This book contain insights for empowering Business owners to take advantage of strategic flexibility to radically position their firms to remain viable in a fierce competitive environment.The models in this book will place at the disposal of business owners relevant skills,experience required to attain their business goals.The book advocates that incentives such as tax relief and establishment of special intervention funds by Government for business owners will facilitate growth and make their Business highly competitive.

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Strategic Flexibility&Market Performance

Fred

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Strategic Flexibility and Market Performance of the Furniture Industry

Strategic Flexibility:The Indispensable tool for a Dynamic Business Environment

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Abstract

This study investigated the effects of strategic flexibility on the market performance of the furniture industry in the South West under fierce competitive environment. This study was developed around Resource Based View and Capability Theories. Theoretical models were used to develop three different hypotheses that were investigated through the surveyof 191 members of the furniture industry randomly selected.Copies of well structured questionnaire were administered to the members of the furniture industry in Lagos and Ogun States only. Validity and reliability of the instruments were measured by Cronbach's alpha at .930. The hypotheses were tested at 0.05 significant levels. The findings revealed that there is a relationship between resource portfolio and firms profit; deployment of resources and market share;and the greater the demand uncertainty, the stronger will be the positive relationship between strategic flexibility and market performance.The conclusion shows that firms are unable to compete favorably because of lack of exposure to cutting edge information and limited financial and intellectual resources.It is recommended that conscious effort be made by the Centre for Management Development (CMD) to encourage members of the furniture industry as a matter of necessity to incorporate strategic flexibility into the routine of the firms. Also, the engagement of strategic planning professional will place at the disposal of furniture industry relevant skills,experience required to attain their business goals. The Government should also give incentives, such as tax relief and establishment of special intervention funds to local manufacturers of furniture.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Feifei (2011) defines strategic flexibility (SF) as firm's ability to adapt to environmental changes through continuous changes. Asikhia (2009) defines strategic flexibility as firm's reactive and proactive abilities to satisfy the customers' needs and aspiration by consistent and continuous configuring and reconfiguring of its capabilities and resources. It appears however that previous studies placed much emphasis on its applications in large scale organizations. Only recently have researchers begun to publish articles on the patterns of market oriented strategic flexibility in small and medium scale organizations (SMEs) (Blankson et al., 2006; Keskin, 2006). The fact is that there is hardly any business that is not influenced by what happens in its environment. The reason why small businesses fail is the central question in strategic flexibility.

The notion of strategic flexibility that is probably the closest to an everyday understanding of flexibility, is the ability to do 'something other than that which had been originally intended (Evans 1991). Conceptually, strategic flexibility suggests the ability to take some action in response to external environmental changes (Evans 1991; Buckley 1997; Matusik 1998; Johnson 2003) and thus can be viewed as a strategic capability (Aaker 1984; Bahrami 1992). Strategic flexibility is the ability to precipitate intentional changes and adapt to environmental changes through the continuous rethinking of current strategies, asset deployment and investment strategies (Evans 1991; Bahrami 1992; Sanchez 1995).

Also, strategic flexibility maps out path for the future, helps owner of business to see beyond the present and envision what the business can be, and help to determine how he can get there.

Sanchez (1995) defines flexibility as the ability of a firm to respond to various demands from its competitive environment. This definition basically focused on the firm without a link to the customer (Snow and Smell 19993; Wright and Boswell 2002) viewed it as critically organizational capability, flexibility enables a firm to adapt to adapt to a divers and changing environment. However In this study, the definitions that are linked to strategic flexibility that are market oriented are examined. Asikhia (2009) defines strategic flexibility as firm's reactive and proactive abilities to satisfy the customers' needs and aspiration by consistent and continuous configuring and reconfiguring of its capabilities and resources. Strategic flexibility has become a very important concept in a fast-paced globalized world for the survival of small scale business. Small businesses are extremely vulnerable to the smallest challenges in the market place, change in the taste of customers, technological revolution led by the internet; new moves by competitor or instability in the overall business environments can directly crash the profit position of the business in a very short time frame. That is why small scale business owners needs to engage in strategic flexibility to secure the future. They need to anticipate what the future holds and adjust their thinking and action to compensate for any potential negative impact.

In spite of the attention devoted to strategic flexibility by academics, research interest in market orientation within small and medium scale enterprises (SMEs) sector has been scanty (McLartey, 1998; Lee *et al*., 1999; Becherer et al., 2003). On the other hand, SMEs are vital in most economies including Nigeria in that they contribute a lot in terms of GDP and employment (Abor and Beikpe, 2005 and Keskin, 2006).

The Notion of a Performance Measure

Wheelen and Hunger (2002) define performance simply as "… the end result of activity." At one level, it may be as simple and mundane as this definition, although at another level the notion of a general measure of performance is both intriguing yet continually disappointing (Bonoma & Clark 1988). Scholars have revealed that business performance measurement is currently receiving very active exploration from both practitioners and academics, to the extent that new reports and articles on the topic have been appearing at a rate of one every five hours of every working day since 1994, with a search of the World Wide Web revealing over 170,000 references (Neely 1998).

Early interest in, and conceptual development of, marketing performance measurement was well-known in the 1960s (Sevin 1965; Feder 1965). Since then, several empirical and conceptual studies have examined the concept. Clark (1999) stated that "performance history suggests that marketing performance measures have developed in three consistent directions over the years: first, from financial to non-financial output measures; second, from output to input measures; and third, from unidimensional to multidimensional measures."

However, the assessment of performance remains an important but vague concept. It is important because consensual measures of performance would promote scholarly investigation, and clarify managerial decisions (Bonoma & Clark, 1988). It is indefinable because marketers have continually looked unsuccessfully for clear, present, and reliable signals of performance by which marketing merit could be judged (Bonoma & Clark, 1988). While much work has gone into researching the performance marketing equation (refer to Bonoma & Clark 1988; Clark 1999), achieving a coherent view of the performance measures of marketing has remained a difficult and generally unrewarding business. "Indeed, perhaps no other concept in marketing's short history has proven as stubbornly resistant to conceptualization, definition, or application" (Bonama & Clark 1988).

Subjective versus Objective Measures

While performance as a concept can have a variety of meanings, it is broadly viewed from two perspectives in the literature. Firstly, there is the "subjective" (or the so-called and inherently undesirably and inappropriately expressed "soft") concept which is primarily concerned with the performance of firms relative to their own expectation or relative to the competition. The second method is the "objective" (or equally poorly expressed "hard") concept which is based on more, seemingly "absolute" measures of performance (Appiah-Adu 1998).

Arguably, subjective performance measures can be used because: (1) Objective (i.e.certifiable by a third-party) relative performance measures are virtually impossible to obtain at the business unit level due to the issues of confidentiality and/or sensitivity (Chang & Chen 1998; Matsuno, Mentzer & Ozsomer 2002); (2) Studies that have adopted both approaches have reported a strong association between objective and subjective measures of performance (Venkatraman & Ramanujam 1987; Dawes 1999 – see too, Dawes for other studies which support the above association); (3) The usage of objective market-based measures is only as reliable as the product-market definitions which underlie them (Rossiter & Percy 1987, cited in Ngai & Ellis 1998); (4) Subjective measures may be more appropriate than objective measures for comparing profit performance in cross-industry studies as managers can take the relative performance of their industry into account when providing a response (Dawes 1999); (5) Objective performance measures such as "growth" may not accurately indicate the underlying financial health of a company (Dawes 1999). Generally, relying on subjective measures has involved soliciting managers for their own performance impressions, recognising that such people ideally should have intimate knowledge of their firms' place in the market.

Financial versus Non-financial Performance Measures

Businesses have less inclination on financial measures (which are based on Accounting Standards) such as, profit, return on investment, and return on assets, alone to assess overall corporate performance (Wheelen & Hunger 2002). Measures that focus solely on financial performance are seen as less appropriate to deal with the issues which confront organizations now (Ahn 2001; Ambler 2000; Ittner & Larcker 1998; Kaplan & Norton 1996). "Sole reliance on financial measures of performance does not arguably reflect the importance of current resource decisions for future financial performance. Though some firms recognised the importance of non-financial performance measures many years ago (e.g., General Electric in the 1950s), growing international competition and the rise of the TQM movement have widened the appeal of non-financial performance measures" (Malina & Selto 2001, p. 48). Without doubt, the strongest measurement trend in the 1990s was a move by a variety of industries from just measuring the narrow success of products to the additional use of complementary non-financial measures oriented around customer value (Clark 2001). Survey data gathered from a variety of sources, and covering both the US and Europe, suggest major changes, with 40-60 per cent of firms having recently re-engineered their performance measurement systems (Neely, Adams & Kennerley 2002).

Nevertheless, in many corporate environments where priority is given to "bottom line", financial measures remain the fundamental management tool. Luft & Shields (2002, cited in Maines et al. 2002) argued that this type of corporate behaviour encourages management to take many actions which focus on the annual or short term at the expense of investing for the long term (see Ittner & Larcker 1998, for a summary on this point).

Furthermore, Luft & Shields (2002, cited in Maines et al. 2002) found that non-financial measures caused individuals to attend more closely to relations involving future financial measures and increased the accuracy of the prediction of these measures, supporting a growing body of research on this issue (see Ittner & Larcker 1998b for a summary).

In addition, Maines et al. (2002) documented that researchers found strong associations between non-financial and financial measures. Finally, it has been asserted that the use of non-financial measures may improve managers' performance ratings by providing a more precise evaluation of their actions, as many non-financial measures are less susceptible to external effects than financial ones (Spremann & Gantenbein 2002).

Alternatively, the time and cost involved to track numerous non-financial measures can be substantial. Furthermore, the fact that many popular non-financial indicators (e.g., customer satisfaction) can be measured in varying ways makes comparisons and evaluations difficult (Spremann & Gantenbein 2002; Ittner & Larcker 1998).

The firm-specific results of the management compensation literature (see Maines et al. 2002 for a summary), along with the value of non-financial measures in value relevance and predictability studies, raise the issue of whether companies should be using an integrated framework to report non-financial and financial measures (Maines et al. 2002). This approach underlies frameworks such as Kaplan and Norton's (1992) Balanced Scorecard and the Dynamic Multi-dimensional Performance framework (Maltz, Shenhar & Reilly 2003).

Unfortunately, resistance remains, as managers tend to avoid using multiple indicators, having a strong preference for single indicators which produce unambiguous results (Shaw 1999).

In addition, several studies have shown a positive correlation between a market-focused strategic flexibility and market performance (Blankson & Stokes,2002: Jaworski and kohli 1993 Asikiah 2006). Market-focused strategic flexibility is not an end in itself. Its value is in the facilitation and generation of outcomes that benefit the firm, that is, superior economic rewards, strong market positions. The general position from theory is that market-focused strategic flexibility results in enhanced firm performance (e.g., Evans 1991).

However, strategic expert opined that when performance is considered in terms of various time horizons, the effects of market-focused strategic flexibility become less clear. While it is suggested that market-focused strategic flexibility affects both short-term and long-term firm performance, it is believe that those effects differ substantially. Here it seems appropriate to caution that there are no stock definitions nor even thumb rules for what constitutes short term or long term. The designations of time horizons for short-term and long-term firm performance tend to vary by industry or market. Despite this caution, it seems logical to speak of short-term outcomes generally in terms of cash flows and long-term outcomes in terms of market positions or shares. In the long term, market-focused strategic flexibility enhances both strategic and financial performance. Strategic outcomes such as advantageous market positions, market shares, and growth, for example, might reflect the long-term effects of market-focused strategic flexibility. Market-focused strategic flexibility allows the firm room to take advantage of opportunities as they come along, and when they do not, it provides the firm with the ability to make its own opportunities and generate the competitive advantage by being proactive with regard to products and markets. In addition, in the long run, we generally expect that market-focused strategic flexibility would enhance long-term financial outcomes such as return on assets, for example.

In the short term, on the other hand, the picture changes. Market-oriented strategic flexibility introduces costs and investments meant to pay off in an uncertain future. When the firm creates a range of strategic options, the capabilities developed and resources held may increase costs in the short term (Bowman and Hurry 1993; Buckley and Casson 1998; Day 1994). Beyond this, when assets are committed for market-oriented strategic flexibility, the firm forgoes its short-term earning potential, introducing the additional burden of opportunity costs (e.g., Dierickx and Cool1989). Thus, short-term financial performance outcomes, for example, cash flows, may be adversely affected.

Recent studies show that, in a turbulent market environment, adaptability is one of the major pre-requisites of successful business performance (Samra-Fredericks, 2003).

Given the importance of market-oriented strategic flexibility one would expect that market-based strategic flexibility is a priori importance for all small scale business, this however does not seems to be the case. Even though conditions of high financial risk or opportunity which tend to make market-based strategic flexibility an imperative do exist in small scale business, the function (market-oriented strategic flexibility) is still largely unknown in this sub-sector. These provide the justification for this research.

The change in the environment has made it imperative for small scale business to develop a global strategy that is based on flexible system that can adapt to the changing external environment and make them relevant in the twenty first century.

1.2: Statement of Research Problem

The general problem focused upon in this topic is to determine the impact that strategic flexibility has on the market performance of the furniture industry, confirm the presence and absence of the value of strategic flexibility and provide evidence of the value of strategic flexibility.

The furniture industry, which used to boast of over 400 members have been reduced to 110, with a concomitant job loss of over 1.2 million Okere (2011).The industry has lost over 25,000 workers to furniture import and government refusal to pay contractors for certified projects done. The effects of these closures and harsh competition are retrenchments and redundancies in the industry, capital flight, high exchange rate, de-industrialisation, and high crime rate, among others Victor (2011).

Findings confirm lack of enough empirical and conceptual studies of strategic flexibility and business performance among SMEs in the furniture industry. This may impair policy formulation and implementation in the SMEs area. This is because the entrepreneurs may not appreciate the role of strategic flexibility as a strategic tool for quality decision-making in the SME sector. Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King and McGrath, 1998). Findings reflect that knowledge driven management is positively related to the sustainable growth of a small and medium size firm. However, lack of knowledge has been identified as major factor influencing SMEs failures. This suggests that the present day Knowledge-economy, demands knowledge driven–enterprise to keep pace with the contemporary technological changes and increased international competition.

Several studies have shown a positive correlation between strategic flexibility and market performance (Blankson & Stokes,2002: Jaworski and kohli 1993 Asikiah 2006).Without being market-oriented (that is customer-oriented, competitively oriented) any form of flexibility (for example, strategic, tactical, or operational) will not result in superior value creation and sustainable competitive advantage (Jaworski, Kohli and Sahay, 2000; & Johnson, Lee, Saini and Grohmann, 2003).

As the demand uncertainty increases, so does a firm's need to be strategic flexibility (Grewal & Tansuhaj, 2001).High rate of failure had been recorded in recent times of the number of furniture businesses that closed down barely two years of their operations Asikhia,(2009). The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) further reports that eighty percent of small and medium scale businesses die before their 5th anniversary. All these point to the fact that new business entrants had hardly survived the prevailing environmental variables in the different areas of business (SMEDAN, 2005).

As competitive intensity increases, so does a firm's need to be strategic (Houston 1986). Therefore, in highly competitive environments, a greater emphasis on market orientations is required for better performance (Kohli and Jaworski, 1990; Grewal and Tansuj, 2001; Russo and Harrison, 2005; Judge and Elekov, 2005; Canina, Enz, and Harrison, 2005).

Small businesses are considered to be extremely exposed to the smallest challenges in the market place, change in the taste of customers, technological revolution led by the internet. According to scholars technological change can potentially affect a firm's capabilities because it introduces new scientific knowledge and generates new alternatives for configuring capabilities. Also, in an attempt to diversify and enhance the productive base of the Nigeria economy, various past administrations have introduced measures and established specialized institutions e.g. National Economic Reconstruction Fund (NERFUND).Small and Medium Enterprise

Development Agency of Nigeria (SMEDAN) .Despite the fact that the product produced by small scale business are cheaper, relevant available statistics data shows marginal improvement in this area. It is for this reason that this research is being proposed to improve the performance of the small scale enterprise

1.3: Objectives of the Study

The central purpose of the study is broadly to obtain indication of the potential prospect of strategic flexibility on business particularly in small scale entrepreneur in southwest.

Specifically the study anticipate to address the five major objectives

1. To ascertain whether the furniture industry being studied have knowledge of resource portfolio
2. To highlight the relationship between resource deployment and market share.
3. To examine whether demand uncertainty impact on the relationship between strategic flexibility market performance.
4. To justify that competitive intensity affect the relationship between strategic flexibility and market performance.
5. To show that technology impact on the relationship between strategic flexibility performance among Nigerian

1.4: Research Questions

Research question are regarded as the main instrument in survey research, thus, the main research questions are derived from the statement of problem, objectives of the study and more importantly to translate the research question into specific questions and the responses to this question were used as data for analysis. In this regard the main questions for the study are as follow;

1. Is there any relationship between a firm's knowledge of resource portfolio and profit?
2. Is there any relationship between resource deployment and market share?
3. Does demand uncertainty impact on the relationship between strategic flexibility performances among Nigerian SMEs?
4. Does competitive intensity impact on the relationship between Strategic flexibility and market performance?
5. Does technology impact on the relationship between strategic flexibility performances among Nigerian SMEs

1.5: Research hypothesis

The formulation of hypothesis in a study of this nature is to provide an empirical basis to proffer informed answers to the research questions raised and necessary sense of direction to the study, hence to reveal the impact of market-oriented strategic flexibility on the performance of the furniture industry.

Hypothesis One

H_0: There is no relationship between a firm's knowledge of resource portfolio and profit

H_i; There is a relationship between a firm's knowledge of resource portfolio and profit

Hypothesis two

H_0: There is no relationship between relationship between resource deployment and market share

H_i: There is a relationship between resource deployment and market share.

Hypothesis three

H_0: Demand uncertainty does not have an impact on the relationship between market-oriented and market performance.

H_i; The greater the demand uncertainty, the stronger will be the positive relationship between strategic flexibility and market performance

1.6: Operationalization of Strategic Flexibility

Strategic Flexibility and Market Performance in the Furniture Industry in South West Nigeria.

The dependable variable for the study is the furniture industry performance, while the independent variable is market-oriented strategic flexibility.

The following is applicable here:

$Y= f(X)$

Where:

Y is the dependable variable and

X is independent variable

Hence substituting for Y and X respectively

Y=Industry Performance

$Y=F\ (y_1\ y_2\ y_3\ y_4)$

Where:

Y_1=Company's profit

Y_2=Market share

Y_3=Return on capital

Y_4=Annual growth sales

X=Market-Oriented Strategic Flexibility

$X=F(x_1, x_2, x_2)$

Where:

X_1= Resource portfolio

X_2=Option identification capability

X_3= Resource deployment

X4= Competitive Intensity

X5= Technology Turbulence

1.7: Significance of the study

This research work is important, it shows the various strategies in promoting performance of the furniture industry that could be explore and improved upon. It has become imperative to carry out this research study for the encouragement of this sub-sector of the Nigeria economy. The benefits include expanding the sub-sector base of the economy, reduce government over reliance on the oil sector, enhance consumers' satisfaction via superior product and ensuring the enhanced development of five States in the South west.

Also, it is hoped that this study will be of great importance and interest to financial institutions such as Central Bank, NERFUND, the Nigeria Bank for Commerce and Industrial; training institute as well as all the five South West state government.

The benefits include expanding the sub-sector base of the economy and reduce government over reliance on the oil sector. The former president of the Federal Republic of Nigeria has criticized the continued over reliance on oil revenue by the federating units for meeting their public expenditure needs which he described as unsustainable and unrealistic given the exhaustible and non-renewable nature of oil and gas resources. He also observed that the scenario where all the three tiers of government solely depend on oil revenue will spell doom for Nigeria's march towards attainment of Vision 2020.

The furniture industry is believed to have the potential to compete favorably well with the oil industry in generating foreign exchange for the country. This implies that whatever we are earning presently from oil can also be earned from the furniture industry. This will facilitate the attainment of government quest for job creation for the youth.

It will also enable members of furniture and allied products manufactures association of Nigeria (FAPMAN) to enjoy what they have invested in the Business

1.8: Scope of study

This study is confirmed to two States in the South west, where these businesses are situated.

1.9: Limitation of study

There are some limitations inherent in the present study and suggestions for future research, which can be made. The sample size is not large but provides valuable insights when considered an exploratory study. In addition, the sample was from two States in the South west which limits generalizability to small business in other parts of the country. The self-report data are subject to self-report bias, exaggeration (or underestimation), and simple inaccuracy. The generalizability could be enhanced if the sample size were larger and included representative data from several businesses. The limited geographical coverage is occasioned by time, logistic, lukewarmnesss of respondents and financial constraints.

1.10: Definition of operationalization Terms

• Business environment: This is an embodiment of key influences or factors that can affect the performance of an enterprise or attainment of desired objectives (Andersen, 2004).

• Competitive Advantage: This is a company's ability to perform in one or more ways that competitors cannot or will not match. Competitive advantage must be seen by customers as favorable to them. For example if a company delivers faster than its competitors, this will not be perceived as an advantage to customers if they do not value speed. Thus, companies must focus on building customer advantages by delivering customer value and satisfaction which leads to repeat purchases and thus sales growth (Baumol, 2006).

• Firm's performance: This is a measure of the attainment of organizational objectives such as sales growth, profit, brand equity, and the likes (Agarwal, Erramilli and Chekitan, 2003).

• Market-focused strategic flexibility: This may be defined as the firm's reactive and proactive abilities to satisfy the customers' needs and aspirations by consistent and continuous configuring and reconfiguring of its capabilities and resources (Johnson, Lee, Saini, Grohmann, 2003).

• Strategic flexibility: It is defined as an organization's ability to cope with all forms of changes in the environment by allocating and reallocating its resources to enhance performance (Harrigan, 2004).

• Positioning: This involves developing a market strategy through a marketing mix that takes into account the thoughts and perceptions of customers about a product relative to other products and brands (Hamel and Prahalad, 2004).

• Firm's success: The positive performance of a firm, reflected in the achievement of desired objectives over time (Cooper, 2006).

• Market orientation: Market orientation is the generation and dissemination of organization wide information and the appropriate responses related to customer needs and preferences and the competition (Kohli and Jaworski 1990)

• Competitive intensity: The degree of competition that a firm faces (Grewal and Tansuhaj, 2001).

• Technological turbulence: Such turbulence (change or uncertainty) can be defined as an exogenous technical innovation that modifies the components, systems, techniques, or methods required for producing organizational outputs (Lavie, 2006).

• Demand uncertainty: This captures the variability in customer population and preferences that have direct effects on sales growth; which requires organizations to adapt their product offerings, plans and strategies to the changing demand conditions (Zuniga-Vicente and Vicente-Lorente, 2006).

• Moderating role: This is an intervening function that affects the relationship between two or more variables (Grewal and Tansuhaj, 2001) Furniture industry:

- All companies and activities involve in design, manufacture, distridution, and sales of functional and decorative objects of household equipments

CHAPTER TWO

LITERATURE REVIEW

2.1: Introduction

This chapter evaluates previous works conducted by other researchers that are relevant and related to the context of research study being conducted. It is the documentation of available knowledge of some issues that are connected with dependent and independent variables being discussed in this research. It consists of conceptual frame work which is concern with the review of all the available literature on the concept, definitions and terminology related to the study. The theoretical framework reviews the various theories in literature as related to the variable of this research and their relationship especially in the research context, and empirical frame work includes the review and comparison of various literatures by different authors on the concept/variable of the research

2.2: Conceptual Framework

The notion of strategic flexibility that is probably the closest to an everyday understanding of flexibility, is the ability to do something other than that which had been originally intended (Evans 1991). Conceptually, strategic flexibility suggests the ability to take some action in response to external environmental changes (Evans 1991; Buckley 1997; Matusik 1998; Johnson 2003) and thus can be viewed as a strategic capability (Aaker 1984; Bahrami 1992). Strategic flexibility is the ability to precipitate intentional changes and adapt to environmental changes through the continuous rethinking of current strategies, asset deployment and investment strategies (Evans 1991; Bahrami 1992; Sanchez 1995).

Scholars of strategic flexibility advocate that strategic flexibility can be conceptualized in two ways. Firstly, with regard to the variation and diversity of strategies. Secondly, to the degree at which companies can rapidly shift from one strategy to another (Slack 1983; Nadkami 2(XK).

Hitt (1998) conceptualizes strategic flexibility "...as the capability of the company to proact or respond quickly to changing competitive conditions and thereby develop and/ or maintain competitive advantage (Hitt Keats and DeMarrie (1998)". Aaker and Mascarenhas (1984) focus on substantial environmental uncertainty creating the need for strategic adaptation. Sanchez (1995) suggests that the company's strategic flexibility as jointly depending on the inherent flexibility of the resources available to the company (resource flexibility), and on the company's flexibility in applying those resources to alternative courses of action (co-ordination flexibility). Evans (1991) suggests strategic flexibility is a function of the event that impacted on the company, by necessity instead of choice, being used to denote the company's deliberate or emerging capabilities to manoeuvre offensively or defensively. Other terms that offer a similar conceptualization include the terms 'strategic manoeuvrability' (Klingen 1975), 'organizational flexibility' (Aaker 1984; Volberda 1996), and 'dynamic capabilities' (Teece 1997). Aaker and Mascarenhas (1984) argued 'organizational flexibility' was a strategic option that could be exercised by an organization and define 'organizational flexibility' as '...the ability of the organization to adapt to substantial, uncertain, and fast occurring environmental changes that have a meaningful impact on the organization'sperformance (Aaker Mascarenhas 1984. p.74).' The more recent studies about strategic flexibility in strategic management research mostly applied the concept within the context of product competition (Sanchez 1995; Sanchez 1996; Young-Ybarra 1999; Schilling 2001; Worren 2002; Raynor 2004).

2.2.1: Strategic Flexibility - 197O's

Some early research about strategic flexibility include Gotcher (1977) who suggested that long range planning required flexibility. Eppink (1978) related the term 'adaptiveness' as the ability of the organization to respond to unforeseen change. He added '...Flexibility can be seen as a characteristic of an organization that makes it less vulnerable to unforeseen external changes or puts it in a better position to respond successfully to such a change (Eppink 1978, p.42).' Eppink (1978) argued strategic flexibility was necessary to compensate for strategic changes in the 'indirect' environment of the company that reached it via the components of its 'direct' environment. He suggested such changes required a high degree of unfamiliarity and could therefore be very dynamic and urgent. In 1975, Klingen described 'strategic maneuverability' as the extent to which strategic behaviour may be realized (Klingen 1975, p.ll)'. 'Strategic manoeuvrability' was seen to be determined by a company's freedom of movement, its strategic control within the company. Based on this view, a company's freedom of movement could vary from sector to sector.

2.1.2: Strategic Flexibility - 198O's

Despite the more specific definitions of strategic flexibility outlined earlier, the term has been widely used in the General Management literature. In 1980. Porter's seminal work 'Competitive Strategy' was published and he took a more deterministic view of strategy that still 'dominates' ihe Strategic Management literature today. Porter (1980) refers to "strategic choice' where ihe company has a finite selection of strategies to choose from, based upon study of its external environment. Porter (1980) also strongly supports a 'single best option' approach to strategy. This was based upon the need to make strategic choices between options having varying degrees of strategic and financial risk (Porter 1985). Harrigan (1986) extends Porter's argument to consider

Strategic flexibility internally within an organization usually has three levels of strategy analysis. High level - organizational direction; Medium level – organizational structure; Low level - organizational operations. This internally driven strategic flexibility split into three levels is similar to Krinjnen's (1979, cite Volberda 1997) division of the strategic decision making process into: the strategic level - strategic policy, economic, social goals, product market mix; the organizational level- organizational structure, decision making and communication processes, and finally, the operational level - production volumes. Sanchez (1995) argued that two critical components of strategic flexibility were 'resource flexibility' and 'coordination flexibility' which are both control from a company's internal environment this concepetualization of strategic flexibility implies an inward focus on the company's internal environment and different strategic options are possible depending on the nature of the change and the internal company influence.

2.1.3: Defining Strategic Flexibility

The various definitions of strategic flexibility have tended to reflect the different perspectives taken by strategic management researchers. Consequently, there are differences in both the meaning and application of the term.

Nevertheless, strategic flexibility provides a means by which companies can become more successful and this suggests that companies select, develop and modify strategic choices in order to cope with a continually changing environment. Thus, strategic flexibility can be described as the strategic choices available to a company and the company's ability to take advantage of those choices from the previous discussion, it is clear that the term strategic flexibility has no commonly agreed definition. That is why, as mentioned earlier, the various definitions of strategic flexibility by different researchers relate to a number of different perspectives Based upon the above, it is clear that any definition of strategic flexibility must combine both the external and internal perspective.

2.2: Customer Orientation

In their comprehensive theoretical synthesis of market orientation perspectives, Lafferty and Hult (2001) draw inspiration from the studies of Deshpandé et al. (1994), Kohli and Jaworski (1990), Narver and Slater (1990), Ruekert (1992) and Shapiro (1988). Despite the differences in conceptualization, gathering information on customers, meeting their needs and creating value for them (Lafferty & Hult 2001) are essential ingredients for a customer oriented business. Customer orientation refers to a company's understanding of its buyers to be able to create continuously value for them (Narver & Slater 1990). Value from a customer's point of view can be understood as the trade-off between benefits and sacrifices in a buyer-supplier relationship (Walter et al. 2000, Zeithaml 1988). "Customer orientation requires that a seller understands a buyer's entire value chain, not only as it is today but also as it will evolve overtime subject to internal and market dynamics" (Narver & Slater 1990). The concept of customer orientation includes understanding customers' needs and satisfying them as well as perceiving and reducing his perceived sacrifices. Conceptually close to what other researchers describe as customer orientation, Homburg (1998) suggests closeness to the customer, with dimensions such as openness in providing information to customers and flexibility in dealing with customers, to describe how companies should interact with their customers.

Consequently, a customer-oriented company has to establish continuous communication with its actual and potential customers and create a customer-focused environment within acompany (Hartline et al. 2000). Researchers mention the "call for customer orientation as the focus for all business planning and strategy" (Deshpandé et al. 1993, p.23). In their study on small business' customer orientation and performance Appiah-Adu and Singh (1998) define customer orientation as "the organization-wide emphasis on evaluating and addressing customer needs". Deshpandé et al. (1993) define a start-up's or venture's customer orientation as "the set of beliefs that puts the customer's interest first while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise".

2.3: Competitor Orientation

As mentioned above, several researchers regard competitor orientation as an important part of what is referred to as market orientation (e.g. Han et al. 2000, Gray et al. 1998, Narver & Slater 1990). Competitor orientation comes along with organizations wider understanding of what characteristics has the market where it is operating. An exclusive customer focus may result in incomplete business strategy and action (Han et al. 1998), hence Day and Wensley (1988) suggest a balance of an organization's customer and competitor focus. We believe competitor orientation to entail sourcing information on competitors, competitors' activities and offerings, and market potentials. Along with Narver and Slater (1990) we define competitor orientation as a company's understanding of strengths, weaknesses, capabilities and strategies of key and key potential competitors.

2.4: Market Environment

In the analysis of customer and competitor orientation, important environmental conditions, i.e. the influence of market conditions have to be considered. Researchers have proposed frameworks and models for the influence of various factors on market orientation – business performance link (e.g. Matsuno & Mentzer 2000, Han et al. 1998). Slater and Narver (1994) suggested competitive environment as a moderator for the market-orientation – performance relationship. They didn't find much empirical support for their thesis and conclude that managers should not adjust market orientation to current market conditions. In a longitudinal study, Pelham and Wilson (1996) tested dynamism and competitive intensity for their influence on strategy and market orientation, including customer orientation, in small companies but didn’t find strong support for their hypotheses. Jaworski and Kohli (1993) considered market turbulence, competitive intensity and technological turbulence to have a moderating effect, but they found the linkage between market orientation and performance to be robust across varying levels of these factors. Studying small and medium sized enterprises Appiah-Adu and Singh (1998) suggest market dynamism and competitive intensity to have a direct influence on customer orientation, but they do not find empirical support for their thesis. Gray et al. (1998) consider market environment as a relevant moderating variable for market orientation influence on company performance. However, their aim was to develop an extended market orientation measure, they did not test their scales empirically.

2.5: Marketing Concept

The marketing concept identifies that a company's awareness and skill in designing products may not always be meeting the needs of customers and it recognizes that even a good sales department cannot sell every product that does not meet consumers' needs (Deshpande, 1999; Zebal, 2003). Therefore, it recognizes the understanding of customer wants as the starting point of an organization's business operations. McNamara (1972, p. 51) put it succinctly as "a philosophy of business management, based upon a company wide acceptance of the need for customer orientation, profit orientation, and recognition of the important role of marketing in communicating the needs of the market to all major corporate departments". In a sense, a company that operates on this business philosophy recognizes that the key to achieving organizational goals consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors (Barksdale and Darden, 1971; McNamara, 1972; Kotier, 1998). That is under the marketing concept a company should place a major emphasis on the analysis of target market's needs and wants and deliver the desired satisfactions more efficiently and effectively than competitors in order to maximize its current profit (Kotier, 1998; Walker *et al.,* 1992). A company that successfully applies this concept is usually seen to be market oriented. For this reason, authors coined the term "market orientation" to describe the actual implementation of the marketing concept (Kotier, 1977; Shapiro, 1988).

2.5.1: Market Orientation

Shapiro (1988) conceptualized market orientation as an organizational decision-making process starting from information and proceeding to execution. At the heart of this process is a strong commitment by management to share information interdepartmentally and to practice open decision-making between functional and divisional employees. The main thrust of Shapiro's (1988) position is that markets and customers must be understood, information needs to permeate into every corporate function, firms ability to make strategic and tactical decisions is important, there must be an open decision-making process, decisions must be well coordinated, and strength and weaknesses of competitors must be understood. Exactly two years later, Kohli and Jaworski (1990) developed the intelligence perspective of market orientation, after their extensive review of the literature. They argued that market orientation involves three behavioural processes including the generation of market intelligence pertaining to current and future needs of the customer, dissemination of intelligence within the organization and also responsiveness to it. Kohli and Jaworski (1990) believed that a measure of market orientation need only assess the degree to which a company is market-oriented, that is, generate intelligence, disseminate intelligence, and takes action accordingly (see also Jaworski and Kohli, 1993; Wood and Bhuian, 1993).

Similarly, Narver and Slater (1990), in their study entitled "the effect of market orientation on business profitability", defined market orientation "as the organizational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and thus, continuous superior performance for the business". According to them, market orientation consists of the three behavioural components including customer orientation, competitor orientation, and interfunctional coordination. According to this perspective,market orientation also involves having a long term focus and being profit oriented (Narver and Slater, 1990). Relying on Kohli and Jaworski (1990) and Narver and Slater (1990), Ruekert (1992), developed a new approach which he saw market orientation as a business strategy. Market orientation is seen as the degree to which a strategic business unit obtains and uses information regarding its customers, develops a strategy considering the obtained information regarding customers' needs satisfaction, and implements that strategy meeting those specificneeds and wants (Ruekert, 1992). This perspective focused on the business unit in an organization rather than the whole organization or individual market as the unit of analysis. Moreover, it emphasized strategy development and implementation in responding to the customer needs and wants.Deshpande *et al.* (1993) also developed another concept known as customer orientation. They proposed that, in order to develop a long-term profitable venture, a company should put the customers' interest first, while not excluding all the stakeholders such as owners, managers, and employees. They further noted that: "we see customer orientation as being a part of an overall, but much more fundamental, corporate culture"

Thus, given that market orientation is part of an organizational culture (Narver and Slater, 1990; Deshpande *et al,*1993), or processes (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993), its development is affected by organizational factors (that is antecedents). In this connection, Kohli and Jaworski (1990) in their conceptual study, postulated a framework of the relationship between market orientation and its antecedents, in which they suggested three categories of organizational factors influencing it. These are senior management, interdepartmental dynamics and organizationwide systems. The main theme of their framework is that management commitment and attitude towards risks, employee involvement as well as their motivation based on market performance, and coordination among functional workers are fundamental for any organization in its becoming market oriented *{see also* Jaworski and Kohli, 1990; Harris, 2000; Pulendran *et al.,* 2000; Hinson *et al,* 2008). Qther studies have shown that market orientation significantly accounts for the variance in the innovation rate (Attuahene-Gima, 1996), retum on investment (Slater and Narver, 1994), growth in market share (Appiah-Adu and Ranchhod, 1998), customer satisfaction, service quality, and employee satisfaction (Agarwal *et ai,* 2003) of firms in different sectors and markets.

2.5.2: Marketing, Market Orientation and Small Businesses

There is a general recognition that the basic principles of marketing are equally valuable and applicable to both large and small businesses (Blankson and Cheng, 2005); however, small businesses cannot do conventional marketing as large ones do (Verhees and Meulenberg, 2004; Blankson and Stokes, 2002; Gilmore *et al,* 2001; Carson, 1990), as they are infiuenced significantly by both the extemal and the intemal environment (Avlonitis and Gounaris, 1999). With regards to market orientation, though, researchers have found a match between business performance and the former to date (Blankson and Cheng, 2005); there are questions regarding the application of market orientation constructs developed and tested principally on studies of large organizations to small businesses (Gilmore *et al.,* 2001 ; Blankson and Stokes, 2002 Keskin, 2006). Problems such as unclear view of the customer, commitment with the status quo, ignorance of market orientation, lack of competitive differentiation, limited resources, perceived inappropriateness and short-term focus inhibit the ability of small businesses in employing on a market orientation (Harris, 1998). Gilmore *et al.* (2001) stated that due to the characteristics and limitations of the owner-manager, resources, market impact and organizational structure, marketing in small businesses is likely to be haphazard, informal, loose, unstructured, spontaneous and more reactive than proactive. Also in support, McCartan-Quin and Carson (2003) state that high failure rates of small firms are largely attributed to weaknesses in financial management and marketing. Additionally, small businesses face peculiar problems including: deficiencies arising from their limited resources and range of technological competencies; infiuence of their owners/managers on the decision-making; dependence on small numbers of customers and suppliers; and focus on the efficiency of current operations, among others (Badger *et al,* 2001; Mensah, 2004). Their marketing activities tend to be pragmatic, practical and adopted to suit their unique situation (Carson and Gilmore, 2000) informal and unplanned relying on the intuition and energy of the owner/ manager (Stokes and Blackbum, 1999). Consequently, complex marketing theories, formal marketing approach and normative models of marketing practice may not be appropriate and applicable for them (McCartan-Quinn and Carson 2003; Carson and Gilmore 2000). In a recent study, Blankson *et al.* (2006) examined the marketing practices of small businesses in Michigan, USA. Data, collected in the form of protocols and means-end maps for individual owner-managers, were analyzed by inductive reasoning. The study confirmed the appropriateness of the market orientation framework for the small business sector. Findings included a distinctive "marketing style" (strong emphasis on customer care and employee welfare; motivation; and market intelligence) related to size of the firms surveyed, the personality of the owner-manager, the available resources and the nature of the operating environment. Blankson *et al.* (2006) contended that despite absence of a formal approach to market research and marketing planning, this "style" was found to have a positive effect on margins and market share of the small businesses. An earlier study by Blankson and Cheng (2005) demonstrated quantitatively that market orientation is deemed appropriate for small businesses. They concluded that:... *the size of the business, i.e. small or large firm, does not moderate the importance attached to, and the application of the marketing concept (i.e. market orientation), a finding that is contrary to the contention held by Harris (1998) and Stokes (2002).*

However, these findings relate to small businesses operating in the far advanced western economies. Therefore, in view of the fact that there is wide difference between the size of businesses in the advance western countries versus developing countries like Nigeria, it will be misleading to import these findings to small business in developing countries. For instance, within the Nigeria context,

2.5.3: Market Orientation and Long-Term Performance

The literature suggests that market orientation's primary objective is to deliver superior customer value, which is based on knowledge derived from customer and competitor analyses and the process by which this knowledge is gained and disseminated throughout the organization (e.g., Felton 1959; Narver and Slater 1990). A superior understanding of customer needs, competitive actions (i.e., industry structure and positional advantages), and market trends enables a market-oriented firm to identify and develop capabilities that are necessary for long-term performance (Day 1994). Investments in capabilities, such as active information acquisition through multiple channels (e.g., sales force, channel partners, suppliers), incorporation of the customer's voice into every aspect of the firm's activities, and rapid sharing and dissemination of knowledge of the firm's customers and competition, take time to provide returns. For example, investments in improving customer satisfaction affect firm performance through improved customer retention and profitability. However, these benefits from improving customer satisfaction are more likely to be observed in the long run than in the short run. Market orientation is a capability and the principal cultural foundation of learning organizations (Deshpandé and Farley 1998; Slater and Narver 1995). Through constant acquisition of information regarding customers and competition and the sharing of this information within an organization, market-oriented firms are well positioned to develop an organizational memory, a key ingredient for developing a learning organization. Furthermore, a market orientation encourages a culture of experimentation and a focus on continuously improving the firm's process and systems. This implies that developing and improving on a firm's market orientation may make a firm's capabilities become more distinctive (relative to the competition) over the long run, resulting in SCA. There are also reasons to believe that market orientation may not provide an SCA. First, a market orientation may lead a firm to narrowly focus its efforts on current customers and their stated needs (i.e., adaptive learning versus generative learning; Hamel and Prahlad 1994; Slater and Narver 1995). Such a narrow focus could lead to market oriented firms not anticipating threats from nontraditional sources, thus restricting a market orientation's capability to provide an SCA. Second, and most important, a market orientation can provide long-term performance benefits if it is not imitable by the competition. Capabilities and processes are not imitable if they provide firms with tacit knowledge that enables them to understand customers' latent needs (Day 1994). However, such a tacit knowledge base is developed only if firms adopt a broader and more proactive approach to market orientation (Slater and Narver 1998). Finally, it is widely accepted that a firm's only sustainable advantage is its ability to learn and anticipate market trends faster than the competition (De Geus 1988). Again, the majority of the published empirical support for the benefits of market orientation is based on cross-sectional databases. Therefore, our knowledge is limited to market

2.5.4: Market Orientation and Sustainable Competitive Advantage

Gauzente (2001) suggests that there are three aspects of time that affect market orientation and its impact on performance: (1) lagged, (2) threshold, and (3) cumulative effects. Therefore, empirical studies examining market orientation's influence on business performance over time would provide a more complete view of the benefits associated with developing and improving a market orientation. The few longitudinal studies that exist show no long-term relationship between market orientation and return on investment, which indicates that a market orientation may be too costly and that the returns are not large enough to justify the cost of implementation (Narver, Jacobson, and Slater 1999). In summary, the ability of market orientation to provide an SCA is still unresolved, because the evolutionary nature of a market orientation–performance relationship has not been satisfactorily addressed. In this study, we treat a market orientation–performance relationship more realistically and more fully as an unfolding process rather than a discrete event. Our longitudinal study design enables us to provide further insights into the dynamic nature of market orientation's effect on business performance.

2.6: Effect of Competition

Prior theoretical and empirical research has investigated the effect of market orientation of a firm independent of the orientation of the competitors in the industry. Thus, a fundamental question regarding market orientation still remains unanswered: Does a market orientation still provide a competitive advantage if the firm's competitors are also market oriented? In other words, as more firms in an industry become market oriented, does a firm's market orientation transform from being a success provider to being a failure preventer? That is, do moderate or high levels of effort to maintain a market orientation only prevent failure and not necessarily improve performance (Varadarajan 1985)? Related to this, firms investing in developing a market orientation want to know the advantages obtained from being the first to adopt a market orientation in an industry. Early adopters of market orientation can obtain insights into customer needs before the competition. Responding to these customer insights through the development of product or service innovations can provide firms with improved business performance. However, rarely is a product or service safe from imitation by competition. Furthermore, competitors can develop their own system and culture of being market oriented and can potentially change the market structure as well. For example, pharmaceutical companies derive competitive advantages while their products are under exclusive patents, which provide them lead time in developing SCA while they recoup research-and-development costs. However, competitors often develop and patent "similar" formularies, which could lead to industry equilibrium. An example in the technology industry is the competition between IBM and Hewlett-Packard. Although IBM pioneered the concept of a single firm providing hardware, software, and services, which provided lead time in developing an SCA, Hewlett-Packard matched this concept eventually and surpassed IBM in becoming the largest information technology firm in the world.

Using a unique panel data set obtained from (1) repeated surveys of top managers regarding their market orientation and (2) objective measures of business performance, we provide empirical evidence for first-adopter advantages with regard to developing a market orientation. Our study offers new insights at a critical time in business history by more fully explicating market orientation's influence on business performance. We examine the business performance–market orientation relationship and investigate whether it has changed over the 1997–2005 period. This gives us a view of the short-term and long-term effects of having a market orientation. It also enables us to determine whether these effects have changed over the nine years under study. In this study, we refer to the effect of market orientation in a particular year on business performance in that year (i.e., the current or contemporaneous effect) as the short-term effect of market orientation. The long-term effect refers to the cumulated effect of market orientation from the prior years on business performance in a particular year and includes the current period's effect of market orientation. To be consistent with prior studies and avoid model misspecification, we also include environmental variables turbulence and competitive intensity) as moderators of the relationship between market orientation and business performance and we examine these effects over a longer period than prior studies. Including the environmental moderators enables us to evaluate whether market orientation is a source of SCA when rapid changes occur in market conditions. in the market. The pioneering market-oriented firm's competitive advantage is ultimately contingent on its other skills and resources (e.g., distribution capability, research and- development expertise), the competitors' strategy, and changes in the environment (Lieberman and Montgomery1990). Firms that are later adopters of market orientation can also learn from the pioneer's mistakes and therefore be more effective and efficient in (1) developing market-oriented capabilities in their organizations and (2) responding to customer needs. Market orientation is an ongoing effort, and firms can increase their level of market orientation in response to competition or later adopters of market orientation. However, there is little guidance in the literature on whether threshold effects to being market oriented exist. One view on market orientation is that firms may narrowly define existing customers as their served market, and in this case, a market orientation may be detrimental to the firm. It is also possible that, over time, as other firms adopt a market orientation, market orientation transforms from being a success provider to being a failure preventer (Varadarajan1985). In other words, there may be thresholds beyond which further focus on and improvements to market orientation do not provide corresponding returns in profit and sales. This diminishing effect may also arise when customers begin to expect a certain level of product value and service quality from market-oriented firms. This could lead to a reduced marginal effect of market orientation on business performance in the long run. Therefore, balancing the positional advantages of the first (early) adopters of market orientation and the capabilities and efficiencies that are possible for later adopters, we propose the following:

Day and Wensley (1988) purport that investigating the moderating influence of the industry environment on a market orientation–performance relationship is of paramount importance, and thus marketing researchers have pursued external environmental factors and acknowledged that they can moderate market orientation's effect on business performance (Gatignon and Xuereb 1997; Greenley 1995; Grewal and Tansuhaj 2001; Han, Kim, and Srivastava 1998; Jaworski and Kohli 1993; Slater and Narver 1994; Voss and Voss 2000). Similar to the main effects, previous research has investigated only the short-term moderating effects of environmental factors on a market orientation–business performance relationship. We extend prior literature by providing theoretical arguments for the effects of environmental conditions on a market orientation–

performance relationship over time. The moderators in our study follow the definitions that Jaworski and Kohli (1993) posit

2.7: Theoretical Framework

2.7.1: Resource-based view

The **resource-based view (RBV)** is a business management tool used to determine the strategic resources available to a company. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal Wernerfelt (1984); Rumelt (1984). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile Peteraf, (1993). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort Barney (1991. If these conditions hold, the firm's bundle of resources can assist the firm sustaining above average returns.

2.7.2: The key points of the theory are:

1. Identify the firm's potential key resources.
2. Evaluate whether these resources fulfill the following criteria (referred to as *VRIN*):

   A. **Valuable** – A resource must enable a firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weaknesses. Relevant in this perspective is that the transaction costs associated with the investment in the resource cannot be higher than the discounted future rents that flow out of the value-creating strategy Mahoney and Prahalad, (1992); Conner (1992).

B. **Rare** – To be of value, a resource must be rare by definition. In a perfectly competitive strategic factor market for a resource, the price of the resource will be a reflection of the expected discounted future above-average returns Barney (1986); Dierickx and Cool, (1989).

C. **In-imitable** – If a valuable resource is controlled by only one firm it could be a source of a competitive advantage. This advantage could be sustainable if competitors are not able to duplicate this strategic asset perfectly Peteraf (1993); Barney, (1986). The term isolating mechanism was introduced by Rumelt (1984, p567) to explain why firms might not be able to imitate a resource to the degree that they are able to compete with the firm having the valuable resource Peteraf, (1993); Mahoney and Pandian (1992). An important underlying factor of inimitability is causal ambiguity, which occurs if the source from which a firm's competitive advantage stems is unknown Peteraf, (1993); Lippman and Rumelt, (1982). If the resource in question is knowledge-based or socially complex, causal ambiguity is more likely to occur as these types of resources are more likely to be idiosyncratic to the firm in which it resides Peteraf, (1993); Mahoney and Pandian, (1992). Conner and Prahalad go so far as to say knowledge-based resources are "*...the essence of the resource-based perspective*" (1996)

D. **Non-substitutable** – Even if a resource is rare, potentially value-creating and imperfectly imitable, an equally important aspect is lack of substitutability, Dierickx and Cool, (1989). If competitors are able to counter the firm's value-creating strategy with a substitute, prices are driven down to the point that the price equals the discounted future rents Barney (1986); sheikh (1991), resulting in zero economic profits.

3. Care for and protect resources that possess these evaluations, because doing so can improve organizational performance (Crook, Ketchen, Combs, and Todd, 2008).

The VRIN characteristics mentioned are individually necessary, but not sufficient conditions for a sustained competitive advantage according to Dierickx and Cool, (1989); Priem and Butler, 2001). Within the framework of the resource-based view, the chain is as strong as its weakest link and therefore requires the resource to display each of the four characteristics to be a possible source of a sustainable competitive advantage.

2.7.3: What constitutes a "resource"?

Jay Barney referring to Daft (1983) says: "...firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc; controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Daft,1983)."

A subsequent distinction, made by Amit & Schoemaker (1993), is that the encompassing construct previously called "resources" can be divided into resources and capabilities. In this respect, resources are tradable and non-specific to the firm, while capabilities are firm-specific and are used to engage the resources within the firm, such as implicit processes to transfer knowledge within the firm (Makadok, 2001); Hoopes, Madsen and Walker (2003). This distinction has been widely adopted throughout the resource-based view literature (Conner and Prahalad (1996); Makadok, (2001); Barney, Wright and Ketchen, (2001).

2.7.4: What constitutes a "capability"?

Makadok (2001) emphasizes the distinction between capabilities and resources by defining capabilities as “a special type of resource, specifically an organizationally embedded non-transferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm”. “Resources are stocks of available factors that are owned or controlled by the organization, and capabilities are an organization’s capacity to deploy resources”. Essentially, it is the bundling of the resources that builds capabilities.

2.7.5: What constitutes "competitive advantage"?

A competitive advantage can be attained if the current strategy is value-creating, and not currently being implemented by present or possible future competitors . Although a competitive advantage has the ability to become sustained, this is not necessarily the case. A competing firm can enter the market with a resource that has the ability to invalidate the prior firm's competitive advantage, which results in reduced (read: normal) rents (Barney, 1986). Sustainability in the context of a sustainable competitive advantage is independent with regards to the time frame. Rather, a competitive advantage is sustainable when the efforts by competitors to render the competitive advantage redundant have ceased ([Rumelt, 1984,). When the imitative actions have come to an end without disrupting the firm’s competitive advantage, the firm’s strategy can be called sustainable. This is in contrast to views of others (e.g., Porter) that a competitive advantage is sustained when it provides above-average returns in the long run. (1985).

2.7.6: History of the resource-based view

Some aspects of theories are thought of long before they are formally adopted and brought together into the strict framework of an academic theory. The same could be said with regards to the resource-based view.

While this influential body of research within the field of Strategic Management was named by Birger Wernerfelt in his article A Resource-Based View of the Firm (1984), the origins of the resource-based view can be traced back to earlier research. Retrospectively, elements can be found in works by Coase (1937), Selznick (1957), Penrose (1959), Stigler (1961), Chandler (1962, 1977), and Williamson (1975), where emphasis is put on the importance of resources and its implications for firm performance (Conner, 1991, p122; Rumelt, 1984, p557; Mahoney and Pandian, 1992, p263; Rugman and Verbeke, 2002). This paradigm shift from the narrow neoclassical focus to a broader rationale, and the coming closer of different academic fields (industrial organization economics and organizational economics being most prominent) was a particular important contribution (Conner, 1991, p133; Mahoney and Pandian, 1992).

Two publications closely following Wernerfelt's initial article came from Barney (1986a, 1986b). Even though Wernerfelt was not referenced directly, the statements made by Barney about strategic factor markets and the role of expectations can clearly be seen within the resource-based framework as later developed by Barney (1991). Other concepts that were later integrated into the resource-based framework have been articulated by Lippman and Rumelt (uncertain imitability, 1982), Rumelt (isolating mechanisms, 1984) and Dierickx and Cool (inimitability and its causes, 1989). Barney's framework proved a solid foundation upon which others might build, and its theoretical underpinnings were strengthened by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001), who positioned the resource-based view with regards to various other research fields. More practical approaches were provided for by Amit and Shoemaker (1993), while later criticism came from among others from Priem and Butler (2001a, 2001b) and Hoopes, Madsen and Walker (2003).

The resource based view has been a common interest for management researchers and numerous writings could be found for same. A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes can not be imitated by competitors, which ultimately creates a competitive barrier (Mahoney and Pandian 1992 cited by Hooley and Greenley 2005, p. 96 , Smith and Rupp 2002, p. 48). RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific (Barney 1999 cited by Finney et al.2004, p. 1722, Makadok 2001, p. 94). These authors write about the fact that a firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, or copied, and simultaneously, they add value to a firm while being rare. It also highlights the fact that not all resources of a firm may contribute to a firm's sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets (Lopez 2005, p. 662, Helfat and Peteraf 2003, p. 1004) and RBV is focused on the factors that cause these differences to prevail (Grant 1991, Mahoney and Pandian 1992,cited by Lopez 2005).

Essentially similarity in these writings is that unique value-creating resources will engender a sustainable competitive advantage to the extent that no competitor has the capacity to use the same type of resources, either through acquisition or imitation. Major concern in RBV is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or built up in a similar manner by competitors. Further such writings provide us with the base to understand that the sustainability strength of competitive advantage depends on the ability of competitors to use identical or similar resources that make the same implications on a firm's performance. This ability of a firm to avoid imitation of their resources should be analyzed in depth to understand the sustainability strength of a competitive advantage.

2.8: Barriers to imitation of resources

Resources are the inputs or the factors available to a company which helps to perform its operations or carry out its activities (Black and Boal 1994, Grant 1995 cited by Ordaz et al.2003). Also, these authors state that resources, if considered as isolated factors do not result in productivity; hence, coordination of resources is important. The ways a firm can create a barrier to imitation are known as "isolating mechanisms", and are reflected in the aspects of corporate culture, managerial capabilities, information asymmetries and property rights (Hooley and Greenlay 2005, p. 96, Winter 2003). Further, they mentioned that except for legislative restrictions created through property rights, the other three aspects are direct or indirect results of managerial practices.

King (2007) mentions inter-firm causal ambiguity may results in sustainable competitive advantage for some firms. Causal ambiguity is the continuum that describes the degree to which decision makers understand the relationship between organizational inputs and outputs (Ghinggold and Johnson 1998,p. 134,Lippman and Rumelt 1982 cited by King 2007, p. 156, Matthyssens and Vandenbempt 1998, p. 46). Their argument is that inability of competitors to understand what causes the superior performance of another (inter-firm causal ambiguity), helps to reach a sustainable competitive advantage for the one who is presently performing at a superior level. Holley and Greenley (2005, p. 96) state that social context of certain resource conditions act as an element to create isolating mechanisms and quote Wernerfelt (1986) that tactness (accumulated skill-based resources acquired through learning by doing) complexity (large number of inter-related resources being used) and specificity (dedication of certain resources to specific activities) and ultimately, these three characteristics will result in a competitive barrier.

Referring back to the definitions stated previously regarding the competitive advantage that mentions superior performance is correlated to resources of the firm (Christensen and Fahey 1984, Kay 1994, Porter 1980 cited by Chacarbaghi and Lynch 1999) and consolidating writings of King (2007) stated above, we may derive the fact that inter-firm causal ambiguity regarding resources will generate a competitive advantage at a sustainable level. Further, it explains that the depth of understanding of competitors—regarding which resources underlie the superior performance will determine the sustainability strength of a competitive advantage. Should a firm be unable to overcome the inter-firm causal ambiguity, this does not necessarily result in imitating resources. As to Johnson (2006) and Mahoney (2001), even after recognizing competitors' valuable resources, a firm may not imitate due to the social context of these resources or availability of more pursuing alternatives. Certain resources, like company reputation, are path-dependent and are accumulated over time, and a competitor may not be able to perfectly imitate such resources (Zander and Zander 2005, Santala and Parvinen 2007).

They argue on the basis that certain resources, even if imitated, may not bring the same impact, since the maximum impact of the same is achieved over longer periods of time. Hence, such imitation will not be successful. In consideration of the reputation of fact as a resource and whether a late entrant may exploit any opportunity for a competitive advantage, Kim and Park (2006) mention three reasons why new entrants may be outperformed by earlier entrants. First, early entrants have a technological know-how which helps them to perform at a superior level. Secondly, early entrants have developed capabilities with time that enhance their strength to out-perform late entrants. Thirdly, switching costs incurred to customers, if they decide to migrate, will help early entrants to dominate the market, evading the late entrants' opportunity to capture market share. Customer awareness and loyalty is another rational benefit early entrants enjoy (Lieberman and Montgomery 1988, Porter 1985, Hill 1997, Yoffie 1990 cited by Ma 2004, Agarwal et al. 2003).

However, first mover advantage is active in evolutionary technological transitions, which are technological innovations based on previous developments (Kim and Park 2006, Cottam et al. 2001). The same authors further argue that revolutionary technological changes (changes that significantly disturb the existing technology) will eliminate the advantage of early entrants. Such writings elaborate that though early entrants enjoy certain resources by virtue of the forgone time periods in the markets, rapidly changing technological environments may make those resources obsolete and curtail the firm’s dominance. Late entrants may comply with the technological innovativeness and increased pressure of competition, seeking a competitive advantage by making the existing competencies and resources of early entrants invalid or outdated. In other words, innovative technological implications will significantly change the landscape of the industry and the market, making early movers' advantage minimal. However, in a market where technology does not play a dynamic role, early mover advantage may prevail.

Analyzing the above-developed framework for the Resource-Based View, it reflects a unique feature, namely, that sustainable competitive advantage is achieved in an environment where competition does not exist. According to the characteristics of the Resource-based view, rival firms may not perform at a level that could be identified as considerable competition for the incumbents of the market, since they do not possess the required resources to perform at a level that creates a threat and competition. Through barriers to imitation, incumbents ensure that rival firms do not reach a level at which they may perform in a similar manner to the former. In other words, the sustainability of the winning edge is determined by the strength of not letting other firms compete at the same level. The moment competition becomes active, competitive advantage becomes ineffective, since two or more firms begin to perform at a superior level, evading the possibility of single-firm dominance; hence, no firm will enjoy a competitive advantage. Ma (2003) agrees stating that, by definition, the sustainable competitive advantage discussed in the Resource based view is anti-competitive. Further such sustainable competitive advantage could exist in the world of no competitive imitation (Peteraf 1993 cited by Ma 2003, Ethiraj et al., 2005).

2.8.1: Developing resources for the future

Based on the empirical writings stated above, RBV provides the understanding that certain unique existing resources will result in superior performance and ultimately build a competitive advantage. Sustainability of such an advantage will be determined by the ability of competitors to imitate such resources. However, the existing resources of a firm may not be adequate to facilitate the future market requirement, due to volatility of the contemporary markets. There is a vital need to modify and develop resources in order to encounter the future market competition.

An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments; hence, an organization should be engaged in resource management and resource development (Chaharbaghi and Lynch 1999, p. 45, Song et al., 2002, p. 86). Their writings explain that in order to sustain the competitive advantage, it is crucial to develop resources that will strengthen the firm's ability to continue the superior performance. Any industry or market reflects high uncertainty and, in order to survive and stay ahead of competition, new resources become highly necessary. Morgan (2000 cited by Finney et al.) agrees, stating that the need to update resources is a major management task since all business environments reflect highly unpredictable market and environmental conditions. The existing winning edge needed to be developed since various market dynamics may make existing value-creating resources obsolete.

2.8.2: Complementary work

Building on the RBV, Hoopes, Madsen & Walker (2003) suggest a more expansive discussion of sustained differences among firms, and develop a broad theory of competitive heterogeneity. “The RBV seems to assume what it seeks to explain. This dilutes its explanatory power. For example, one might argue that the RBV defines, rather than hypothesizes, that sustained performance differences are the result of variation in resources and capabilities across firms. The difference is subtle, but it frustrates understanding the RBV’s possible contributions (Hoopes et al. 2003).

“The RBV’s lack of clarity regarding its core premise and its lack of any clear boundary impedes fruitful debate. Given the theory’s lack of specificity, one can invoke the definition-based or hypothesis-based logic any time. Again, we argue that resources are but one potential source of competitive heterogeneity. Competitive heterogeneity can obtain for reasons other than sticky resources (or capabilities)" (Hoopes et al. 2003:). *Competitive heterogeneity* refers to enduring and systematic performance differences among close competitors (Hoopes et al., 2003: 890).

2.8.3: Six Sigma Philosophy and Resource-Based Theory of Competitiveness: an Integrative Approach

Structure capital includes systems, concepts and procedures which represent support for human capital. It means that without structure capital, human capital, and capabilities that proceeds from human capital, cannot be completely and adequately used and developed. Furthermore, enterprise's ability to generate earnings from resources and capabilities depends a great deal on its effectiveness in managing the social context of these resources and capabilities.

Enterprise's capital structure According to Van Buren structure capital consists of process capital and innovative capital. The first category includes techniques, systems, instruments, and procedures for connecting and balancing everyday employees' activities. The second category is based on the enterprise's capability to create new products and processes or to radically improve the existing ones. In case of new products it is a new design or redesign that is necessary. On the other side, in case of improved products only incremental, cosmetic changes are made. The improvement of existing products and processes could be considered as a part of process, and not innovative capital. The first solution (when product and process improvement is considered as part of innovative capital) has intention to point out the significance of continual change of products and processes, as a consequence of changes in customers' demands and competitors' activities. Doing business in the new economy demands that process improvement become the most important part of process management. In that way it can be concluded that the heart of process capital represents process improvement and the heart of innovative capital process structuring/restructuring. If structure capital is combination of process and innovative capital and it requires process management and structuring/restructuring management, enterprise's managing can be facilitated by introducing Six Sigma concept. The key idea is that process effectiveness and efficiency are at the heart of performance. If business process is flawed, performance will be degraded and no amount of hard work will compensate it.

2.9: EMPERICAL FRAMEWORK

One common research finding is that strategic flexibility is a key in a dynamic business environment. The financial crisis, changing taste of consumers, the internet revolution, globalization, cultural diversification, merger and acquisition have changed the rules of doing business. The traditional business models have become obsolete and create the urge for a novel and innovative business model.

Another research finding is that resource-based view of strategic management deals with resources and capabilities of enterprises which enable them to generate profits and a sustainable competitive advantage.

Also, based on the assumptions of resource based view, RBV scholars hypothesize that (1) if a firm possesses and exploits resources and capabilities that are both valuable and rare, it will attain a competitive advantage, (2) if these Keywords: competitive advantage; performance; rareness; resource-based view (RBV); resource-capability combination; value resources and capabilities are also both inimitable and non-substitutable, the firm will sustain this advantage, and (3) the attainment of such advantages will enable the firm to improve its short-term and long-term performance

However, another finding reveals that resource-based theory does not stress the process view of the enterprises. The lack of process view can make it very difficult for someone to explain how competitive advantage can be sustainable over time. Even if the resource has previously mentioned characteristics, the enterprise's competitive advantage will disappear if it does not develop and change resources structure (basis) as a consequence of changing customer needs. Also, the resource-based theory does not stress explicitly one part of intellectual capital, which is very important ingredient for doing business in today's environment and it is structure capital.
Another finding reveal that the concept of rarity is obsolete because of the implications of the other concepts (e.g. valuable, inimitable and non substitutability) any resource that follows from the previous characteristics is inherently rare.

Again, the lack of an exact definition of sustainability makes its premise difficult to test empirically. Barney’s statement that the competitive advantage is sustained if current and future rivals have ceased their imitative efforts is versatile from the point of view of developing a theoretical framework, but is a disadvantage from a more practical point of view, as there is no explicit end-goal.

Finally, Changes that happen almost every day in the business environment put pressure on management to constantly change the way business is run. It is not enough only to lean on the physical resources to maintain competitive advantage. It is not enough only to lean on the physical and human capital to provide the leading place on the market or a competitive advantage. Managers must learn how to manage the other parts of capital (especially intellectual capital), because they provide conditions for strategy implementation only if they are complement, and strategy implementation is very often more important and more complex than strategy formulation.

CHAPTER THREE

RESEARCH METHODS

3.1: INTRODUCTION

This chapter seeks to describe the methodology framework used in attaining the stated objectives of the study, how the research hypotheses were empirically determined, the design adopted, the study population/sample frame and its characteristics and sources of data for this study. Survey method was adopted because of the use of questionnaire interviewing a large population. The research design selected for the project is survey design. The method employed in gathering data for this research is questionnaire. This is to facilitate the attainment of the objectives that have been set for this research. The sources of the data used for this study by the researcher are both primary and secondary data. Simple random sampling method was chosen and adopted for the selection of the respondents. A cross section of member of the furniture industry was used as sample frame for this study, which has been estimated to be 200 participants.

3.2: RESEARCH METHODOLOGY

This process involves arriving at an empirical solution to the problem of investigation .There are three basic methods that are used. These methods include the followings:

1. Survey method
2. Experimental approach
3. Expo-factor

Considering the population of this study, survey method that helps to make inference about the target population was adopted

3.3: RESEARCH DESIGN

The population of the research study was classified into two groups namely:

The first group which comprises of "roadside" furniture makers, while the second group comprises of the "exotic showroom" furniture owners in Lagos and Ogun States.

A total number of 200 respondents from the furniture industry were selected.

3.4: SAMPLE SIZE DETERMINATION

Asika (2004) defines sample size as number of elements that are included in the sample. There are five methods available in determining sample size in research. They are:

i % or 1/n of the total population, the larger the population, the smaller the percentage or fraction to be taken, and the higher the cost of obtaining them the information vice versa.

ii method based on project cost

iii The Yard's formula is a statistical formula concerned with the application of normal approximation with 95% level of confidence and 5% error tolerance

$$n = \frac{N}{1+a^2N}$$

Where **N** = Population

n = Sample Size

$\mathbf{a^2}$ = Level of Significance

The sample size was determined using the Yard's formula.

$N = 400$ $a^2 = 0.05$

$$n = \frac{400}{1+(0.05)^2 \times 400} = \frac{400}{2}$$

$n = 200$

3.5: SAMPLING TECHNIQUES

These are techniques which are used in selecting samples from given population. It is not easily possible or practicable to make use of the whole population in some studies. In the course of this study, six methods of probability sampling generally recognized in the literature were examined. According to (Effiong, 2008), among simple random sampling, stratified sampling, systematic sampling, multi-stage sampling, cluster sampling and quota sampling: simple random sampling method was chosen and adopted for the selection of the 200 respondents.

3.6: SAMPLE FRAME

Sample frame, on the other hand, is made up of complete list of all the unit in the population under study, and it determine the structure of enquiries (Frere, 2004). The sample frame of this study is made up of the total number of the members of the furniture industry in the southwest Nigeria. Specifically a cross section of member of the furniture industry was used as ample frame for the study, which was estimated to be 200 participants.

3.7: RESEARCH INSTRUMENTS

The use of questionnaire was chosen because of the nature of this study. A well structured questionnaire was drawn and used to gather information from the members of the furniture industry. The questionnaire was divided into two sections. Part 1 and 2.Part 1 dealt with the respondent personal data: age, gender and qualification .Part 2 is the body of the questionnaire includes all questions relevant to this research.

5-point summated rating scale popularly called Likert scale was used with calibration of Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Agree (SA). Values 5,4,3,2 and 1 respectively were assigned in a descending order to each calibration in measuring the responses. Likert scale was used so as to enable us compare easily among individual respondents on one hand, and responses between groups on the other hand.

3.8: ADMINISTRATION OF THE RESEARCH INSTRUMENT/DATA COLLECTION TECHNIQUES:

i The 200 hundred copies of the questionnaires were administered among 400 registered members of the industry. Personal contact method was used for the distribution and retrieval of the questionnaire.

3.9: VALIDITY OF RESEARCH INSTRUMENT

Validity is defined by Anderson (2004) as a judgment about whether the data really provide evidence on what it is supposed to be about.

For the purpose of this study, content validity is employed. This emphasizes the average coverage by the instruments of the scope implied by the topic of the study. In other words the research ensures that all the questions in the questionnaires fully exhaust all that is implied by the research question and hypothesis.

The analysis of the data generated from the completed copies of the research instrument utilized the SPSS computer package software.

3.10: RELIABILITY OF RESEARCH INSTRUMENT

On the other hand, reliability, According to (Owojori, 2002) is defined as the degree to which a test consistently measures whatever is measured. the more reliable a test is, the more confident we shall have the scores obtained from the administration of the test are essentially the same scores that would be obtained it the test were re-administered.in establishing the reliability the followings are implemented. The questionnaire's items were placed on a Likert scale: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD)

An instrument is reliable if it provides the same result when administered repeatedly when under similar conditions. Therefore, data on the research instrument were subject to Cronbach's Alpha coefficient was calculated for the research instrument, and the coefficient served as additional evidence of convergent validility.The research instrument used in this study has been tested for reliability using cronbach's method to test and the result is shown below.

Reliability test

Cronbach's Alpha	N of Items
.930	23

3.11: SOURCE OF DATA, PROCEDURE FOR DATA COLLECTION

The two sources of the data used for this study by the researcher are

i. Secondary Data as listed below:

- Newspapers
- Internet
- Journals
- Textbooks

ii. Primary source of data as listed below:

- All the selected members of the furniture industry. See appendix (III) for the list of firms

3.12 METHOD OF DATA PRESENTATION AND ANALYSIS

The data collected from these firms were classified into specific observed trends, and relationship were identified and subjected to interpretation.

Descriptive and statistical analysis were used in analyzing the data collected with the aid of Statistical Package for Social Sciences (SPSS).Descriptive analysis enable us to calculate the frequency distribution of the variable and their respective percentages. Statistical analyses, on the other hand, enable us to calculate the analysis of the variance.

Pearson correlation was used to explore the strength of relationship between two continuous variables which also gives indication of both the direction (positive or negative) as objective of the research is to know the strength of relationship between variables.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULT

4.1: INTRODUCTION

This study investigated strategic flexibility as a means to achieve optimum market performance in the furniture industry.

This chapter basically analyzes and interprets the data obtained through the use of questionnaire, cross tabulation and frequencies. The analysis and hypothesis testing were done using difference of means Pearson and correlation through the use of a statistical package for social sciences (SPSS) after which result was clearly interpreted. In carrying out this research, two hundred (200) copies were administered to members of the furniture industry.

4.2: PROFILE OF RESPONDENTS

The population of the study was drawn from the members of the furniture industry. A sample size of two hundred was calculated to fill the questionnaires out of which 191 were returned

TABLE 4.1 ANALYSIS OF RESPONSE RATE

QUESTIONNAIRES	NO. OF RESPONDENTS	PERCENTAGE
RETURNED	191	95.5
UNRETURED	9	4.5
TOTAL	200	100

SOUREC: FIELD SURVEY 2012

According table 4.1 above, 191(95.5%) respondents returned the questionnaire given them, while 9(4.5%) did not return theirs.

4.3: Data Analysis and Result

Section A

Respondents' personal information

Respondents were requested to indicate their sex as this will show the gender that morally contributed to the study

Table 4.2 SEX DISTRIBUTION

SEX

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	184	96.3	96.3	96.3
	FEMALE	7	3.7	3.7	100.0
	Total	191	100.0	100.0	

Source: Field Survey 2012

The table above 4.2 above, shows that 184 (96.3%) of the respondents were male while the remaining 7(3.7%) of the respondents were female. This is further depicted in the chat beneath:

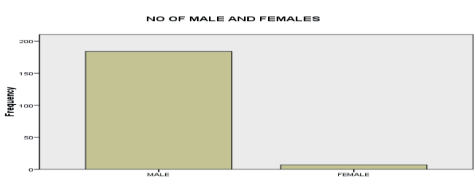


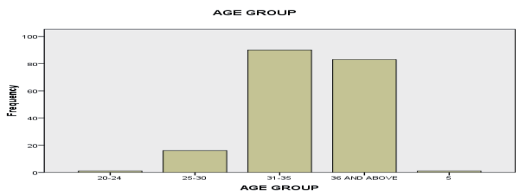
Table 4.3 Age Distribution

AGE GROUP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-24	1	.5	.5	.5
	25-30	16	8.4	8.4	8.9
	31-35	90	47.1	47.1	56.0
	36 AND ABOVE	83	43.5	43.5	99.5
	5	1	.5	.5	100.0
	Total	191	100.0	100.0	

Source: Field Survey 2012

The table 4.3 above, revealed that the respondents who filled the questionnaires in the age group of 20-24 was 1 (.5%), respondents in the age group of 25-30 were 16(8.4%), 31-35 accounted for 90(47.1%) of respondents and 36 and above, 83(43.5%).This is further shown in the chat below:



Educational Background

The maximum academic qualification of the respondents was asked to enable know whether their understanding, perception and evaluation of the subject matter is affected by their educational background.

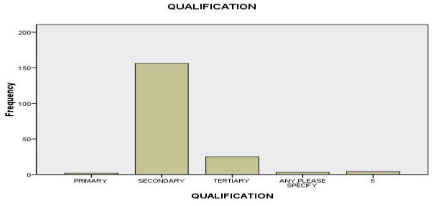
Table 4.4 Educational Backgrounds

QUALIFICATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PRIMARY	2	1.0	1.1	1.1
	SECONDARY/SSCE	156	81.7	82.1	83.2
	TERTIARY	25	13.1	13.2	96.3
	ANY,PLEASE SPECIFY	3	1.6	1.6	97.9
	5	4	2.1	2.1	100.0
	Total	190	99.5	100.0	
Missing	System	1	.5		
Total		191	100.0		

Source: Field Survey 2012

It is obvious from the above table 4.4, that most of respondents have a maximum qualification SSCE 156 (81.7), Primary school 2 (1.1%) and the remaining is made up of respondents with tertiary 25 (13.1%) and any, please specify (1.6%).



TEST OF QUESTIONNAIRE QUESTIONS

T ABLE 4.5 The firm has enough product and market resources to respond to market forces

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	3.1	3.1	3.1
	D	118	61.8	61.8	64.9
	U	39	20.4	20.4	85.3
	A	14	7.3	7.3	92.7
	SA	14	7.3	7.3	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table above analyses respondents' opinion on whether the firms has enough product and market resources to respond to market forces. The result indicates that's 6(3.2%) strongly disagree, the majority of the respondents disagree 118(61.8%), while 14(7.3%) of the respondents agree, 14(7.3%) strongly agree. This implies that the respondents are ill prepared to respond to market forces.

Table 4.6 Our profit was higher than last's year profit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	22	11.5	11.5	11.5
	D	107	56.0	56.0	67.5
	U	36	18.8	18.8	86.4
	A	21	11.0	11.0	97.4
	SA	5	2.6	2.6	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.6 above analyses respondents' opinion on whether the firms makes projection for future profit. The result indicates that's 22(11.5%) strongly disagree, the majority of the respondents disagree 107(56.0%), 36(18.8) undecided, while 21(7.3%) of the respondents agree, 5(2.2%) strongly agree. This implies that majority of respondents do not make projections for future profit .

Table 4.7 The firm has resources to respond to negative customers satisfaction information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	27	14.1	14.1	14.1
	D	105	55.0	55.0	69.1
	U	38	19.9	19.9	89.0
	A	16	8.4	8.4	97.4
	SA	5	2.6	2.6	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.7 above analyses respondents' opinion on whether the firms has resources to responds to negative customers' satisfaction information. The result indicates that's 22(11.5%) strongly disagree, the majority of the respondents disagree 105(55.0%), 38(19.9) are undecided, while 16(8.4%) of the respondents agree, 5(2.6%) strongly agree. This implies that majority of respondents lack proactive ability to respond to negative customers' satisfaction information.

Table 4.8 The firm makes effort to build resource in relation to product/market option

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	20	10.5	10.5	10.5
	D	109	57.1	57.1	67.5
	U	30	15.7	15.7	83.2
	A	16	8.4	8.4	91.6
	SA	16	8.4	8.4	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.8 above analyses respondents' opinion on whether the firms makes effort to build resources in relation to product/market option. The result indicates that's 20(10.5%) strongly disagree, the majority of the respondents disagree 109(57.1%), 30(15.7) are undecided, while 16(8.4%) of the respondents agree, 16(8.4%) strongly agree. This implies that majority of respondents do not make effort to build resources in relation to product/market option.

Table 4.9 Organization makes effort to build capabilities to respond to desperate situation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	25	13.1	13.1	13.1
	D	88	46.1	46.1	59.2
	U	47	24.6	24.6	83.8
	A	21	11.0	11.0	94.8
	SA	10	5.2	5.2	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.9 above analyses respondents' opinion on whether the Organization makes effort to build capabilities to respond to desperate situation. The result indicates that's 25(13.1%) strongly disagree, the majority of the respondents disagree 88(46.1%), 36(18.8) undecided, while

21(11.0%) of the respondents agree, 10(5.2%) strongly agree. This implies that the respondents do not build capability to respond to desperate situation.

Table 4.10 We focus on option generation and identification(e.g. selection of new product project)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	19	9.9	9.9	9.9
	D	95	49.7	49.7	59.7
	U	51	26.7	26.7	86.4
	A	19	9.9	9.9	96.3
	SA	7	3.7	3.7	100.0
	Total	191	100.0	100.0	

The table 4.10 above analyses respondents' opinion on whether the Organization focus on option generation and identification (e.g. selection of new product project). The result indicates that's 19(9.9%) strongly disagree, the majority of the respondents disagree 95(49.7%), 51(26.7) are undecided, while 19(9.9%) of the respondents agree, 7(3.7%) strongly agree. This implies that the respondents do not focus on option generation and identification (e.g. selection of new product project).

Table 4.11 Company's profit is enhanced by review of effect of changes in our business environment (e.g. technology and consumer taste)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	23	12.0	12.0	12.0
	D	103	53.9	53.9	66.0
	U	33	17.3	17.3	83.2
	A	25	13.1	13.1	96.3
	SA	7	3.7	3.7	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.11above analyses respondents' opinion on whether the Company's profit is enhanced by review of effect of changes in our business environment (e.g. technology and consumer taste. The result indicates that's 23(12.0%) strongly disagree, the majority of the respondents disagree 103 (53.9%), 33(17.3) are undecided, while 25(13.1%) of the respondents agree, 7(3.7%) strongly agree. This implies that the respondents do not know that company's profit is enhanced by review of effect of changes in our business environment (e.g. technology and consumer taste focus on option generation and identification (e.g. selection of new product project).

Table 4.12 The top management discuss competitor's strength and weaknesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	19	9.9	9.9	9.9
	D	106	55.5	55.5	65.4
	U	31	16.2	16.2	81.7
	A	22	11.5	11.5	93.2
	SA	13	6.8	6.8	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

Table 4.12 above, shows respondents' opinion on whether the top management discuss competitor's strength and weaknesses. The result indicates that's 23(12.0%) strongly disagree, the majority of the respondents disagree 103 (53.9%), 33(17.3) are undecided, while 25(13.1%) of the respondents agree, 7(3.7%) strongly agree. This implies that majority of top management of the furniture industry do not discuss competitor's strength and weaknesses.

4.13 We like to make changes to increase returns on capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	18	9.4	9.4	9.4
	D	105	55.0	55.0	64.4
	U	41	21.5	21.5	85.9
	A	24	12.6	12.6	98.4
	SA	3	1.6	1.6	100.0
	Total	191	100.0	100.0	

The table 4.13 above shows respondents' opinion on whether the firms studied makes changes to increase returns on capital. The result indicates that's 18(9.4%) strongly disagree, the majority of the respondents disagree 105 (55.0%), 41(21.5) are undecided, while 24(12.6%) of the respondents agree, 7(3.7%) strongly agree. This implies that majority firms studied do make changes to increase returns on capital

Table 4.14 We make regular competitive move

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	21	11.0	11.0	11.0
	D	100	52.4	52.4	63.4
	U	46	24.1	24.1	87.4
	A	16	8.4	8.4	95.8
	SA	8	4.2	4.2	100.0
	Total	191	100.0	100.0	

The table 4.14 above analyses respondents' opinion on whether the firm makes regular competitive move. The result indicates that's 21(11.0%) strongly disagree, the majority of the respondents disagree 100 (52.4%), 46(24.1) are undecided, while 16(8.4%) of the respondents agree, 8(4.2%) strongly agree. This implies that majority of the respondent do not make regular competitive move.

Table 4.15 The business values effective use of resources to deal with environmental factors (i.e. political, economic and financial)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	23	12.0	12.0	12.0
	D	103	53.9	53.9	66.0
	U	36	18.8	18.8	84.8
	A	27	14.1	14.1	99.0
	SA	2	1.0	1.0	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.15 above analyses respondents' opinion on whether the firms values effective use of resources to deal with environmental factors (i.e. political, economic and financial). The result indicates that's 23(12.0%) strongly disagree, the majority of the respondents disagree 103(55.9%), 36(18.8) are undecided, while 27(14.1%) of the respondents agree, 2(1.1%) strongly agree. This implies that majority of respondents do not values effective use of resources to deal with environmental factors (i.e. political, economic and financial).

Table 4.16 The firm evaluates the use of resources to increase returns on capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	4	2.1	2.1	2.1
	D	18	9.4	9.4	11.5
	U	7	3.7	3.7	15.2
	A	19	9.9	9.9	25.1
	SA	143	74.9	74.9	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.16 above analyses respondents' opinion on whether the firms firm evaluates the use of resources to increase returns on capital. The result indicates that's 4(2.1%) strongly disagree, t 18(9.4%) disagree, 7(3.7) are undecided, while 19(9.9%) of the respondents agree, 143(74.9%) strongly agree. This implies that majority of respondents evaluates the use of resources to increase returns on capital.

4.17 There is strong competition in our industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	3	1.6	1.6	12.6
	D	26	13.6	13.6	57.6
	U	25	13.1	13.1	81.2
	A	62	32.5	32.5	91.6
	SA	75	39.3	39.3	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.17 above analyses respondents' opinion on whether there is strong competition in our industry. The result indicates that's 3(1.6%) strongly disagree, the majority of the respondents disagree 26(13.6%), 25(13.1) are undecided, while 62(10.5%) of the respondents agree, 16(8.4%) strongly agree. This implies that majority of respondents agree there is strong competition in our industry.

Table 4.18 There is advertising war in our industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	3	1.6	1.6	1.6
	D	26	13.6	13.6	15.2
	U	25	13.1	13.1	28.3
	A	62	32.5	32.5	60.7
	SA	75	39.3	39.3	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.18 above analyses respondents' opinion on whether there is advertising war in our industry. The result indicates that's 3(1.6%) strongly disagree, the majority of the respondents disagree 26(13.6%), 25(13.1) are undecided, while 62(10.5%) of the respondents agree, 16(8.4%) strongly agree. This implies that majority of respondents agree there is strong competition in our industry.

Table 4.19 There is high price competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	3.1	3.1	3.1
	D	73	38.2	38.2	41.4
	U	49	25.7	25.7	67.0
	A	30	15.7	15.7	82.7
	SA	33	17.3	17.3	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.19 above analyses respondents' opinion on whether there is high price competition. The result indicates that's 6(3.1%) strongly disagree, the majority of the respondents disagree 73(38.3%), 49(25.7) are undecided, while 33(17.3%) of the respondents agree, 44(17.3%) strongly agree. This implies that majority of respondents agree there is strong competition in our industry.

Table 4.20 We respond to changes in technology i.e. product design, production methods, process and product Delivery.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	3.1	3.1	3.1
	D	73	38.2	38.2	41.4
	U	49	25.7	25.7	67.0
	A	30	15.7	15.7	82.7
	SA	33	17.3	17.3	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.20 above analyses respondents' opinion on whether there is high price competition. The result indicates that's 6(3.1%) strongly disagree, the majority of the respondents disagree 73(38.3%), 49(25.7) are undecided, while 33(17.3%) of the respondents agree, 44(17.3%) strongly agree. This implies that majority of respondents agree there is strong competition in our industry.

Table 4.21 We take advantage of opportunities created by new technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	11	5.8	5.8	5.8
	D	89	46.6	46.6	52.4
	U	46	24.1	24.1	76.4
	A	30	15.7	15.7	92.1
	SA	15	7.9	7.9	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.21 above analyses respondents' opinion on whether the firm take advantage of opportunities created by new technology. The result indicates that's 11(5.8%) strongly disagree, the majority of the respondents disagree 89(46.6%), 46(24.1%) are undecided, while 30(15.7%) of the respondents agree, 15(7.9%)

Table 4.22 We are always willing to do business in line with the demands of new technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	12	6.3	6.3	6.3
	D	97	50.8	50.8	57.1
	U	41	21.5	21.5	78.5
	A	27	14.1	14.1	92.7
	SA	14	7.3	7.3	100.0
	Total	191	100.0	100.0	

Source: Researcher's Field Survey (2012)

The table 4.22 above analyses respondents' opinion on whether the firm take advantage of opportunities created by new technology. The result indicates that's 12(6.3%) strongly disagree, the majority of the respondents disagree 97(50.8%), 41(21.5%) are undecided, while 27(14.1%) of the respondents agree, 15(7.9%)

Table 4.23 We use new technology to create new product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	30	15.7	15.9	15.9
	D	96	50.3	50.8	66.7
	U	32	16.8	16.9	83.6
	A	26	13.6	13.8	97.4
	SA	5	2.6	2.6	100.0
	Total	189	99.0	100.0	
Missing	System	2	1.0		
Total		191	100.0		

Source: Researcher's Field Survey (2012)

The table 4.23 above analyses respondents' opinion on whether the firm take advantage of opportunities created by new technology. The result indicates that's 30(15.7%) strongly disagree, the majority of the respondents disagree 96(50.3%), 32(16.8%) are undecided, while 26(13.8%) of the respondents agree, 5(2.6%).

4.4 Testing of Hypothesis and Discussion of Result

Research Hypothesis **1**

H_0: There is no relationship between a firm's knowledge of resource portfolio and profit

H_1: There is a relationship between a firm's knowledge of resource portfolio and profit

Correlation Between Firm's Knowledge of Resource Portfolio Flexibility And firm's Profit In The Furniture Industry

		Fk	FP
FK	Pearson Correlation	1	.868**
	Sig. (2-tailed)		.000
	N	191	191
FP	Pearson Correlation	.868**	1
	Sig. (2-tailed)	.000	
	N	191	191

****. Correlation is significant at the 0.01 level (2-tailed).**

Source: Field Survey 2012

The analysis on knowledge of resource portfolio and firm profit shows that there is a large positive correlation between knowledge of resource portfolio and firm profit ($r = .868$; $N = 191$), suggesting that there is a significant relationship between firm's knowledge of resource portfolio and firm profit is accepted**.**

Decision Rules:

According to Cohen (1988), the following is the rule for interpreting results from correlation;

When r = .10 to .29 or when r = - .10 to - .29 (Small Relationship)
When r = .30 to .49 or when r = - .30 to - .49 (Medium Relationship)
When r = .50 to .1.0 or when r = - .50 to - .1.0 (Large Relationship)

Therefore, based on the above analysis and decision rules, the null hypothesis which states that there is no relationship between a firm's knowledge of resource portfolio and firm profit is not accepted and the alternative hypothesis that there is a relationship between a firm's knowledge of resource portfolio and firm profit is accepted**.**

Correlation between Resource Deployment and Market Share

		RD	MS
RD	Pearson Correlation	1	.865**
	Sig. (2-tailed)		.000
	N	191	191
MS	Pearson Correlation	.865**	1
	Sig. (2-tailed)	.000	
	N	191	191

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey 2012

Research Hypothesis 2

H_0: There is no relationship between relationship between resource deployment and market share

H_1: There is relationship between relationship between resource deployment and market share

The analysis on resource deployment and market share shows that there is a large positive correlation between resource deployment and market share (r =.8685; N = 191), suggesting that there is a significant relationship between resource deployment and market share.

Therefore, based on the above analysis and decision rules, the null hypothesis which states that there is no relationship between resource deployment and market share is not accepted and the alternative hypothesis that there is a relationship between resource deployment and market share

Research Hypothesis 3

H_0: Demand uncertainty does not have an impact on the relationship between strategic flexibility and market performance.

H_i: The greater the demand uncertainty, the stronger will be the positive relationship between strategic flexibility and market performance

Correlation of The Impact of Demand Uncertainty on Strategic Flexibility and Market Performance.

		DU	MP
DU	Pearson Correlation	1	.755**
	Sig. (2-tailed)		.000
	N	191	191
MP	Pearson Correlation	.755**	1
	Sig. (2-tailed)	.000	
	N	191	191

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey 2012

The analysis on demand uncertainty and market performance shows that the greater the demand uncertainty, the stronger will be the positive relationship between market-oriented strategic flexibility and market performance (r = .755; N = 191), suggesting that there is a significant relationship between market-focused strategic flexibility and market performance**.**

Therefore, based on the above analysis and decision rules, the null hypothesis which states that Demand uncertainty does not have an impact on the relationship between strategic flexibility and market performance is not accepted and the alternative hypothesis that The greater the demand uncertainty, the stronger will be the positive relationship between market-oriented strategic flexibility and market performance is accepted**.**

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1: Introductions

The main aim of this study is to investigate the impact of strategic flexibility on the market performance in the furniture industry. This chapter however, discusses both the theoretical and empirical findings of this study. The results of this study presented were discussed. The hypothesis stated for the study guided the arrangement and discussions. This is followed by the conclusions that were drawn from the findings. Recommendations and suggestions for further study were included

5.2.1: Theoretical Findings

These are based on the respondents view on each of the components of the variable as follows:

i. It was recognized that firm must possess enough product/market resource capability of containing any change in the environment that could affect the organizational objectives and causes of actions. This is a function of:

• Organizational objectives of building resources in relation to their product/market option.

• The extent to which holding product-market options are valued in the firm.

ii. Firm must developed sense making skills that will anticipate developments in the market. This is a function of:-

• Focus on option generation and identification (for example selection of new product projects

• Organizational building of capabilities to respond to desperate situations

• Emphasis on managing macro-environmental risks (that is political, economic, and financial risks).

iii. It is recognized that firm must embraced deployment of the resource to arrest the effect of the environmental factors. This is a function of :-

• Extent of allocation of resources or options to enhance the speed and extent of maneuvering capabilities.

• The extent of preference for project that generate product-market options.

iv. Various theories were propounded to explain strategic flexibility namely: (RBV)

(Amit and Schoemaker, 1993), postulate that the resource-based view of the firm (RBV) assumes that resources, or ‘stocks of available factors that are owned or controlled by the firm’ and capabilities, or the ‘firm’s capacity to deploy *Resources* are both heterogeneously distributed among firms and imperfectly mobile. These assumptions allow not only for the existence of differences in firm resource endowments, but also for these differences to persist over time (Barney, 1991). Based on these assumptions, RBV scholars hypothesize that (1) if a firm possesses and exploits resources and capabilities that are both valuable and rare, it will attain a competitive advantage, (2) if these Keywords: competitive advantage; performance; rareness; resource-based view (RBV); resource-capability combination; value resources and capabilities are also both inimitable and non-substitutable, the firm will sustain this advantage, and (3) the attainment of such advantages will enable the firm to improve its short-term and long-term performance (Amit and Schoemaker, 1993; Barney, 1991, 1997; Eisenhardt and Martin, 2000; Henderson and Cockburn, 1994; Powell, 2001; Teece, Pisano, and Shuen, 1997).

v. Wheelen and Hunger (2002) define performance simply as “… the end result of activity.” At one level, it may be as simple and mundane as this definition, although at another level the notion of a general measure of performance is both intriguing yet continually disappointing (Bonoma & Clark 1988). Scholars have revealed that business performance measurement is currently receiving very active investigation from both practitioners and academics, to the extent that new reports and articles on the topic have been appearing at a rate of one every five hours of every working day since 1994, with a search of the World Wide Web revealing over 170,000 references (Neely 1998).

5.3: Empirical Findings

From the five statement hypothesis set, based on the objectives, only three were tested and the following decisions were reached.

5:3.1: Hypothesis one: The analysis on resource portfolio and firms profit shows that there is a large positive correlation between resource portfolio and firms profit (r =.8685; N = 191), suggesting that there is a significant relationship between resource deployment and market share. This finding corroborated with the view expressed in the background of study by (Aaker and Mascarenhas 1984.)

5:3.2 Hypothesis two: The analysis on resource deployment and market share shows that there is a large positive correlation between resource deployment and market share (r =.8685; N = 191), suggesting that there is a significant relationship between resource deployment and market share. This finding corroborated with the view expressed in the background of study by (Aaker 1984; Volberda 1996),

5:3.3: Hypothesis Three: The analysis on demand uncertainty and market performance shows that the greater the demand uncertainty, the stronger will be the positive relationship between market-oriented strategic flexibility and market performance ($r = .755$; $N = 191$).

The above result validated several studies which explain that as the demand uncertainty increases, so does a firm's need to be market-oriented (Grewal&Tansuhaj, 2001)

5.4: Conclusions from Findings

In view of this study we arrive at the following conclusions. The business owners who participated in this study seem not to have progressed considerably. Strategic flexibility has to become more formalized in this sub-sector because of the increased complex city of their competitive environments and other reasons as well.

In the increasingly fast paced, competitive world of business, firm must seek tools that can give them competitive edge in the market place. Strategic flexibility gives managers the opportunity to thoroughly examine their firm's internal and external environment in order to gain a clearer understanding of each and the competitive factors which influence success and failure. The process of market-oriented strategic flexibility is well within the grapes of business and as a competitive tool, though not a universal remedy: it should be incorporated into the routine of the firms.

5.5: Recommendations

I Most of our respondents have a maximum qualification of SSCE (81.7), and the remaining (14.7%) is made up of respondents with tertiary (13.1%) and any, please specify constitue (1.6%).

It is recommended that this category of respondents be encouraged through seminars and mass sensitization on the need to further their academic pursuit. Government should articulate realistic policy to ensure that that the industry is attractive enough to attract the attention of graduates.

II (15%) of our respondents agree that market-oriented strategic flexibility enhances market performance.

The trend seems to suggest that the practice Strategic flexibility has great potential for accelerated and rapid growth in Ogun and Lagos States. This trend is a positive development; given the fact market-oriented appears to be at nascent stage in Lagos and Ogun States.

It is however suggested that conscious effort be made through the provision of affordable and specifically designed programme to empower, facilitate and sustain this pace of development

III The study revealed that 98% of the players in the industry are men while women constitute 2%.

It is recommended that National Economic Reconstruction Fund (NERFUND) and Small and Medium Scale Agency of Nigeria articulate a viable policy that will instigate the interest of women to participate in this industry.

IV 8% of our respondents have knowledge that projected profit for this year is greater than last year.

It is recommended that this category of respondents be encouraged to acquire adequate information on how to make profit forecast through seminars and publication of management journals.

V Based on the hypothesis tested, market –oriented strategic flexibility enhances market performance. Our objective is to ascertain whether market-oriented strategic flexibility enhance market performance.

It is suggested that conscious effort be made by the Centre for Management Development with Lagos state government to encourage members of the furniture industry as a matter of necessity to incorporate market-oriented strategic flexibility into the routine of the firm.

5.6: Contributions to Knowledge

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

1 The analysis on resource portfolio and firms profit shows that there is a large positive correlation between resource portfolio and firms profit (r =.8685; N = 191), suggesting that there is a significant relationship between resource deployment and market share.

2. The analysis on resource deployment and market share shows that there is a large positive correlation between resource deployment and market share (r =.8685; N = 191), suggesting that there is a significant relationship between resource deployment and market share.

3. The analysis on demand uncertainty and market performance shows that the greater the demand uncertainty, the stronger will be the positive relationship between strategic flexibility and market performance (r = .755; N = 191),

5.7: Suggestions for Further Study

This research center wholly on the furniture industry. The impact of strategic flexibility on the market performance of the furniture industry in Lagos and Ogun States being the case study carried out.

Further research should be examined in gender and personality differences to determine whether they have any influence on engaging in strategic flexibility. Do female owners or owners of high level of education plan more? Are they more satisfied in their results? Have they profited from time to time an able to be more elaborate and perhaps successful in strategic flexibility techniques? These and similar issues are worthy of investigation.

More studies in these enumerated areas will contribute significantly to macroeconomic stability and growth of the furniture industry, since the study will enhance the ability of the firms to perform at the optimum level.

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INTERNET SOURCES

www.vanguardngr.com: 25,000 Nigerians lose jobs to furniture import

WWW.Wikipedia:Resource-based view, the free encyclopedia

Appendix I

STRATEGIC FLEXIBILITY AND MARKET PERFORMANCE OF THE FURNITURE INDUSTRY IN SOUTHWEST NIGERIA

Dept of Business Studies,

Covenant University,

Ota, Ogun State.

April, 2011.

Dear Respondent,

Mr. Inelo Fred Peter with Matriculation Number CU021030052 is a Student in the Department of Business Studies, College of Development Studies, Covenant University. He is carrying out a research study on “Strategic Flexibility and Market Performance of the Furniture Industry in South West Nigeria”.

Please be informed that the submission of this project is a mandatory requirement for the award of Master’ s Degree in the Department of Business Studies, Covenant University, Ota. He is expected to visit your company/workshop to obtain research data/information for the assignment.

In the light of the above, kindly fill the attached questionnaire in line with the aforementioned assignment.

I assure complete confidentiality of you responses and anonymity

Thank you for your cooperation in this regard.

Yours Faithfully

Dr.Ibidunmi O.Samson

Appendix II

SECTION A (PERSONAL DATA)

INSTRUCTION: TICK WHERE APPROPRIATE

1. Sex: (a) Male [ ] (b) Female [ ]
2. Age : (a) 20-24 [ ] (b) 25-30 [ ] (c) 31-35 [ ]

(d) 36 and above [ ]

3. Qualification: (a) Primary [ ] (b) Secondary [ ] (c) Tertiary [ ]

(d) Any, please specify [ ]

Section B: Using the following Scale. 5-(SA) Strongly Agree 4- (A) Agree 3- (U) Undecided 2-(D) Disagree 1- (SD) Strongly Disagree. (Please tick as appropriate)

The Role of Resource Portfolio in the Profitability of the Furniture Industry

S/N	Item	SA	A	U	D	SD
1	The firm has enough product/market resources ability to respond to market forces and make profit					
2	Our profit was higher than last's year profit.					
3	The firm has resources to responds to negative customers satisfaction information					
4	The firm makes effort to build resource in relation to product/market option					

The Role of Option Identification Capabilities in Enhancing Market Share

S/N	Item	SA	A	U	D	SD
5	Organization makes effort to build capabilities to respond to desperate situations					
6	We focus on option generation and identification(e.g. selection of new product project)					
7	Company's profit is enhanced by review of effect of changes in our business environment (e.g. technology and consumer taste)					
8	The top management discuss competitor's strength and weaknesses					

Increasing Returns on Capital through Effective Resource Deployment

S/N	Item	SA	A	U	D	SD
9	We like to make changes to increase returns on capital					
10	We make regular competitive move					
11	The business values effective use of resources to deal with environmental factors (i.e. political, economic and financial)					
12	The firm evaluates the use of resources to increase returns on capital					

Competitive intensity management strategies in the furniture Industry

S/N	Item	SA	A	U	D	SD
13	There is strong competition in our industry					
14	We make regular competitive move					
15	There is advertising war in our industry					
16	There is high price competition					

Technology Changes management strategies in the Furniture Industry

S/N	Item	SA	A	U	D	SD
17	We respond to changes in technology i.e. product design, production methods, process and product Delivery.					
18	We take advantage of opportunities created by new technology					
19	We are always willing to do business in line with the demands of new technology					
20	We use new technology to create new product					

NAME OF FIRM	LOCATION	STATE
Dudu Furniture Home& office furniture	Joju junction,Idiroko road Sango Otta,	Ogun
Olas-Deen Furniture Home & office furniture	Joju junction,Idiroko road.	Ogun
Salkad Furniture Co. Home & office furniture	Joju junction,Idiroko road. Sango Otta,Ogun State	Ogun
Santos Enterprise	Joju junction,Idiroko road Sango Otta	Ogun
Twins Furniture Home & office furniture	Km 10, Idiroko Sango Otta,	Ogun
Zacheous Furniture Home & office furniture	Joju junction,Idiroko road Sango Otta	Ogun
Alfim Furniture Home & office furniture	Address: Woolworths Plaza, Plot 307, Adeola Odeku Street, Victoria Island.	Lagos
Alibert Product Nigeria Limited Home and Office Furnitures	Address 1-5 Isolo Road, Ikotun Egbe,	Lagos
Design Point Home and office furniture, tiles and glass blocks.	Address 6/8 Industrial Street, Off Town Planning Way, Ilupeju,	Lagos
Equiox Resources Group Office and executive chairs	Address: 71, Awolowo Road, S.W Ikoyi,	Lagos
Faith Design Furniture Carpentry, beds, tables, wardrobes/cabinets, roofing	Address 12, King George IV Road, Onikan	, Lagos.
G.O.P Limited Kitchen, bedroom & light	Address: Suite C158, Ikota Shopping Complex, VGC,	Lagos

fittings, home & office furniture	Lekki-Epe Expressway	
House of Svengan Furniture and design	Address: 9, Aoro Odiyan Street, off Adeola Odeku Street, Victoria Island,	Lagos
Imagia Italian Furnitures and Interiors Furniture and design	Address: 79, Bode Thomas Street, Surulere,	Lagos
Kitchen Studio, The Design, supply and installation	Address: 82, Awolowo Road, South West Ikoyi,	Lagos.
La Pearl Interiors Home and office furniture,	lightings, interiors and home accessories Address 62, Bode Thomas, Surulere,	Lagos.
Leather World.	Address 30, Raymond Njoku Street, S. W. Ikoyi,	Lagos
Office Devices Limited	Address:117, Allen Avenue, Ikeja	Lagos
Peach Company, The Office furniture & accessories	Address: 240A, Kofo Abayomi Street, Victoria Island	Lagos
Retrop Limited Sales distribution and installation of laminated wood floor and accessories	Address: 211, Herbert Macaulay street, Adekunle, Ebute-Metta, Lagos	
Ricco Furniture Company Limited Business furniture	Address: 35, Sylvia Crescent, Anthony Village. (Beside Zenith Bank, Anthony Bye-pass),	Lagos

SCOA Furniture Address: Plot 1297B Akin	Adesola street, Victoria Island	Lagos
TEKNO Contemporary Furniture Limited Home and office furniture manufacturing and retail.	30 Allen Avenue Ikeja,	Lagos.
Wuraola Ventures Offices & home furniture	Block K Shop 6, Tinubu Shopping Complex, Lagos Island,	Lagos
K.N.L Furniture	24, Iwaya Road, Onike, Yaba	lagos
Kalson Furniture.	136/138 Olojo Drive, Opposite. Awori College, Ojo Town	, Lagos
Kaypee Furniture & Joinery Company Limited	39, Boudilion Road, Ikoyi,	Lagos.
King's & Queen's Furniture	19 Ojo Igbede Road, Ojo-Alaba, Lagos.	
Kintus Furnitures Limited	306, Ikorodu Road, Anthony Villiage, Lagos.	Lagos.
Kuramo Furniture & Joinery	Kuramo House, Plot K6 Apapa-Oshodi Expressway, Isolo	Lagos.
Kisco Furniture Company	39 Ojo Road, Ajegunle,	Lagos
La Pearl Interiors Home Furniture, Office Furniture, Interiors & Home Accessories, Lighting	Address: 49, Isaac John Street, G.R.A Ikeja	**Lagos**
L & K Joinery Design and Production of	Industries, Hospitals, Hotels 121, Lagos Road, Schools,	Lagos

Furniture for Homes,	Offices, Laboratories, Ikorodu Email: landkjoinery@yahoo.com http://www.landkjoinery.4t.com	

Leather World Sales of Home Furniture	Plt 11, Otunba Adedoyin Ogungbe Crescent , Lekki Phase 1, V/ Island info@leatherworldconcourse.com http://www.leatherworldconcourse.com	Lagos
Novena Majesty Furniture Palace Limited	Novena Majesty Plaza, 141, Ahmadu Bello Way, Victoria Island info@novenamajesty.com :http://www.novenamajesty.com	Lagos
Olusesi Abajingin Furniture Works	264 Mushin Road, Isolo, Lagos.	Lagos
Numerouno Italian Furniture Company	65 Karimu Kotun Street, Victoria Island. Email: info@numerouno.it	Lagos.
On Top Furniture Limited	43, Eric Manuel Street, Surulere,.	Lagos
Precious Furniture Manufacturers Limited	34/36 Ojuelegba Road, Yaba,	Lagos.
Seyer Furnitures Limited	20 Sabo Road, Off Herbert Macauley, Yaba,	Lagos.
Topklass Furniture	64, Toyin Street, Ikeja,	Lagos.

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STATE	**NO OF RESPONDENTS**
OGUN	75
LAGOS	125
TOTAL	200