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Full Length Research Paper

Strategic Choices and Performance: Evidence from an Ailing Industry in Nigeria

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The textile industry in North West Zone of Nigeria is ailing resulting in massive unemployment. The objective of this paper was to assess the role of strategy in this unpleasant development. Primary and secondary data on resources, strategy and performance were collected for seven surviving companies and analysed using the Kendall's tau-b. The results showed robust correlation between strategic choices and resource levels and an even stronger correlation between strategic choices and performance levels. Amongst the recommendations were that companies should concentrate on innovative strategies supported by identified relevant resources. Identified pertinent resources included power, raw materials, machine technology and current assets. Management capabilities needed to be beefed up to transform other resources into performance. The Nigerian Government was requested to intensify efforts at creating an enabling environment with particular reference to the provision of electricity and funding at single digit interest rate.

Keywords: Choices, Performance, Ailing Industry

INTRODUCTION

The textile industry is of strategic importance to Nigeria. This stems from the fact that agricultural produce such as cotton and jute are forwardly integrated into the textile process, thereby creating synergy of value added. The industry, therefore, provides ample opportunities for harnessing the Country's agricultural potentials. It provides linkage employment to marketers, out growers, and fashion designers. The well being of the textile sector, therefore, is a determinant of the performance of industry segments that are both backwardly and forwardly integrated into the sector. Such segments include cotton farmers, ginneries, jute farmers, and bag manufacturers.

As a formidable constituent of the manufacturing sector in Nigeria (Obadan, 1998), the performance of the textile sector affects the performance of the manufacturing sector. Nmadu (2005:21) rightly asserted that "The manufacturing sector is the engine of growth for industrialisation for any nation and the hope of being part of the global economy". Noe et al (2000) predicted that by

the year 2020, the developing countries, of which Nigeria was a notable member going by population, would account for 60% of the world economy. For this prediction to become a reality the industrial sector has to be developed to perform its pivotal role.

This paper assesses the possible role of strategy in the performance of the industrial sector using textile companies in the North West zone of Nigeria. Strategy involves the pattern of actions and business approaches geared towards achieving the long term objectives of an organization (Thomson and Strickland, 2004). The hypothesis for this paper is that strategic choices made by the textile companies determine the performance state of these companies. Using both primary and secondary data gathered from 28 managers and the CEOs of these companies, two hypotheses were tested.

Pertinent Literature

The literature covers the performance of the textile companies, the place of strategy in this performance and the theories of strategy. The understanding of strategic management went through business pattern maneuvering (Porter, 1980), resource-based view, now theory (Wernerfelt, 1984), industry positioning (Shapiro, 1989), resource-based and dynamic capabilities (Eisenhardt and Martin, 2000) and resource-based theory (Thompson and Strickland, 2004). In all these understandings, the dual role of resources and strategy in determining performance is acknowledged. The emphasis of this paper is to highlight the role of strategy in enhancing both resources and performance. A simple model is developed to help in understanding this strategic role thus:

Resources ⟶ Strategies ⟶ Performance

Firm resources properly deployed have great bearing on short term performance. Similarly consistent short term performance guarantees long term performance.

Major Views of Strategy

The four major views of strategy include the competitive position view, the conflict gaming view, the resource-based view, and the dynamic capability paradigm. For the purpose of our paper, we collapsed the resource-based and the dynamic capability views into one theory, the resource and dynamic capability theory (Makadok, 2001), thus bringing the number of dominant theories to three.

We present a synopsis of the three broad views in sequence. Taken together, they form a more comprehensive picture of strategic management theory.

The competitive position view

This view was brought to the limelight by Porter (1980). It held that the economic rents which a particular firm earned depended on the competitive position which such a firm occupied in its industry. Such competitive position, in turn, depended on a number of factors among which were barriers to new comers entering the market, the velocity of rivalry among existing firms, substitute products, the bargaining power of customers, and the bargaining power of suppliers.

The competitive position approach to strategy focused on industry variables with little emphasis on the firm's resources and capability. The two other theories, the resource based and the conflict gaming theories are next considered.

The conflict gaming approach

Shapiro (1989) torched on this paradigm. He postulated that a firm's rent-creating and rent-earning potential hinged on its strategic positioning vis-à-vis that of its competitors. Strategy was likened to a game where a firm's fate rested purely on the manner in which other firms played their games in response to the firm's play. The emphasis of the conflict theory was on 'strategizing' rather than developing firm's resources and capability ('economizing') or (being efficient). It was opined by Teece, Pisano, and Shuen (1997:513) that most companies in the United States of America laid emphasis on 'strategizing' (what they referred to as "Machiavellian tricks"). The Japanese firms, on the other hand, emphasized the resource-based view by gradually and consistently accumulating and improving on their resources.

The game theory has the weakness of excluding how new entrants eventually enter a market and even succeed, a concept that is important to entrepreneurial strategy (Teece, Pisano, and Shuen, 1997). Another shortcoming of the strategy play view was its apparent undermining of competition on the bases of resource and capability 'accumulation', 'development' and protection (Teece, Pisano, and Shuen 1997:513).

The resource-based and dynamic capability paradigm

As a departure from the competitive and conflict gaming paradigms, the resource-based and capability view stressed the fact that the ability of any company to take a competitive posture or to play a particular game depended on the resources and capability of such a firm.

The theory has its origin from the work of Penrose (1959), though inadvertently. The view was formerly presented by Wernerfelt (1984). He assessed the firm using resource-market matrices instead of the market share-growth combination of the competitive position view presented by the Boston Consulting Group (1972). In the place of emphasizing market entry barriers as a way of gaining a competitive advantage to increase returns, the resource-based theory stressed 'resource position barriers' as a means of increasing profits (Wernerfelt, 1984 and Barney, 1991).

Dynamic capability philosophy draws on Schumpeterian reasoning, which sees dynamic capability as another rent-creating mechanism based on the competences of organizations (Schumpeter, 1950). Eisenhardt and Martin (2000:1105) defined dynamic capabilities as 'a set of specific and identifiable processes' that are 'idiosyncratic' in details and somehow 'dependent' in their emergence.

Hansen and Wernerfelt (1989) examined the role of economic and organizational factors in determining performance. They found out that, organizational factors outweighed economic factors in affecting performance. Economic factors referred to outside market variables while organizational factors were internal variables that combined to chart the course of organizational climate with issues such as 'decision making', 'communication flow', 'goal emphasis,' 'Human Resource emphasis' 'leadership', 'Group processes and job conditions' (Hansen and Wernerfelt, 1989:403).

Ferris, Schellenberg and Zammuto (1984) found construction companies with superior strategic planning to have achieved higher organizational performance. Capelli and Sign (1992) in Mueller (1996) posited that firms that were doing better had larger resources to plan with. In contention, we agreed with Chan (2005) that inherited resources without accompanying capabilities do not lead to better performance. Porter (1980, 1985, & 1991) digressed from his view of competitive strategy and noted that an analysis of the scarce resources to help organizations succeed in competitive maneuvers needed to be incorporated into the evaluation.

Strategies

Cool and Schendel (1988) grouped strategies into scope commitment, resource commitment and marketing commitments. Jauch, Osborn, and Glueck, (1980) considered strategic decisions in the light of mission, market development, market penetration, market extension, production efficiency, goal emphasis, merger and financial restructuring. Other researchers blocked strategies into two groups of Goal emphasis and Human relation emphasis (Hansen & Wernerfelt, 1989). They found the two groups to contribute almost equally to performance with the human resource emphasis surpassing the goal emphasis.

Morrow, Sirmon, Hitt, and Holcomb (2007) found strategies of value that could not be easily imitated, which made use of a firm's present bundle of resources to create 'new products', 'processes' or 'technologies' to affect organizational turn around in a positive direction. They discovered that alliancing and joint ventures did not meet investors' expectation as much as mergers or acquisition did. Wernerfelt (1995:173) agreed that "strategies which are not resource-based are unlikely to succeed…." Rumelt (1984) had set the tone by positing that heterogeneous resources reflected in different strategies which in turn accounted for differences in firm performance. In compliance, we used strategic awareness, group dynamics, learned technology, and alliancing as strategies for evaluation in the companies studied.

Onipe (2001)) found varying strategies among eight (8) companies studied, two of which were textile companies. Strategies such as attention to social and welfare issues, Staff training and development, and product/service R&D, were analysed by Onipe in the two textile companies studied. On the contrary the two textile companies employed the following strategic options: 'cutting back strategies' (2001:147) which involved dropping products considered unprofitable, reducing the list of customers to save cost of transport, prolonging the serviceable life span of equipment instead of outright replacement, and retrenching Staff to save personnel cost. These were employed in addition to improving efficiencies in procurement and production, and product redesign in reaction to competition. All these ran counter to researchers' suggestion that proactive management had more bearing to performance than reactive management (Chukwuma, 1985; Mueller, 1996 and Drucker, 2004).

Firm Performance

Ramaswany (2001) found private ownership and intense rivalry to be positively correlated with performance in the Indian manufacturing sector. In our case, all the textile companies in Nigeria were privately owned (the Nigerian Government handed over the last textile company, the Nigerian Textiles Limited, to Aliko Dangote in 2002). Ramaswany (2001) surveyed the entire Indian manufacturing sector with different industries of varying degrees. In contrast, we considered a single industry made up of firms of the same private ownership and a uniform intensity of rivalry. We, therefore, anticipated performance impacting variables other than ownership and intensity of rivalry.

Table 1. Responses to Strategic Choices

Strategic Choices	Chellco	Angel	NSD	Terytex	ATM	Funtua	Lakhi
15. Increase in vertical integration						•	
17. Decrease in size of market		•	•		•		•
18. Increase penetration of existing market with existing products				•	•		
23. Major cost cutting programs in R&D	•		•	•	•	•	•
24. Major cost cutting programs in machine replacement	•		•	•	•	•	•
25. Decrease usage of capacity	•		•				•

Source: Research field survey, 2010

Table 2. Responses to items in the production and General Managers' Questionnaires

		FUNT (1)	TRTX (2)	NSD (3)	CHELLO (5)	ATM (6)	ANGEL (6)	LAKHI (7)
	STRATEGIC DECISION MAKING							
	AWARENESS OF STRATEGY							
Q7	Three major objectives	Much	V. much	Fair	Fair	Much	Fair	Fair
Q8	Plans to achieve objectives	Much	V. much	Fair	Fair	Much	Fair	Fair
Q9	Resources to achieve objectives	Much	V. much	Fair	Fair	Much	Fair	Fair
Q10	Policies to guide objectives	Much	V. much	Fair	Fair	Much	Fair	Fair
Q4	Production experience							
	a. Spinning	>20 yrs	>20 yrs	>20 yrs	>20 yrs	>20 yrs	>20 yrs	>20 yrs
	b. Weaving	>20yrs	>20yrs	>20yrs	>20yrs	>20yrs	>20yrs	>20yrs
	c. Dyeing	>20yrs	>20yrs	>20yrs	>20yrs	>20yrs	>20yrs	>20yrs
	TECHNOLOGICAL LEADS							
Q5	Start of production	1981	1986	1988	1982	1984	1985	1986
Q6	Year of retooling	2002	None	None	none	None	None	None
Q7	Year of machines replacement	None	2006 (partial)	None	None	None	None	None

Source: Research survey, 2010

Environmental dynamics have also been considered as performance determinants (Adebisi, 1987; Helfat, 2000). Helfat (2000:958) viewed 'bundles of resources' as intervening variables in performance instead of determinants. We veered from this position and suggested, instead, that resources and capabilities determined strategic choices which in turn affected performance. In this vein we consonanted with several other researchers like Chukwuma (1985), Onipe (2001), Wernerfelt (1984), Wernerfelt (1989), Barney (1991), Black and Boal (1994), Mueller (1996), Teece, Pisano and Shuen (1997), Eisenhardt and Martins (2000), Simerly and Li (2000), and Chan (2005).

Measures of performance have been used variously by several researchers. Jauch, Osborn, and Glueck (1980) used Return on Assets (ROA) as a measure of success,

Table 3. Strategic Groups

INNOVATIVE	RETRENCHMENT
Funtua Textile	Nigerian spinning and Dyeing (NSD)
Terytext	Angel Spinning and Dyeing
African Textiles	Chellco
	Lakhi

Source: Research Survey, 2010

Table 4. Cross Tabulation of Resource and Strategic Choices Groups

Resource Level		Strategy		
		Innovation	Retrenchment	Total
	Above Average	6	5	11
	Below Average	2	15	17
	Total	8	20	28

Source: Research Survey, 2010

though they admitted it was a short-term measure. Cool and Schendel (1988) and Wernerfelt (1989) employed Return on Sales (ROS) as an indicator of performance. Onipe (2001), Ramaswamy (2001) and Chan (2005) represented performance by Return on Investment (ROI). Onipe (2001) also employed Earning before Interest and Taxes (EBIT) as an additional reflector of firm performance. Nmadu (2005) used Return on Capital employed (ROCE) to measure performance when analysing performance management and corporate profitability in the Nigerian manufacturing companies that were quoted on the Nigerian Stock Exchange. Jat (2006) employed Net Profit as a measure of corporate performance. Furthermore, Ramaswany (2001) used Operating Efficiency, which he derived by dividing cost of sales by sales, as a gauge of performance. In consonance with these several researchers, we employed EBIT as a measure of performance among the textile companies studied.

THE METHODOLOGY EMPLOYED

The researcher was interested in finding out the chemistry between strategy and resources in determining performance amongst seven textile companies in the North West Zone of Nigeria. Two hypotheses advanced are, one, that resources enhance strategy and two, that Strategy enhanced performance. Though the responses to the two hypotheses could be: what else did we expect judging from the theory? The essence was to make the theory empirical and to show the relative strengths of the determinants.

The survey method, using a set of questionnaires and secondary data, was chosen because it was considered more effective in addition to being more affordable and faster. It also eliminated biases and undue pressures on respondents by allowing them time to fill the items using records and files at their conveniences while they remain anonymous. Further more, the questionnaire system is devoid of translation biases and guess work common with the interview method (Jat, 2006).

A set of questionnaires designed to generate responses on strategic items covering mission, finance, marketing, and production was developed in a pattern earlier used by Jauch, Osborn and Glueck (1980). This was administered to 28 managers of 7 textile companies. Four managers each in charge of production, marketing, finance and human resources were selected from each of the 7 companies.

Secondary data covering resources considered strategic to performance on variables such as raw materials, machine technology, power supply, and current assets were gathered over a period of 22 years. These were used to categorise the companies into two groups. One group was made up of companies with resources above the average for the seven companies while the other group consisted of companies below the average. Data was also collected on earnings before interest and taxes used as a measure of performance.

The responses were analysed using the Kendall tau-b cross tabulation with the formula:

Table 5. Cross Tabulation of Strategic Choices and Performance Levels

Strategic Choices		Performance Level (EBIT)		
		Above Average	Below Average	Total
	Innovation	9	2	11
	Retrenchment	3	14	17
	Total	12	16	28

Source: Survey Research, 2010

$$\tau = \frac{(Ns-Nd)}{\sqrt{(Ns+Nd+Ty)(Ns+Nd+Tx)}}$$

Where, for a 2 variables table:

Ns = Same order pairs obtained by multiplying frequency in every cell by total of all frequencies in cells adjacent the cells to the right;

Nd = Different order pairs, obtained by multiplying frequencies in each cell by the total of all frequencies adjacent the cell to its left;

Ty = Pairs tied on y, obtained by multiplying the frequency in each cell by the total frequencies in the cells in each column below and adding the product;

Tx = Pairs tied on x, gotten by multiplying the frequencies in each cell by the total frequencies in each row to the right and adding the product.

Source: Frankfort-Nachmias and Nachmias (1996). Research Methods in the Social Sciences, 5th ed. London: Hodder Arnold, pp408-413.

ANALYSES

Hypothesis 1: There is a significant correlation between resource levels and strategic choices.

Three of the textile companies, reported some elements of innovative strategies by way of vertical integration, penetration of existing markets with existing products and a relatively higher level of strategic decision awareness amongst their staff (Tables 1 and 2). They were, therefore, classified as adopting innovative strategies. The remaining four companies, adopted, mainly, retrenchment strategies by way of cutting back costs in personnel, machine replacement coupled with a lower level of strategic decision awareness amongst their staff (Tables 1and 2). They were, thus, classified as retrenchment strategy companies.

All the seven companies indicated the pursuit of production strategies of "major cost-cutting programs in R&D expenses" and a strategic choice of goal emphasis as against human relation emphasis. Three of the companies had some elements of innovation in the form of vertical integration and penetrating existing markets with existing products. They also reported higher levels of strategic decisions awareness amongst staff as contained in the Tables of primary data (1 and 2). They were, therefore, classified as innovative companies. Most of the companies, thus, adopted retrenchment with goal emphasis and fair levels awareness of strategic decisions amongst staff.

Grouping the companies according to their strategic leanings (Tables 1 and 2), we have two groups as in Table 3.

The questionnaires were distributed to four (4) staff each of the seven companies. A total of twenty eight (28) questionnaires were returned. The classifications of the responses are contained in Table 4. Responses that indicated integration, diversification and strategic decisions awareness were classified as innovation strategies while those that did not, were categorized as retrenchment strategies. Eight questionnaires came from textile companies classified as above average in resources, after analysis, while the remaining twenty (20) were from companies with below average resources. Of the eight (8) responses from above average resource companies, six (6) responses indicated innovation while the remaining two responses (2) indicated retrenchments. Of the 20 responses from below average resource companies, 5 indicated innovativeness while the remaining 15 reported retrenchment. In other words, eleven (11) managers indicated in their responses that their companies were adopting innovative strategies (integration, diversification and higher level strategic awareness) while seventeen reported retrenchment strategies (Table 4).

Kendall's tau-b correlations of resource levels and strategic choices

We used the Strategic Choice /Resource Group table (4) to calculate the Kendall's tau-b correlation.

$$\tau b = \frac{(Ns-Nd)}{\sqrt{(Ns+Nd+Tx)(Ns+Nd+Ty)}} \quad \text{... (4.9)}$$

For the frequencies in Table 4:

Ns = 6*15
= 30
Nd = 5*2
= 10
Tx = (6*5)+(2*5)
=30+10
= 40
Ty = (6*2)+(5*5)
= 12+25
= 37

$$\tau b = \frac{(Ns-Nd)}{\sqrt{(Ns+Nd+Tx)(Ns+Nd+Ty)}} \quad \text{... (4.9)}$$

$$\tau b = \frac{(30-10)}{\sqrt{(30+10+40)(30+10+37)}}$$

$$\tau b = \frac{20}{\sqrt{(80)(77)}}$$

$$\tau b = \frac{20}{\sqrt{6160}}$$

$$\tau b = \frac{20}{78.48}$$

τb = 0.254

The Kendall tau-b results showed a positive correlation between resources and strategic leanings. It showed that when we use resource level to predict strategic choice, we could achieve an error reduction of 0.254 or 25.4%. The analysis also showed a positive correlation between lower level resources and retrenchment strategies. We, therefore, rejected our null hypothesis that there was no significant correlation between the resource levels of the textile companies and their strategic choices. We accepted the alternate hypothesis that there was a significant correlation between resources levels and strategic choices.

Hypothesis 2: There is a significant correlation between strategic choices and performance level.

The textile companies adopted different combinations of strategic choices involving retrenchment and goal emphasis with some elements of innovativeness coupled with significant differences in resources alongside significant differences in performance. As with resources, strategic leanings were grouped going by the managers' responses and correlated with performance levels. The grouping was according to the Mean earnings before interest and taxes (EBIT) of the two groups of companies. The cross responses of the 28 managers is presented in Table 5.

Of the 28 questionnaires returned, 11 reported innovative strategies while 17 reported retrenchment strategies. Out of the 11 innovative responses, 9 were from above average EBIT companies while 2 were from companies with EBIT Means below the over all average. From the 17 retrenchment responses, 14 were from below average EBIT companies whereas the remaining 3 were from companies with Mean EBITs below the average (Table 5).

The Kendall's tau-b formula was used to calculate the correlation of strategic groups and performance (EBIT) groups, using the frequencies of the managers' responses in Table 5

$$\tau b = \frac{(Ns-Nd)}{\sqrt{(Ns+Nd+Tx)(Ns+Nd+Ty)}} \quad \text{... (4.10)}$$

Ns = 9*14
= 126
Nd = 2*3
= 6
Tx = (9*2) + (3*14)
=18+42
= 60
Ty = (9*3) + (2*14)
= 27+28
= 55

$$\tau b = \frac{(Ns-Nd)}{\sqrt{(Ns+Nd+Tx)(Ns+Nd+Ty)}} \quad \text{... (4.10)}$$

$$\tau b = \frac{(126-6)}{\sqrt{(126+6+60)(126+6+55)}}$$

$$\tau b = \frac{120}{\sqrt{(193)(187)}}$$

$$\tau b = \frac{120}{\sqrt{36091}}$$

$$\tau b = \frac{120}{189.98}$$

τb = 0.632

DISCUSSION

More than with resource levels, the result of the Kendall's tau-b analysis showed a positive correlation between innovative strategic choices and level of performance. The correlation between retrenchment strategic choices and lower level performance was also positive. The result showed that we could achieve 0.632 or 63.2% reduction in error level when we use strategic choice to predict the level of performance. We, therefore, rejected our null hypothesis and accepted the alternate that there was a positive correlation between strategic choices and performance. In other words, strategic choices did play a role in the performance of the textile companies just like resources did.

The results of the analysis suggest that for this ailing industry in North West Nigeria, strategic choices contributed more in determining performance than resources. This extension of knowledge is more of a clinical approach. For practical purpose, we know that resources and strategy are usually interwoven and can hardly be separated. Resources without appropriate choices of business patterns may not yield much result

just as strategic management without resources to support business plays is most likely to yield sub-optimal results.

These results further suggest that, for the sector studied, deteriorating resources have driven most of the companies to settle for strategic combinations that have not yielded improved results. In line with the results of our analyses, attention should be given, first to the type of strategic choices being made, which were found to correlate strongly with performance, and secondly to resources, which were shown to impact positively with the strategic choices made. Innovative strategies were shown to tilt towards above-average performance while retrenchment strategies were shown to align more towards below-average performance.

There was a difference in strategic leanings with three of the textile companies which correlated positively with significantly different resource levels and performance levels. This led to the rejection of two Null hypotheses stating that there was no correlation between resources and strategy on one hand and between strategy and performance, on the other hand. Resource category and strategic choice correlated positively with a Kendall tau-b coefficient of 0.254 while strategic choice and performance category also correlated positively with a tau-b coefficient of 0.632. These made the findings of our research to support the resource based theory which stated that differences in strategic resources account for differences in both strategic choices and performance (Chan, 2005).

Three of the textile companies reported some elements of innovative strategies. The Kendall's tau-b correlation of resource levels (mean resources) and strategic choices (innovation and retrenchment) showed a positive correlation between above-average resources and innovation on one hand and between below average resources and retrenchment on the other. This showed that strategic resources were required to effectively innovate. Porter (1991) admitted that resources were required to effectively adopt strategic moves. The Kendall's tau-b analysis also showed a positive correlation between innovation and higher level performance (EBIT). The correlation between retrenchment strategies and lower level performance (EBIT) was also positive. This showed that retrenchment was a fall-out of lower level resources which hardly resulted in higher performance (Makadok, 2001 and Rumelt, 1991)

Most of the seven textile companies, reported adopting similar strategies of retrenchment and goal emphasis. Three of the companies, however, had some innovation traces by way of integration, market targeting and higher level of strategic decision awareness. The three companies were, therefore, categorised as adopting innovative strategies. The Kendall's tau-b correlation indicated a positive correlation between resources and strategic leanings and between strategic leanings and performance. The correlation between strategic leanings and performance was stronger, suggesting that strategy affected performance more than resources affected strategy. On the whole resources and strategy combined to impact on performance. This was supported by the strategic game theory that resources and strategy are interwoven. Porter (1991) admitted that strategic play, without the resources to back it up would not yield much result.

The companies were also lacking in dynamic capabilities in the form of customer loyalty, alliancing, training, current technology and group dynamics. Dynamic capabilities are organisational and human resource competences which combine with other firm resources and adapt to changing environments. This ability to adapt enhances performance (Teece, Pisano and Shuen, 1997). The complimentary role of resources including Dynamic capabilities in affecting performance was, therefore, on a downward trend since these performance determinants were sub optimal. The correlation between lower level resources and retrenchment was also positive. This showed that companies with dwindling resources are more likely to adopt retrenchment strategies. The strategic leanings were exhibited in human resource emphasis, goal emphasis, and group dynamics.

CONCLUSION

Strategic adoption is more of a human resource issue but also a physical resource capability variable. This was supported by a strong positive correlation between resource levels and strategic choices and an even stronger co-determination between strategic choices and performance levels. Textile companies in this ailing sector need to pay attention to both physical resources and innovative strategic choices in order to turn around their fortunes. The physical resources identified as pertinent included raw materials, machine technology, power supply, and current assets. When combined with innovative strategies, these have the capacity to yield performance that is above average. Equal attention needs to be given to the management competences of the companies and not just funding alone so as to effectively harness all other resources to improve over all performance.

RECOMMENDATIONS

1. The textile companies should explore external collaboration through alliance with foreign bodies. This would help towards cross-breeding of new ideas.

2. Since innovative strategic choices were shown to be closely linked to the possession of resources, textile companies should beef up their resources especially machine technology.
3. The companies should employ more group dynamics in arriving at decisions. This has the benefits of improving the quality of such decisions and also ensuring better commitment to their implementation.
4. Government should provide an enabling environment for textile investment by releasing promised funds at single digit interest. The funds should be monitored to ensure they are properly utilised.
5. Government should continue the drive towards the improvement of the power sector. Studies have shown insufficient power supply to be a leading impediment to the performance of the entire industrial sector in Nigeria (Iarossi and Clarke, 2011; Gado and Nmadu, 20011)
6. The companies need to do more in communicating their major objectives to all staff so as to commit them to move in the same direction.
7. Since strategy was shown to be a stronger determinant of performance, management capability should be considered in the revival drive of the textile companies by all interested parties. The Nigerian Government has been assisting by giving money at single digit interest which is good. To balance the equation, the textile companies are advised to prop up their management capabilities.

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