One of the major factors that discouraged this flow of entrepreneurship development in Nigeria is the value system brought about by formal education. For many decades, formal education has been the preserve of the privileged. With formal education people had the opportunity of being employed in the civil service, because in those days the economy was large enough to absorb into the prestigious occupation all Nigerians their goods. As such, the system made Nigerians to be dependent on the colonial masters.

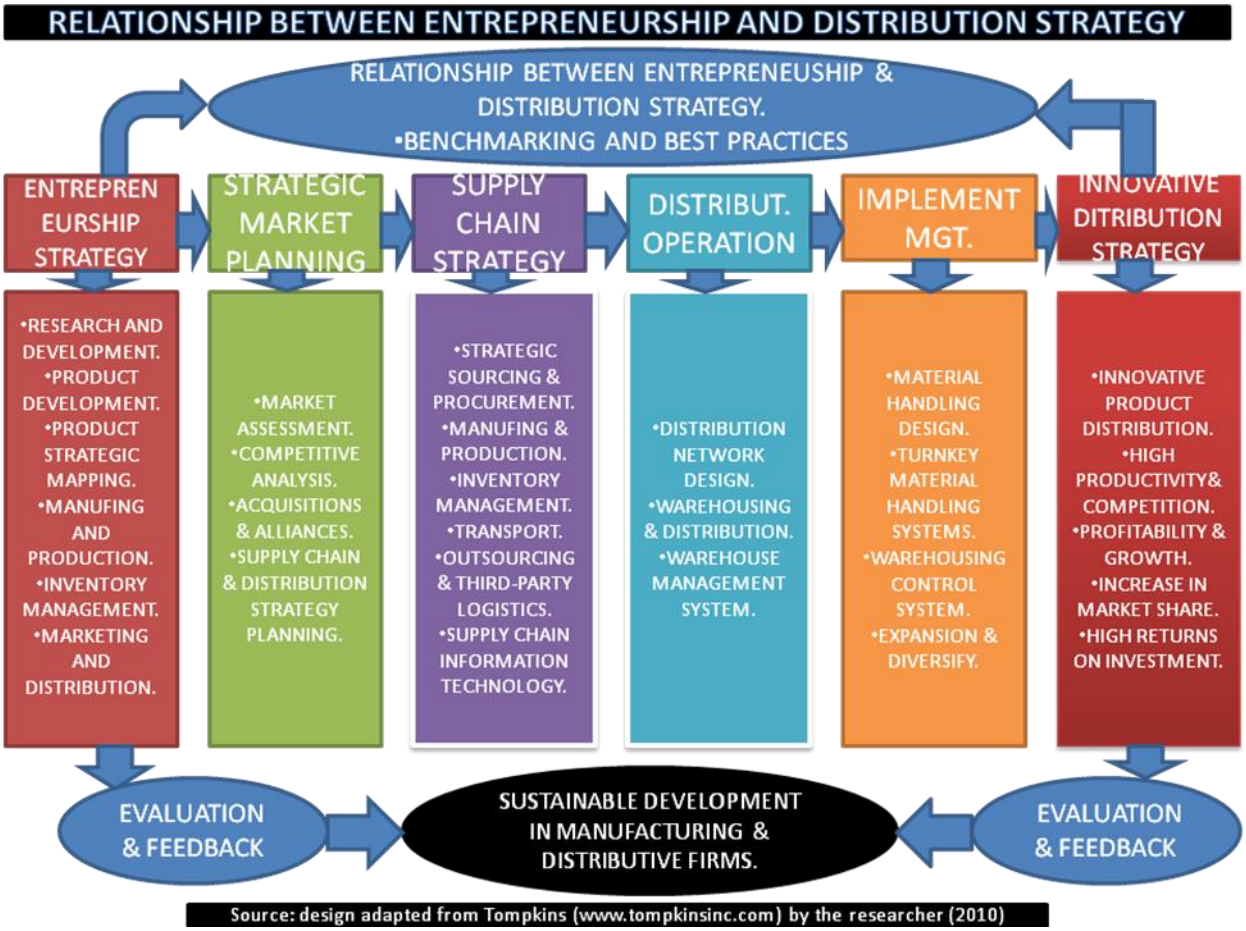
The contrast between Nigerian and foreign entrepreneurs during the colonial era was detrimental. The competitive business strategy of the foreign entrepreneurs was also ruinous and against the moral standards established by society. They did not adhere to the maxim of "live and let live". For instance, the United African Company (UAC) that was responsible for a substantial percentage of the import and export trade of Nigeria had the policy of dealing directly with producers and refused to make use of the services of Nigerian entrepreneurs. The refusal of the expatriates to utilise the services of local businessmen inhibited their expansion and acquisition of necessary skills and competence. Consequently, many eventually folded up. Those that folded up built up resentment against business, which to other prospective entrepreneurs. As a result, the growth of indigenous entrepreneurship in the country slowed down. But, with more people becoming educated and the fact that government could no longer employ most school leavers, economic programmes to encourage individuals to go into private business and be self- reliant were initiated.

(f) Entrepreneurship and Innovative Distribution Strategy.

Fundamentally, innovation has to do with changes leading to improvement in the quality and quantity of products as well as techniques of doing things. Innovation is dynamic and creates new things out of existing ones. Through innovation, the entrepreneur introduces new production techniques, new commodities, improve on existing ones, open up new markets, explore new source of raw materials and design new techniques of management. Research and Development Programmes are formal avenues of introducing or inculcating innovative skills in the entrepreneur. These skills are what an innovative entrepreneur involved in distribution activities translates into business establishment and development as innovative strategies in product

distribution. The process of innovation starts from the generation of business idea, through implementation to the realisation of output and profit. The Adoption –Diffusion Model of Innovation is a good case in this regard. The processes in entrepreneurial development can be better understood using Fajana's (1990) Adoption –Diffusion model of Industrial Relations (IR).

Figure 4. A Model of Relationship between Entrepreneurship and Distribution Strategy.



A physical distribution system may also result in better, more dependable delivery service to the market. When production occurs at different locations, companies are able to determine quickly the most economical source for a particular customer. As companies expand into multinational

markets and source the markets form multinational production facilities, they are increasingly confronted with cost variables that make it imperative to employ a total system approach to the management of the distribution process in order to achieve efficient operations. Finally, the physical distribution system can render the natural obstruction created by geography less economically critical for the multinational marketer. Getting the product to market can mean multiple transportation models, such as canal boat in China, pedal power in Vietnam and speed trains in Japan or Europe.

The physical distribution system offers more benefits than cost advantages. An effective physical distribution system can result in optimal inventory levels and, in multi plant operations optimal production capacity, both of which can maximise the use of working capital. In making plant location decisions, a company with a physical distribution system can readily assess operating costs of alternative locations to serve various markets. From the figure above, an innovative entrepreneur can continue to increase productivity by simply using this approach.

2.1.20 Stages in the Innovation- Decision Process

An innovation is an idea, practice or object perceived as new. It matters little, so far as human behaviour is concerned, whether or not the idea is objectively new as measured by the lapse of time since its first introduction or discovery. If the idea seems new to the individual or decision unit, it is an innovation. Whereas diffusion is the process by which an innovation is communicated through certain channels overtime among the members of a social system. The direction of the communication is usually from one or few to many. The messages are concerned with new ideas. If we assume that the ideas reside in the home country of the MNCs (USA,

Britain and other developed countries), then to the extent that they have not been transferred to Nigeria, they would be new in Nigeria. However, this newness is only relevant to the Nigerian subsidiaries and other firms to the degree that expatriates manager from foreign firms possibly know about them. This knowledge aside, it is only when the developed economies managers themselves adopt such home practices that effective diffusion can occur in the entire economy of the Nigerian entrepreneur.

Diffusion models have been used extensively in the sociological studies pertaining to the general transfer of technological innovations. Nevertheless, it has been applied to IR by Fajana (1990) and this thesis takes a cue from it to analyse the introduction of entrepreneurial ventures by MNCs or by other types of domestic companies. There seems to be a considerable similarity between management practices and physical innovations. This similarity becomes clearer when "technology" is defined. Technology has been conceived as a design for instrumental action that reduces the uncertainty in the cause-effect relationships involved in achieving a desired outcome (Rogers, 1983 p12). For instance, a desk calculator reduces the risk of uncertainties of wrong computations.

Furthermore, technology usually has two components: a hardware aspect or physical object, and a software or instruction base for the tool. Some technologies consist entirely of either of these. Hence, it is advisable to speak of political philosophies, religious ideas, a new event, a rumour, and management practices as software technologies. This notion of management practices as social technologies should enable the deployment, in the present venture, of diffusion research methodology which hitherto had been well developed in consumer behaviour and restricted almost exclusively to research on physical technology (Wentz and Eyrich, 1970).

Innovation is said to flow in a circle. With the starting point, say current state of entrepreneurs, an innovation could spark off an innovation in the distribution strategies and logistics system.

The important stages in the process seem to be:

(1) Imagination-Conceptualisation of innovative ideas;

(2) Knowledge-Exposure to the existence of the innovation and how it functions;

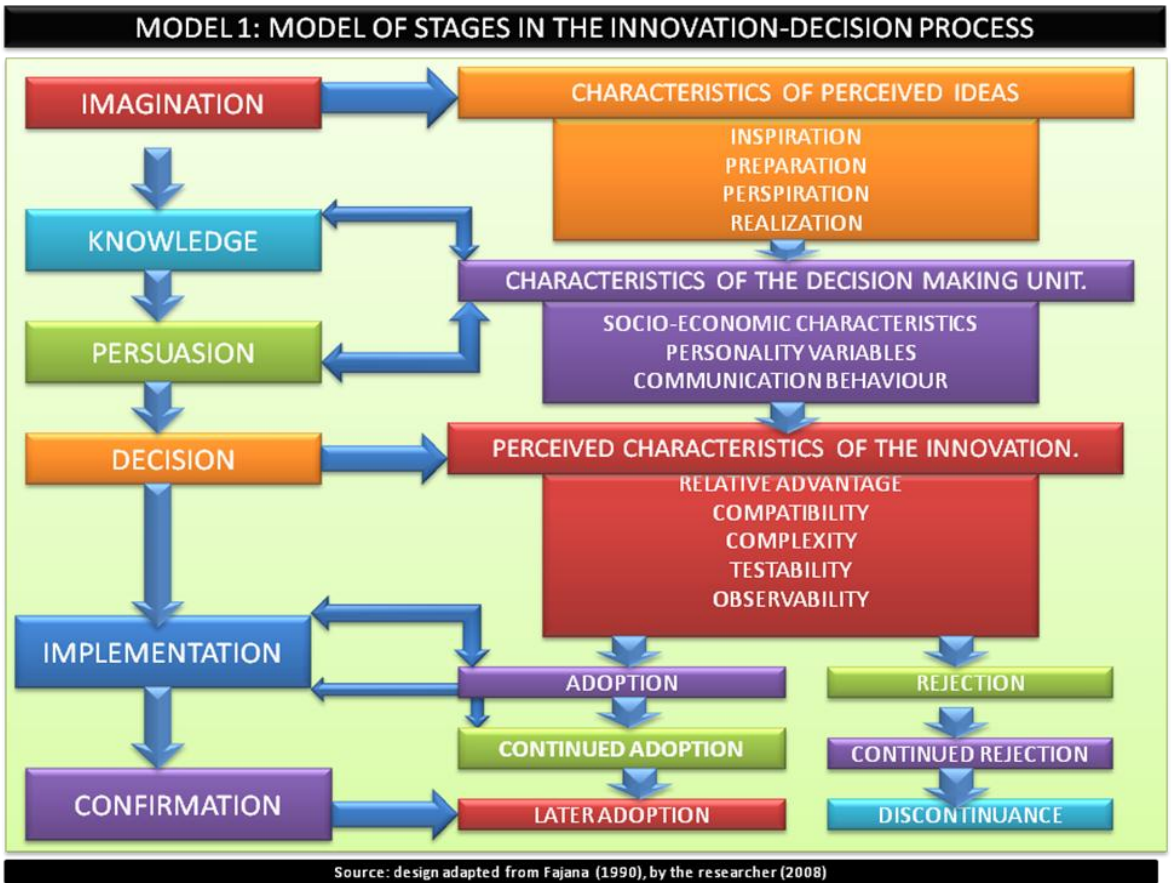
(3) Persuasion- Favourable or unfavourable attitudes is formed towards the innovation;

(4) Decision- Adoption or rejection of the innovation;

(5) Implementation- The innovation is put into use; and

(6) Confirmation- Decision is reinforced or reversed.

Figure 5 A Model of Stages in the Innovation- Decision Process



2.1.21 Obstructive Distribution Parameters

Factors that negatively influence the physical distribution management strategies which according to Baker (1971) and Offiongodon (1991) can be categorised as "obstructive distribution parameters" (ODP) include the following:

- Administrative bottlenecks in the collection and handling of products.
- Unnecessary hoarding of products.
- Inadequate storage facility.
- Numerous and unnecessary middle men.
- Problem of processing and packaging.
- Insecurity on the Nigerian roads.

There is no doubt that over the years, a number of problems have arisen from economic policies in Nigeria that can obstruct distribution strategies adoptable by both MNCs and DEs. These problems, which have adversely affected the management, marketing, distribution and productivity of enterprises in the economy, have also negatively affected innovative distribution strategies in our production systems (Offiongodon, 1991). These obstructive distribution parameters represent partly, another area or focus of this research work and calls for further studies.

2.2. Theoretical Framework

This study was based on certain relevant theories that form the backbone of ideas which provided the super structure that culminated in the development of research questions and

construction of hypotheses tested. The strands of arguments on the basis of these theoretical paradigms are discussed below.

2.2.1 Theory of Distribution Channel

Distribution is traditionally the fourth element of the Marketing Mix, also called place, preceding product, price and promotion. Distribution channels are the intermediary organisations or channels that a product passes through before it is consumed or used. Typically, these organisations are marketing or selling specialists and use economies of scale to bring success. In a context of industrial or consumer products, manufacturers differ on how they distribute their products to the consumer. Some of them distribute intensively (using a lot of intermediaries) or exclusively (directly to the consumer).

The role of distribution is to provide for a company, the accomplishment of the task of delivering the product at the right time, place and quantity at a minimum cost (Bucklin, 1966). Although the distribution problem was one of the first issues analysed by the marketing researchers in the beginning of the 20th Century (Bartels, 1965), the distribution problem has an enormous importance in the marketing literature and managerial contexts today. According to Stern and Reve (1980), channel theory is divided into two orientations: economic and behavioural approaches. First analyses the efficiency of the channel, studying issues like channel design and structure. The latter is sociologically oriented, focusing on power, cooperation, satisfaction and conflict in channels.

The structure of channels requires a set of strategic decisions (Iyanda, 1990): The first decision determines the appropriate intermediary type, e.g. wholesaler, retailer, franchise, broker, direct

sales force. The second is distribution intensity that is, how many intermediaries to include and number of levels of a channel structure.

The second strategic decision in a channel, distribution intensity, is a key element of the channel strategy (Iyanda,, 1990,Fulmer,I.S.; Gerhart, B. ;and Scott,K.S.,, 2003), and often dictate all the channel structure influencing the type of intermediary, the coverage of the market, and the kind of distribution (direct or indirect).

A variety of approaches has been taken to distribution channel, but distribution structure and intensity has received little attention in academic research (Iyanda,. 1991; Rogers, E.M. 1983; Rosemary- Stewart,S.E,1961); Marketing researchers are more concerned about management issues like power, conflict, satisfaction and performance (Gaski 1996). Stern and El-Ansary (1982) affirmed that a channel is not easily selected; there are some constraints such as the availability of good middlemen, traditional channel patterns, product characteristics, company finances, competitive strategies, and customer dispersion question. Mcvey (1960) expressed the same idea when he stated that channels networks were not necessarily designed under the control of one type of organisation and that they faced limited choices in designing the channels for their products. He added that "choice of a channel is not open to any firm unless it has considerable freedom of action in matters of marketing policy."(P 2). According to this approach, the producer has a variety of limitations, including limited choice of types of middlemen, customers and locations of trading areas.

Some logistics authors are of the view that the channel choice is a cost and financial decision (Lambert 1981; Bowersox 1969). Lilien *et al.* (1992) said the channel selection decision is not only an economic decision but also on the control aspects of channels and their adaptability.

Wilkinson (2001) affirmed that current publications on channels did not explain how a given channel structure came to be and how it would change over time. The assumptions analysed by the theory are simplistic and falls within the economic approach (Balderston, 1958; Baligh and Richartz,1966).

The channel design publications are not sure yet if a firm choose freely or adapt in a given channel structure. This decision depends on the innovation of the producer (Wilkinson, 2001). So, the questions arise; Are firms able to choose or only adapt in a given channel structure? What factors determine the choice of a channel or follow the structure in a channel?

The primary theoretical statement links distribution structure with class of products (Frazier and Lassar, 1996; Rangan *et al*., 1992). The class of products are related to the classification of consumer goods (convenience, shopping and specialty) first proposed by Copeland (1923). His intention was to create a guide for the development of marketing strategies by manufacturers. His purpose was to show how consumer buying habits affected the type of channel of distribution and promotional strategy (Bucklin, 1962). According to him, convenience goods are associated with intensive distribution, shopping goods require selective distribution and specialty goods are related with exclusive distribution. Convenience goods are consumer goods and services that the consumer buys frequently, immediately and with a minimum of comparison effort. Shopping products are less frequently purchased and consumers spend considerable time and effort gathering information and comparing alternative brands. Specialty products are

consumer goods with characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort (Kotler 1997)

2.2.2 Depot Theory

The flow in the distribution channel has been explained using parallel model, model postponement and speculation under Depot Theory. How fast do flows move to overcome separations and match a seller's small segment of supply with a buyer's small segment of demand? According to Aspinwall's (1958) Depot Theory, goods move toward consumption at a rate established by the final consumer's need for replacement. As detailed in Aspinwall's (1958a) Parallel Systems Theory, replacement rate is inversely related to gross margin, services required, search time and consumption time. Thus, knowing replacement rate provides knowledge of the other characteristics determining rate of flow.

The question of which institutional depot (manufacturer, wholesaler, retailer, household, etc.) in the channel will hold and modify inventory is addressed by Bucklin's (1965) 'Theory of Postponement and Speculation'. Alderson (1957) developed the postponement part, arguing that changes in modifying products and stocking inventory should be postponed to the latest possible point in the marketing flow because of reduced risk. Bucklin (1965) added the corollary theory of speculation that changes in form and holding inventory should be made at the earliest possible point in the marketing flow to take advantage of economies of scale. Thus, speculation takes advantage of the lower costs of modifying goods early to obtain economies of scale resulting in mass production, while postponement deals with reducing risk by modifying goods at the latest point for segmented demand resulting in today's mass customisation.

Alderson's (1965) transvection represents one of the most powerful but underutilised constructs in marketing thoughts. A transvection includes all purchases and sales from the original seller, through intermediary purchases and sales to the final buyer of a finished product. That is, it links all the institutions (depots) in a channel. Alderson (1957, 1965) described what takes place in a channel transvection in terms of 'Sorts and Transformations'. At each institutional depot, goods are alternatively sorted (sorted-out, accumulated, allocated or assorted) and transformed (modified, merchandised, stored, transported, or used). If the channel is regarded as structure, such as the banks of a river, then the transvection represents process - the flow of the river. Therefore, aggregating the set of parallel channel-transvections taking place in a particular economy, such as the USA, for a given time frame, say a year, provides 'an exhaustive description of the marketing process' (Alderson and Miles, 1965: 122). Thus, most fundamental theories of channels of distribution can be synthesised into a logically coherent whole.

2.2.3 System Theory

Physical distribution can be viewed as a system of components linked together for the efficient movement of products. Using a system approach to describe physical distribution, the components include; customer service, transportation, warehousing, order processing, inventory control, protective packaging and materials handling. These components are interrelated, hence: decisions made in one area affect the relative efficiency of others. For example, a small business that provides customised personal computers may transport finished products by air rather than by truck, as faster delivery times may allow lower inventory costs, which would more than offset the higher cost of air transport. Viewing physical distribution from a system's perspective can be the key to providing a defined level of customer service at the lowest possible cost.

2.3 Empirical Framework

The existing body of knowledge on distribution strategies is vast and suggests several techniques and management skills. Only some aspects relating to performance, something of fundamental importance, will be highlighted here. A good starting point is the research done by Doney and Cannon (1997), which stressed several contributions in the field. Kozak and Cohen (1997) created a list of statements for companies to use to achieve the level of trust and commitment with suppliers, which can be adapted in this case to distributors. Distribution builds stable competitive advantages, since marketing channels are of long-range planning and implementation, and to build them needs a consistent structure and due also to the fact that they are focused on people and relationships. This sequence was elaborated based on the revision of four existing models. (Stern et al., 1996; Rosembloon, 1999; Berman, 1996 and Kotler, 1997); (Walters & Gattorna, 1996; Ziggers, Trienekens & Zuurbier, 1998; Trienekens & Zuurbier, 1996; among others). Anderson (1985) and John and Weitz (1988) stated that there is a relationship between sales volume and distribution channel integration. The most important of these are physical-specific assets, time-specific assets, information and knowledge technology, human-specific assets, location (site) specificity and marketing/transaction specificity.

A variety of approaches has been taken to distribution channels, but distribution structure and intensity has received little attention in academic research (Rangan, *et al.* 1992; Frazier and Lassar, 1996; Rodriguez *et al.*, 2005; Gattorna 1978). Marketing researchers are more concerned with management issues like power, conflict, satisfaction and performance (Gaski 1996). Few empirical studies were conducted to study distribution intensity and structure. Most of ideas concerning channel design issues are underlying and theoretical that predicts the choice of

channel based on some factors. Although these constructs have been well accepted by marketing scholars, empirical research has to be done to confirm these assumptions and to find new factors determining the channel choice.

The primary theoretical statement links distribution structure with class of products (Frazier and Lassar, 1996; Rangan *et al*., 1992). The class of products are related with the classification of consumer goods (convenience, shopping and specialty) first proposed by Copeland (1923). His intent was to create a guide for the development of marketing strategies by manufacturers. His purpose was to show how consumer buying habits affected the type of channel of distribution and promotional strategy (Bucklin, 1962). According to these characteristics convenience goods are associated with intensive distribution, shopping goods require selective distribution and specialty goods are related with exclusive distribution. Convenience goods are consumer goods and services that the consumer buys frequently.

Copeland clearly defined the three categories. Convenience goods are 'those customarily purchased at easily accessible stores'. Shopping goods include "those for which a consumer wishes to compare prices, quality, and style at the time of purchase". With specialty goods, however, consumers neither travelled to a convenient store location nor made comparisons while shopping. He thought this category so different hence he called it specialty goods, "those which have some (special) attraction for the consumer, other than price, which induces him to put forth special effort to visit the store . . . and make the purchase without shopping' (1924:14). Although there were a number of rationales for the three sand raised the most questions among subsequent authors. Holton (1958) conceptualised the distinction between the categories based on the benefits resulting from price and quality comparisons relative to searching costs. With

convenience goods the benefits are small and with shopping goods the benefits are large compared to the cost of search. Specialty goods overlapped the other categories, and the distinction Holton made is that such goods had a small demand thereby requiring a buyer's special effort to find the relatively few outlets carrying them.

Luck (1959: 64) rejoined Holton's disparagement of specialty goods by arguing that "the willingness of consumers to make special purchasing efforts is explanatory, consumer oriented, and useful". Although he used shopping and convenience goods categories, Aspinwall (1958b) took a very different approach to Copeland's classification than prior or subsequent authors. Using a continuous colour scheme, where red stands for convenience goods, yellow for shopping goods and shades of orange for goods in between, he related five characteristics of goods to length of channel and type of promotion required based on summing the values on each characteristic. Convenience goods have a high (1) replacement rate, and are low on (2) gross margin, (3) amount of product adjustment or service, (4) time of consumption, and (5) search time. Based on these characteristics, such goods require long channels and broadcast advertising. Shopping goods have a low replacement rate, and are high on the other four characteristics. These goods require short channels and personal selling. The colours are meant to blend, and shades of orange goods could occur anywhere in between the red and yellow. Orange was more moderate in all characteristics, requiring mid-length channels and some broadcast promotion. The specialty category was not included in Aspinwall's classification.

The application of this to the present study is that most multinational firms in Nigeria are producers of convenience goods.

Bucklin (1966) contributed to the issue, stating that at distribution, four service output levels are important: market decentralisation (fragmentation), lot size, assortment, and waiting time. According to the author, firms chose channels that minimised the distribution costs associated with delivery time of these outputs. Delivery time is the main factor that predicts the structure of a channel. Bucklin argued that with a very short delivery time, the intermediate inventory is necessary because only in this way can goods be rushed quickly to the consumer. The more the consumer wants the good quickly, the more the inventory and safety stock is needed. These factors create high costs and an indirect channel is required. But, there is the point that the delivery time allowed to the consumer receives the good is larger, that it becomes possible and cheaper for the manufacturer to ship goods directly. As the greater the delivery time the greater are the economies of direct shipment because it eliminates the costs of handling, and maintaining the inventory. Lilien (1979) ran a discriminate analysis with data from a sample of 125 industrial products to study the impact of product and market factors on the selection of direct or indirect distribution. The study showed that the channel varied from direct to indirect based on the following:

(i). Size of the firm: The bigger the company is, the better it is able to support a company-owned distribution channel.

(ii) Size of average order: With the increase of the average order, direct distribution becomes more economical.

(iii) Technical-purchase complexity: The greater the importance of technical service to the product's success, the more likely is direct distribution.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section highlights and discusses the sources of data and geographical area where the study was conducted. The chapter describes the methodology including the research methods and design, population, sample size determination, sampling technique and procedure, sources of data collection and techniques of analysis, research instruments adopted, its validity and reliability.

3.1 Research Methods

Research is regarded as the process of arriving at dependable solution to problem through objective, planned and systematic collection, analysis, interpretation and reporting of data. Towards this end, research methods in an organisation's marketing and its distribution policy are specifically adopted as an organised procedure and strategy which involves planning, structuring and strategy of the investigating issues and problem. Otokiti (2009) identified several types of method commonly in use in this area of study. These include survey research, experimental research, case study research, action research, grounded theory research, ethnography research, archival research and ex-post facto research methods. Thus the multifaceted nature of these research methods necessitates the use of mixed approaches.

For this study, the following four research methods were employed: (1) At the initial stage, exploratory method assisted the structuring of relationship between the statement of research

problems and the subsequent research questions contained in the study. (2) To answer the questions on Innovative Distribution Strategies of MNCs and DEs, the action research method was used. (3) At the Dangote Sugar Refinery, whereas the action method was originally designed for the work, it was the ex-post facto method that was actually used due to non-availability of the right type of personnel presented to the researcher for the exercise. (4) A combination of survey and ex-post facto methods was used in Nestle Foods Nigeria Plc and African Petroleum Plc.

The descriptive survey design was used in this study. A survey is used to collect original data in order to describe a population too large to observe directly (Mouton, 1996). In this study survey was used to obtain information from a sample of people by means of self-report that is the people responded to a series of questions posed by the investigator. The study, collected information through self- administered questionnaires distributed personally to the subjects by the researcher. The nature of this research necessitated the use of mixed approaches to meet the requirement of collecting large and standardised data. Finally, both primary and secondary sources were used for the data collection concerning information on the contribution of innovative teams and distribution management/strategies. Secondary data information obtained from the published data of the Nigerian Stock Exchange (NSE),the Nigerian Capital Market (NCM), Central Bank of Nigeria (CBN),Federal Office Statistics (FOS) and Lagos Chamber of Commerce, Industry, Mines and Agriculture (LCCIMA) were used. The information from NSE/NCM Fact book (2008) was used to determine the selection and inclusion of companies in the study. Journals and other materials from financial institutions were used to collect the required data. Additional information on data was sourced from university libraries, including Covenant University, University of Lagos and University of Ibadan. Internet and other sources were also explored to source for the relevant materials for the study.

3.2. Research Design

The survey research design was used in carrying out this research. It involved a plan that guided the researcher in data collection phase of the research work. In this study, a two – phase approach was adopted - the pre-data and data/post-data collection phases. The pre-data collection phase included the statement of research problems, objectives of the study and the formulation of research hypotheses. The second phase included data collection, the design and population of the study, sample size determination, sampling procedure, sampling frame, sources and techniques of data collection, research instruments and measurement of variables and validity of research instruments.

The design of this work followed a quantitative approach. Burns and Grove (1993; 777) defined quantitative research as a formal, objective, systematic process to describe and test relationships and examine cause and effect interactions among variables. A descriptive survey was selected because it provides an accurate portrayal or account of the characteristics, for example, behaviour, opinions, abilities, beliefs and knowledge of a particular individual situation or group. This design was chosen to meet the objectives of the study.

3.3 Population of the Study

In marketing research for business decisions, the need for adequate and reliable data is necessary to facilitate good marketing decisions about the population in which include companies, firms, people and many others in a study. Burns and Grove (1993: 779), defined a population as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study.

In this study the population is divided into two segments namely, the population of the manufacturing companies under study and the population of participants involved in marketing and the distribution of products. The nature of this study necessitated the three types of population that were used. For the companies, population in the study consisted of all registered manufacturing companies listed on the Nigerian Stock Exchange (NSE) Fact book, 2008. The total number of companies that satisfied these criteria in Nigeria stood at 216 (Fact book, 2008). See table 3.1 showing geographical zones and locations of manufacturing companies in Nigeria.

Table 3.1. Geographical Zones and Location of Manufacturing Companies

S/N	**ZONE**	**NO OF COMPANY**	**PERCENTAGE**
1.	SOUTH-WEST	151	70
2.	SOUTH-EAST	22	10
3.	SOUTH-SOUTH	17	8
4.	NORTH-EAST	11	5
5.	NORTH-WEST	11	5
6.	NORTH-CENTRAL	4	2
	TOTAL (6)	216	100

Source: Fact Book 2008 (N.S.E)

The concentration of manufacturing companies in the South-West geographical region of Nigeria, where 70% of companies is located, and Lagos State industrial areas, where 40% of all manufacturing companies in Nigeria is located, give a good representation of manufacturing firms. Hence, Lagos State industrial area was adopted for the population of this study. This describes the first segment/type of population in this study. See table 3.2 showing South-West distribution of manufacturing companies in Nigeria.

Table 3.2 South-West Distribution of Manufacturing Companies.

S/N	**LOCATION OF COMPANY**	**NUMBER**	**PERCENTAGE**
1.	LAGOS STATE	60	40
2.	OYO STATE	30	20
3.	OGUN STATE	35	25
4.	OTHERS	23	15
	TOTAL	151	100

Source: Fact Book 2008 (N.S.E)

The second segment/type of population in the study included participants involved in the distribution policies, marketing and distribution of products such as, the Managing Directors, Executive Directors and General Managers at the first level. The second level comprised Line Managers such as Procurement Managers, Sales/ Marketing Managers, Logistics/ Planning Managers, Finance Managers and Distribution Managers in the companies surveyed for the study. The third and last level comprised sales, distribution and marketing staff. All these categories of individuals and participants in the manufacturing firms covered by the study population are represented in table 3.3 below.

Table 3.3. Survey Population in the Manufacturing Companies

FIRMS	MD/CEO	E. DIRECTORS	MANAGERS	OFFICERS
AP PLC	1	4	38	450
NBC PLC	1	3	29	700
NESTLE PLC	1	6	30	500
WAPCO PLC	1	3	28	320
FLOUR MILLS PLC	1	4	32	300
DANGOTE SUGAR	1	4	26	305
TOTAL	6	24	163	2,575

Source; NSE Fact Book, 2008 (N.S.E)

Finally, since there are three categories of participants in the study population, the size of each determined how such population was studied. For level one consisting of the senior management personnel (MDs, EDs and the GMs), we studied all the population due to their small size. In the second and last levels consisting of the Managers, distribution and marketing staff, which were large, we used the minimum returned sample size table for continuous and categorical data to determine the line managers participants (see Table 3.6) and the Yard Formula to determine the sales, marketing and distribution staff participants' population for this research work as shown in section 3.4.

3 .4 Sample Size Determination

In this study, there were two types of sample sizes. These are the manufacturing companies and the individual participants in the study. Due to the concentration and structural composition of the registered manufacturing companies in South-West Nigeria, as presented in table 3.4 below, a sample size was adopted. According to Ige (1975 and 1979) the following criteria must be satisfied for a manufacturing company to be included in this type of study:

1. They are quoted on the Nigerian Stock Exchange.
2. Have existed for a minimum of ten years.
3. Posted an annual balance sheet of two billion Naira and above.
4. Involved in a nationwide physical distribution of products.
5. They have presence in all the six geographical zones of Nigeria.

The most important of these five criteria for inclusion of a manufacturing company in a study of this type is the presence of such a firm in all the six geographical zones in Nigeria. The justification for this is that any manufacturing company whose manufacturing plants are not spread in the six geographical locations will not have the true experience and knowledge of the state of the Nigerian roads. Ige (1975 and1979) considered this singular criterion as an absolute. He argued that any firm that failed in this criterion must not be included in physical distribution and transportation management strategies study. However, because of high concentration of manufacturing companies in the Lagos State industrial areas within the South-West geographical zone, Lagos was selected with the following characteristics as shown in table 3.4 below.

Table 3.4. South-West Distribution of Manufacturing Companies

S/N	Location Of Company	Number	Percentage
1.	Lagos State	60	40
2.	Oyo State	30	20
3.	Ogun State	35	25
4.	Others	23	15
	Total	151	100

Source; NSE Fact Book, 2008

The concentration of manufacturing companies in Lagos State as presented in table 3.4 above, informed the selection of the Lagos industrial area for this study. This study covered six (6) manufacturing companies representing 10 % of the companies located within Lagos State industrial areas that satisfied the five criteria stated above. These six companies comprised of three multinationals and three domestic enterprises. These firms satisfied the following criteria for inclusion in this study as shown in table 3.5 below. However, for convenience and cost, the researcher used a judgmental approach to select the firms.

Table 3.5: Table Showing companies that satisfied the criteria for inclusion in the study

Companies sampled	NSE Listed	10Yrs of Existence	(2 Billion and above)	Nationwide distribution	6GPZ location
AP PLC	Yes	Yes	Yes	Yes	Yes
NBC PLC	Yes	Yes	Yes	Yes	Yes
NESTLE PLC	Yes	Yes	Yes	Yes	Yes
WAPCO PLC	Yes	Yes	Yes	Yes	Yes
FLOUR MILLS PLC	Yes	Yes	Yes	Yes	Yes
DANGOTE SUGAR	Yes	Yes	Yes	Yes	Yes
TOTAL	6	6	6s	6	6

Source; NSE Fact Book, 2008

The sample size of manager - participants in this study was determined from the population using the Minimum Returned Sample Size Table for Continuous and Categorical Data propounded by Barlett, Kotrilik and Higgins (2001). And going by the table of the sample size, developed by Barlett, Kotrilik and Higgins (2001), it should be 163 respondents. To arrive at

163, the closest number to the population of this study was selected from the table below (from the column of the population size), which is 200. This was then trimmed down to 154, under the categorical data.

Table 3.6 Minimum Returned Sample Size Table for Continuous and Categorical Data

S/N	Population Size	Continuous Data			Categorical Data		
		Margin of Error = 0.03			Margin of Error = 0.05		
		Alpha =.10	Alpha =.05	Alpha =.01	p.50	p.50	p.50
		t = 1.65	t = 1.96	t = 2.58	t=1.65	t=1.96	t=2.58
1	100	46	55	68	74	80	87
2	200	59	75	102	116	132	154
3	300	65	85	123	143	169	207
4	400	72	92	137	162	196	250
5	500	73	96	147	176	218	286
6	600	73	100	155	187	235	316
7	700	75	102	161	196	249	341

Source: Barlett, Kortrilik and Higgins (2001)

We chose the categorical data at a margin for error of probability of 0.50 because the margin of error shown is appropriate for this study. However, the appropriate sample size must be calculated if these error rates are not appropriate.

Finally, the Yard Formula, which is concerned with the application of normal approximation with 95% confidence level and 5% error tolerance, was used to determine the sample size of sales, marketing and distribution staff of all organisations in this study. In determining the sample size of this very large category of respondents for this study, the researcher adopted the Statistical Formula postulated by Guilford and Fracher (1973) shown in table 3.3.

$$n = \frac{N}{1 + N_{(e)^2}}$$

Where:

N = Population

e = Desired margin of error

n = The sample size.

$$n = \frac{N}{1 + N_{(e)^2}}$$

$$n = \frac{2575}{1 + 2575(0.05)2} = 346$$

3 .5 Sampling Procedure

Due to the large size of the population of this study, the researcher decided to use random sampling procedure to select a sample size that adequately represents the population of companies quoted in the NSE. Since the major criteria for selecting any company in this research work included that such a firm must be publicly owned, quoted on the NSE and must be involved in physical distribution of products nationally, the following manufacturing, petroleum marketing and building materials sectors were considered. The food and beverage sector, consisting (1) of Nigerian Bottling Company Plc,(2) Nestle Food Nigeria Plc, representing the MNCs ([3) Dangote Sugar Refinery Plc and(4) Flour Mills Nigeria Plc representing the Domestic manufacturing companies. The petroleum marketing included in the sample is African Petroleum Plc, a domestic firm, while Lafarge/West African Portland Cement Company Plc (WAPCO), a multinational firm, represented the engineering and heavy duty sector of the economy included in the study. A sample size of six (6) industries out of a total of twenty-nine (29) industries representing, two hundred and sixteen quoted companies was considered. The sample included respondents drawn from three sectors (3) out of the twenty-nine (29) quoted sectors on the Nigerian Stock Exchange (NSE) within the Lagos state industrial areas within the

South-West of Nigeria. The reason for using the minimum returned sample size technique is because the study considered three sectors in the Nigerian economy as stated above.

Respondents from these sectors were drawn with validation and verification from documents made available from the NSE Fact book, 2008 and Lagos Chamber of Commerce, Industry, Mines and Agriculture (LCCIMA). The three sectors have been selected based on judgmental and convenient sampling methods out of the twenty-nine registered sectors and quoted companies on the Nigerian Capital Market (NCM, Fact book,2008), Asika (1991). The reasons for choosing the Lagos State industrial areas are:

(i) most businesses are situated in this State

(ii) the issue of proximity was considered

(iii) all Nigerian ethnic groups are well represented in Lagos State

(iv) all multinational corporations have their head offices or main branches in Lagos State

(v) high income-earning capacity of residents at Lagos State, which serves as a motivating factor for establishing businesses in this industrial areas.

The respondents went through a two-stage selection process. The first stage looked out for companies quoted on the Nigerian Stock Exchange (NSE) with an annual balance sheet above one billion naira minimum and had been in business for over five years.

The second criteria for selecting the respondents included the following technical factors:

(i) must be involved in physical distribution of products in the organization

(ii) must be a worker in marketing, sales or distribution departments in the organisations

(iii) must have initiated the business

(iv) must be a chief executive officer (CEO), in top management senior staff or a distribution/marketing officer.

Some of the respondents asked for clarification on the contents of the questionnaire in order to know how to answer the questions. Others were not very cooperative in responding to the contents of the questionnaire. To be able to cover the Lagos industrial areas as our scope, four research assistants were deployed. Each research assistant was assigned to Nestle Foods Nigeria Plc, Flour Mills Nigeria Plc, Lafarge/WAPCO Plc, and Nigerian Bottling Company Plc while the researcher solely handled Dangote Sugar Refinery Plc and African Petroleum Plc aside from the other four companies due to the sensitivity of the latter organisations.

3 .6 Sampling Frame

This is the list of sampling entities and properties used as basis to determine the factors to include in sampling frame, such as organisations, institutions, people, men, women, departments and others in a study. In this study, the sampling frame includes three sectors of the Nigerian economy- the Food and beverage; petroleum marketing; and building and engineering sectors. Managing Directors/Chief Executive others, executive directors, general managers, managers and distribution/sales or marketing personnel were also sampled for this study. The sampling frame in the study was made up of organizations, people, men, women and different departments,

3 .7 Sources of Data

Primary data for this study was collected through the administration of questionnaire and well structured personal interviews.

Primary and secondary sources were also used for data collection including quoted manufacturing companies as listed on the NSE Fact book, 2008. Secondary data information obtained from the published documents of NSE, NCM, CBN, Federal Office of Statistics and Lagos Chamber Of Commerce, Industry, Mines and Agriculture. Journals and other materials from financial institutions were used for information on the contribution of innovative distribution management strategies. Additional information on data was sourced from university libraries like Covenant University, University of Lagos and University of Ibadan etc, and from the Internet and other sources.

3 .8 Data Collection Techniques

The data collection technique used in selecting the respondents for the study is the Yard Formula method. Using this method, the names of all the companies from the established sources were first written and numbers assigned to them. The respondents were drawn using a table of random numbers. A total of 346 respondents were randomly selected out of a total of 2575 sales/ distribution staff (see table 3.3), but because some respondents would likely fail to respond to

the instruments, 346 respondents were adopted and were eventually used (see table 3.3). Below is a table showing the distribution of the respondents according to companies and sectors.

Table 3.7. Random Distribution of Questionnaires to respondents in selected manufacturing companies

Companies	Industry	Food& Beverage	Petroleum Marketing	Building Materials	Total
NBC	F&B	93			93
Nestle	F&B	66			66
Dangote	F&B	42			42
Flour Mills	F&B	40			40
WAPCO	Building			45	45
AP plc	Pet.Mkting		60		60
Total		241	60		346

Source: Field Survey, 2008

3 .9 Research Instrument

Two types of research instruments were used in this study. They are questionnaire and interviews. The questionnaires were pre-tested to allow the researcher determine if the respondent would have any difficulty in understanding them, or if there were ambiguous or biased questions. The pre-test was also to enable the researcher know whether the questionnaires would measure what they were supposed to measure. The objective was to determine the reliability of the data collection method chosen for the study (Asika, 1991).

Asika (1991), Izedonmi & Osaze (2000) defined reliability as the consistency between independent measurement of the same phenomenon, which implied stability, dependability and predictability of a measuring instrument. They outlined three principal methods of testing reliability of measurement instrument namely, test re-test method, parallel-form method and

split-half method. The test re-test reliability approach was adopted by the researcher. For the validity of research instrument, see section 3.11.

(i) Questionnaire

The design of the questionnaire was simple and respondent-friendly. The questions were formulated in order to elicit information on company and respondent profile. The information sought included age, sex, marital status, and position in organisation, educational background, type of business, level of income, number of employees at the beginning of business, location of business, sources of capital, performance measured in terms of gross sales turnover and profit margin. Apart from these respondents working with multinational companies' were also asked if they had worked in another country before their current job; for how many years; in which country; and what functional responsibility they were involved in.

The questionnaires were sub-divided into four major sections thus: section A: personal information; B: company information; C: impact of foreign management in Nigeria; and D: innovative physical distribution management strategy. Section D was sub-divided into questions on sales turnover, recruitment and selection, innovative distribution and marketing, training cost, salaries and wages, products distributed performance appraisal and the role of physical distribution department in the organisation.

(ii) Interview

Apart from questionnaires, personal interviews were held with twelve top management staff and executive directors of the six companies specifically selected in their different organisations. To generate and assess innovativeness in the distribution strategies and teams of their organisations,

interviews were scheduled and used to provide a frame for the sections with the respondents. The interviews were based on categorical and open ended questions. A list of ten questions formed the basis of the interview section. These are: (i) a brief history of their sales profile

(ii) what methods or type of distribution strategy the company adopts, for how long and whether the strategy in use now has been changed before

(iii) what are the likely problems affecting distribution strategy

(iv) storage and depot types in use

(v) what transportation, loading and off-loading problems are encountered

(vi) major hazards during products distribution and travelling on the Nigerian roads

(vii) special equipment or vehicles used for distribution

(viii) types of vehicles used for distribution i.e. truck, tanker or trailer

(ix) coordination of distribution strategy effectiveness at the head office; and

(x) evaluation of effectiveness and efficiency of innovative distribution strategies in the companies.

The researcher interviewed the national distribution managers, sales manager or executive director of sales and marketing in the selected organisations who agreed to grant interview. The report of these interviews are in section 2.5.1 of the literature review section of the study. Though the guide provided a format, the researcher, on several occasions expanded the questions so as to get more detailed information from the respondents. The interview sessions were

conducted in English Language. The interview time for each subject ranged from approximately 45 minutes to 1 hour 30 minutes. The information gathered during the interview sessions was compared with the evaluated questionnaires to determine the significant difference between the two data results.

3 .10 Measurement of Variables

Items were generated mainly to assess the comparative innovative distribution strategies of multinational companies in the study in comparison with their domestic counterparts. The questions were derived from a careful review of the problems of cement distribution in the works of Ige (1975, 1979) and those of Davide & Antonello (2003) and Fareeda under the guidance of Nagendra (2010). Other texts used are, Achumba (1996), Iyanda (1990), and Nwokoye (1981). Some questions found to be relevant from a careful review of innovative entrepreneurship publications of Hisrich (1989) and those on problems of distribution management strategies in the Nigerian economy in the works of Offiongodon (1991), Baker (1971) and Idabacha (1984) were used. These questions were compiled and the unrelated questions were deleted.

The items included performance, profitability, sales turnover, returns on investments and market share positioning of the firms (MNCs and DEs). The items frequently cited on innovation and solutions to distribution bottlenecks were added in the questions. To capture into the knowledge of the reactions and responses of the respondents, the questions were piloted and tested on twenty five distribution staff of a local distribution company who were involved in transportation and logistics of tower aluminium roofing sheets. Questions were constructed and clarified for the final survey instruments. The 138 items were derived from the result of the piloted test and review of different publications on innovative physical distribution management strategies. A

review of analysis and evaluation of distribution channels in various sectors of the cement industry in the Indian economy (Bee Management Consultancy Pvt, Ltd, 2005), Innovation, foreign ownership and multinationality: An empirical analysis on Italian manufacturing firms (Davide & Antonello, 2003), Innovative distribution strategies- Selling innovative products (http:enzinearticle.com) and Coca-Cola in India: Innovative distribution strategies with RED approach (Fareeda under the guidance of Nagendra,2010) were used to measure the variables in the study.

3.11 Validity of the Research Instrument

Validity test was carried out in order to ensure that the research instrument measured what it was meant to measure. The four methods of measuring external validity are face (Selltiz et al, 1976; Philips, 1976) and Bailey (1987); content (Kerlinger, 1964, Goode and Hatt, 1952; Bailey, 1987; Singleton et al, 1993); criterion (Philips 1971; Selltiz et al 1976; and Bailey 1987) and construct validity (stevens 1951, Kerlinger 1964 and Bailey 1987, Singleton et al, 1993). Face and content validity were deployed for this study through the judgement of the supervisors and experts both in academic institutions and organisations. Content Validity was used to determine the appropriateness of the wording of the instrument and the objectives of the study while face Validity was ensured to enable this researcher to assert that he had measured what he set out to measure (Stevens, 1951). The validity measures of this study were justified using the works of Levine (1981), Kerlinger (1983), Bailey 1987, Ekpo-Ufot (1992), Singleton et al, 1993. To ensure face and content validity of the instrument (content-related evidence) senior academics on entrepreneurship and enterprise development studies, specialists and experts on the topic of research measured by the instrument were asked to provide inputs and critique the

appropriateness of the items on the instrument as earlier mentioned. This was done in order to discover if the instrument covered the content area and to ascertain if the instrument contains a representative sample of the content being assessed. The study also confirmed the format used as appropriate for information from those using the instrument. The Cronbach Alpha of 0.78 was obtained for the entire instrument. However, the Cronbach Alpha for the subscales were provided in the appendix

3.12 Reliability of the Research Instrument

Reliability test ensures that the instrument measures consistently as required. It also shows the extent to which the researcher can confidently rely on the information obtained through the use of the instrument adopted to gather data for the research work. Consequently, data collected were subjected to reliability analysis to establish the reliability of the measures and ensure consistent measurement among the various measurements in the instrument (Goode and Hatt, 1952, Kerlinger, 1964, Philips, 1976, Selltiz et al, 1976, Bailey, 1987, Singleton et al, 1993). Analysis to the reliability of coefficient will be used. The reliability measures were justified using the works of Goode and Hatt (1952). A major reliability test was carried out to ensure the reliability of the instrument. This included test-retest method. Each of these reliability test instrument measures consistency differently. The result of the reliability test for the entire instrument showed r=0.78. This implies that the various research instruments were adequate and suitable for the analysis expected to be produced at the end of the study. However, the reliability indices for the subscales were provided in the appendix

3.13 Method of Data Analysis

The data were analysed using both manual and electronics-based methods through the data preparation grid and Statistical Package for the Social Sciences, (SPSS). The utilisation of structured grids allows specific responses to be located with relative ease and facilitate the identification of emerging patterns (Munn and Drever, 1990). Also, descriptive, statistical and content analyses techniques were used in the analysis of the data collected. By the use of descriptive analysis the study was able to achieve the mean, frequency distribution and percentage results of the research work. Statistically, the study was able to utilise the following statistical tools: Analysis of Variance (ANOVA), Correlation Coefficient and Regression Analysis in testing the hypotheses.

Other methods of data analysis in this study included parametric and non-parametric measurement such as trend analysis and pictorial graphs i.e. (pie-chart and histogram).

For hypothesis 1, Independent t-test was used.

For hypotheses 2, 3 and 4 Simple linear regression analysis was used.

For hypothesis 5, Correlation coefficient was used.

In the analyses, the researcher was able to carry out a sector by sector review of the variables and company by comparison in testing the data.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF RESULTS

4.1 Introduction

This study compared the innovative distribution strategies and performance of multinationals and domestic enterprises in selected manufacturing companies in Lagos State industrial areas, Nigeria. The secondary purpose of the study was to determine the extent to which innovative distribution strategies affect annual overall performance. Also, the study identified the combined and relative factors associated with innovative distribution strategies in predicting innovative distribution strategies. However, data collected from the relevant sources were classified and analyzed. The trends, patterns and relationship among data were identified and interpreted. The data classification was carried out on the basis of multinationals and domestic annual overall performance. The hypotheses formulated for this study guided the arrangement of the tables. Each hypothesis focused on the variables identified. A summary of the main findings followed each hypothesis.

4.2 Demographic Data Analysis

Table 4.1: Gender Distribution of Respondents

Age Distribution	Frequency	Percentage
Male	100	57
Female	75	43
Total	175	100

Source: Field Survey, 2008

Gender distribution is basically a statistical distribution of how many male or females there are in a population/sample. In table 4.1 the distribution revealed that 100 males were present in the distribution, representing 57% and 75 were females, representing 43%.

Table 4.2: Marital Status Distribution of Respondents

Age Distribution	Frequency	Percentage[%]
Single	22	13
Married	134	77
Separated	19	10
Total	175	100

Source: Field Survey, 2008

Table 4.2 was designed to capture the statistics on the marital status distribution of the respondents. From the table, 22 participants were single representing 13%, 134 participants were married representing 77% and 19 participants were separated representing 10%.

Table 4.3: Age Distribution of Respondents

Age Distribution	Frequency	Percentage[%]
20 -35	128	73.14 %
36 -50	40	22.85 %
Above 50	7	4.01 %

Source: Field Survey, 2008

Table 4.3 was designed to capture the statistics on the age distribution of respondents. From the table, majority of the respondents, numbering 128, representing 73.14% were in the age range of 20-35 years old. The next class of respondents close to them has those whose ages fall within 36-50. These were 40, representing 22.85% and those above 50 years were 7, representing 4.01%. They are matured adults in organizations included in the study and are therefore able to give an informed opinion of the state of affairs of their firms.

Table 4.4. Descriptive Statistics of Positions of the Respondents in Organization.

Position	Frequency	Percentage
Executive Directors/GMs	27	15.43
Managers	50	28.57
Distribution Officers	98	56.00

Source: Field Survey, 2008.

Table 4.4 above shows that a total of 175 respondents participated in the survey. From the table, 15.43% of the respondents are senior management staff such as General Managers, Directors and Executive Directors across the organisations contained in the survey. The Line and Functional Managers constituted 28.57% of the survey while the Marketing and Distribution Officers in the field survey stood at exactly 56%. Looking at the table above it is obvious that the top management, middle and line managers in the survey were all contacted as such the researcher expected a good presentation of the information received from the respondents. Accordingly, the distribution and marketing staff, charged with the organizational sales and products distribution in their respective organizations were well captured in the survey. The analysis of the distribution also revealed the fact that the field men and women who handle the real marketing and distribution of the products in the organisations were well covered in the survey because the table data showed that more than half of the respondents were in this category. A total of 56% of the respondents were drawn from the distribution officers, making them the bulk of the respondents in the survey. They are in the best position considering their status in the organizations to give and informed opinion about distribution policies and implementation in their firms.

Table 4.5 Descriptive Statistics of Respondents by Qualification

Qualification	Frequency	Percentage [%]
HND/BSC	141	80.57 %
MSC, MA & MBA	28	16 %
PhD	0	0 %
Others	6	3.43 %

Source: Field Survey, 2008

The educational background of the respondents during the field survey in 2008 is in table 4.4. From the table, the following inference can be drawn. The majority of the respondents were HND/B.Sc degree holders. From the results of the analysis, 80.57% of our respondents were either HND or first degree holders. Of the 175 respondents in the survey, 16% had M.Sc, MA & /MBA postgraduates degrees.

Table 4.6 Descriptive Statistics of Respondents by Job Experience

Qualification	Frequency	Percentage
1-5yrs	34	19
6-10yrs	100	57
Above 10years	41	24
Total	175	10

Source: Field Survey, 2008

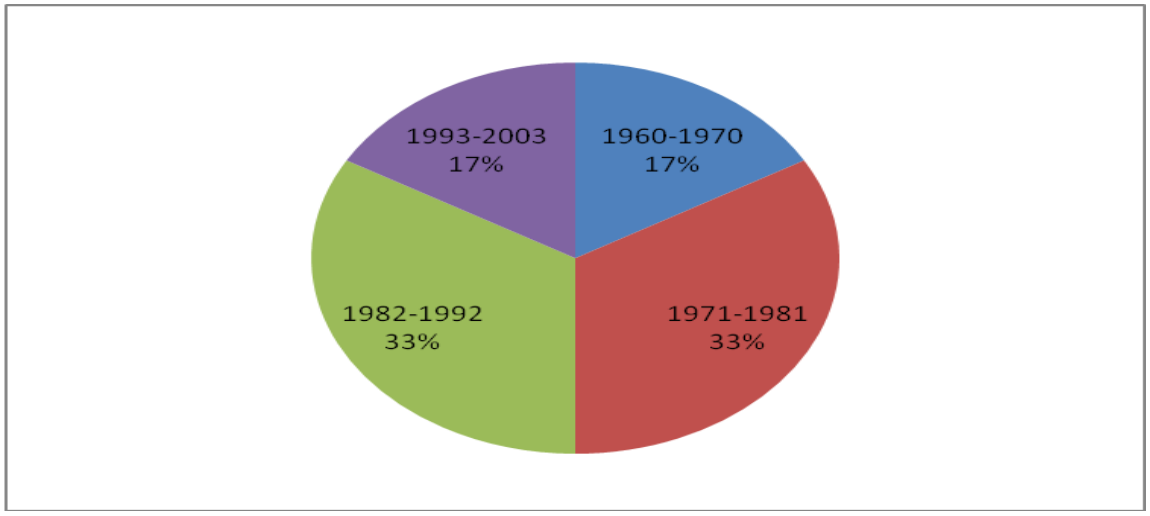
The working experience of the respondents during the field survey in 2008 is in table 4.6. From the table, the following interpretations can be made. Thirty-four respondents had spent between 1-5yrs, representing 19%; 100 respondents had spent between 6-10yrs, representing 57%; 41 respondents had spent 10yrs, representing 24%. Looking at the spread of respondents that have spend between six and ten years representing 57%, it can be deduced that more than half of the respondents have a good knowledge of various organizations distribution policies and implementation. Thus, the information gathered from these group of respondents about their organization can be regarded to be reliable for the subject under discussion.

Table 4.7: Characteristics of MNCs and DEs

	Sources	Frequency	Percent
Registered in Stock Exchange	Yes	6	100
	No	-	-
Number of Branches	Less than 3	1	17
	3-5	2	33
	Above 5	3	50
Sales turnover	Less than 250m	1	17
	251m-500m	1	17
	501m-1billion	2	33
	1.1b-1.5b	1	17
	Above 1.5b	1	17
Profit Before Tax	N101m – N200m	1	17
	N201m – N300m	1	17
	N301m – N400m	2	33
	Above 400m	2	33

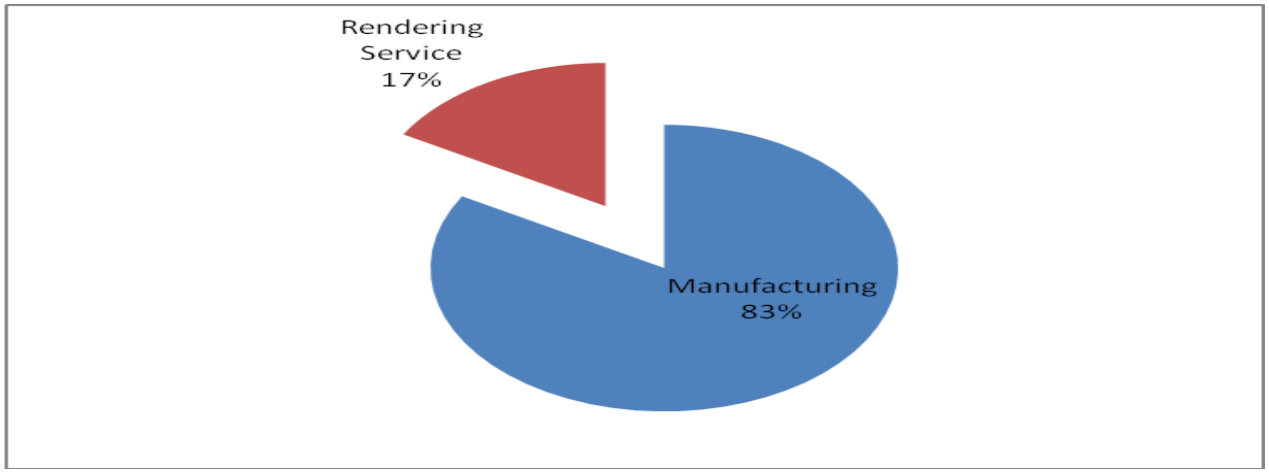
The characteristics of the firms sampled are presented in the table above. It showed that all of them were listed on the Nigerian Stock Exchange (NSE). Majority of these firms had more than three branches nation- wide. The sales turnovers of the firms were above ₦5 billion and profit before tax of above ₦400 million. From the analysis, over 50% of the firms have more than five branches in Nigeria. The analysis also showed that more than 17% of organizations posted an annual sales turnover of over 1.5 billion naira. In the same manner, it can be inferred that, over 66% of firms recorded a profit after tax of over 3oo million naira annually as contained in the table above.

Figure 6: Years of Establishment of Firms



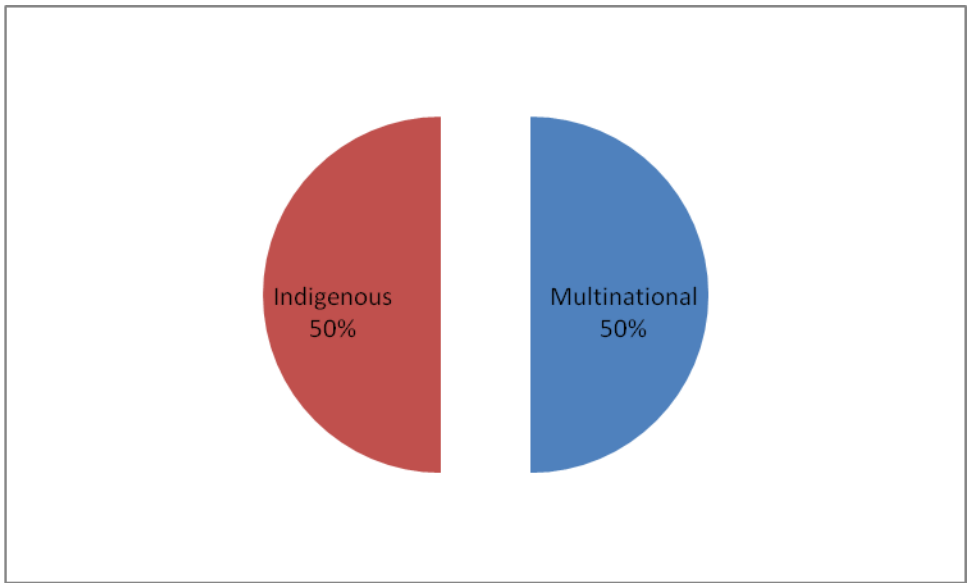
The years of establishment of firms sampled revealed that 17% of the them were established between 1960-1970, 17% were established 1971-1981, 33% were established between 1982-1992 and 33% were established between 1993-2003.

Figure 7. Nature of Firms



17% of the firms rendered services while 83% were into manufacturing.

Figure 8. Percentage of MNCs and DEs Included in the Study



There is equal number of indigenous and multinational corporations.

Answer to the research questions.

Research Question One

Is there a significant difference in the sales turnover of multinational corporations (MNCs) and domestic enterprises (DEs) as a result of their innovative distribution strategies?

Table 4.8. Sales Turnover of Firms

Types of firms	N	Mean	Standard Deviation
Multinational Corporations	3	46	0.24
Indigenous firms	3	14	1.46
Total	6		

To answer the first research question, the average of sales turnover of the MNCs and DEs as a result of their innovative distribution strategies were compared. The result revealed that

multinational corporations sales turnover of 46% was greater than indigenous firms sales turnover of 14% on the average. This implies that multinational sales turn over as a result of their innovative distribution strategies is better than that of indigenous firms sales turnover.

Research Question Two

To what extent can the innovative distribution strategies of both Multinational Corporations (MNCs) and Domestic Enterprises (DEs) be used in predicting their profitability?

Table 4.9. Profitability of MNCs and DEs

Types of firms	**N**	**Mean**	**Standard Deviation**
Innovative distribution strategies of MNCs	3	36	1.68
Innovative distribution strategies of Indigenous firms	3	18	1.92
Total	6		

The extent to which innovative distribution strategies of both MNCs and DEs affect their profitability was determined. However, looking at the table, the profitability of the MNCs of 36 is higher than that of DEs at 18. This implies that innovative distribution strategies of both MNCs and DEs can affect profitability.

Research Question Three

Do innovative distribution strategies of multinationals (MNCs) and domestic enterprises (DEs) affect their capacity to increase market share?

Table 4.10: Capacity to Increase Market Share

Types of firms	N	Mean	Standard Deviation
Innovative distribution strategies of MNCs	3	58	1.15
Innovative distribution strategies of Indigenous firms	3	36	1.66
Total	6		

The extent to which innovative distribution strategies of both MNCs and DEs affect their capacity to increase market share was determined. However, looking at the table, the capacity to increase market share of the MNCs of 58 is higher than that of indigenous at 36. This implies that innovative distribution strategies of both MNCs and DEs can affect capacity to increase market share.

Research Question Four

(4) What is the effect of innovative distribution strategies of MNCs and DEs on their returns on investment?

Table 4.11 Returns on Investment

Types of firms	N	Mean	Standard Deviation
Innovative distribution strategies of MNCs	3	58	1.15
Innovative distribution strategies of Indigenous firms	3	36	1.66
Total	6		

The extent to which innovative distribution strategies of both MNCs and DEs affect their returns on investment was determined. However, looking at the table, the returns on investment of the MNCs of 58 is higher than that of DEs at 38. This implies that innovative distribution strategies of both MNCs and DEs can affect returns on investment.

Research Question Five

What is the effect of obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover?

Table 4.12 Annual Sales Turn Over

Types of firms	N	Mean	Standard Deviation
Obstructive distribution parameter confronted by MNCs	3	54	1.15
obstructive distribution parameter confronted by DEs	3	32	1.66
Total	6		

The extent to which obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover of both MNCs and DEs affect their annual sales turnover was determined. However, looking at the table, the annual sales turnover of the MNCs of 54 is higher than that of DEs at 32. This implies that obstructive distribution parameter of both MNCs and DEs can affect annual sales turnover.

4.3 Hypotheses Testing

Five hypotheses were formulated, stated and tested in this study using appropriate statistical tools and tests. The first hypothesis sought to examine if there is no significant relationship between the innovative distribution strategies of MNCs and DEs.The independent- 2 tail – test analysis was used to test this hypothesis. The other four hypotheses were; the effect of innovative distribution process on sales turnover of both multinationals and domestic enterprises is not significant. Two analytic approaches were used on this hypothesis-one way analysis of variance **(ANOVA)** and regression analysis- to determine the combined effect of the innovative strategies adopted by the domestic firms in predicting their annual overall company performances. ANOVA statistical test was used to do this. The marketing share of multinationals and domestic enterprises can be predicted by their innovative product distribution strategies, and obstructive distribution parameters on multinationals and domestic enterprises, in predicting annual overall company performance is insignificant. These hypotheses used the correlation co-efficient and

ANOVA statistical test to examine the relative effects of the innovative distribution strategies adopted by the multinationals and their domestic counterparts in predicting annual overall company performances.

Hypothesis One

There is no significant relationship between the innovative distribution strategies of MNCs and DEs.

Table 9.2.1: Correlation Coefficient of innovative distribution strategies of MNCs and DEs.

Variations	Freq	Mean	SD	R	Sig
Innovative distribution strategies of MNCs	3	32.6	2.62	-0.62	<0.05
Innovative distribution strategies of Des	3	12.4	1.24		
Total	6				

The Pearson Product-Moment Correlation Coefficient (r) is a measure of the degree of linear relationship between two variables, usually labelled independent and dependent. While the coefficient of covariance has no upper and lower limits, the coefficient of correlation can vary from positive one (indicating a perfect positive relationship), through zero (indicating the absence of a relationship), to negative one (indicating a perfect negative relationship). In this study the relationship between innovative distribution of MNCs and DEs were compared. The findings revealed that there is a negative significant relationship between the innovative distribution strategies of MNCs and DEs at r=-0.62, 5 degrees of freedom and <0.05 significant level.

Hypothesis Two

There is no significant contribution of innovative distribution strategies of both multinational corporations (MNCs) and domestic enterprises (DEs) in predicting their profitability.

Table 4.14. Model Summary of Profitability of MNCs and DEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.658	.432	.428	.988

a Predictors: (Constant), innovative distribution teams/strategies

This study revealed that annual overall company profitability correlated with innovative strategies of multinational corporations (MNCs) and domestic enterprises (DEs) at r=0.658. The R-Square, which is the proportion of variance in the dependent variable that can be predicted from the independent variable, indicated that 43.2% of the variance in annual overall profitability can be predicted from the variables studied in these manufacturing firms.

Table 4.15 ANOVA of Model Summary of Profitability of MNCs and DEs

Model	Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	588.64	1	588.64	13.086	.00
	Residual	7782.924	173	44.98		
	Total	8371.564	174			

Predictors: (Constant), innovative distribution teams/strategies

The F-value is the Mean Square Regression (588.64) divided by the Mean Square Residual (44.98), yielding F=13.086. In the second hypothesis, the independent variables were found to have significantly predicted the dependent variable. Therefore, there is an effect of innovative distribution teams/ strategies adopted by MNCs and DEs on the predictability of annual overall profitability at $F_{(1,174)}= 13.086$. The second hypothesis is rejected.

Table **4.15**: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig
1	(Constant)	3.008	.337		8.927	.000
	Domestic enterprises	-.110	.052	-.149	-2.130	.033
	Multinational Corporations	.793	.060	.924	13.251	.000

a Dependent Variable: , innovative distribution teams/strategies customer satisfaction variable

The b-coefficients, which are unstandardised, show the net effect in dependent variable which is associated with one unit change in independent variables while beta-coefficients, which are standardized, show the net effect in dependent variable which is associated with one unit change in independent variable but now the changes are in standard deviations of both variables. Because b-coefficients deal with raw (or "original") values, the b-coefficients are used to construct the prediction equation from the independent variables to the dependent variable.

However, because beta-coefficients are standardized, they are used to compare the "effects" of variables within equations. Both b-coefficients and beta-coefficients can be interpreted as controlling for the effects of other variables.

If the b-coefficient is significant, determined by applying the t-test to the ratio of the coefficient to its standard error, then the beta-coefficient is significant. However, in this study table 7 revealed that of the two predictor variables innovative distribution teams/ strategies adopted by

MNCs was the strongest predictors of annual overall profitability with (β =.924; t=13.251; p<0.05) .The second hypothesis therefore rejected.

Hypothesis Three

There is no significant effect of innovative distribution strategies of multinationals (MNCs) and domestic enterprises (DEs) on their capacity to increase market share.

Table 4.16a Model Summary Of MNCs and DEs Capacity to Increase Market Share.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772	.595	.551	.997

Predictors: [Constant], innovative strategies

In testing the third null hypothesis, the simple regression analysis was used to investigate the effect of innovative distribution process adopted by selected multinationals and domestic enterprises in predicting their capacity to increase market share. A simple regression model is a summary of the relationship between a dependent variable. This study revealed that innovative distribution strategies correlated with capacity to increase market share at r=0.772. The value of R-square was .595, while the value of Adjusted R-square was .551Adjusted R-squared is computed using the formula $1 – [[1 – R^2] [N – 1]/ [N - k – 1]]$. This value indicated that 59.5% of the variance in capacity to increase market share can be predicted from the innovative distribution team's strategies adopted by multinationals and domestic enterprises.

Table 4.17b ANOVA of MNCs and DEs Capacity to Increase Market Share

Model	Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	624.284	1	624.284	18.237	.00
	Residual	5921.79	173	34.23		
	Total	6546.074	174			

Predictors: (Constant), innovative strategies

The results of the **ANOVA** are presented in an **ANOVA** table. Source of Variation Column in the table above is the source of variance, Regression, Residual and Total. The Total Variance is partitioned into the variance which can be explained by the independent variables (Regression) and the variance which is not explained by the independent variables (Residual, sometimes called Error) and the Sums of Squares for the Regression and Residual add up to the Total, reflecting the fact that the Total is partitioned into Regression and Residual variance. Sum of Squares are the Sum of Squares associated with the three sources of variance, Total, Model and Residual. These can be computed in many ways. There is an improvement in prediction by using the predicted value of Y over just using the mean of Y. Hence, this would be the squared differences between the predicted value of Y and the mean of Y, $\sum$ (Ypredicted - Ybar) 2. Degrees of freedom are the degrees of freedom associated with the sources of variance. The total variance has N-1 degrees of freedom. The model degrees of freedom correspond to the number of predictors minus 1 (K-1).

In this case it is 1. The Residual degrees of freedom are the df-total minus the df model. Mean Square are the Mean Squares, the Sum of Squares divided by their respective df. The F-value is the Mean Square Regression (624.284) divided by the Mean Square Residual (34.23), yielding F=18.237. The p-value associated with this F value is very small (0.00). These values are used to answer the question "Do the independent variables reliably predict the dependent variable?" The p-value is compared to the alpha level set at 0.05 and, if smaller, you can conclude "Yes, the independent variables reliably predict the dependent variable". In this study, the findings revealed that there is a significant effect of innovative distribution strategies of multinationals

(MNCs) and domestic enterprises (DEs) on their capacity to increase market at $F_{(1,174)}$= 18.237. The third hypothesis is rejected.

Table 4.17c: Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig
1	(Constant)	4.395	.286		15.379	.000
	Domestic enterprises	-.090	.051	-.133	-1.770	.077
	Multinational Corporations	.508	.044	.870	11.615	.000

Dependent Variable: capacity to increase market share

In this study table 4.17c revealed that of the two predictor variables innovative distribution teams/ strategies adopted by MNCs was the strongest predictors of capacity to increase market with (β =.870; t=11.615; p<0.05) .The third hypothesis therefore rejected.

Hypothesis Four

There is no significant effect of innovative distribution strategies of MNCs and DEs in predicting returns on investment.

Table 4.18 Model Summary of returns on investment of MNCs and DEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.426	.1814	.1668	.721

A Predictors: (Constant), innovative strategies

This study revealed that returns on investment correlated with innovative strategies of MNCs and DEs at r=0.426, R-Square is the proportion of variance in the dependent variable which can be

predicted from the independent variable. This value indicated that 18.1% of the variance in annual returns on investment can be predicted from the variables studied innovative distribution strategies of MNCs and DEs.

Table 4.19 ANOVA of Innovative distribution teams/ Strategies adopted by domestic enterprises

Model	Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3027.35508	1	3027.35508	24.281	.00
	Residual	21569.64	173	124.68		
	Total	24596.99508	174			

Predictors: (Constant), innovative strategies

The F-value is the Mean Square Regression (3027.35508) divided by the Mean Square Residual (124.68), yielding F=24.281. In the fourth hypothesis the independent variables were found to have significantly predicted the dependent variable. Therefore, there is an effect of innovative distribution teams/ adopted by selected MNCs and DEs in predicting returns on investment at $F_{(1,174)}$= 24.281. The fourth hypothesis is rejected.

Table 4.18c: Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig
1	(Constant)	6.211	.224		18.326	.000
	Domestic enterprises	.582	.225	.168	4.770	.017
	Multinational Corporations	.888	.024	.948	14.215	.000

Dependent Variable: return on investment

In this study table 4.18c revealed that of the two predictor variables innovative distribution teams/ strategies adopted by MNCs was the strongest predictors of return on investment with (β =.948; t=14.215; p<0.05) .The third hypothesis is therefore rejected.

Hypothesis Five

There is no positive relationship between the obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover.

Table 4.20 Relationship between the obstructive distribution parameter confronted by MNCs and DEs and annual sales turnover

S/N	Obstructive Distribution Parameter	1	2	3	4	5	6	7
1	Administrative bottleneck	1						
2	Hoarding	.68	1					
3	Inadequate Storage Facilities	.62	.64	1				
4	Middlemen	.74	.86	.64	1			
5	Processing and Packaging	.66	.73	.68	.79	1		
6	Roads Insecurity	.61	.54	.62	.58	.88	1	
7	Annual Sales Turnover	-.73	-.78	-.77	-.84	-.65	-.89	1

The table presents the correlation matrix of independent variables and dependent variables (sales turnover) The result revealed that administrative bottlenecks positively correlated with hoarding at $r_{(175)}$=.68, <0.05 significant level, with inadequate storage facilities at $r_{(1175)}$=.62, <0.05 significant level, with numerous middlemen at $r_{(175)}$=.74, <0.05 significant level, with problem with processing of processing and packing at $r_{(175)}$=.66, <0.05 significant level and roads insecurity at $r_{(175)}$=.61, <0.05 significant level. The result equally revealed that hoarding correlated with inadequate storage facilities at $r_{(175)}$=.64, <0.05 significant level, with numerous middlemen at $r_{(175)}$=.86, <0.05 significant level, with problem with processing and packing at $r_{(175)}$=.73, <0.05 significant level and roads insecurity at $r_{(175)}$=.54, <0.05 significant level. Equally, inadequate storage facilities correlated with numerous middlemen at $r_{(175)}$=.64, <0.05

significant level, with problem with processing of processing and packing at $r_{(175)}=.68$, <0.05 significant level and roads insecurity at $r_{(175)}=.62$, <0.05 significant level. The problem with processing and packing as an independent variable indicator is correlated with roads insecurity at $r_{(175)}=.88$, <0.05 significant level. The annual sales turnover negatively correlated with obstructive distribution parameter confronted by MNCs and DEs at $r_{(175)}=.-73$, <0.05 significant level for administrative bottlenecks, hoarding at $r_{(175)}=-.78$, <0.05 significant level, $r_{(175)}=-.77$, <0.05, inadequate storage facilities at $r_{(175)}=.77$, <0.05 significant level, middlemen problem with processing and packaging at $r_{(175)}=-.65$, <0.05 significant level and roads insecurity $r_{(175)}=-.89$, <0.05 significant level. The fifth null hypothesis that states that there is positive relationship between the obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover is rejected. This implies that there is a positive relationship between the obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Work

This chapter contains the summary of the work, conclusions and recommendations, limitation of the study and suggestions for further research. The objective of this study was to examine the impact of innovative distribution strategies adopted by selected multinationals and domestic enterprises on predicting annual overall company performances. The study revealed that MNCs because of their size, sophisticated distribution strategies and channels were able to be more innovative than indigenous firms and thus possess better performance. Secondly, it was revealed that the MNCs sales turnover was higher as a result of their better IDS than that of the indigenous firms. Thirdly, it was revealed that IDS of both MNCs and DEs can affect their profitability. Fourthly, IDS of both MNCs and DEs have capacity to influence and increase their market shares annually. The study also revealed that IDS of MNCs and DEs can positively or negatively affect their annual return on investment and finally that; obstructive distribution parameter confronted by MNCs and DEs affect their annual sales turnover.

5.2 Discussion of the Findings

As stated earlier, the discussion of this study followed the hypotheses raised, stated and tested as they are presented below in 5.2.1 to 5.2.5. The findings from this study include but not limited to the following. (1) E-distribution was a major finding from the study as internet and on- line – distribution is the latest and fastest means of global products and services delivery to the

final/ultimate consumer. (2) Specialized teams of advertisers in MNCs are charged with the responsibility of global coverage and least cost of products delivery leading to a high significant difference between the annual performances of MNCs compared with their indigenous counterparts (DEs). (3) From the findings, it was discovered that a wider range of distribution such as – go-on- line, connecting with various experts in distribution and market mix as a tool of innovative distribution strategy in the latest global dispensation was a major factor in determining their performance. (4) Finally, Employment of consultants and experts distribution firms are engaged by the MNCs to capture a global product/service distribution where as our domestic manufacturers depends solely on their internal marketing, sales and distribution efforts of these departments as an innovative strategy. The five hypotheses stated and tested are where by discussed below as follows:

: The sales turnover of multinational corporations (MNCs) and domestic enterprises (DEs) as a result of their innovative distribution strategies will be not be significantly different.

5.2.1 Hypothesis 1

The hypothesis stated that "the sales turnover of multinational corporations (MNCs) and domestic enterprises (DEs) as a result of their innovative distribution strategies will not be significantly different". The analysis revealed that the hypothesis was false. This means that there is a significant difference in sales turnover of MNCs and DEs as a result of their innovative distribution strategies which was significantly different. Earlier findings highlighted a positive relationship between novel product innovation and employment growth and, for manufacturing firms, at least in the short term, a negative relationship between product innovation (both incremental and novel) and growth in sales or productivity. By contrast, growing sales and

productivity appear positively associated with incremental process introductions in service firms and distribution strategies However, there are other contradictory findings while innovators appear no more likely to have experienced some form of sales or employment growth, they are significantly more likely to have grown more. In other words, the innovators' growth rate distributions are highly negatively skewed. With regards to export intensities, profitability and productivity levels, the findings are not clear.

On the whole, the results reported here are similar to those of other small firm studies, yet vary markedly from large firm equivalents; suggesting that the nature of the returns to innovation may be contingent, at least in part, upon firm size sophistication and capability. Moreover, the high levels of variation in firm performance should caution us against proffering innovative imperatives. If we are to counsel firms to "innovate at all costs", we must be clear about, and clearly demonstrate, the nature of the returns they may reasonably expect and the processes through which these may be optimised. Other things being equal, larger establishments would be expected to have more innovative distribution than smaller ones. This is nothing to do with controversies about whether there is a better 'climate of innovation' in small or in large firms. It is a statistical effect. Proportional to its resources, a smaller firm may be more innovative, but in absolute terms, a larger firm is the more likely to have an innovation coming on stream in a given period, simply because of its wider range of activities and markets. As this study was unable to measure value added, and as three in five of the samples were unable or unwilling to give a figure for sales turnover, the best measure of firm size available to this study was number of employees.

Although the size of a firm (multinational and indigenous firms), measured in terms of country origin, is closely related to its sales turnover, the agreement between the two measures is by no means perfect. Sales are worth considering separately, if only to check that we reach the same conclusions as with numbers of employees and other variables. Moreover, financial and growth indicators (unlike number of employees) can give some impression of the impact of innovative distribution on competitive performance. Where sales turnover was available, we found that it correlated very highly with the type of firms in this sample, so the use of number of employees will also give a good reflection of size differences in terms of sales turnover.

5.2.2 Hypothesis 2

There is no significant contribution of innovative distribution strategies of both multinational corporations (MNCs) and domestic enterprises (DEs) in predicting their profitability. The finding of this study is in perfect agreement with earlier research works. Davide and Antonello (2003) noted that significant difference exists in productivity and innovative behaviour of manufacturing firms. Particularly, foreign and domestic multinationals both pay higher attention to higher wages and product innovations than domestic uni-national firms. This can be what experts refer to as product cycle thesis (Vernon, 1966), a marketing and distribution concept. The basis of the thesis is that many products undergo a number of clearly defined life stages which largely determine international production, marketing and distribution strategies. The assumptions on which the thesis is based are as follows:

- that tastes are assumed to be directly related to income;
- that markets in technological and commercial knowledge are imperfect; and

- that the firms incur communication cost when operating internationally.

The first phase of the cycle involves the development of the products and production processes in the home country (say the U.S.) in response to a large affluent market, scarce labour and extensive research and development expenditures. As income increases, overseas demand for these products increases. In the second phase, the firm meets foreign demand through exports until both products and processes have become standardised (Buckley and Casson, 1976). The third phase is that of choice between domestic and foreign production either by licensing or DFI, where the cost considerations are significantly influences on the form of market servicing. The major source of such cost is imperfections in the transfer of ownership or property rights in the external markets (Casson, 1979).

Dunning (1979) classified factors inputs as being ownership-specific (and mobile) and location-specific (and immobile) in his attempt to develop an eclectic theory of international production. According to him, the market servicing and location decisions of MNCs derive from the intersection of these two sets of inputs. The experience of colonial Nigeria supports this second hypothesis, as the multinationals served to encourage the protection of private investments in local Nigerian economy. Also, the availability of raw materials and the structure of relative and combined innovative distribution strategies are likely to influence the overall company performances in terms of sales turnover and marketing services generally.

Dunning's contributions have a number of implications. First, his analysis shows that country-specific characteristics such as local policies are likely to influence both ownership-specific and location-specific advantages significantly. The nature and distribution of innovations are not static. They are likely to shift over time as comparative advantage changes. Individual industry-

specific considerations appear to be important determinants in the innovative distribution strategies in the market servicing choices.

Looking at the relationship between the variables in the study, in testing the second hypothesis, the regression analysis used to investigate the combined effect of innovative strategies adopted by selected multinationals in predicting annual overall company performance revealed that innovative strategies correlated with annual overall company performance. The result also indicated that 59.2% of the variance in annual overall company performance can be predicted from the innovative strategies adopted by multinational firms.

5.2.3 Hypothesis 3

There is no significant effect of innovative distribution strategies of multinationals (MNCs) and domestic enterprises (DEs) on their capacity to increase market share. Hypothesis three was rejected. This implies that there is a significant effect of innovative distribution strategies of MNCs and DEs on their capacity to increase market share. The fact that correct strategies will always drive business plans, achieve set down goals and objectives of organisations over time is represented in this thesis (or: in existing body of knowledge in this area). This present findings agree with the notion that innovative distribution strategies will lead to increased market shares, high productivity and high competition. The results of the finding show really significant criticism of the role of multinationals in the development process in the developing economies. The multinationals leave an uneven impact on development and in many cases MNCs activities reinforce dualistic socio-economic structures and exacerbate income inequalities (Fajana, 1990), contrary to the premise that their operations in less developed countries aid development in those countries. Following from this argument, the wide gap noticed in the innovative product

distribution strategies is a proven multiplier effect of that fact. They tend to promote sectional interest of a small group of well paid elites against the interest of the rest. The multinationals use the tool of widening wage differentials to create loyalty problems in the mind of locals, getting loyalty for their organisations, and consequently aggravating discontents among the working people (Harrod 1971).

It is also argued that MNCs produce inappropriate goods and services and backed these with advertising, monopolistic markets and power, as well as the deployment of capital-intensive technologies of production. Thus local companies' resources tend to be allocated towards goods that are individually and socially undesirable and where the goods are desirable, the qualities of innovation introduced tend to be poor when compared with their multinational counterparts. This in turn tends to aggravate poverty, unemployment, income inequalities and serious imbalance between the urban and rural economic opportunities (Todaro, 1977; p345).

The findings in this study support Todaro (1977) as the regression they revealed that all the independent variables were significant, meaning that the innovative product distribution strategies of multinationals significantly predict annual overall company market share positioning performance. The learning point from this finding is that the domestic enterprises can use the advantage of being locals to penetrate the MNCs and thereby leverage on their technology and skills that attend to their strategies.

5.2.4 Hypothesis 4

There is no significant effect of innovative distribution strategies of MNCs and DEs in predicting returns on investment. There is confusion in the literature. Many researchers utilise traditional

accounting measures of profit. One the most common indices, for example, is return on assets (Staw and Epstein, 2000;; Wan and Hoskisson, 2003). Return on assets is the annual profit or net income divided by the average assets over the year. More precisely, to compute the numerator, researchers usually subtract the interest expense and the interest tax savings from the annual profit. As Van Dyck, Frese, Baer and Sonnentag (2005) highlighted, return on assets is a measure of operating efficiency, reflecting the long term financial strength of organisations. Although a ubiquitous measure, return on assets is not always an optimal measure. For example, return on assets should not be used to compare organisations in different industries. The peculiarities of any industry will bias this index. Because of the massive reserves in the insurance and banking industries, for example, return on assets will tend to underestimate the profitability of these organisations. Returns on assets differ from returns on investment, which is also called the rate of return. The returns on investment is usually calculated to examine the efficiency of a specific investment or initiative such as innovative distribution strategies or to compare the efficiency of several investments of initiatives. Return on investment is merely the return of an investment, that is, the gain minus the costs divided by the costs of the investment.

Distribution strategy remains, therefore, as it always has been, at the heart of organisations' investment choices, positioning choices and likelihood of commercial success. The channels an organisation uses are not only the pipelines through which revenue and profit arrive. They are usually the most expensive aspect of the operational structure. They are also central in defining the type of customer who arrives, the profit created by that customer, the attractiveness of the organisation compared to its competitors, the everyday experience of its customers and the 'reality' of its brand.

This result agrees with Howard (1971), who maintained that the gap in performance occurs possibly because the multinationals in Nigeria are usually wage leaders in their respective industries and are consequently able to attract and retain most of the best hands. The effect of this on innovative strategies in developing countries is undoubtedly profound, as it must be realised that multinationals' concerted strategies of capturing the skill market, coupled with the company- specific orientation and loyalty training, perhaps served to deter information sharing, thereby creating a wide gap in adopting new innovative strategies in domestic industries (Harrod, 1970 and Ball, 1968).

5.2.5 Hypothesis 5

There is no positive relationship between the obstructive distribution parameter confronted by MNCs and DEs on their annual sales turnover. There is no effect in innovative distribution strategies adopted by multinationals and domestic enterprises in predicting annual sales turnover. Hypothesis 5 was rejected. Since the study investigated the innovative distribution strategies of both MNCs and domestic firms, the result of Hypothesis 5 agrees with the study objectives on two elements. The results revealed that two of the most important variables significantly predict annual overall company performance in terms of return on investment of domestic firms. The fundamental argument underlying the framework of this hypothesis is that while some of the tested variables agrees with the null hypothesis, others tend to agree with the alternate hypothesis. This could be interpreted to mean that there is a weak relationship between the variables tested and annual overall company performance among domestic firms. The result of the analysis means that while a significant positive relationship between obstructive distribution

parameters and annual sales turnover are positively correlated the the sales turnover however did not agree with this result.

5.3 Conclusions

In the course of this research work, the following findings were made:

(i) There is a significant difference in innovative product distribution teams adopted by selected multinationals and domestic manufacturing companies in predicting their annual overall company sales turnover and performances. This study agrees with Fajana (1990) on the historical experience of multinationals in developing countries. Fajana asserted that through the process of colonial capitalist expansion, there seems to exist the possibility that workplace behaviour diffused and is transferred as MNCs management and workers of different economic, social and cultural contexts interest. It was deduced from this study that, the MNCs Innovative distribution strategies identify the type and also measure the rate of adoption and local modifications of such strategies, ideas, skills and management if any such ideas have been transferred according to Fajana (1990). Also it is asserted in this study that the MNCs innovative distribution strategies in predicting sales turnover reflect or approximate the home (foreigners in Nigerian business environment) systems. If the cross-transfer of innovative distribution strategies between the USA, Britain and other multinationals and Nigeria has been attempted without success as has been claimed (Kilby, 1967**)**, here we attempt to examine the barriers to such exchanges, including social/distribution policies of government/state, or economic, political, socio-cultural, industrial, or organisational factors.

Outside our position and thinking of a hidden agenda of MNCs, the findings of this study cannot deduce how for instance, two categories of manufacturing companies operating on the same Nigerian roads can operate with two different significant effects of any of the obstructive distribution parameters as was revealed from the results of hypothesis six. Whereas the domestic manufacturing companies are significantly/heavily affected, their multinationals counterparts are not affected at all by the same variables. One thing is clear from this study and that is the wide difference between the innovative distribution strategies of the MNCs and those of their domestic counterparts, which is a direct product of the above assertions of the two previous scholars.

(ii) Innovative distribution strategies have an effect on the marketing services and sales turnover and performances of selected multinationals and domestic manufacturing companies. This study seeks to determine and describe the current distribution marketing strategies of the multinationals that give them an edge against the DEs especially as being deployed by distribution managers and other officials at the MNCs

(iii) The innovative distribution strategies adopted by selected multinationals and domestic manufacturing companies in predicting their annual overall company profitability and performance has a significant difference. There is a combined effect of innovative distribution strategies, product innovation, process innovation, organisational innovation, management innovation, production innovation, commercial marketing innovation and service innovation adopted by selected multinationals and domestic enterprises in predicting annual overall company profitability and performances.

(iv) The market share of multinationals and domestic manufacturing companies can be predicted by their innovative product distribution strategies. There is a significant effect of innovative product distribution strategies (product teams innovation, product process innovation, government policies on distribution, management structure innovation, product distribution innovation, commercial marketing strategies innovation and obstructive distribution parameters) adopted by selected multinationals and domestic manufacturing firms on predicting annual overall company market share performances.

(v) There is a significant difference in innovative distribution strategies (product teams innovation, production process innovation, government policies on distribution, management structure innovation, product distribution innovation, commercial marketing strategies innovation, and obstructive distribution parameters/physical distribution management innovation) adopted by selected multinationals and domestic manufacturing companies in predicting their annual overall company's return on investment performances. That is, the innovative distribution strategies (product teams innovation, production process innovation, government policies on distribution, management structure innovation, product distribution innovation, commercial marketing strategies innovation and obstructive distribution parameters) adopted by selected multinationals and domestic enterprises have an effect on predicting annual overall company's return on investment performances.

(vi) Obstructive distribution parameters in predicting the annual overall company performance of both multinationals and domestic manufacturing firms operating in the Nigerian economy is highly significant.

The result of this analysis agrees with other scholars such as Ige (1979) in "Managing cement distribution in Nigeria" the domestic manufacturing companies while it disagrees with his findings the multinationals. From our earlier position on the characteristics of corporate strategy in our literature review, another scholar, Woodward (1968) opined that U.S. firms on average are oriented toward internationalisation of products operation (see section 2.1.20, on strategy). Second, it was discovered that U.S. firms were more flexible in their strategic deployment of resources and that they emphasise short-term resource utilisation while Japanese firms emphasised long- term resource accumulation and were slow to follow a withdrawal strategy. This contrast in resource deployment is the most significant difference between Japanese and the U.S. along the seven earlier stated areas and dimensions of innovation strategies Woodward (1968), Perrow (1967) and Thompson (1967), as cited in Fajana (1990). This finding corresponds to the difference in environment and objectives cited earlier between the MNCs and DEs operating in Nigeria. It is quite reasonable for the MNCs which give higher priority to profitability as stated in this study (see 2.1.19) Davide & Antonello,(2003) and face a lower opportunity environment to emphasise mobility and short-term capitalisation of resources.

Accordingly, a better product/market portfolio, while resource development using a longer to follow a withdrawal strategy comparatively assisted the MNC's operating in Nigeria when looking at obstructive distribution parameters in the Nigerian business environment. Conclusively, Thompson (1967) and Woodward (1968) agreed that the competitive strategies of the MNCs are production innovation and product distribution innovation. This is where a typical MNC builds up its competitive strength by improving production efficiency and product quality innovation, thereby seeking product differentiation. Research works on Innovative distribution

strategy (see 2.2.5) cited in this study showed that the physical condition of the Nigerian roads leaves much to be desired. Ogunsayan (2000).

(vii) The study revealed the deplorable state of the Nigerian road network. The poor state of our roads has adversely affected products distribution activities in particular and transportation in general. What happened to the multi-product pipeline distribution strategy in Nigeria? We are all living witnesses to the fact that it has long failed as a result of illegal bunkering in the Niger-Delta region of the Nigerian state. It is shameful that countries without Crude-oil production have made a success of their petroleum sector and Nigeria, the sixth largest oil-producing country in the world, cannot succeed with the same strategy and innovation.

(viii) This study has also shown that the environment brings out the best in the individual when confronted with challenges of strategy, innovation and creativity in any manufacturing industry. According to Oyedepo (2008), inspiration generated by high praise life - style leads to wisdom that births divine ideas which are used when confronted with such practical life problems. The saying that every state in Nigeria is blessed with its own natural resources is generally acceptable. However, the people of each state will have to explore these natural endowments for their own good instead of complaining and murmuring Oyedepo, (2008). "The resultant effect of either complaining or murmuring can be described as a state of drying sown seeds and no human being has a solution neither can anything be done in such settings'. Model One (see 2.1.19) of this study describes the stages of the Innovation decision- process. In that model, Oyedepo (2008) analysed the characteristics' of perceived ideas which he called imagination, but in the earlier Model by Fajana (1990), the term perceived idea never surfaced. However both authors agree that organizations are located in different geographical zones in Nigeria. According to

them, inspiration leads to preparation, which leads to perspiration and resulted in realisation of the intended innovation

5.4 Policy Implication of Findings

The findings of this research study are very important for several reasons. The distributive functions of industries whether manufacturing or services rendering in nature cannot be over emphasised. Without proper, adequate and effective distribution of goods and services, production is useless. Comparative innovative distribution strategy as a topical issue is crucial to organisational growth and in the globalisation process against the backdrop of the present financial global meltdown (USA, 2010). The MNCs have advanced their commercial marketing skills and innovative strategies built-in to these services help their industries to outperform their domestic counterparts in Nigeria. That being the case, our local entrepreneurs, still lack the basic training and development programmes to transform their efforts into success as entrepreneurs. The more adept you are in the distribution of your products, the more share of the market you control in your sector of any economy. The findings of this work should be relevant as more local entrepreneurs venture into various enterprises. If the findings of this study are adopted, they would go a long way in alleviating the current problems of distribution of goods generally in the country. The current meltdown calls for more local entrepreneurs to create new jobs for young school leavers. Any productive venture that fails in innovative distribution strategies will fade out very quickly from the market place and without adequate skills and effective distribution strategies success would elude the entrepreneur.

5.5 Recommendations

Based on the above, the following recommendations are hereby proffered;

(i) The Federal government should aggressively enforce its initiatives for our financial institutions (commercial, merchant banks and bank of industries), pursue empowerment programmes for young and upcoming entrepreneurs in terms of tangible financial assistance to domestic industries geared towards knowledge and skills acquisition particularly in the area of innovation and creativity. This will enable local entrepreneurs make more meaningful contributions to the nation's economic development in terms of job creation, wealth creation, poverty alleviation, technology and skills acquisition.

(ii) Before embarking on expensive innovative distribution strategies, managers should ask themselves some basic questions. Specifically, how does an innovative strategy fit with their existing and future distribution plans? What are the specific quantitative and qualitative benefits of innovative systems that will improve distribution productivity? What organisational changes will be necessary to accommodate a new innovative distribution strategy? These questions are intended to provide a situation review. If appropriate, they would evolve a plan for innovative distribution development in domestic manufacturing firms. Micro-finance banks and Non-governmental Organisation (NGOs), support domestic industries in terms of capacity and facility.

(iii) The indigenous industrialists should realise that they are the backbone of the nation's economy. As such, they should be prepared to venture into new enterprises geared towards transferring ideas and skills to viable business ventures. This will help to

compete on the global stage and self esteem which are important factors in risk taking which is a necessary but not a sufficient condition for success in any venture. The necessary and sufficient condition for sustained business success is; right vision, mission statement core business values, business objectives, adequate skills and correct strategies amongst other business factors such as innovation and constant creativity in any field of human endeavour.

(iv) The Nigerian entrepreneurs should learn to take advantage of their immediate environment whether favourable or unfavourable. Going by the revelation from the Kenya multi product pipeline distribution strategy for petroleum products and Seychelles Crude Oil Taxi Driver position they have created for themselves, environment has the innate potential of a robbing off effect on any business.

(v) Continued globalization and hegemony of Multinationals operation. The incidence of the multinational firms is no doubt one of the greatest developments in business management for the last two decades. Innovation strategies have found it very difficult to cope with these global organizations. From evidence reviewed in the second chapter, it can be concluded that the inability of the significant -others to multinationals [via, their managers, organized labour, state, international community] to exert reasonable and sufficient influence on them supports the dominance of MNC's over other actors such as the domestic industries within their environment. Unfortunately, it has been very largely difficult to break this hegemony as shown in the text.

(vi) Actions of Governments in developing Countries and their effectiveness. In meeting up with the force engendered by MNC,s, the role of the nation state still remains the crucial

factor. However, there is foreseen painful accommodation of tensions by local industries within the Nigerian economy resulting from MNC, s operations by nation states, as the form of relationship that could possibly emerge in the future.

(vii) Finally, learning how to learn is the world most important skill any business outfit requires right now. Why? Because until you are ready to be a learner you will never become an expert and unfortunately, only expertise rules our current world of business. Domestic enterprises should endeavour to go for the necessary training, irrespective of the circumstances that led them to start and run business. For optimization purpose, competence development is a function of training and learning events attained, so both managerial and technical skills required for effective and efficient business transaction is a must and not optional if the Nigerian entrepreneur want to be reckoned with in the globalization process sweeping across most of the international economies right now.

5.6 Problems Encountered During the Study

During the course of carrying out this study, the researcher encountered the following challenges:

(i) There was resistance from respondents in supplying the required information about innovation strategies, especially information bordering on creative and innovative strategies of the MNCs.

(ii) The domestic industries in the Nigerian economy operate under a rather suspicious atmosphere meant to cover up corporate information on decision making; hence the researcher experienced strong mistrust from these firms.

(iii) Respondents exaggerated information such that their accuracy was in doubt.

(iv) In some of the survey locations and organizations, the managers and officers did not cooperate enough as expected, perhaps afraid of revealing company information.

(v) We also encountered the problems of interpreting the information in the questionnaire and helping the respondents to complete their questionnaires because of their literacy level.

(vi) Finally we had the problem of accurate data storage and documentation in almost all of the companies contained in the survey, during the research study.

5.7 Limitations and Suggestions for Further Research

The findings of this study suggest several areas for future research. First, the domestic enterprises in the study were those Nigerian entrepreneurs involved in the major industries within and outside the Nigerian economy. While they were representative of the general Nigerian local industries representing the main and major industrialists, they were somewhat less likely to be in all sectors of the economy as the study focused on only three sectors of the Nigerian economy.

Second, this study was carried out on selected companies based in the Lagos State Industrial Area, although these organizations also have manufacturing and/ or distribution presence in the six geographical regions in the country. However, the study scope of this research did not cover the thirty-six states of Nigeria. A replication of this study in other states, industrial areas in the country may produce contrary results.

Third, most respondents in the field survey were employees and as such may have withheld vital information from the researcher. However, another study on MNCs and DEs innovation strategies can be carried out focusing on employers of labour only. A future investigation can determine whether there exists a significant difference between the multinationals and domestic firms' innovation strategies in predicting annual overall company performances using the survey data of only employers.

5.8 Contribution to Knowledge

This study has contributed to the body of knowledge in the following ways:

(i) The innovation decision-making process model rating scale developed by the researcher can be used for other related research works.

(ii) The results obtained from the analysis of the hypotheses of this study have added value to the body of knowledge. For instance the result of hypothesis five contradicted the researcher's prior opinion and reservation on the issue in question.

(iii) The thesis presents an invaluable compendium of ideas, facts and figures that can be used in industrial research and by consultants and Small Medium Enterprises (SMEs) operators to re-strategies their position for future growth and development.

(iv) The different areas of Limitations identified in the study have created opportunities for researchers as new topics for further research in Logistics and Production Management.

(v) The thesis can be serially published in learned international journals as contribution to knowledge.

(vi) The models developed in the process of this research can be developed into conceptual and theoretical framework for Entrepreneurship, Physical distribution, logistics and production management studies. These models are:

(a) Model 1: Model of stages in the innovation-decision process.

(b) Model 2: Relationship between Entrepreneurship and Innovative Distribution Strategies.

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APPENDICES

APPENDIX I

RESEARCH QUESTIONNAIRE

Department of Business Studies,
School of Business,
College of Development Studies,
Covenant University, Ota
Ogun State

30th January, 2009

Dear Respondent,

RESEARCH QUESTIONNAIRE

My doctoral degree student of Covenant University, is conducting a research in Entrepreneurship, titled: "**Innovative Distribution Strategies and Performance of selected Multinational corporations (MNC,s) and Domestic Manufacturing Firms in Nigeria: A Case Study of Lagos State Industrial Areas"**. To assist him in this regard, I would appreciate your efforts in completing the attached questionnaire. I assure you that all the information received in this connection shall be treated and held in strict confidence.

Yours faithfully,

Prof. Isaac Olusola Fajana
Supervisor

APPENDIX II

QUESTIONAIRE DIRECTED TO SENIOR MANAGEMENT PERSONNEL OF MANUFACTURING COMPANIES

SECTION A: Personal Information

Instruction: Please kindly tick ( ) or fill in as appropriate.

1. What is your sex? (a) Male [ ] (b) Female [ ]
2. Marital status: Married [ ] Single [ ] Others……
3. What is your current designation? MD/CEO[ ] (b) General Manager [ ] (c) Line Manager [ ]
4. Your present management position in the organisation? Junior [ ]Middle [ ]Senior [ ] Top [ ]
5. Have you worked as a manager in another country? Yes [ ] No [ ] If no go to section B
6. If yes, (a) When? 19--- or 20---
7. In which country did you serve?
8. What functional responsibilities were you involved in?
9. Marketing [ ] Finance [ ] Production [ ] Personnel [ ] Others [ ] Please specify
10. What is your present age?.....Years 18--25( ) 26--35 ( )36--45( )46--55( ) 56--65 ( )

SECTION B: Company Information

Please kindly tick ( ) or fill in as appropriate.

1. What year did your company start business in Nigeria? 19--- I don't know [ ]
2. Nature of your business? (a) Manufacturing/Production [ ] (b) Rendering Services [ ]

3. Is your employer a Multinational [ ] or Domestic company [ ]?
4. Is your company: a Cottage [ ] Small Scale [ ] Medium Scale [ ] Large scale company. [ ] ?
5. If your employer is a Multinational company, what is your relationship with the parent company?
   (a) Subsidiary [ ] (b) Joint Ventures [ ] (c) Management contract [ ] (d) Technical partners [ ]
   (e) Others please specify [ ]
6. What is the initial capital investment for your company? Small Scale: 1m – 50m [ ] Medium scale: 50m -200m [ ] Large scale Over 200m [ ] A Plc./Multinationals [ ] 1billion and Above.

7. What motivated you to start the business venture? (a) Inspirational ideas [ ] (b) Graduation from school [ ] (c) Retrenchment from Employment [ ] (d) Retirement from active service [ ]
   (e) Completion from apprenticeship [ ] (f) Inherited business [ ]
   (g) Others, Please specify [ ]

SECTION C

Impact of Foreign Connection on Management in Nigeria

1. The following are resources of innovations in distributions strategies of your company. Please rank these sources in ascending order of importance to your company: use 1 for the most important, 2 for the next importance, e.t.c.

(a) Parent Office (for MNCs) [ ] (b)Practice by other comparable companies in Nigeria. [ ]
(c) Practice by other comparable companies abroad. [ ] (d) Own research unit. [ ]
(e) Suggestions by company manager/colleagues. [ ](f) Visit and conferences (local) [ ]
(g) Visit and conferences (abroad) [ ] (h) Whatever the country's law specify [ ]
(i) Annual convention and recommendations [ ]
(j) Other sources please specify ……..

2. If you were to adopt a new policy, in distribution strategies and innovations, to what extent will each of the following factors affect your decision? Rate your response using 1= Nil, 2= Very little, 3= Little, 4=Large extent, 5= Very large extent.

a.	Numbers and influence of group or persons who introduced idea	1	2	3	4	5
b.	The date of first introduction in other companies within the industry					
c.	The size of my company					
d.	Number and influence of other companies who had introduced the idea					
e.	Benefits to be derived from introducing the idea over the existing practices					

f.	The possibility of first trying out the idea					
g.	Is the idea easy to understand?					
h.	Is the idea compatible with the existing practice in the organization?					
i.	Profitability of the idea					
j.	The extent to which it can be observed from those who have already adopted it					

3, Are there foreign values you think has been introduced to Nigerian industries?
Could you please list them briefly?

… … … … … … … … … …
… … … … … … … … … …
… … … … … … … … … …
… … … … … … … … … …
… … … … … … … … … …

4. Do you think that your company's distribution strategies and policies have been modified or influenced by the values of Nigerian workers? Yes [ ] No [ ]
If yes, in what ways? (please describe briefly)

QUESTIONAIRE ADMINISTERED ON MARKETING/DISTRIBUTION MANAGEMENT PERSONNEL OF MANUFACTURING COMPANIES

SECTION A: Personal Information

Please kindly tick ( ) or fill in as appropriate.

1. What is your sex? (a) Male [ ] (b) Female [ ]

2. Marital status : Married [ ] Single [ ] Others

3. What is your current designation?

(a) General Manager [ ] (b) Planning Manager [ ] Marketing/Distribution Manager [ ]

4. What is your present management position in the organization?

Junior [ ] Middle [ ] Senior [ ] Top [ ]

5. Have you worked as a manager in another country? Yes [ ] No [ ]

6. If yes, (a) When? 19--- or 20---

(a) In which country did you serve?

(b) What functional responsibilities were you involved in?

(c) Marketing [ ] Finance [ ] Production [ ] Personnel [ ] Others [ ]

Please specify……..

7 What is your present age?...Years 18--25 ( ) 26--35( ) 36--45( ) 46--55( ) 56--65( )

SECTION B

This section is intended to seek your opinion on the practice of strategy and physical distribution management in your company. Please, to the statements below, kindly indicate by marking (x) whether you: "Strongly Agree", "Agree", "Undecided", "Disagree" or "Strongly Disagree". Rate your response using 1= Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree,

PHYSICAL DISTRIBUTION MANAGEMENT STRATEGY

SALES TURNOVER

Please respond to the following questions or statement by ticking or filling as appropriate

1. Sales turnover (in value)……..
2. The trend of sales turnover for the last five years: ( ) increasing ( ) no change ( ) decreasing
3. The trend of net profit for the last one year: ( ) increasing ( ) no change ( ) decreasing
4. The trend of sales turnover for the last one year: ( ) increasing ( ) no change ( ) decreasing
5. Number of total product per year
6. Trend over the last 5 years: [(increasing); (flat; (decreasing)]
7. Specify to whom you sell your products as a percentage of total sales
   a) directly to the customer ( )Yes ( ) No
   b) direct to the small, medium, large retailers ( )Yes ( ) No
   c) direct to the factory ( )Yes ( ) No
   d) through an agent ( )Yes ( ) No
   e) through a consortium with other manufacturers ( )Yes ( ) No
8. Rate the percentage of sales turnover in the last 5years
   a) Below 10% ( )
   b) 10-29% ( )
   c) 30-49% ( )
   d) 50% and above ( )

PRODUCTS DISTRIBUTED

13. Products distribution is objective. [1] [2] [3] [4] [5]
14. Products distribution system in our organization is reliable. [1] [2] [3] [4] [5]
15. There was a new product developed by R&D in our organisation recently. [1] [2] [3] [4] [5]
16. Products distribution helps our organisation to identify employees with high performance records. [1] [2] [3] [4] [5]
17. There is business process re-engineering in our organisation. [1] [2] [3] [4] [5]
18. There was development of new manufacturing process in our organisation recently. [1] [2] [3] [4] [5]
19. Products distribution Helps our organisation to identify employees that should be promoted. [1] [2] [3] [4] [5]
20. There is a new process of ensuring quality of product being developed in our organisation.

[1] [2] [3] [4] [5]

69. There was a new line of production developed in our organisation recently.

[1] [2] [3] [4] [5]

70. Products distribution helps our organisation to discover the training needs of its employees.

[1] [2] [3] [4] [5]

OBSTRUCTIVE DISTRIBUTION PARAMETERS QUESTIONNAIRE

From questions 1 – 10, kindly state in one sentence of not more than 10 words how you will describe the under listed obstructive distribution parameters.

(i) Does your organisation experience any storage facility problem?

(ii) what methods or type of distribution strategy does the company adopt? For how long and if the strategy in use now has been changed before?

(iii) what are the likely problems affecting distribution strategy?

(iv) storage and depot types in use

(v) what transportation, loading and off-loading problems are encountered

(vi) major hazards during products distribution and travelling on the Nigerian roads

(vii) specialist equipment or vehicles used for distribution

(viii) types of vehicles used for distribution i.e truck, tanker or trailer

(ix) coordination of distribution strategy effectiveness at the head office and

(x) Mention one unnecessary hoarding of product your organisation experience.

(xi) From your experience how would you describe the state of the Nigerian road? Tick as appropriate

(1) Diplorable (2) Insecure (3) Very unsuitable for our distribution vehicles (4) In very good conditions (5) In very bad state.

QUESTIONAIRE ADMINISTERED ON TO HUMAN RESOURCES AND PLANNING MANAGERS IN MANUFACTURING COMPANIES

SECTION A: Personal Information

Please kindly tick ( ) or fill in as appropriate.

1. What is your sex? (a) Male [ ] (b) Female [ ]

2. Marital status : Married [ ] Single [ ] Others

3. What is your current designation?

(a) General Manager [ ] (b) Planning Manager [ ] Marketing/Distribution Manager [ ]

4. What is your present management position in the organisation?

Junior [ ] Middle [ ] Senior [ ] Top [ ]

5. Have you worked as a manager in another country? Yes [ ] No [ ]

6. If yes, (a) When? 19--- or 20---

(a) In which country did you serve?

(b) What functional responsibilities were you involved in?

(c) Marketing [ ] Finance [ ] Production [ ] Personnel [ ] Others [ ]

Please specify……..

7. What is your present age?...Years 18--25( ) 26--35( ) 36--45( ) 46--55( ) 56--65( )

(B) RECRUITMENT AND SELECTION

7. Our organisation employs newspaper advertising to attract suitably qualified applicant. . [1] [2] [3] [4] [5]

8. Our organisation places advertisements in professional journals to attract qualified professionals into our organisation. [1] [2] [3] [4] [5]

9. Our organisation places advertisement on television in situations where hiring needs are urgent. [1] [2] [3] [4] [5]

10. Our organisation places advertisements on radio stations. [1] [2] [3] [4] [5]

11. There was a new product acquired by our organisation recently. [1] [2] [3] [4] [5]

12. The Polytechnics represents a major source of recruitment for our organisation. [1] [2] [3] [4] [5]

13. Firms in the industry are an important source of recruitment for our organisation. [1] [2] [3] [4] [5]

14. Firms in the same geographical areas are an important source of recruitment for our organisation. [1] [2] [3] [4] [5]

15. Our organisation uses private employment agencies to recruit employees. [1] [2] [3] [4] [5]

16. Our organisation uses executive search firms to recruit employees. [1] [2] [3] [4] [5]

(C) TRAINING COST

17. Our organisations cost of staff training is both local and international. [1] [2] [3] [4] [5]

18. Our organisations cost of staff training is mainly local. [1] [2] [3] [4] [5]

19. Our organisations cost of staff training is carefully planned. [1] [2] [3] [4] [5]

20. Our organisations cost of staff training is systematic. [1] [2] [3] [4] [5
21. Our organisations cost of staff training is flexible. [1] [2] [3] [4] [5]
22. Our organisations cost of staff training is comprehensive. [1] [2] [3] [4] [5]
23. Our organisations staff training is well funded. [1] [2] [3] [4] [5]
24. Our organisations staff training is designed to remove performance deficiencies. [1] [2] [3] [4] [5]
25. There is anew brand positioning going on in our organisation through training attended. [1] [2] [3] [4] [5]
26. Our organisations staff training is designed to enhance organisational viability. [1] [2] [3] [4] [5]
27. Our organisations staff training is designed to cope with technological advancements. [1] [2] [3] [4] [5]
28. Our organisations staff training is designed to improve quality of our work. [1] [2] [3] [4] [5]

29. Our organisations staff training is designed to improve the quality of work. [1] [2] [3] [4] [5]
30. Our organisations staff training is designed to increase our productivity. [1] [2] [3] [4] [5]
31. Our organisations staff training is designed to increase our efficiency. [1] [2] [3] [4] [5]
32. Our organisations staff training is designed to induce the described behavioural changes in our employees. [1] [2] [3] [4] [5]
33. Our organisations staff training is designed to reduce our cost of production. [1] [2] [3] [4] [5]
34. Our organisations staff training is designed to minimize waste. [1] [2] [3] [4] [5]
35. Our organisations staff training is designed to improve the skills of our distribution staff. [1] [2] [3] [4] [5]
36. Our organisations staff training is designed to prevent skill obsolesce in distribution. [1] [2] [3] [4] [5]
37. Our organisations staff training is designed to boost employee's morale. [1] [2] [3] [4] [5]
38. Our organisations staff training is designed to enhance employee's self-esteem. [1] [2] [3] [4] [5]
39. Our organisations staff training is designed to increase customer's satisfaction. [1] [2] [3] [4] [5]

40. Our organisations staff training is designed to increase our profitability. [1] [2] [3] [4] [5]
41. After the staff training our staff are encouraged to apply what they have learnt from training to their jobs. [1] [2] [3] [4] [5]
42. In our organisation, trained staff have ample opportunity to apply their training. [1] [2] [3] [4] [5]
43. Our organisations staff training programme is effective because it has improved our Performance. [1] [2] [3] [4] [5]

APPENDIX III

QUESTIONAIRE ADMINISTERED ON FINANCE MANAGERS OF MANUFACTURING COMPANIES

SECTION A: Personal Information

Please kindly tick ( ) or fill in as appropriate.

1. What is your sex? (a) Male [ ] (b) Female [ ]
2. Marital status : Married [ ] Single [ ] Others
3. What is your current designation?
   (a) General Manager [ ] (b) Planning Manager [ ] Marketing/Distribution Manager [ ]
4. What is your present management position in the organization?
   Junior [ ] Middle [ ] Senior [ ] Top [ ]
5. Have you worked as a manager in another country? Yes [ ] No [ ]
6. If yes, (a) When? 19--- or 20---
   (a) In which country did you serve?
   (b) What functional responsibilities were you involved in?
   (c) Marketing [ ] Finance [ ] Production [ ] Personnel [ ] Others [ ]

Please specify……..

7. What is your present age? …Years 18--25( ) 26--35( ) 36--45 ( ) 46—55( ) 56—65( )

(B) SALARIES AND WAGES

7. Remuneration in our organisation is among the best in the industry. [1] [2] [3] [4] [5]

8. This organisation provides a clear explanation of how salaries and wages policy is implemented. [1] [2] [3] [4] [5]
9. The reward received by employees in our organisation is directly related to their performance. [1] [2] [3] [4] [5]
10. There is reasonable recognition of each employee's contribution in our organisation. [1] [2] [3] [4] [5]
9. Job satisfaction is high among the employees of this organisation. [1] [2] [3] [4] [5]
10. Our organisation's policy has made it possible for us to attract competent workers. [1] [2] [3] [4] [5]
11. There is a new financing decision going on in our organisation which is salary motivated. [1] [2] [3] [4] [5]
12. Our organisation's compensation policy has helped to retain competent workers. [1] [2] [3] [4] [5]
13. Our organisation offers high employment security. [1] [2] [3] [4] [5]
14. Our organisation's performance incentives are very competitive. [1] [2] [3] [4] [5]
15. Our organisation's offers variable pay during economic recession. [1] [2] [3] [4] [5]
16. Our organisation's salary structure is very competitive. [1] [2] [3] [4] [5]
17. Promotion of our staff is based on merits. [1] [2] [3] [4] [5]
18. The criteria for making promotion decisions in our organisation are very explicit to all employees. [1] [2] [3] [4] [5]
19. Career paths for employment in our organisation are clearly defined. [1] [2] [3] [4] [5]
20. The retirement benefits by our company's retirees are very competitive. [1] [2] [3] [4] [5]

PERFORMANCE APPRASAL

21. In our organisation we use performance appraisal result to validate employee selection test. [1] [2] [3] [4] [5]
22. There is a new venture decision going on in our organisation. [1] [2] [3] [4] [5]
23. In our organisation we use performance appraisal result to provide performance feedback to our employees. [1] [2] [3] [4] [5]
24. Our organisation uses performance appraisal result as a rational basis for pay adjustment. [1] [2] [3] [4] [5]
25. Our organisation we use performance appraisal result to assess employee potentials. [1] [2] [3] [4] [5]

26. In our organisation performance appraisal has made every employee accountable.
    [1] [2] [3] [4] [5]
27. In our organisation performance appraisal grading is directly related to performance.
    [1] [2] [3] [4] [5]
28. Performance appraisal has role clarity in our organisation. [1] [2] [3] [4] [5]

CORE QUESTIONAIRES

Instructions: There is no right or wrong answer. Please read each sentence carefully and circle the appropriate number to the right of each sentence to indicate how the sentence has described how you feel about yourself.

The scale stands for:

SA- Strongly Agreed

A- Agreed

U- Undecided

D- Disagreed

SD- Strongly Disagreed

Statements	**SA**	**A**	**U**	**D**	**SD**
There was a new product developed by R&D in our organisation recently					
There is a new brand positioning going on in our organisation through training attended					
There was a new product acquired by our organisation recently					
There was a new line of production developed in our organisation recently					
There was development of new manufacturing process in our organisation recently					
There was a new venture decision in our organisation recently as a result of Physical Distribution Department					
There is a new venture decision going on in our organization					
There is total quality management in our organisation					
There is business process re-engineering in our organization					

There is a new process of ensuring quality of product being developed in our organization					
There is a new financing decision going on in our organisation which is salary motivated					
There is a new sales promotion in our organization					
Customers purchase our products through internet					

Market share

1. Rate the percentage of your organisational market share in the last 5 years

a) Below 10% ( )
b) 10-29% ( )
c) 30-49% ( )
d) 50% and above ( )

Return on Investment

2. Rate the percentage of return on investment in the last 5 years

e) Below 10% ( )
f) 10-29% ( )
g) 30-49% ( )
h) 50% and above ( )

QUESTIONAIRE ADMINISTERED ON DISTRIBUTION, SALES AND MARKETING PERSONNEL IN MANUFACTURING COMPANIES

SECTION A: Personal Information

Please kindly tick ( ) or fill in as appropriate.

1. What is your sex? (a) Male [ ] (b) Female [ ]

2. Marital status : Married [ ] Single [ ] Others

3. What is your current designation?

(a) General Manager [ ] (b) Planning Manager [ ] Marketing/Distribution Manager [ ]

4. What is your present management position in the organization?

Junior [ ] Middle [ ] Senior [ ] Top [ ]

5. Have you worked as a manager in another country? Yes [ ] No [ ]

6. If yes, (a) When? 19--- or 20---

(a) In which country did you serve?

(b) What functional responsibilities were you involved in?

(c) Marketing [ ] Finance [ ] Production [ ] Personnel [ ] Others [ ]

Please specify……..

7. What is your present age? Years 18 - 25( ) 26 - 35( ) 36 - 45( ) 46 - 55( ) 56 – 65 ( )

(B) ROLE OF PHYSICAL DISTRIBUTION DEPARTMENT

Sales turnover

9. Sales turnover (in value)……..
10. The trend of sales turnover for the last five years: ( ) increasing ( ) no change ( ) decreasing
11. The trend of net profit for the last one year: ( ) increasing ( ) no change ( ) decreasing
12. The trend of sales turnover for the last one year: ( ) increasing ( ) no change ( ) decreasing
13. Number of total product per year
14. Trend over the last 5 years: [(increasing); (flat; (decreasing)]
15. Specify to whom you sell your products as a percentage of total sales
    f) directly to the customer ( )Yes ( ) No
    g) direct to the small, medium, large retailers ( )Yes ( ) No
    h) direct to the factory ( )Yes ( ) No
    i) through an agent ( )Yes ( ) No
    j) through a consortium with other manufacturers ( )Yes ( ) No

16. Rate the percentage of sales turnover in the last 5 years
    e) Below 10% ( )
    f) 10-29% ( )
    g) 30-49% ( )
    h) 50% and above ( )

Market share

3. Rate the percentage of your organisational market share in the last 5 years

i) Below 10% ( )
j) 10-29% ( )
k) 30-49% ( )
l) 50% and above ( )

Return on Investment

4. Rate the percentage of return on investment in the last 5years

m) Below 10% ( )
n) 10-29% ( )
o) 30-49% ( )
p) 50% and above ( )

OBSTRUCTIVE DISTRIBUTION PARAMETERS QUESTIONNAIRE

From questions 1 – 10, kindly state in one sentence of not more than 10 words how you will describe the underlisted obstructive distribution parameters.

(i) Does your organisation experience any storage facility problem?

(ii) what methods or type of distribution strategy does the company adopt? For how long and if the strategy in use now has been changed before?

(iii) what are the likely problems affecting distribution strategy?

(iv) storage and depot types in use

(v) what transportation, loading and off-loading problems are encountered

(vi) major hazards during products distribution and travelling on Nigerian roads

(vii) specialist equipment or vehicles used for distribution

(viii) types of vehicles used for distribution i.e. truck, tanker or trailer

(ix) coordination of distribution strategy effectiveness at the head office and

(x) Mention one unnecessary hoarding of product your organisation experience.

(xi) From your experience how would you describe the state of the Nigerian road? Tick as appropriate (1) Deplorable (2) Insecure (3) Very unsuitable for our distribution vehicles (4) In very good conditions (5) In very bad state.

APPENDIX IV

Psychometric Properties of Instrument

The validity and reliability of the instruments used in obtaining data are presented in tables 1 and 2

Table 1 Cronbach Alpha

Scale	No of items	Cronbach Alpha	Remarks
Resources of Innovation of Distribution (RID)	4	0.76	Moderate
Sales Turnover	8	0.76	Moderate
Obstructive Distribution Parameters (ODP)	11	0.77	Moderate
Recruitment and Selection	43	0.74	Moderate
Salaries and wages	20	0.82	High
Market Share	8	0.78	Moderate
Return on Investment (ROI)	8	0.68	Moderate
Physical Distribution Channel	17	0.72	Moderate

Table 2 Test-retest Reliability of Instruments sub-scales

Scale	No of items	Test-retest (r)	Remarks
Resources of Innovation of Distribution (RID)	4	0.82	High
Sales Turnover	8	0.78	Moderate
Obstructive Distribution Parameters (ODP)	11	0.80	High
Recruitment and Selection	43	0.76	Moderate
Salaries and wages	20	0.80	High
Market Share	8	0.82	High
Return on Investment (ROI)	8	0.76	Moderate
Physical Distribution Channel	17	0.77	Moderate

APPENDIX V

Models of innovation in this study

Introduction

Traditional arguments about innovation have focused on two schools of thought. On the one hand the Social Deterministic School argued that innovations were the result of a combination of external social factors and influences, such as demographic changes. The argument was that when the conditions were 'right' innovations would occur. On the other hand, the individual talents and such innovators are born. Closely linked to the individualistic theory is the important role played by serendipity; more on this later.

Over the past 10 years the research works on what 'drivers' innovation has tended to divide into two schools of thought: the market-based view and the resource-based view. The market-based view argued that market conditions provide the context which facilitate or constrain the extent of firm innovation activity (Slocum, 1972; Porter, 1980, 1985). The key issue here, is the ability of firms to recognise opportunities in the market place. Trolt (1998) would argue that firms have the ability to scan and search their environments effectively.

The resource-based view of innovation considered that a market-driven orientation does not provide a secure foundation for formulating innovation strategies for markets which are dynamic and volatile. Rather a firm's own resources provide a much more stable context in which to develop its innovation activity and shape its markets in accordance with its own view (Penrose, 1959; Wernerfelt, 1984; Wernerfelt, 1995; Grant, 1996; Prahalad and Hamel, 1990; Conner and Prahalad, 1996; Eisenhardt and Martin, 2000) as cited in Trolt, (2004). The resource-based view of innovation focused on the firm and its resources, capabilities and skills. It argued that when

firms have resources that are valuable, rare and not easily copied, they can achieve a sustainable, competitive advantage frequently in the form of innovativeness

APPENDIX VI

OLD MODEL OF STAGES IN THE INNOVATION-DECISION PROCESS

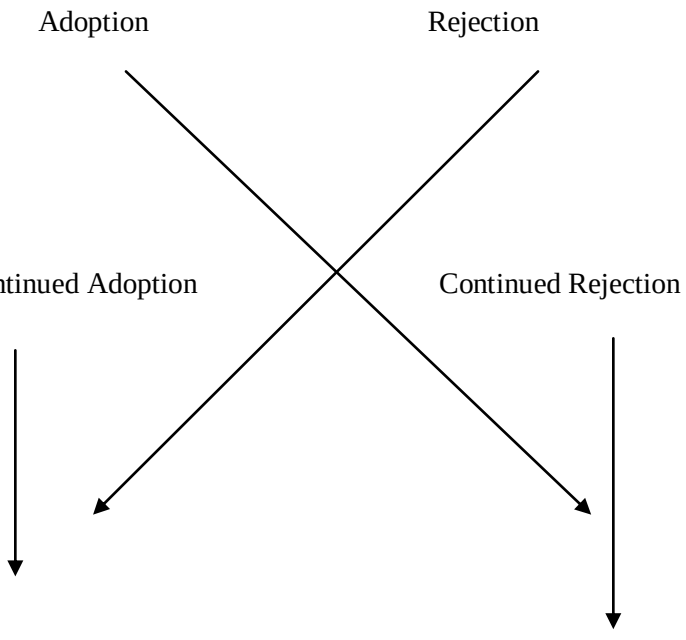
KNOWLEDGE — CHARACTERISTICS OF THE DECISION-MAKING UNIT

1. Socio-economic characteristics
2. Personality variables
3. Communication behaviour

PERSUASION — PERCEIVED CHARACTERISTICS OF THE INNOVATION

1. Relative Advantage
2. Compatibility
3. Complexity
4. Testability
5. Observability

DECISION



IMPLEMENTATION

CONFIRMATION

Later adoption Discontinuance

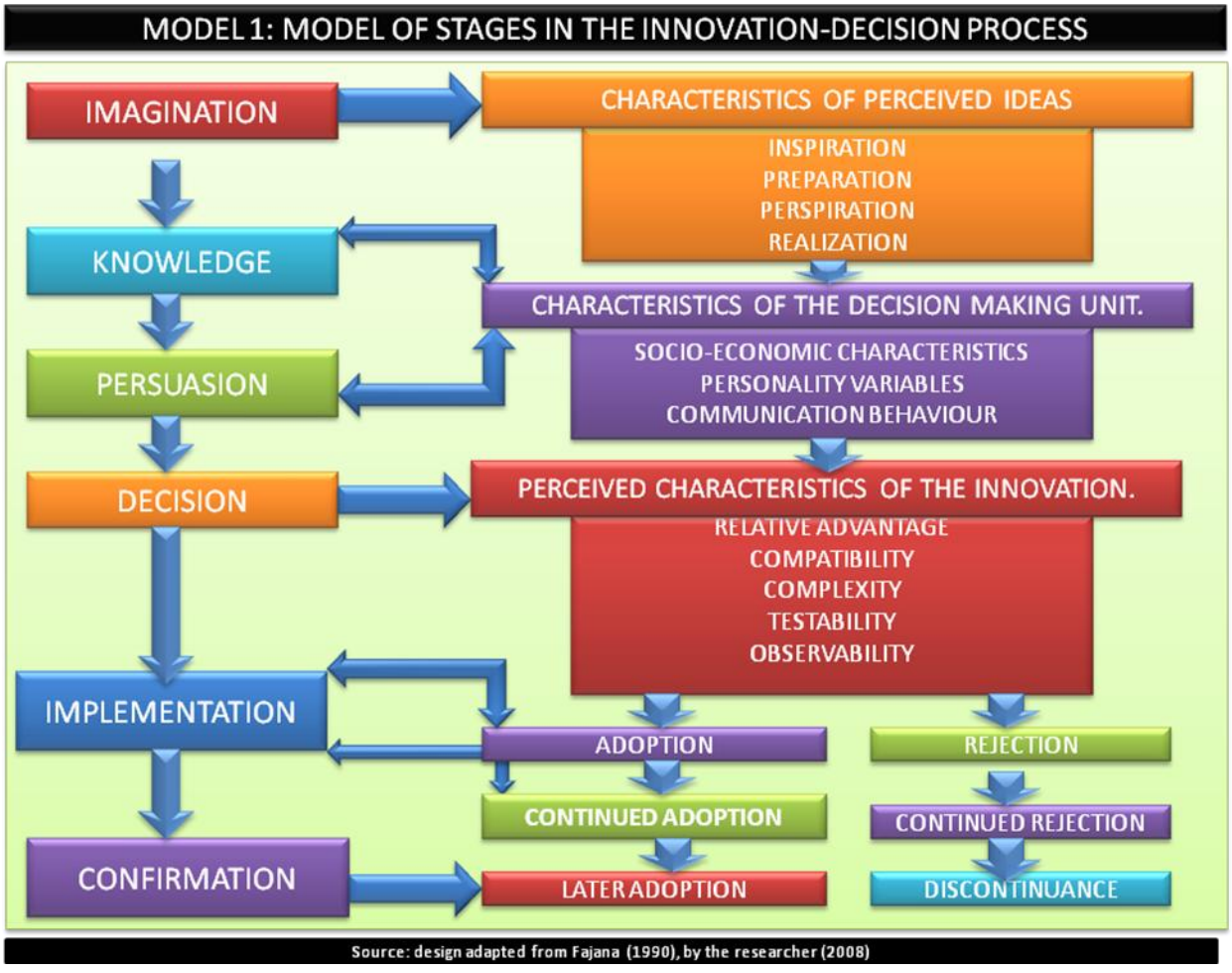
……

Source: Adapted from Rogers (1983, p165)

APPENDIX VII

NEW MODEL OF THIS STUDY

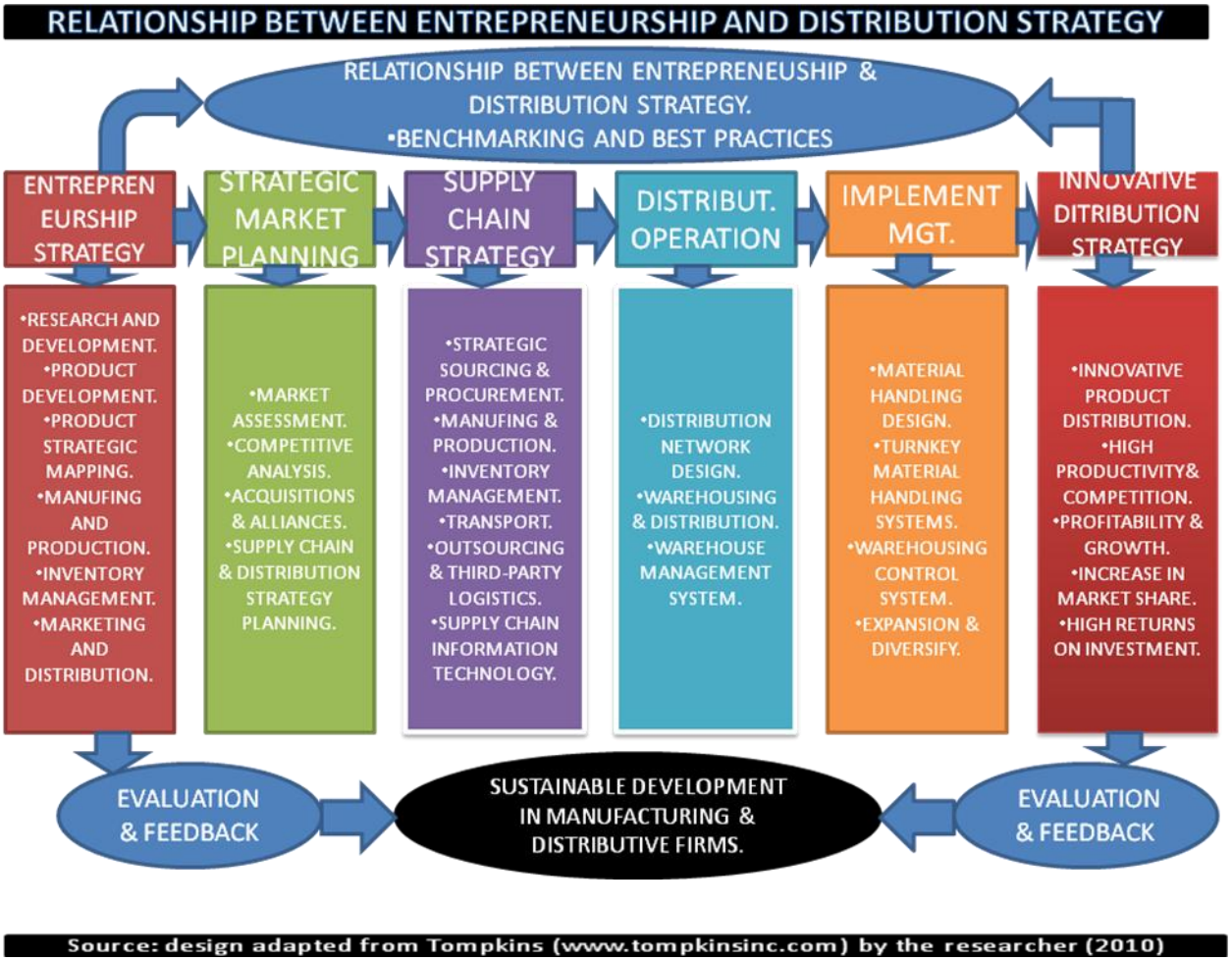
MODEL 1: MODEL OF STAGES IN THE INNOVATION-DECISION PROCESS



Model 1: Shows the stages of innovation – decision process in entrepreneurship, distribution and marketing. The various stages of ideas generation leading to acceptance and early adoption of the same ideas in industries as this can help organisation to discover new innovative strategies of distribution.

APPENDIX VIII

Model 2: Model of relationship between entrepreneurship and distribution strategy



Source: design adapted from Tompkins (www.tompkinsinc.com) by the researcher (2010)