

MANAGING NIGERIAN BREWERIES FOR GREATER PRODUCTIVITY: IMPERATIVES OF REAL TIME FUNCTIONAL STRATEGIES

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Corporate Strategy is widely acclaimed as an essential tool for managing organizations and the challenges posed by the environment. Unfortunately many breweries in Nigeria do not conscientiously adopt it. This study examined the imperatives and established the effectiveness of strategic management practices in some breweries in Nigeria. Primary data were collected from five out of the eight breweries in South Eastern Nigeria; and in the analysis, tables, percentages and Chi-square (X^2) statistical technique were applied. The respondents submitted that many breweries do not have well established strategic management frameworks. They however indicated conviction and preference for flexible adaptive strategies. It is therefore expedient for the firms to establish strategic planning units to facilitate the development of adaptive strategies that would enhance the management of the turbulent environment. Real time function strategies are particularly imperatives as they ensure quick reaction. Effective follow-up of plans, and pragmatic implementation of impending remedies. They are not ends in themselves but concrete bridges (means) connecting breweries and other private/public sector enterprises from where they are to where they desire and ought to be in the new millennium.

Introduction

Breweries constitute an important industrial group in the Nigerian economy. They provide the needed food-drinks which Nigerians require for health and happiness. This was so gratifying many years ago, when they were very viable and successful. Sadly enough, today, only a handful are thriving while the majority are problems-ridden and comatose. For instance, while the viable Nigerian Breweries Plc is desiring to reach the global market with the soaring demand for its popular brands, the quality market-leading Nigerian Bottling Company intends to consolidate its strengths in the soft-drinks market (Yakubu, 2001). On the contrary, Egene (2001) described Premier Breweries as the "ailing brewery" while the Golden Guinea Breweries and Pabod Breweries are either at the brink of collapse or out rightly dead. Nonetheless, the Nigerian brewery industry remains one of the viable sub-sectors of the economy with many market opportunities.

The industrial climate is highly competitive and environmentally dynamic; survival and success depend on the ability of firms to harness the managerial tool called corporate strategy. A well-developed and viable corporate strategy is a veritable means of taking advantage of emerging market opportunities. The crucial challenge is for organizational executive to efficiently and effectively manage both the organization and its environment (Lynch, 2000). However, in spite of the obvious importance of corporate strategy to organizational effectiveness and prosperity, many breweries do not conscientiously adopt it. In many advanced economies of the world, firms establish corporate strategic planning frameworks to enhance adaptive strategy development which, inter alia, are directed at environmental turbulence management. Many breweries in Nigeria do **not** have such strategic planning units.

Also there is increasing contentious theorizing among management scholars that long range planning has become a less effective approach for managing the problem associated with the management of environmental turbulence. Some breweries have suffered greatly because the strategies they developed were not adaptive to the ever-changing environment. The resultant consequence being the increasing incidences of corporate failure, ill-health and poor organizational performance among the firms. Consequently, this study sought to:

- i. Assess the extent of the adoption of corporate strategy among breweries in Nigeria,
- ii. Ascertain the existence or otherwise of Corporate Strategic Planning units and the exact roles they play, particularly, in developing adaptive strategies, iii. Determine whether, in their opinion, long range planning has become a less effective approach for managing environmental uncertainty, and

- iv. Identify the actual strategic management approach in use in Nigerian breweries.

The following Research Propositions (RPs) were formulated for analytical purposes, which are herein presented in null context.

RPI: Separate strategic planning units in Nigerian Breweries will not facilitate corporate strategy formulation.

PRII: Strategic planning units in the Nigerian Breweries will not enhance environmental turbulence management. **PRIII:** Long-range planning ideals do not enhance adaptive strategy effectiveness.

Theoretical Framework

There are divergent perspectives of corporate strategy as there are many scholars in the field of business policy. Omeoregie (2000) contended that corporate strategy is a market-driven concept that seeks to study and analyse the changing composition, tastes and purchase pattern of a market segment such that goods and services are produced to deliver satisfaction to it. It emphasizes the achievement of set objectives within a specified time frame and represents a deliberate effort to manage the uncertainties associated with the firm's external environment. Lynch (2000) considered the task of strategic management as that of creating a distinctive way forward for an organization, using the skills and resources at its disposal, against the background of various environmental constraints.

It may equally be viewed as the management process that defines corporate vision, mission, purpose, goals and objectives and craft workable strategies, in the light of the prevailing scenarios to bring about the long term growth, development and survival of the organization. It is therefore, an essential tool in managing organization dynamics (Uzukwu, 2000; Agundu, 1999; Fubara, 1996). As a management process therefore, organizations follow laid-down principles and steps in order to remain strong in the dynamic environment, these steps constitute what Lynch (2000) described as the areas of corporate strategy. They include:

- i. Environmental analysis,
- ii. Resource analysis,
- iii. Goal formulation,
- iv. Strategy formulation,
- v. Organizational design, and
- vi. Systems design.

Nwaru (2000) posited that organizations survive only where there is appropriate structure with leaders that are considered right pegs in right holes. It is not sufficient to set goals/objectives. A framework for formulating and implementing strategies to be used in achieving them as equally necessary, as structure reinforces strategy (Newman and Logan, 1981). Although, strategy determines task structures, administrative structure influences strategy. Structural changes do not occur until there are strategic changes and it is not all strategic changes that result in total (Administrative) Structural changes. Firms therefore, establish strategic management frameworks that will be responsible for managing both corporate strategy and the environment's precipitated opportunities and threats. With respect to the local scene, breweries are constantly repositioning themselves in order to achieve competitiveness in the market place. In terms of competitive behaviour, the breweries seek to dominate each other based on their competitive competence.

For instance, the Nigerian Breweries PLCs top favorite brand "Star Lager" has had two new outdoor advertisement concepts launched, in a move described as being "in line with its promise of never a dull moment and an unrelenting drive to go for world-class creative standards". The Nigerian Bottling Company sometime acquired the Schweppes franchise from the Nigerian Breweries Pic in a move aimed at enabling the two firms focus on their respective core business areas. The Nigerian Breweries Pic meets the ever-growing demands for its popular beer brands (Yakuba, 2001; Eze, 2002). Egene (2001), spotlighting the Premier Breweries PLC's performance noted that, it has had poor financial performances over the years and described it as the "ailing brewery:" These accounts of the corporate events in Nigerian brewing industry clearly reveal that the sub-sector is characterized by:

Strategic business initiative and structural changes aimed at achieving and maintaining competitiveness and other strategic strengths in core business areas,
 Constant strategic repositioning among firms resulting in the development and adoption of such strategies as acquisition, re-acquisition, consolidation, promotion and product relaunching, divestment, restructuring and concentration,

- in. Mixed fortunes as there are those that ailing, falling or collapsing and those which are healthy, successful and thriving,
- iv. Prevalence of many investors who are fearful, watchful and apprehensive of fluctuations in stock prices and other sub-sectoral indices, and
- v. Increasing competition within and among related industries that make up the foods and beverages sub-sector.

Methodology

This study by design, adopted the case study methodology which according to Ahiauzu (1999) is more advantageous in providing better and more stimulating insight as well as wider workplace perception. The modus operandi necessitated the selection of a sample of brewing firms in the South-Eastern geo-political zone of Nigeria where the inhabitants are regarded as the movers of commercial and industrial enterprises in the nation. The population of firms was eight (8) out of which five (5) firms were randomly selected. The respondents included managers, general managers, managing directors and other top corporate executives. In all twenty-two (22) copies of the research questionnaire were administered on these officials, of which 18(82%) were dully completed and returned.

The five breweries that constituted the random sample were subsequently coded as B1, B2, B3, B4, and B5 to shield their corporate identities. The questionnaire contained structured and unstructured questions complemented with personal interviews. Relevant secondary data were obtained from books, journals and published/unpublished academic works. To facilitate the statistical treatment of the research hypotheses, reference was made to the responses regarding the appropriate categorical questions. The Chi-Square (X^2) techniques served as the analytical instrument, supported by tabulations and average/percentage computations. The Chi-Square (χ^2) basically diagnoses the difference between the observed and expected frequencies so as to determine whether it is significant or merely due to chance.

Data Analysis/Results

Considering all the firms involves, only 2(40%) practiced strategic management to a large extent while 3(60%) adopt corporate strategy ideals to a moderate extent. Thus, all breweries in Nigeria generally appreciate the relevance of corporate strategic management. The results summarized in Table 1, 2 and 3 below are indicative of the breweries' strategic practice. They show the particular strategies adopted by the firms vis-a-vis perceived uncertainty and associated environmental dynamics impacting on them.

Table 1: Strategies Adopted by the Selected Breweries

Strategies	Breweries Affected	Total No.
New Product Development	B1,B2,B3,B4,B5	5
Promotion/Increased Market Activities	B 1, B2, B3, B4, B5	5
Acquisition/Merger	B 1, B5	2
Divestment	B5	1
Staff Retrenchment	B1	1
Product Relaunching	B5	1
Restructuring the Organization Structure	B4	1
Expansion	B 1, B5	2
Technological Development	B1	1
Technical Partnership	B1	1
Takeover on Lease	B5	1
Outdoor Advertisement	BI, B2, B3,B4, B5	5
Staff Training	B1	1

Source: Research Data (2000) (Responses to the Question what Strategies the Breweries Adopt in Order to Achieve Their Objectives).

The highlights in Table 1 above reveal that new product development, outdoor advertisement, and other marketing mix strategies are topmost in the competitive modus of Nigerian breweries. It is, unfortunate that staff training and technological development are not so underscored.

Table 2: Selected Breweries' Perceived Level of Environmental Factors

Environmental Factors	Responses to Perceived Uncertainty Level				
	High	Moderate	Low	None	Total
Economy	9	8	1	-	18
Government/Legal	6	10	2	-	18
Technology	3	8	5	2	18
Competition/Market	9	6	3	-	18
Social-Cultural	3	6	7	2	18
Customers	4	7	5	2	18
Suppliers	2	9	3	4	18

Source: Research Data (2000) (Responses to the Question on Companies' Perceived Uncertainty Levels in key Environmental Factors.

Analytically, the maximum weight is 54 (that is 18x3). This is possible, if **all** the 18 respondents rate the factor as high. However, in an attempt to determine the levels of environmental uncertainty, respondents were asked to tick any of the options of high, moderate, low and none. **The** response "High" attracts 3 points, "Moderate" attracts 2 points, "Low" attracts 1 point and "None" has 0 point. If technology, for instance, was rated as highly uncertain by 3 respondents, moderate by 8 weighted score will be: $(3 \times 3) + (8 \times 2) + (5 \times 1) + (2 \times 0) = 30$. This process substantiates the data in Table 3 below:

Table 3: Environmental Factors and Selected Breweries Perceived Uncertainty Levels (In Weighted Scores)

Environmental Factors	Uncertainty Levels (Weighted Scores)
Economy	38
Government/Legal	40
Technology	30
Competition/Market	42
Social-Cultural	28
Customers	31
Suppliers	27

Source: Research Date (2000) (Derived from Data in Table 2)

Table 3 shows that competition, government/legal, and economic dynamics have considerably higher weighted scores compared to other factors. This implies that, in the brewing industry in Nigeria, firms perceive them to have the greatest volatility. Their weighted scores indicate that breweries in Nigeria perceive the dynamics of competition, government/legal influences, and the macro-economy to the moderate. It is however, instructive that, of all the factors, competition/market had the highest weighted score of 42. This explains why those that are efficiently and effectively strategic are the few that are making things happen in the foods and beverages sub-sector. Furthermore, all but one of the respondent firms did not have a formal structural unit or department responsible for carrying out strategic management functions. In fact, in most companies, the middle and top managers generally perform basic strategic functions but there were no distinct strategic management frameworks in existence. However, in the only company where a formal functional unit exists, the key responsibilities and role expectation had to do with:

- i. Examining the company's business environment,
- ii. Identifying business opportunities, and
- iii. Developing and implementing corporate strategies. (Responses to research questions.)

To revisit and re-establish the relevance of long range planning ideals in formulating effective adaptive strategies, the responses obtained are presented in Table 4 below:

Table 4: Relevance of Long Range Planning in Effective Adaptive Strategy Formulation

Response	Number	Percentage (%)
Yes	11	61.1
No	2	11.1
Sometimes	5	27.8
Total	18	100

Source: Research Data (2000) (Reponses to the Question on the Usefulness of Long Range Planning Ideals in the Formulation of Effective Adaptive Strategies).

Table 4 above shows that 11 (61.1%) of the respondents agree that long-range planning ideals are indeed auspicious in formulating effective adaptive strategies all the time. However, 2 (11.1%) disagreed with the position while 5 (27.8%) opined it was helpful. This implies that for most (89%) managers in the brewing firms, long range planning is necessary and does not undermine the effectiveness of adaptive strategies. Concerning the current approach used by breweries in developing effective adaptive strategies, the responses obtained are presented in Table 5 below:

Table 5: Current Adaptive Corporate Strategy Approaches of Nigerian Breweries

Responses	Adopting Breweries	No of Firms	Percentage (%)
Long-range planning	Nil	0	0
Real Time Strategic Management	B1,B2,B3,B4,B5	5	100
Total		5	100

Source: Research Data (2000) (Responses to the Question on the Current Approach Employed in Formulating Effective Adaptive Corporate Strategies).

From Table 5 above, all the respondent breweries employ real time strategic management as their preferred approach in developing effective adaptive strategies. Although, the continuous use of the long range planning by many executives in other industrial sub-sectors, as noted by respondents, is informed by its effectiveness in streamlining the actions of the companies for a long time, they contended that they prefer real time strategic management to long range planning because the former helps firms avoid range costly delay. It facilitates quick reaction, thus, minimizing the side effect of long range planning. The primary data and hypotheses testing using Chi-Square (χ^2) are contained in Table 6 below:

Table 6: Chi-Square (χ^2) Computations for Proposition 1, 2, and 3

Responses (P ₁)	O _i	E _i	(O _i -E _i)	(O _i -E _i) ²	(O _i -E _i) ² /E _i
Yes	14	6	8	64	10.66
No	1	6	-5	25	4.16
Sometimes	3	6	-3	9	1.50
Total	18	18	-	-	-
Responses (P₂)					
Yes	12	6	6	36	6
No	1	6	6	36	4.16
Partially	5	6	-1	1	0.16
Total	18	18	-	-	10.32
Responses (P₃)					
Yes	12	6	6	36	6
No	2	6	-4	16	2.66
Sometimes	4	6	-2	4	0.66
Total	18	18	-	-	9.32

Source: Research Data (2000)(Responses to Questions relating to the Research Hypothesis).

With 2 degrees of freedom (df) (that is, $n-1=3-1$) and 0.05 level of significance, the critical value of Chi-Square (χ^2) is 5.99 (Levin, 1990: 840). The comparative inferential highlights are presented in Table 7 below:

Table 7: Inferences/Proposition Test Decisions

X^2_{cal}	X^2_{tab}	Inference	Decision
16.32	5.99	$X^2_{cal} > X^2_{tab}$	Null Proposition Reject
			Alternative Propositions Accept
10.32	5.99	$X^2_{cal} > X^2_{tab}$	Reject
			Accept
9.32	5.99	$X^2_{cal} > X^2_{tab}$	Reject
			Accept

Source: Research Data (2000) (Drawn from Table 6 and Statistical Table).

It was therefore, confirmed that the establishment and existence of strategic planning units or frameworks in breweries will facilitate the development of adaptive strategies, which will enhance their coping ability and behaviour with respect to the turbulent environment. The study equally indicated that long-range planning ideals are relevant and auspicious in the formulation of effective adaptive strategies.

Discussion

Most breweries in Nigeria engage in strategic management practice moderately while few do so with high commitment. The firms studied have visions, missions, objectives and functional strategies. Since objectives are better achieved through the use of strategies, the predominantly adopted options in the Nigerian brewing industry are new product development, outdoor advertising and other marketing mix tools. Furthermore, the economic, legal, commercial, social-cultural, technological and climatic factors prevail as critical elements of the environment that impact greatly on the business of breweries in Nigeria. For instance, in Northern Nigerian where Sharia law and religious practices abhor alcohol consumption, there are grave implications for marketing and general corporate performance of affected breweries. In spite of these and other challenges facing firms in the sub-sector, only one of the firms studied saw the need to establish and maintain a formal strategic management unit (framework). All the respondent corporate executives nonetheless, were of a strong conviction that real time strategies are most imperative in the management of breweries in Nigeria since the approach minimizes the problems associated with long -range planning.

Conclusions

The conclusions of this study were: i. That the establishment and existence of strategic planning units in breweries companies in Nigeria will facilitate the development of adaptive corporate strategies. This is in line with results obtained by Newman and Logan (1981) and Agundu (1999). It will also enhance the management of the turbulent environment. These units acting as differentiated boundary spanners plan and monitor responses to fluctuations in the environment as established by Robbins (1991) and Ottih (1998).

- ii. That long range planning ideals are of immense instrumentality to the formulation of effective adaptive strategies. This revelation is similar to the diagnosis of National Fertilizer Company of Nigeria by Isokariari and Fubara (1991).
- iii. That breweries in Nigeria presently engage in real time strategic management in developing adaptive strategies because it is effective than the long range planning approach. Generally, it overcomes delay and ensures quick response/reaction, thus helping the organizations to avert the consequences and set-back of long range planning. It is in this light that firms appreciate the caution by Mmtzberg (1994) against over formulation of planning in organizational affairs.

Recommendations

- i. Expedite on the creation of strategic planning units to facilitate the development of adaptive corporate strategies and enhance the management of the turbulent environment.

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- ii. Harness long range planning ideals in the formulation of effective adaptive strategies, including the streamlining of organizational actions with emphasis on prudent analysis and objective/constructive decision-making, iii. Intensify the use of real time strategic management mechanisms for developing effective strategies which ensure rapid response to the dynamic of the industry and hedge against the pitfalls in long ranges planning; and iv. Approve greater investments in staff training and technological development in order to sustain their laudable efforts in new product development and marketing.

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