



## Strategic Management and Organisational Performance in Select Automobile Industries in Nigeria

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### ABSTRACT

**Background:** Firms in an increasingly globalised and competitive business environment must adopt effective strategic management practices to enhance performance and sustain competitive advantage. Thus, strategic management comes to mind as it involves planning, implementing and evaluating strategies that enable organisations to meet their objectives.

**Objective:** This study examined how strategic management practices influenced organisational performance within Nigeria's automobile industry. Drawing on contingency theory and resource-based view, the research investigated the relationships between strategic planning, strategy formulation (setting objectives and identifying strategic options), strategy implementation (allocation of resources and execution of plans) and, strategy evaluation and control (monitoring, revising strategy) in the context of Nigerian automobile firms

**Method:** The study adopted a comparative approach across selected automobile firms- Innoson Vehicle Manufacturing Co., Ltd, Stallion Group, Peugeot Automobile Nigeria (PAN) and, Volkswagen Nigeria. Primary data were collected through two hundred and forty (240) structured questionnaires administered to managerial staff of four automobile firms namely: Innoson Vehicle Manufacturing Co., Ltd, Stallion Group, Peugeot Automobile Nigeria (PAN) and, Volkswagen Nigeria in Nigeria.

**Result:** Regression analysis revealed that strategic management dimensions significantly impact organisational performance of the selected firms, though the magnitude and significance vary among the firms. The findings highlight the need for tailored strategic practices considering local industry dynamics and the unique challenges of the Nigerian automobile sector.

**Conclusion:** The study concludes that strategic management has a significant positive impact on organisational performance in Nigeria's automobile manufacturing sector.

**Unique Contributions:** This study confirms that strategic management is a critical determinant of organisational performance in Nigeria's automobile sector. The findings provide use insights for government and regulatory bodies as it provides evidence to guide the National Automotive Industry Development Plan. Findings of this -study would lead to improved performance in the industry thereby leading to increased economic growth, higher quality vehicles at competitive prices, employment and business expansion

**Key Recommendations:** Indigenous automobile firms should invest in strategic planning tools and market intelligence systems to improve long-term decision-making. Also, government and industry regulators should encourage targeted incentives (tax reliefs, grants and low interest loans) as well as support capacity-building (human capital development, technological capability enhancement, strengthening legal framework and innovation system development) in strategic management for local assemblers.

**Keywords:** Strategic Management, Organisational Performance, Automobile Industry and Nigeria



## **INTRODUCTION**

Strategy is about achieving competitive advantage through being different— delivering a unique value added to the customer, having a clear and enactable view of how to position yourself uniquely in your industry (Porter, 1996; Oginyi et al., 2023). It is a set of objectives, policies and plans that, taken together, define the scope of the enterprise and its approach to business. Despite significant policy interventions and growth potentials in the Nigeria Automotive Industry, the sector continues to experience inconsistent performance raising concerns about the effectiveness of strategic management practices within the sector. Strategic management involves planning, implementing and evaluating strategies that enable organisations to meet their objectives (e.g., Johnson, Scholes & Whittington, 2017). Thus, a good strategy integrates an organisation's major plans, objectives, policies, programmes and commitments into a cohesive whole. Organisational performance on the other hand refers to how well an organization is doing to reach its vision, mission, and goals (Reed, Eli, Joseph, Pankaj, Ayenda, Kiran, & Kathleen, 2020). It is often conceptualised in terms of financial outcomes (profitability, return on assets), market outcomes (market share, sales growth) and other non-financial indicators (innovation, customer satisfaction) (Richard, et al., 2009). Assessing organisational performance is a vital aspect of strategic management and managers must know how well their organisations are performing to know what strategic changes, if any, to make (Nwosu et al 2018).

The automobile industry in Nigeria presents a particularly interesting context. According to Udodiong (2015), despite government incentives, local vehicle assembly remains low and key performance indicators in the sector have been sub-optimal. Challenges such as poor infrastructure, weak supply-chain, and limited strategic orientation of local firms have been noted. Given this backdrop, it is pertinent to explore how strategic management practices are deployed in the Nigerian automobile industry and how these practices relate to organisational performance. This study investigated a comparative assessment of selected automobile firms in Nigeria, investigating how differences in strategic management practices translate into differences in performance outcomes. The Nigerian automobile industry operates within a complex institutional framework characterised by infrastructural constraints, unstable macroeconomic conditions, import dependence, and inconsistent regulatory frameworks (Ugwueze, 2020; Nwangwu & Ojukwu, 2025). These conditions heighten the relevance of strategic management practices and their influence on organisational performance. According to Campbell and Goold (1994); Nwafor et al., 2023, people are more motivated and work more intelligently if they believe in what they are doing and trust the organization they are working with.

In Nigeria, the automobile industry has been growing steadily, driven by increasing demand for vehicles and government initiatives to boost local production. However, the industry faces challenges such as unstable economic conditions, infrastructure deficits, changing consumer preferences and policy inconsistencies. In this context, strategic management practices are crucial for businesses to stay competitive, innovate, and improve performance. Despite the importance of strategic management, there's limited research on how these practices impact performance outcomes in Nigeria's automobile sector. This study aims to fill this gap by comparing strategic management practices and performance outcomes among select automobile



industries in Nigeria. The research seeks to identify the strategic management practices adopted by these industries, examine the relationship between these practices and performance outcomes, and provide insights for industry players, policymakers, and researchers. The study will focus on select automobile industries in Nigeria, including local assemblers and manufacturers, and examine their strategic management practices in areas such as innovation, marketing, and operations. The research will also investigate performance outcomes, including financial performance, market share, and customer satisfaction.

## **LITERATURE REVIEW**

Strategic management has increasingly become a critical determinant of organisational performance in manufacturing sectors globally. In developing economies such as Nigeria, the dynamic, uncertain, and often turbulent business environment requires firms especially those in capital-intensive industries like automobile manufacturing to adopt robust, adaptable, and evidence-based strategic management practices to enhance competitiveness and ensure long-term survival (Monday et al., 2015; Okerenu & Odiri, 2024). The Nigerian automobile industry operates within a complex institutional framework characterised by infrastructural constraints, unstable macroeconomic conditions, import dependence, and inconsistent regulatory frameworks (Ugwueze, 2020; Nwangwu & Ojukwu, 2025). These conditions heighten the relevance of strategic management practices and their influence on organisational performance. This literature review provides a wide-ranging analysis of the theoretical foundations, empirical patterns, industry contexts, and strategic practices that shape organisational performance among automobile manufacturing firms in Nigeria. The review covers: (1) conceptual perspectives on strategic management and organisational performance; (2) industry-specific characteristics of the Nigerian automobile sector; (3) strategic strategies employed by both indigenous and foreign-backed automobile firms; and (4) empirical evidence linking strategic management to performance outcomes.

### **Conceptualising Strategic Management and Organisational Performance:**

Strategic management refers to the processes through which organisations analyse their internal and external environments, set long-term goals, formulate strategies, implement them, and evaluate outcomes (Porter, 1980; Barney, 1991). Strategic management also refers to the process by which organisations set objectives, analyse their internal and external environments (environmental scanning), formulate strategies, implement them and evaluate outcomes (Pearce & Robinson, 2013). It comprises four interrelated components: strategic planning, strategy formulation (setting objectives, identifying strategic options), strategy implementation (allocation of resources, execution of plans) and; strategy evaluation and control (monitoring, revising strategy). In the manufacturing context, strategic management is essential for aligning firm operations with market demands, environmental conditions, and internal capabilities (Teece et al., 1997). Empirical research in Nigeria positions strategic management as a key driver of organisational performance, innovation, resilience, and competitiveness (Monday et al., 2015; Adegbeie & Adeniji, 2020). Empirical studies in Nigeria also indicate that strategic management positively correlates with organisational performance. For example, Innocent & Ignatius (2024)



found that manufacturing companies in Port Harcourt experienced improved competitiveness when strategic management practices were effectively applied.

Organisational performance on the other hand, comprises multiple facets: financial performance (e.g., profit, return on investment), market performance (e.g., market share, sales growth), and innovation or process performance (e.g., product development, operational efficiency) (Richard et al., 2009). By extension, Organisational performance is multidimensional. It includes: financial performance, profitability, return on investment, sales growth, operational performance, efficiency, capacity utilization, production quality, market performance, market share, customer satisfaction, strategic performance, competitive advantage, innovation capability and long-term sustainability. Studies show strategic management enhances one or more of these performance dimensions (Monday et al., 2015; Okerenu & Odiri, 2024). In Nigeria, studies have shown that strategic planning and implementation enhance market share and innovation among manufacturing firms. For instance, Madume, Okereke & Omojefe (2024) reported significant effects of strategic planning on market share and innovations in manufacturing firms in Rivers State.

### **Dimensions of Strategic Management**

**A. Strategic Planning:** Strategic planning involves the articulation of mission, vision, and long-term objectives. It creates direction and prioritises resources (Ansoff, 1965). Researchers argue that firms with formalised strategic planning exhibit superior performance outcomes because planning improves foresight and internal coordination (Okerenu & Odiri, 2024). In Nigeria, strategic planning is often hampered by economic volatility and infrastructural constraints, requiring manufacturers to adopt flexible and contingency-based planning approaches (Owolabi & Makinde, 2012).

**B. Strategy Formulation:** Strategy formulation encompasses the development of competitive strategies involving market positioning, resource allocation, differentiation, and growth pathways (Porter, 1980). In Nigeria's automobile sector, firms commonly adopt: Market penetration strategies (e.g., affordable vehicle pricing by Innoson), product development (new model releases), market development (expansion into West African markets) and, diversification (assemblers venturing into buses, SUVs, and trucks). Research indicates a strong positive relationship between strategy formulation and performance in manufacturing firms (Nnanna et al., 2021; Adegbe & Adeniji, 2020).

**C. Strategy Implementation:** Implementation determines whether strategies translate into actionable steps. This involves leadership, resource mobilisation, organisational structure, and communication systems (Teece et al., 1997). In auto manufacturing, implementation is complex due to: capital intensity, supply chain complexity, reliance on imported components and technological demands. Studies in Nigeria consistently show that implementation is a major bottleneck, especially among indigenous firms with limited financial resources (Dim & Okoli, 2021; Bahago et al., 2024).



**D. Strategy Evaluation and Control:** Evaluation involves measuring results and monitoring deviations to ensure alignment with objectives (Yusuf, 2021; Nsude and Nwafor 2016). It supports learning, adaptation, and strategic flexibility. Given Nigeria's volatile economic environment such as currency fluctuations, inconsistent policy, and inflation, periodic strategy review is essential.

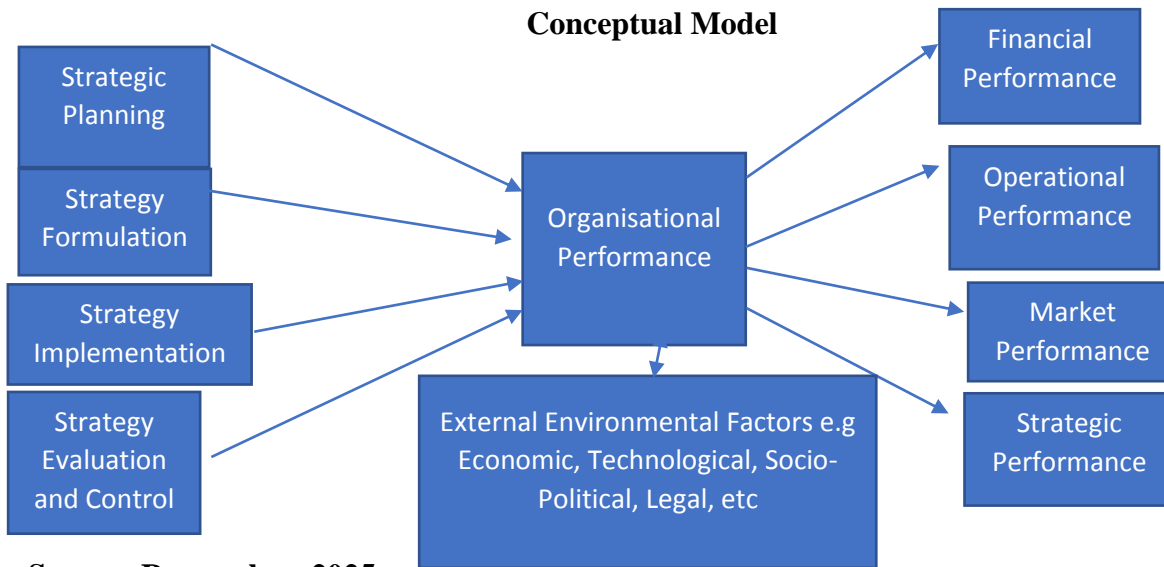
### **CONCEPTUAL AND THEORETICAL FRAMEWORK:**

A conceptual and theoretical framework provides the scholarly foundation that explains how and why strategic management influences organisational performance within the Nigerian automobile manufacturing industry. This section draws from well-established theories such as the Resource-Based View (RBV), Dynamic Capabilities Theory, Institutional Theory, and Strategic Fit Theory to explain variations in strategic practices and performance outcomes across indigenous automobile manufacturers, foreign-backed assemblers, and components producers. The conceptual framework operationalises the major strategic management dimensions: strategic planning, strategy formulation, strategy implementation, and strategy evaluation as independent variables influencing the dependent variable, organisational performance.

**A. Conceptual Framework:** The conceptual framework provides the structural relationship between strategic management practices and organisational performance among Nigerian automobile manufacturers. The independent variables are the four core dimensions of strategic management, and the dependent variable is organisational performance (financial, operational, market, and strategic).

**Independent Variables (Strategic Management Components):** These variables are: strategic planning (vision and mission clarity, environmental scanning and long-term objective-setting), strategy formulation (competitive strategy such as cost leadership, differentiation and focus, growth strategies such as market penetration and diversification, resource allocation decisions), strategy implementation (organisational structure, leadership effectiveness, resource mobilization and communication & change management) and strategy evaluation and control encompassing performance monitoring, corrective actions and strategic flexibility.

**Dependent Variable (Organisational Performance):** Organisational performance is measured based on: financial performance (profitability and roi), operational performance (efficiency, defect rates and capacity utilisation), market performance (market share and customer satisfaction) and strategic performance (innovation, sustainability and competitive positioning)



Source: Researcher, 2025

**Interpretation of the Model:** The model proposes that strategic planning, formulation, implementation, and evaluation each have direct positive effects on organisational performance. Also, performance is measured through financial, operational, market, and strategic indicators while external environmental factors may influence or moderate these relationships, especially in Nigeria's automobile industry.

**B. Theoretically,** this study is anchored on the following theories:

**i. Resource-Based View (RBV):** The Resource-Based View (Barney, 1991) posits that firms achieve superior performance when they possess resources that are valuable, rare, inimitable, and non-substitutable (VRIN). In Nigeria's automobile sector, RBV is particularly relevant because performance varies greatly depending on: Technological capability according to Dim & Okoli, (2021), human capital strategy by Adeyemi & Salami (2021), production infrastructure and brand equity (e.g., Innoson's indigenous positioning). RBV explains why foreign assemblers, with superior technological and financial resources, often outperform indigenous firms, while indigenous firms may excel in market adaptability due to contextual knowledge.

**ii. Dynamic Capabilities Theory:** Teece, Pisano, and Shuen's (1997) Dynamic Capabilities Theory extends RBV by emphasising a firm's ability to integrate, build, and reconfigure resources in response to a rapidly changing environment. This theory is critical for Nigeria's automotive industry due to the following studies: Policy fluctuations by Ugwueze (2020), Exchange rate instability (IMF, 2022) and Power shortages by Bahago et al., (2024). Firms must demonstrate agility in strategy formulation, supply chain management, and technology adoption to sustain performance.

**iii. Institutional Theory:** Institutional Theory posits that firms operate within broader social, political, and regulatory structures that shape their strategies and behaviour (Scott, 1995). For Nigerian automobile manufacturers, institutional constraints include: weak implementation of the



National Automotive Industry Development Plan (NAIDP) according to Nwangwu & Ojukwu, (2025), high import tariffs, limited access to foreign exchange, poor infrastructure and bureaucratic inefficiencies. Hence, institutional pressures largely explain why certain firms adopt policy-driven strategies (e.g., relying on tariff incentives).

**iv. Strategic Fit Theory:** Strategic Fit Theory suggests that organisational performance improves when a firm's internal capabilities align with external environmental conditions (Porter, 1980). In Nigeria's automobile sector, strategic fit involves: matching product offerings to consumer income levels, adapting strategies to infrastructural realities and aligning supply chains with local and foreign market conditions. Thus, indigenous firms (e.g., Innoson) exhibit strong strategic fit by producing low-cost vehicles suited to local needs, while foreign assemblers maintain fit through advanced technology and brand differentiation.

### **Summary of Theoretical and Conceptual Framework**

The theoretical review underscores that effective strategic management depends on a combination of internal capabilities (RBV), adaptive competencies (Dynamic Capabilities), alignment with external conditions (Strategic Fit), and institutional pressures (Institutional Theory). The conceptual model integrates these insights by positing that strategic planning, formulation, implementation, and evaluation jointly drive organisational performance outcomes, while external constraints unique to Nigeria's automobile sector shape strategic choices and performance levels. This study is anchored in the Resource-Based View (RBV), which posits that firms gain sustainable competitive advantage through valuable, rare, inimitable and non-substitutable resources (Barney, 1991).

### **The Nigerian Automobile Manufacturing Sector:**

At macro context, according to Adebayo (2020), Nigeria's manufacturing sector is characterised by structural weaknesses, unstable electricity supply, high cost of imported inputs, weak infrastructure (e.g roads, ports and logistics), exchange rate volatility and inconsistent economic policies. These conditions increase production costs and limit scalability (MAN, 2024; IMF, 2022). The Nigerian automobile subsector, being capital-intensive, is disproportionately affected. Nigeria's automotive industry has been gaining traction over the years due to government policies aimed at boosting local manufacturing and reducing reliance on imported vehicles. Major companies in this sector include: Innoson Vehicle Manufacturing Company Limited which was established in 2007. Innoson is Nigeria's first indigenous car manufacturer, producing a wide range of vehicles, including buses, trucks, and cars. Stallion Group on the other hand, is a conglomerate that assembles vehicles from brands such as Hyundai, Honda, and Nissan in Nigeria. Peugeot Automobile Nigeria (PAN) was established in the 1970s and it assembles vehicles from the Peugeot brand. Volkswagen Nigeria on the other hand is a plant, though it has faced challenges, is involved in assembling Volkswagen cars. Nigeria Automotive Design and Development Council (NADDC) though not a manufacturer itself, but plays a crucial role in promoting and supporting the automotive industry.



**Industry SWOT Analysis:** The strengths are: Government support where the Nigerian government has put policies in place to encourage local manufacturing, including tariffs on imported vehicles. Also, the growing market which is widely acknowledged that Nigeria has a large population with increasing demand for vehicles. Equally, indigenous companies such as Innoson foster national pride and employment. The weaknesses include infrastructure deficiencies such as poor roads, unreliable power supply, and limited transportation facilities often hinder production and distribution. Another weakness is high production costs where local manufacturers face higher costs due to the sourcing of raw materials and components. There is also limited technology and expertise. Many local manufacturers struggle with access to advanced automotive technology. The opportunities lies in investment in infrastructure. Thus, improvements in transport and electricity can enhance the automotive supply chain. Similarly, there is export potential in the industry since Africa’s automotive market is expanding thereby providing opportunities for export to neighboring countries. Globally, the world is shifting to Electric Vehicles (EV). Hence, Nigerian manufacturers can explore EV production, leveraging local resources. Visible threats include Nigeria’s economic instability. Fluctuations in the economy can affect consumer purchasing power and investment in the industry. There is also enormous competition from imports. Thus, despite imposing high tariffs on imported automobiles, smuggling and the influx of used cars can overshadow local products.

**Comparative Analysis**

<b>Factor</b>	<b>Innoson Vehicle Manufacturing</b>	<b>Stallion Group</b>	<b>Peugeot Automobile Nigeria</b>	<b>Volkswagen Nigeria</b>
Market Position	First indigenous manufacturer	Strong presence with foreign brands	Established brand	Legacy brand
Vehicle Range	Buses, Cars, Trucks	Multi-Brand Assembly	Mainly Peugeot Models	Various Volkswagen Models
Local Investment	High National Investment	International investment	Adequate Local Investment	Low Local Venture
Technology	Basic Technology	Advanced (Foreign Partners)	Moderate (Foreign Influence)	High (Foreign Influence)
Employment	Significant Local Employment	Mixed (Foreign/Local)	Considerable but Shrinking	Limited Local Employment
R&D Capacity	Limited	Strong with Partnerships	Moderate	Strong with Global Backing
Challenges	Resource Constraints	Dependency on Imports	Aging Production Facilities	Market Competition

**Source: Researcher, 2025**



**A. Structure of the Nigerian Automobile Manufacturing Industry:** The Nigerian automobile industry comprises three major categories of firms: Indigenous Vehicle Manufacturers comprising Innoson Vehicle Manufacturing (IVM) and Nord Motors. These firms assemble and partially manufacture vehicles using local content. Foreign-Backed Assembly Plants comprised of Stallion Group (Nissan, Hyundai and Volkswagen), Dana Motors (Kia) and Peugeot Automobile Nigeria (PAN). There is also the Component Manufacturers and the SMEs. These include battery producers, tyre manufacturers, cable producers, and parts fabricators. The industry characteristics include: import-dependence for major components, low domestic value addition, policy-driven incentives (NAIDP), high operational risks and, broad performance disparities among firm categories (NAIDC, 2023; PwC, 2020)

**Strategic Management Practices in the Nigerian Automobile Industry:** Specific to the automobile sector in Nigeria, studies show that strategic management practices are under-utilised and performance remains below potential. For example, a case study of Peugeot Automobile Nigeria (PAN) Plc indicated that strategic management had only limited effect on operational performance and profitability. This gap suggests that factors such as industry-specific challenges, institutional context and resource constraints may moderate the relationship between strategy and performance.

**A. Strategic Responses to Policy and Regulation:** Here, policy inconsistency forces firms to continually adjust strategies while local manufacturers adjust pricing and production volumes based on tariff changes. The foreign assemblers adapt strategies to benefit from import duty waivers. Studies conclude that strategic alignment with government policies strongly influences performance (Ugwueze, 2020; Nwangwu & Ojukwu, 2025).

**B. Technology and Innovation Strategy:** Technology strategy is central to competitiveness in the auto sector (Dim & Okoli, 2021). Nigerian firms employ: ICT integration, research and development investment (low among indigenous firms), automated assembly lines (mostly foreign-backed plants) as well as innovation in low-cost vehicles (IVM). Higher technological capability correlates strongly with productivity and market competitiveness.

**C. Supply Chain and Operations Strategy:** Due to Nigeria's infrastructural constraints, supply chain strategy is critical as according to Afolabi, 2022 cited in MAN, 2024: Indigenous firms source 70% components locally (IVM) and, assemblers import 70–90% of parts, exposing them to exchange rate risks. Operational efficiency is strongly tied to: supplier reliability, logistics capability, inventory management and access to foreign exchange.

**D. Human Capital and Capability Development:** Skilled labour shortages affect production quality and efficiency (Adeyemi & Salami, 2021). Thus, top-performing firms invest heavily in: technical training, lean manufacturing practices and, performance management systems. Human capital strategy is a major differentiator between indigenous firms and international assemblers.

**E. Comparative Study Rationale:** A comparative study across firms allows investigation of how variance in strategic management practices corresponds to variance in performance. It also



reveals whether the strategic-performance relationship differs across contexts (e.g., indigenous versus multinational assemblers, firms with high local content versus those with low).

**Empirical Review:** Empirical Studies Linking Strategic Management to Organisational Performance: Empirical literature (local and international) consistently demonstrates a positive link between strategic management practices and performance. In Nigeria, Okerenu and Odiri, (2024) found that strategic planning led to increased profitability and efficiency. Nnanna et al., (2021) also found that strategy formulation led to growth and increased competitiveness. Adegbe and Adeniji, (2020) found that strategy implementation led to operational efficiency. Similarly, Yusuf, (2021) found that strategy evaluation and control increased organisational adaptability. In the Nigerian automobile industry, Akpua and Ofordeme, (2019) found that ICT Strategy led to enhanced operational performance. Dim and Okoli, (2021) found that supply chain strategy led to manufacturing efficiency. Elsewhere, Bahago et al., (2024) found that power management Strategy led to capacity utilization. Also, Madichie and Nkamnebe, (2025) found that innovation strategy led to market expansion.

**Summary of Literature Review:** The literature demonstrates that strategic management practices spanning planning, formulation, implementation, and evaluation significantly influence organisational performance in manufacturing sectors, including Nigeria's automobile industry. The Nigerian auto industry is shaped by institutional weaknesses, infrastructural constraints, and economic volatility. Yet, it is also characterised by strategic diversity among indigenous manufacturers, foreign assemblers, and component producers. Comparative evidence reveals that performance outcomes vary depending on strategic orientation, resource capabilities, technological adoption, and policy alignment. However, gaps remain in industry-wide comparative analyses, justifying the need for a comprehensive empirical study.

**Gaps in the Literature:** A review of current literature reveals critical gaps: limited comparative studies of multiple auto firms in Nigeria, few datasets examining strategy-performance interactions across firm types, weak empirical focus on strategic evaluation, despite its importance in dynamic environments, limited exploration of innovation and technology strategy in indigenous manufacturing firms, scarce research on sustainability strategies, such as EV adoption and renewable energy, under-representation of SME component manufacturers in strategic management literature and, little integration of RBV + institutional theory in explaining performance differentials. This study directly addresses several of these gaps.

## **RESEARCH METHODOLOGY**

This study used a descriptive research design to profile strategic management practices and organisational performance across different automobile firms. Also, causal component examined the effect of strategic management dimensions (planning, formulation, implementation, evaluation) on organisational performance. The design allows for comparative analysis between indigenous and foreign-backed firms. The study used primary data collection through structured questionnaires and secondary data (financial reports, industry reports, NAIDP publications) to validate findings. The study population comprises key managerial and supervisory personnel involved in strategy formulation and implementation within automobile manufacturing firms in Nigeria. Population details:



Category	Examples	Estimated Staff
Indigenous manufacturers	Innoson, Nord Motors	120
Foreign-backed assemblers	Stallion Group, Dana Motors, PAN	350
Component manufacturers/SMEs	Tyre, battery, parts manufacturers	200
Total estimated population		670

Source: Researcher, 2025

The population is targeted because they are directly involved in strategic decision-making and operational processes that influence firm performance. A purposive sampling technique is used to select respondents who are directly involved in strategic management and decision-making. A structured questionnaire is the main instrument, adapted from prior studies (Barney, 1991; Okerenu & Odiri, 2024; Nnanna et al., 2021). The questionnaire has four sections:

Section Focus

A	Demographics (Age, Gender, Position, Experience)	Nominal/Ordinal
B	Strategic Planning Practices	Likert 5-Point
C	Strategy Formulation, Implementation, Evaluation Practices	Likert 5-Point
D	Organisational Performance (Financial, Operational, Market, Strategic)	Likert 5-Point

Source: Researcher, 2025

Responses are measured on a 5-point Likert scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and, 5 = Strongly Agree. Validity ensures that the questionnaire measures what it intends to measure. Questionnaire items were developed based on literature (Barney, 1991; Porter, 1980; Monday et al., 2015) and reviewed by three experts in strategic management. Reliability assessed consistency of responses through pilot test conducted on 25 managerial staff from two non-sampled automobile firms. Cronbach's Alpha was used to test internal consistency while  $\alpha \geq 0.70$  is considered acceptable (Nunnally, 1978).

### Operationalisation of Variables

Variable	Indicator	Measurement	Type
Strategic Planning	Clarity of vision, environmental scanning, objective-setting	Likert 5-point	Independent
Strategy Formulation	Competitive strategies, resource allocation, market growth	Likert 5-point	Independent
Strategy Implementation	Leadership, resource mobilisation, communication	Likert 5-point	Independent
Strategy Evaluation	Performance monitoring, corrective action, flexibility	Likert 5-point	Independent
Organisational Performance	Financial: ROI, Profitability; Operational: Efficiency; Market: Market share; Strategic: Innovation	Likert 5-point /Secondary Data	Dependent

Source: Researcher, 2025



## RESULT

**Response Rate:** Out of 243 questionnaires distributed, 218 were returned and deemed usable, yielding a response rate of approximately 89.7%, which is acceptable for survey-based research (Baruch & Holtom, 2008).

### Demographic Characteristics of Respondents

#### Gender

Gender	Population (n)	Percentage (%)
Male	152	69.7
Female	66	30.3
Total	218	100

#### Source: Researcher, 2025

#### Age (years)

Age	Population (n)	Percentage (%)
25–34	44	20.2
35–44	102	46.8
45–54	56	25.7
55+	16	7.3
Total	218	100

#### Source: Researcher, 2025

#### Position

Category of Staff	Population (n)	Percentage (%)
Top Management	78	35.8
Middle Management	92	42.2
Supervisory Staff	48	22.0
Total	218	100

#### Source: Researcher, 2025

#### Years of Experience

Category of Staff	Population (n)	Percentage (%)
1–5	28	12.8
6–10	84	38.5
11–15	68	31.2
16+	38	17.5
Total	218	100

#### Source: Researcher, 2025

**Interpretation:** The majority of respondents are middle-aged, mid- to top-level managers with substantial experience in the automobile industry, making their responses reliable for assessing strategic management practices.



## Descriptive Analysis of Strategic Management Practices

### Strategic Planning

<i>Item</i>	<i>Mean</i>	<i>Std. Dev</i>	<i>Interpretation</i>
<i>Vision and mission clarity</i>	4.23	0.62	High
<i>Environmental scanning</i>	3.98	0.71	Moderate-High
<i>Long-term objective-setting</i>	4.10	0.68	High

**Source: Researcher, 2025**

**Interpretation:** Firms generally exhibit strong strategic planning, especially in vision clarity and objective setting, though environmental scanning shows some variability.

### Strategy Formulation

<i>Item</i>	<i>Mean</i>	<i>Std. Dev</i>	<i>Interpretation</i>
<i>Competitive Strategy Adoption</i>	4.05	0.65	High
<i>Growth Strategies</i>	3.87	0.70	Moderate-High
<i>Resource Allocation Decisions</i>	3.91	0.69	Moderate-High

**Source: Researcher, 2025**

**Interpretation:** Nigerian automobile firms emphasize competitive and growth strategies, with indigenous firms showing greater focus on cost leadership, while foreign assemblers emphasize differentiation.

### Strategy Implementation

<i>Item</i>	<i>Mean</i>	<i>Std. Dev</i>	<i>Interpretation</i>
<i>Leadership Effectiveness</i>	4.12	0.63	High
<i>Resource Mobilisation</i>	3.95	0.66	Moderate-High
<i>Communication &amp; Change Management</i>	3.88	0.72	Moderate-High

**Source: Researcher, 2025**

**Interpretation:** Implementation is robust but slightly constrained by resource challenges and infrastructural limitations, particularly among indigenous firms.

### Strategy Evaluation and Control

<i>Item</i>	<i>Mean</i>	<i>Std. Dev</i>	<i>Interpretation</i>
<i>Performance Monitoring</i>	4.01	0.67	Moderate-High
<i>Corrective Actions</i>	3.89	0.71	Moderate-High
<i>Strategic Flexibility</i>	3.85	0.73	Moderate

**Source: Researcher, 2025**

**Interpretation:** Firms maintain moderate-high evaluation practices, but flexibility in strategy adjustment is limited, possibly due to rigid regulatory and infrastructural constraints.



**Descriptive Analysis of Organisational Performance**

<i>Performance Dimension</i>	<i>Mean</i>	<i>Std. Dev</i>	<i>Interpretation</i>
<i>Financial (Profitability, ROI)</i>	3.95	0.68	Moderate-High
<i>Operational (Efficiency, Utilisation)</i>	3.87	0.66	Moderate-High
<i>Market (Share, Customer Satisfaction)</i>	4.02	0.64	High
<i>Strategic (Innovation, Sustainability)</i>	3.89	0.69	Moderate-High

**Source: Researcher, 2025**

**Interpretation:** Firms perform relatively well in market and financial dimensions, with slightly lower scores in strategic innovation, especially among indigenous manufacturers.

**Correlation Analysis:** Pearson correlation was used to test relationships between strategic management dimensions and organisational performance.

<i>Variable</i>	<i>OP</i>	<i>R</i>	<i>Sig. (2-tailed)</i>
<i>Strategic Planning</i>	OP	0.642	0.000
<i>Strategy Formulation</i>	OP	0.588	0.000
<i>Strategy Implementation</i>	OP	0.604	0.000
<i>Strategy Evaluation</i>	OP	0.572	0.000

**Source: Researcher, 2025**

**Interpretation:** All strategic management dimensions are positively and significantly correlated with organisational performance ( $p < 0.01$ ), supporting H1–H4.

**Regression Analysis:** Multiple regression tested the combined effect of Strategic Management on Organisational Performance.

$$OP = \beta_0 + \beta_1 SP + \beta_2 SF + \beta_3 SI + \beta_4 SE + \epsilon$$

<i>Predictor</i>	$\beta$ ( <i>Standardised</i> )	<i>t</i>	<i>Sig.</i>
<i>Strategic Planning</i>	0.271	4.13	0.000
<i>Strategy Formulation</i>	0.221	3.58	0.001
<i>Strategy Implementation</i>	0.235	3.95	0.000
<i>Strategy Evaluation</i>	0.197	3.21	0.002

**Source: Researcher, 2025**

**Model Summary:**  $R^2 = 0.562$ , Adjusted  $R^2 = 0.548$ ,  $F(4, 213) = 67.8$ ,  $p < 0.001$

**Interpretation:** Strategic management dimensions jointly explain 56.2% of the variance in organisational performance, indicating a strong effect. H5 is therefore supported. Planning and implementation have slightly stronger individual impacts than formulation and evaluation.



## Comparative Analysis (Indigenous vs Foreign-backed Firms)

### 1. Mean Scores by Firm Type

<i>Dimension</i>	<i>Indigenous (Mean)</i>	<i>Foreign-Backed (Mean)</i>	<i>Interpretation</i>
<i>Strategic Planning</i>	3.91	4.18	Foreign firms stronger
<i>Strategy Evaluation</i>	3.78	4.05	Foreign firms stronger
<i>Organisational Performance</i>	3.85	4.12	Foreign firms stronger

Source: Researcher, 2025

### 2. T-test Analysis

Independent-samples t-test shows significant differences in strategic management practices and performance ( $p < 0.05$ ), indicating foreign-backed firms outperform indigenous firms on average. Indigenous firms, however, perform well in cost efficiency and market adaptation.

### Discussion of Findings

Strong planning positively influences organisational performance, consistent with RBV and Strategic Fit Theory (Barney, 1991; Porter, 1980). Effective formulation supports competitive positioning. Foreign-backed firms' superior resources enable more robust differentiation strategies (Dim & Okoli, 2021). Leadership and resource mobilisation significantly enhance operational and financial performance. Indigenous firms' limitations in resources constrain implementation effectiveness. Continuous monitoring improves performance, but flexibility is limited by infrastructural and institutional barriers (Ugwueze, 2020). Foreign-backed firms outperform indigenous manufacturers due to superior capital, technology, and structured processes, but indigenous firms demonstrate contextual adaptability. Strategic management dimensions collectively explain a substantial proportion of performance variance, validating the conceptual model and supporting prior studies in emerging economies (Adeyemi & Salami, 2021; Okerenu & Odiri, 2024).

### Summary

This study confirms that strategic management is a critical determinant of organisational performance in Nigeria's automobile sector. All four dimensions namely: planning, formulation, implementation, and evaluation positively affect performance. Comparative analysis shows foreign-backed firms outperform indigenous firms, though indigenous manufacturers excel in local market adaptation. Findings support RBV, Dynamic Capabilities, Strategic Fit, and Institutional theories in explaining performance differences.

### Conclusion

The study confirms that strategic management has a significant positive impact on organisational performance in Nigeria's automobile manufacturing sector. All four dimensions- strategic planning, strategy formulation, implementation, and evaluation contribute to enhanced financial, operational, market, and strategic performance. Comparatively, foreign-backed automobile firms outperform indigenous manufacturers in strategic management practices and overall



performance, primarily due to superior capital, technology, and structured processes. Indigenous firms show strengths in local market adaptation and cost efficiency but face limitations in strategic implementation and flexibility. Strategic planning and implementation have slightly greater influence on organisational performance than formulation and evaluation, indicating that vision clarity and execution capabilities are critical for competitive advantage. Findings validate the Resource-Based View (RBV), Dynamic Capabilities Theory, and Strategic Fit Theory, emphasizing that unique resources, dynamic adaptability, and alignment of strategy with market conditions drive superior performance. This study also demonstrates that strategic management practices particularly strategy formulation and implementation significantly enhance organisational performance in Nigeria's automobile industry. The strength of this relationship varies across firms, with multinational-affiliated assemblers showing stronger effects compared to indigenous firms.

### **Recommendations**

Based on the findings, the following recommendations are made:

Indigenous automobile firms are advised to invest in strategic planning tools and market intelligence systems to improve long-term decision-making. They should also enhance leadership capacity and training for managers in order to improve implementation efficiency. Also, it will be in their advantage to leverage local market knowledge so as to create differentiated products while adopting global best practices. Similarly, indigenous automobile firms are advised to develop strategic flexibility mechanisms to respond quickly to regulatory, infrastructural, and market changes. The foreign-backed automobile firms on the other hand are advised to sustain investment in innovative technologies to maintain competitive advantage. They should also partner with indigenous firms for knowledge transfer and capacity building to strengthen local supply chains. They should also promote inclusive strategies that consider local labour and supplier development to enhance sustainability in the sector.

Policymakers and regulators should provide incentives and supportive infrastructure for indigenous firms, such as tax relief, reliable electricity, and improved logistics. Also, they should encourage research and development collaborations between academia and automobile firms. Equally, the policymakers and regulators are advised to implement policies that facilitate foreign investment while ensuring local industry growth. Furthermore, government and industry regulators should support capacity-building in strategic management for local assemblers. It is recommended that incentives could be tied not only to assembly volume but also to strategic process maturity (planning, execution and, monitoring).

### **Implications of the Study**

The theoretical implication is that the study reinforces the RBV and Dynamic Capabilities Theory in the context of emerging markets, showing that both tangible and intangible resources influence firm performance. Also, it provides empirical support for the Strategic Fit Theory, demonstrating the importance of aligning strategy with internal capabilities and external market conditions. Equally, it adds to the literature on strategic management in Nigeria's automobile sector, a relatively under-researched area. The managerial implication is that managers must focus on integrated strategic management practices, balancing planning, formulation,



implementation, and evaluation. Also, leadership development and resource mobilisation are key determinants of operational and financial success while comparative insights suggest that indigenous firms can enhance competitiveness. The implications for practice is that automobile firms in Nigeria should prioritise formalised strategic formulation processes (clear objectives and, environmental scanning). Also, implementation capabilities must be strengthened through resource allocation, employee involvement and execution tracking while strategic evaluation processes (monitoring, feedback loops and corrective action) require development, especially in indigenous firms. Finally, given the industry's constraints, firms must tailor strategic practices to context (e.g., supply chain weaknesses, infrastructure deficits).

### **Ethical clearance**

Materials used in this study were obtained from websites and industry reports and other secondary sources purely for academic purposes.

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### **Conflict of Interest**

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

### **Authors' Contributions**

The researcher conceived the study, including the design, collated the data, and as well as handled the analysis and interpretation.

### **Availability of data and materials**

The datasets on which conclusions were made for this study are available on reasonable request.

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