Business Strategies and Firm Profitability of Selected Mobile Operating Firms in Nigeria

Ogunbesean F., Egwakhe J.A. & Akpa, V.O.
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Ogungbesan F.1*, Egwakhe J.A.2 & Akpa, V.O.3
1School of Management Sciences, Department of Business Administration and Marketing, Babcock University, Ilishan-Remo, Ogun state, Nigeria

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Abstract

Purpose: Firms economic and financial growth are the major goals of organizations across the globe to beat competition and survive in the unfriendly business environment. However, despite the positive impact of the mobile telecommunication sector to social and economic development, the mobile operating firms are plagued with challenges militating against the expected growth rate. This is evident in decline in market growth, dwindling profitability and decline in productivity. This study examined business strategies and firm profitability of mobile operating firms in Nigeria.

Methodology: The study adopted survey research design. The population of the study was 436 management staff of the selected mobile operating firms in Nigeria. The enumeration sampling method was used. A structured adapted and validated questionnaire was administered. Cronbach’s alpha reliability coefficients for the constructs ranged from 0.71- 0.79. The response rate was 83.3%. Data were analyzed using descriptive and inferential (multiple regression) statistics.

Findings: The study revealed business strategies have significant effect on profitability (Adj. $R^2 = 0.469$; $F (4, 358) = 81.082, P < 0.05$). The study concluded that business strategies (cost leadership, product differentiation, product leadership and service delivery) influenced market growth, firm profitability and productivity of selected mobile operating firms in Nigeria.

Recommendation: The study recommended that for mobile operator’s companies to achieve targeted profitability, business strategies measures such as cost leadership, product differentiation, product leadership and service delivery should be given high level of priority.

Keywords: Business Strategies, Customer Experience, Firm Profitability.
1.0 INTRODUCTION

Firms’ economic and financial growths are the major goals of organizations across the globe in order to survive competition and beat the onslaught of unfriendly business world. Business growth determine going concern of any business including mobile operators’ companies which can be viewed in terms of revenue generation, value addition, and expansion in terms of volume of the business. The impact of mobile operating firms in national economic and social development cannot be overemphasized and this has been traced to the mobile firm’s growth, measured by market growth, firm profitability and productivity. However, despite the positive impact of this sector on the economy, the mobile operating firms in the developed, emerging and developing economies faced challenges from global and local business constraint and contextual factors such as industry competition, technological background, corruption practices and infrastructural facility which are capable of hindering the growth of these firms.

Business strategy has been a major measure employed by 21st century business organizations in order to drive through dynamic contextual factors common with mobile network operators across the globe. For any business organization whether in developed, emerging and developing economies to survive challenges of environmental contextual factors like technology, industrial competition, and corrupt system, business strategies must be adopted in business operations and decisions of the mobile network operators (Anwar & Daniel, 2016). Business strategy is the direction and scope of an organization over the long term that provides advantages for the organization through its pattern of resources within a demanding environment with contextual factors. Strategies exist at several levels in organizations, ranging from the overall business to individuals working. However, most of the mobile operating firms fail to experience constant increase in profitability and market control due to mis-match of the business strategies with environmental contextual factors (Mojekwu & Iwuji, 2019; Oyedijo, 2013; Arthur & Alonzo, 2010).

There has been a great increase in the level of competition in virtually all areas of business and that of mobile network operators is not an exception. The ability to outperform competitors and to achieve above average profits and targeted market growth lies in the pursuit and execution of an appropriate business strategy (Yoo & Kim, 2018). These have resulted in greater attention to analyzing business strategies under different environmental conditions. Nwakanma, Asiegbu, Eze and Dibia (2014) stated that the business generic strategies like price leadership, differentiation and cost or differentiation strategies that are required for different resources, organizational arrangements, control procedures, styles of leadership, and incentive systems could translate to improved organizational growth; but Akingbade (2014), Mojekwu and Iwuji (2019) countered Nwakanma, et al (2014) assertion that business generic strategies will surely increase mobile network operators market growth and profitability.

The existing research conducted by Akingbade (2015) and Mojekwu and Iwuji (2019) shed light on the inadequate attention given to contextual factors in the Nigerian business system, which has resulted in a decline in market growth and profitability within the mobile network operator's industry. Mughees et al (2017) also identified various constraints that hinder the growth of firms. Additional studies by Ogbaro and Omotoso (2017), Lawrence and Geof (2016), Anyieni (2013), and Shulman (2021) highlighted factors such as infrastructural deficiencies, lack of technological development, competition, and corruption as significant impediments to business growth.

However, despite the valuable insights gained from these studies, there remains a research gap in understanding the specific impact of business strategies on the profitability of mobile operating firms in Nigeria. This study aims to address this gap by investigating the relationship between business strategies
and firm profitability in the context of the Nigerian mobile operating industry. By examining the effectiveness of different strategic approaches, this research seeks to contribute to a deeper understanding of the factors influencing the financial performance of mobile operating firms in Nigeria by examining the effect of business strategies and firm profitability of selected mobile operating firms in Nigeria.

Statement of the Problem

Nigeria mobile telecommunications sector experienced stalled growth such that in the first quarter of 2017, subscribers dropped by 1.38% and by fourth quarter of the same year it got worst and the subscribers dropped by 6.15% (Proshare, 2017 cited in Dantsoko, Abdullahi, Balkisu, Ringim & Zakari, 2021). According to Preshani, Sachith, Samaradeera and Samarakkody (2021), with millions of subscribers and a variety of products, service configuration and customer care among other required services are becoming increasingly complex. The cost of handling the operations and the need for more resources has affected the financial overheads of the operators. In their study Adeoti, Gbadeyan, Olawale and Adeyemi (2017) emphasized that among mobile networks operating companies in Nigeria mismatch of business strategies towards dynamic contextual factors characterized the telecommunication industry, thus leading to decline in profitability of mobile operating firms. Oluwafemi and Adebiyi (2018) and Gumel (2019) stress that most mobile operating firms in Nigeria operate their businesses without a sound and dynamic business strategies. This results in inability to satisfy customers and failure to compete successfully in the business environment.

2.0 LITERATURE REVIEW

This section discusses business strategies and its dimensions (cost leadership, product differentiation, service delivery and product leadership) and firm profitability.

Business Strategies

A business strategy is the combination of all the decisions taken and actions performed by the business to accomplish goals and secure a competitive position in the market (Aashish, 2021). Business strategy is a way to ensure a sustainable competitive advantage by investing the resources needed to develop key capabilities leading to the long-term superior performance (Lin et al., 2014). Abdulwase et al (2020) defined business strategies as the ability to analyze and address the challenges facing administrations including the global business and global competition, accelerating the effects of the driving forces of globalization in various fields of life. Business strategy as a contributing factor in business operations is a determinant of externalities of firm decisions such as environmental protection (Kong et al., 2019). Cassia and Magno (2019) posit that strategies have long term prosperity of a business enterprise; it is concerned with long term asset growth. Organizations use strategy to deal with changing environments as it brings novel combinations of circumstances to the organization. Parnell et al. (2012) stated that the study of strategy includes the actions taken, content of strategy, and the processes by which actions are decided and implemented. Abdulwase et al. (2020) posited that a good business strategy considers existing barriers and resources, people, money, power and material that are important for the achievement of the vision, mission and overall goal of the organization. Another explanation of a business strategy is it focuses on a certain business unit and studies how to enhance its competitiveness, such as choosing a more attractive segmented market. From the perspective of business operations, there are different levels of strategies. Generally, Luoma (2015) categorizes strategies into Corporate Strategy, Business Strategy and Functional Area Strategy. The formulation of a business strategy requires taking the business objective, business capability, opportunities and threats of the market into consideration.
Cost Leadership

Njuguna and Waithaka (2020) defined cost leadership as the process by which firm seeks or aims at positioning itself as the lowest cost producer in the industry so as to achieve competitive advantage above other competitors. Cost leadership strategy is defined by Mohamed et al. (2019) as an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors. Cost leadership according to Muasa (2014), is a strategy used by businesses to create a low cost of operation within their niche with the primary objective of gaining advantage over competitors; this is achieved by reducing operating costs below that of others in the same industry. A cost leadership strategy therefore aims to exploit scale of production, well defined scope and other economies thus producing highly standardized products. Kimiti et al. (2020) posit that cost leadership strategy is among the most widely studied strategic orientations whose effect on firm performance has been empirically ascertained. Cost leadership strategy enables organizations to reach larger benefits through their ability to press down the production cost which results in a more competitive price and increased profit, cost leadership therefore leads to a better organizational performance (Haque et al., 2021).

Product Differentiation

Mbah et al. (2020) defined product differentiation strategy as the provision of different and superior quality of commodity/commodities by firm that improve consumers’ utility and as well strengthen consumers’ loyalty. Alas, a differentiation strategy involves the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competitors (Stanley et al., 2016). Hikmah et al. (2022) defined product differentiation as a company’s effort to offer its products to customers with better value, faster and cheaper than competing products. Furthermore, product differentiation is a competitive business strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products and services relative to the perceived value of other firm's products and services (Rahman, 2011). According to Harjadi et al. (2022), product differentiation is an attempt to create differentiation from competitor’s product in order to attract customer’s interest.

Service Delivery

Shittu (2020) defined service delivery as the extent to which the services provided by the listed sectors meet or exceed the expectation of the beneficiaries or general public. Service delivery describes a firm’s capability to create finished components’ and deliver services or products to the customers (Arif & Quin, 2015). Ogola and Nzulwa (2018) viewed service delivery as the fulfillment of organizational goals and objectives so as to satisfy the needs of customers, employees and investors. Service delivery is also a business framework that supplies services from a provider to a client (Khawaja & Khalid, 2022). Public services are considered essential since they enhance quality of life of people and nation’s development process. According to Cheche and Muathe (2014), service delivery involves personal interaction between government, society and citizens for the accomplishment of their needs. Therefore, customers have a right to demand services that meet their needs fast enough, accessible, reliable, good quality and at modest cost and all wrapped in friendly treatment (Cheche & Muathe, 2014). According to Ogola and Nzulwa (2018), there are four key elements features for successful service delivery system, which are;

Product Leadership

Berry (2022) defined product leadership as the act of championing product within a company. Also, pursuing a strategy of specialization in complex, complicated technological products and services and
high level of innovation is called product leadership (Melta & Simona, 2017). The concept of product leadership has been described by Bhasin (2021) as understanding the customer’s needs and providing their unique experience through innovative products. Markus (2015) defined product leadership as: “offering customers’ leading-edge products that consistently enhance the customers’ use or application of the product, thereby making its rivals’ goods obsolete”. Reilly (2018) viewed product leadership as a decisive competitive process in which modern companies or firms develop their digital products in a dynamic and customer-oriented manner. Product Leadership is all about striving consistently to provide your customers with leading-edge products or useful new applications of existing products or services. For organizations to achieve this, they must be creative, agile and fast. Reacting to situations as they occur makes them strong.

**Firm Profitability**

Profit according to Dugguh et al. (2018) is an excess of revenues over associated expenses for a business activity over a period of time. In other words, profit is what remains after all business expenses have been deducted from sales revenue. A ‘negative profit’ or loss occurs when a company’s expenses are greater than its sales revenue. Profit in essence is the engine that drives the business enterprise. Profits include gross, net and retained profit. Gibson (2009) defined the profitability of a firm as its ability to generate earnings. Van-Greuning (2009) viewed profitability as the indicator of how a company's profit margins are associated with sales and average capital. It is often expressed with the help of the ratio between this result and sales (or production). Stefea (2012) stated that firm profitability was the ability of a lucrative activity to generate revenues higher than expenses involved. The indicators of firm profitability are well known as profitability ratio or accumulation margin. Brigham et al. (2009) considered that firm profitability is the ability of a given investment to earn a return from its use.

**Business Strategies and Profitability**

Empirically, firm profitability is often determined by the capacity of the organization’s capability and effectiveness with the organization-specific resources which include knowledge, capital and labor are organized, acquired and transformed into services and products that can be sold through organizational structures, routines and practices (Okangi, 2019). Businesses must develop strategies to attract human resources, remain in business and compete in order to increase the level of profit. Profit is what remains after all business expenses have been deducted from sales revenue (Dugguh et al., 2018).

The result of the study carried out by Falana et al. (2020), revealed that business strategies have significant positive effect on profitability. Adinan and Abukari (2013) carried out a study on the effect of product differentiation on profitability and found that there is a positive relationship between product differentiation and profitability.

Zipporah et al. (2018) found that strategies influence organization performance positively to a great extent resulting in increased organization profitability, business turnover and volumes of sale.

Rofiq and Pramono (2019) explore the link between financial performance and the formal strategic planning process, planning flexibility, and innovativeness of 448 firms in a multi-industry sample. The results suggest that firms’ formal strategic planning processes and planning flexibility are positively associated, and each is positively related to innovativeness.
Musi et al. (2018) investigated the influence of strategic planning to firm performance in agricultural research-based institutions, their findings revealed that financial resources strategic planning, human capital strategic planning, material resource strategic planning and information resource strategic planning influence firm’s performance.

David and Okeyo (2018) examined the effect of strategic planning on organizational performance. The regression results revealed that there was a positive and significant relationship between strategic planning and performance. Regression results further revealed that external environment has a positive and significant effect on performance. In addition, external environment moderates the relationship between strategic planning and performance of county government.

On the other hand, Patil and Marathe (2016) findings suggested that market orientation and planning flexibility positively influence firm performance; planning flexibility exerts a negative pressure on performance in highly dynamic markets. Business strategy components according to Chepchirchir et al. (2018) have significant positive effect on sales volume and profits.

Muthama and Karanja (2012) conducted a study on the Influence of competitive intelligence on profitability of mobile telecommunication companies in Kenya they concluded that competitive intelligence practices play a vital role in overall profitability of mobile telecommunication companies in Kenya. Margret et al. (2014) found that applying different marketing mix result in increased revenue leading to profitability.

**H₀₁:** Business strategies have no significant effect on firm profitability of selected mobile operating firms in Nigeria.

**Research Conceptual Model**

![Conceptual Model](Image)

**Figure 1: Conceptual Model (Nostalgia Marketing Practices and Customer Perception)**

**Source:** Author’s Research Model (2023)
The figure above presented the conceptual model based upon the review of literature and it showed the effect of business strategies (nostalgia emotions, nostalgia brand positioning, nostalgia brand equity, nostalgia sensitivity, and nostalgia advertising) on customer perception.

**Theoretical Review**

**Resource Dependence Theory (RDT)**

The RDT was developed by the American business theorist Jeffrey Pfeffer and the American organizational theorist Gerald R. Salancik in the 1978 at the Stanford University in their first published work (Pfeffer & Salancik, 1978). The theory was purposed to present a guide on how to design and manage organizations that are externally constrained. A second version of the book was published, after twenty-five years of existence and it examined the legacy of the RDT as an influential work in current research and its relationship to other theories (Pfeffer & Salancik, 2003). The work of several earlier scholars, including (Blau, 1964; Emerson, 1962; and Jacobs, 1974) gave rise to the RDT. However, the intentions of Pfeffer and Salancik led to the development of the RDT, providing an alternative perspective to economic theories of mergers and board interlocks in order to understand precisely the type of the inter-organizational relations (Davis & Cobb, 2010). The RDT theory stated the mutual interaction between organizations in order to support the exchange of resources. The major argument of the resource dependence theory is that organizations attempt to exert control over their environment by coopting the resources needed to survive (Pfeffer & Salancik, 1978).

The RDT was relevant to the current study in that it helps to observe organizational adaptations to dependencies; one adaptation consists of aligning internal organizational elements with environmental pressures. Under the RDT, companies continually act to reduce environmental uncertainty and dependency (Hillman et al., 2009) by reconfiguring internal structures to match with organization’s business strategies such as cost leadership, product differentiation, service delivery and product leadership. Organizations are influenced by their environment, which consists of other organizations, institutions, the professions, and the state, so therefore organizations need the right mix of business strategies in order to manage environmental risk and pressure, manage the identified contextual factors and achieve market and firm growth. According to the open-systems perspective, firms are forced to act under conditions of interdependence and restricted freedom since they do not have executive control over their surrounding network.

**3.0 METHODOLOGY**

The study adopted survey research design. The population of the study was 436 management staff of the selected mobile operating firms in Nigeria. The enumeration sampling method was used. Adapted and validated questionnaire was used for data collection.

The questionnaire was of two types. The first questionnaire was for management marketing staff of the selected firms as these are the people involved in the implementations of marketing strategies and the second category was for the distributors of the selected firms. For dependent and independent variable, six points modified Likert scale type was used to elicit responses from every question in the questionnaire and this covered; Very High (VH) – 6; High (H) – 5; Moderately High (MH) – 4; Moderately Low (ML) – 3; Low (L) – 2; Very Low (VL) – 1. This modified scale increased the reliability of the responses and also gained more effective result from the respondents.
Table 1: Sources of Questionnaire Items

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sources of Instrument</th>
<th>Number of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Variable: (X1) – BUSINESS STRATEGIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Leadership</td>
<td>Onyango (2017) and Muasa (2014)</td>
<td>7</td>
</tr>
<tr>
<td>Product Differentiation</td>
<td>Odhiambo (2018) and Adimo (2018)</td>
<td>7</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>Owino (2013) and Serebwa (2017)</td>
<td>7</td>
</tr>
<tr>
<td>Product Leadership</td>
<td>Onyango (2017) and Adimo (2018)</td>
<td>8</td>
</tr>
<tr>
<td>Firm Profitability</td>
<td>Kung’u (2015)</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Researcher (2022)

A pilot study was conducted among other network operators in Lagos state Nigeria, outside the target sample for this study. The network operators were Nigeria Telecommunication Company (Ntel), Spectranet network operators, Swift Networks limited where forty-four (44) copies of the questionnaire representing 10 per cent of the census were distributed across the mobile network operators and forty-two (42) duly completed copies were returned and analyzed.

The researchers ran the Cronbach’s reliability test to establish the reliability of the items in the research instrument Cronbach’s alpha reliability coefficients for the constructs ranged from 0.71- 0.79.

Multiple regression analysis was used for hypothesis testing. The justification was based on the fact that this method can best measure the degree, direction and strength of the link effect between the sub variables of business strategies and firm profitability.

Model Specification

\[ Y = f(X) \]

\( Y = \) Firm Profitability = Dependent Variable

\( X_1 = \) Business Strategies = Independent Variable

\( X_1 = (x_{1a}, x_{1b}, x_{1c}, x_{1d}) \)

Where:

\( X_{1a} = \) Cost Leadership (CL)

\( X_{1b} = \) Product Differentiation (PD)

\( X_{1c} = \) Service Delivery (SD)

\( X_{1d} = \) Product Leadership (PL)

The models formulated for each of the hypotheses are written as:
Hypothesis

\[ Y = f(x_{1a}, x_{1b}, x_{1c}, x_{1d}) \]

\[ y_2 = \beta_0 + \beta_1x_{1a} + \beta_2x_{1b} + \beta_3x_{1c} + \beta_4x_{1d} + \epsilon_i \]

FP = $\beta_0 + \beta_1CL_i + \beta_2PD_i + \beta_3SD_i + \beta_4PL_i + \epsilon_i$--------------------------- (ii)

A Prior Expectation

In line with the hypotheses formulated, a positive effect between business strategies and firm profitability is expected while business constraints were expected to have negative effect on firm profitability. The result from the statistical analysis assisted in explaining the degree of effect between the dependent and independent variables, also the expected outcome of the relationship between the sub-variables of both the dependent and independent variables was stated as follows.

Table 2: A priori Expectations and Decision Rule

<table>
<thead>
<tr>
<th>S/N</th>
<th>Models</th>
<th>A Priori Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>H0</td>
<td>FP = $\beta_0 + \beta_1CL_i + \beta_2PD_i + \beta_3SD_i + \beta_4PL_i + \epsilon_i$</td>
<td>Reject if $\beta_1 \neq 0$ and $P &lt; 0.05$ H02 otherwise accept</td>
</tr>
</tbody>
</table>

Source: Author’s Computation (2023)

Ethical Consideration

Ethical clearance was obtained from the University Health Research Ethics Committee. The researchers treated with utmost confidentiality the information provided by the respondents, and such information was used solely for the purpose of this study. Furthermore, anonymity was ensured as the identity of the respondents was protected by the researcher and this was disclosed during and after the research. There was no conflict of interest as the information sought and received were only used for the purposes of this study and not for any unrelated purposes.

4.0 FINDINGS

A total number of 436 copies of the questionnaire was administered to the respondents and 363 which represents approximately 83.3% were returned and found usable for the analysis. Seventy-three (73) copies which represent 16.7% of the copies administered were not returned and some were incompletely filled, hence judged as invalid and unusable for the analysis. The response rate was adequate for the research and this indicated that the analysis could be done using the above questionnaires.

Hypothesis One (H01); Business strategies have no significant effect on firm profitability.
Table 3: Summary of Multiple Regression Analysis for the Effect of Business Strategies on Firm Profitability

<table>
<thead>
<tr>
<th>N</th>
<th>Model</th>
<th>B</th>
<th>T</th>
<th>Sig.</th>
<th>ANOVA (Sig.)</th>
<th>R</th>
<th>Adjusted R²</th>
<th>F   (4, 358)</th>
</tr>
</thead>
<tbody>
<tr>
<td>363</td>
<td>(Constant)</td>
<td>1.952</td>
<td>1.305</td>
<td>0.193</td>
<td>0.000</td>
<td>0.689</td>
<td>0.469</td>
<td>81.082</td>
</tr>
<tr>
<td></td>
<td>Cost Leadership</td>
<td>0.274</td>
<td>3.025</td>
<td>0.003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product Differentiation</td>
<td>0.388</td>
<td>4.726</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Quality</td>
<td>0.152</td>
<td>1.713</td>
<td>0.088</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product Leadership</td>
<td>-0.027</td>
<td>-0.385</td>
<td>0.701</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Firm Profitability
b. Predictors: (Constant), Product Differentiation, Product Leadership, Cost Leadership, Service Quality

Source: Researchers’ Findings 2023

Interpretation

Table 3 shows the multiple regression analysis results for the effect of business strategies on firm profitability of selected mobile operating firms in Nigeria. According to the results, Cost Leadership (β = 0.274, t = 3.025, p < 0.05), Product Differentiation (β = 0.388, t = 4.726, p < 0.05), and Service Quality (β = 0.152, t = 1.713, p > 0.05) all have positive and significant effect on firm profitability, while Product Leadership (β = -0.027, t = -0.385, p > 0.05) has a negative and insignificant effect on firm profitability. The results of this study revealed that all the dimensions of business strategies except product leadership have negative insignificant effect on firm profitability.

Table 3 indicates that business strategies are positively correlated to firm profitability at (R) 0.689. This is a moderate positive relationship between business strategies and firm profitability. From the results, the Adj. R² equals 0.469 which means that 46.9% of variation in firm profitability can be explained by changes in business strategies (cost leadership, product differentiation, and service quality and product leadership) at 5% significant level, while the remaining 53.1% of the variations are explained by other factors not included in the model. That means, whether there was firm profitability or not, selected mobile operating firms experienced 46.9% of the variance explained by the four business strategies of the mobile operating firms. In other words, the components of business strategies altogether account 46.9% of the variance in the firm profitability in the selected mobile operating firms in Nigeria. According to Cohen (1988), R² values are assessed 0.26 substantial, 0.13 moderate, and 0.02 weak (Cohen, 1988). In this case, the effect the independent variables on the dependent variable with R-square value of 0.469 is at substantial level. This means that business strategies are important determinants of firm profitability in this research. From the coefficients in table 4.13, the established predictive and prescriptive regression equation for the direct effect of business strategies on firm profitability were:

FP = 1.952 + 0.274CL + 0.388PD + 0.152SQ – 0.027PL -------Eqn. 4.2 (Predictive Model)
FP = 1.952 + 0.274CL + 0.388PD ------- Eqn. 4.2 (Prescriptive Model)
Where:
FP = Firm Profitability
CL = Cost Leadership
PD = Product Differentiation
SQ = Service Quality
PL = Product Leadership

The regression equation revealed that holding cost leadership, product differentiation, product leadership and service delivery constant, firm profitability would be 1.952 which is positive as shown by the constant. From the predictive model, all the variables, except both service quality and product leadership have no predictive effect on firm profitability, hence it was omitted from the prescriptive model for management decisions. This implies that the selected mobile operating firms as revealed by this study should place greater emphasis on cost leadership, product differentiation, and service quality to achieve firm profitability in the industry. The variables in the prescriptive model revealed that when all other variables of business strategies (cost leadership, and product differentiation) is improved by one unit, firm profitability would increase by 0.274 and 0.388 units respectively. This depicts that a change in cost leadership, and product differentiation would lead to change or improvement in firm profitability. The results also depict that among business strategies, product differentiation and cost leadership are key determinant of firm profitability in selected mobile operating firms. The overall model is significant at F-statistics (df = 4, 358) = 81.082 at p<0.05. The p-value < 0.05 implies that the effect of business strategies on firm profitability is significant at a 5% level of significance. This also depicts that business strategies are significant predictors of firm profitability of selected mobile operating firms in Nigeria. Based on these results, the null hypothesis two (H₀2) which states that business strategies have no significant effect on firm profitability was rejected.

Discussion of Findings

The result above reveals that business strategies have significant effect on profitability of selected mobile operating firms in Nigeria. This result affirms the studies of Zipporah et al. (2018) that strategies influence organizational performance positively to a great extent resulting in increased organization profitability, business turnover and volumes of sale. Falana et al. (2020) also found that business strategies have significant and positive effect on profitability of firms. Similarly, Sajdak (2015), Esmail, and Seyed (2016) have explored the link between business strategies and firm profitability. Most of these studies revealed that business strategies have positive and significant effect on firm profitability. Conceptually, scholars have used the constructs of this study, defined them and applied them to the studies focused on profitability. Ibrahim et al (2018) documented that the firm’s capacity and ability to generate at a rate of sales, level of assets and stock of capital in a given time period is revealed by profitability. Profitability has been described by Aghedo (2014) as a core measure of a firm’s performance and a crucial aspect of its financial reporting. Olusanya and Oluwasanya (2014) have found business strategy to be the panacea to the profitability and sustenance of emerging firms in line with the findings of this study. Okangi, (2019) also indicated after a study that business strategy has a positive effect on firm profitability. Consistent with this argument, Son et al (2020) posit that improved profitability in a firm is an outcome of well implemented strategy.
Empirically, the findings are further in agreement with the findings of Chepchirchir et al. (2018) that business strategies have significant positive effect on sales volume and profits. Rofiq and Pramono (2019) supported the findings here through the outcome of their own study which also indicates that business strategies have a positive effect on the profitability of firms. Furthermore, this study affirms the result of the study conducted by Musi et al. (2018) that business strategies positively and significantly affect firm profitability. In another study, by Abolarinwaiwa et al. (2020) the result further established the fact that business strategies have a positive effect on firm profitability. Ndambuki et al. (2017) similarly asserts that the relationship between business strategies and firm profitability is significantly positive. The empirical findings by Adinan and Abukari (2013) on the effect of product differentiation on profitability, further established that there is a positive relationship between business strategies and profitability. However, Bodhanwala and Bodhanwala (2018), and Spyropolou et al. (2018) posit that business strategies negatively influence firm profit, while Hwa et al. (2019) also found that the association between business strategies and future profitability are negative for some products.

Theoretically the findings of the study are substantiated by the dynamic capabilities’ theory. The relevance of the DCT to the current study, based on a review and synthesis of the literature, is that the DC gives the firms potential to systematically solve problems formed by its propensity to sense opportunities and threats, make timely and market-oriented strategic decisions and to change its resource base (Barreto, 2010; Stefano, Peteraf & Verona, 2010). Hence, one can deduce that the findings along conceptual, empirical and theoretical are in agreement with previous literature relating to business strategies and profitability.

5.0 CONCLUSION AND RECOMMENDATION

The study concluded that business strategies (cost leadership, product differentiation, product leadership and service delivery) influenced market growth, firm profitability and productivity of selected mobile operating firms in Nigeria. The study's findings imply that mobile operating firms in Nigeria should carefully consider and implement these business strategies to enhance their performance and achieve sustainable growth. By focusing on cost leadership, they can strive to offer competitive prices and cost-efficient operations. Through product differentiation, they can develop unique features and offerings that set them apart from competitors. Product leadership involves focusing on innovation and developing cutting-edge products. Lastly, service delivery emphasizes providing excellent customer service and meeting customer needs effectively.

The study recommended that for mobile operator’s companies to achieve targeted profitability, business strategies measures such as cost leadership, product differentiation, product leadership and service delivery should be given high level of priority to achieve their targeted profitability goals. By doing so, they can enhance their competitiveness, attract more customers, and ultimately improve their financial performance.
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