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Impact of Marketing Strategy on Performance: Empirical Evidence from a Liberalized Developing Country

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Introduction

In 1986, the International Monetary Fund (IMF) created a structural adjustment facility to lend funds to developing countries, such as Nigeria, Venezuela, and Mexico to undertake significant reforms (IMF Survey, 1989).

The reform programmes have drastically changed the environment for doing business in countries which have adopted them (Gillespie and Alden, 1989). These reforms, called structural adjustment programmes (SAP) consist of monetary, fiscal, exchange rate policies, as well as improvements in agricultural methods and privatization of public enterprises.

At the macroeconomic level, there is evidence that countries which implemented SAP have experienced better performance. For example, the IMF's International Finance Corporation tracked private investment flows as a percentage of gross development product (GDP) in 30 developing countries between 1970 and 1988 and found an increase in flows since 1985 (Madarassy, 1990). Humphreys and Jaeger's (1990) analysis of export earnings, financial flows, terms of trade and capacity to import in sub-Sahara African nations showed improvements during the post-SAP period when compared with the previous 15-20 years.

Since the impact of the SAP reforms at the firm level has not been explored, this exploratory study attempts to fill this void by providing managerial insights on marketing strategies and performance. Marketing strategy and performance variables were weighted by their perceived level of importance to firm success. A survey of the chief executives of foreign and domestic manufacturing firms in Nigeria was conducted. The data collected were subsequently used to establish the relationship between marketing strategy and performance. The predominant use of three-year, five-year, and ten-year plans by most advocates of strategy (e.g. Aaker, 1988; Abell and Hammond, 1979) suggests that five years is an adequate time to examine changes in firms' marketing strategies and performance.

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Although the results were derived from one country, they can be generalized to similar developing countries. It is not uncommon for Nigeria and other developing countries to be jointly studied in comparative projects. For instance, Gebert and Steinkamp (1991) studied leadership styles in Nigeria and Taiwan and drew conclusions about the impact of leadership styles on economic success. Also, when Akaah *et al.* (1988) investigated the performance of marketing activities in five countries – Ghana, Nigeria, Kenya, Tanzania, and Zambia – differences were not found by country factors (also, see Dadzie *et al.*, 1988). It is not surprising then that Sadri and Williamson (1989) have indicated that Nigeria is a good barometer for other developing countries.

The structure of this article is as follows. First, some major policy changes in Nigeria are highlighted. Second, the analytical model used is presented. Finally, the research method, results and managerial implications are discussed.

Nigeria's Economic Reform Policies

Nigeria, with a population of 100 million people and a GDP which, before the decline in oil prices, exceeded South Africa's, is probably the most attractive market in Africa. Economic restructuring in the country began during mid-1986 under the auspices of SAP. Some of the major policy changes include:

- elimination of price controls;
- elimination of marketing boards;
- removal of foreign exchange restrictions;
- removal of trade controls;
- encouraging investments;
- privatization of state-owned enterprises (SOEs) or parastatals.

Financial, trade, and investment policy changes have had the most significant impact on marketing and are discussed below.

Foreign Exchange Reforms

Changes in foreign exchange policies were designed to reflect the true value of the local currency (naira) and improve access to foreign exchange. The floating of the naira was accomplished in two parts. A first-tier exchange rate was established such that the Government managed the rate for transactions pertaining to the servicing of previously committed external debt obligations and transfers to multilateral institutions. The second-tier foreign exchange market (SFEM) took place at market determined rates. Exchange rates were usually determined at closed weekly auctions in which the Nigerian Central Bank and authorized foreign exchange dealers participated. Both tier systems merged on 2 July 1987 (*Business America*, 1987).

Shortly after the start-up of the second-tier market, the naira declined substantially relative to major world currencies. For example, one naira was worth 1 US$ in

1985. However, by 31 December 1986, it was worth US$0.3. On 31 December 1990 it was worth only US$0.11 (*Business Times*, 1990).

It is now possible for businesses to purchase foreign exchange without approval of Central Bank authorities. Authorized foreign exchange dealers and most banks sell foreign currencies at publicly advertised rates. Under the previous arrangement (i.e. pre-SAP) foreign exchange had to be obtained through the Nigeria Central Bank which approved requests based on a "commodity priority schedule".

Trade Reforms

Actions to liberalize trade and encourage exports were taken concurrently. The use of import licences for all imports was eliminated, thus precluding the need to obtain permission to import "essential" commodities. Although importation of some items (e.g. automobiles and galvanized batteries) is still prohibited, many more commodities can be imported at drastically reduced tariff rates. For instance, duties on automobile spare parts and completely knocked down components, which were as high as 185 per cent, were reduced to 25 per cent (*Business Times*, 1988).

On the export side, certain items, such as decorative ornaments which previously had been banned from exportation, can now be sold abroad. However, it is still illegal to export many food items such as rice, corn and eggs. Thus reforms in the export area have been less dramatic.

Investment Reforms

In addition to liberalizing trade, policies to encourage investments were instituted. For instance, a one-stop office, the Industrial Development Co-ordinating Committee (IDCC), was created to assist investors in obtaining necessary approvals for investment projects. It was located in the Ministry of Industries. The Ministry also established a "Data Banks and Investment Promotion Center" to provide data to investors seeking information about investment laws (*Business America*, 1987). Investors are to receive low personal and corporate tax rates. Dividends, interests, royalties and rents were not to be taxed above the 15 per cent withholding rate. Further, foreign equity participation in Nigerian companies is exempted from tax dividends.

Nigeria's privatization programme has already resulted in the sale of one of its parastatals, the Nigeria Flour Mills. In addition, the Nigerian Government has sold 40 per cent of its shares in its oil company, the Nigerian National Petroleum Corporation, to private interests. Also, it has the only active debt-equity swap programme in Africa which had eliminated some US$160 million out of about IS$3.5 billion in foreign debt as of June 1989 (Bartlett, 1990).

Literature Review

Previous Market Situation and Strategies

Most developing countries have been characterized by high political risk, poor infrastructure, high trade barriers and low growth rates (Agodo, 1978; de la Torre, 1981; Root and Ahmed, 1978). Such characteristics are typically not conducive to direct investments (Greene and Villanueva, 1990; Levis, 1979). For instance, Elsaid and El-Hennawi (1982) surveyed several US *Fortune* 500 firms and identified factors such as inadequate communications, changing business laws, host government bureaucracy and high inflation as obstacles to investments in Egypt.

Another way to characterize the environment of developing countries is as a sellers' market. This description of developing countries' environments is supported by Sadri and Williamson (1989) who did extensive field study of the Nigerian market between 1979 and 1983 and characterized it as "purely oligopolistic" (p. 183).

The performance of marketing functions in this environment is limited and greatly constrained (Chidomere, 1984; Chong, 1973; Samli and Kaynak,1984; Tibesar and White, 1990). This is because prices for products were often set based on government edicts and products were made and sold irrespective of mismatches with consumer needs. Promotion and market research was difficult since "all disclosure of information to the public was rigidly monitored" (Sadri and Williamson, 1989, p. 183). This led Mitchell and Agenmonmen (1984) to note that, "although accepted in principle, the marketing concept is not wisely practised in Nigeria" (p. 69). In general, the applicability of marketing know-how to developing countries has been questioned (see, for example, Goldman, 1981; Ross and McTavish, 1985) because of their unique environmental conditions.

Current Market Situation and Strategies

Earlier discussion has shown how countries which have instituted SAP are moving from protectionist economies to more competitive ones. As firms in these countries are pulled into the competitive world marketplace, they need to adopt different marketing practices. Ultimately, a shift to a buyers' market environment necessitates performance of marketing activities centred around customer satisfaction. For example, Dadzie *et al.* (1988) looked at five African markets (Ghana, Kenya, Nigeria, Tanzania and Zambia), characterized by product-market and state controls. They reported higher incidence and regularity of marketing activity performance in a buyers' market with moderate levels of control. Thus, it is expected that there will be an increase in performance of marketing functions as developing countries shift to a buyers' market from a seller dominated market. The four P's (product, promotion, price, place) framework which is typically used by marketers in a buyers' market is used to discuss anticipated marketing strategy changes.

Since marketing strategies revolve around the customer (Kotler, 1991), the notion of customer service is critical to marketing strategy (Grönroos, 1984). In a highly competitive environment, firms need to emphasize customer orientation to attain their marketing objectives. While Mitchell and Agenmonmen (1984) found that Nigerian firms did not emphasize the marketing concept, the changing environment should eventually force firms to be more customer-oriented. Better service will also be provided to those in the next level of the distribution.

Product quality, new product development, and product modification are relevant to developing a competitive edge. Jacobson and Aaker (1987) found that product quality and the successful implementation of a quality strategy can facilitate increased profitability in both a focused and a market share context. Kotler (1991) has noted the role of improved manufacturing process in enhancing product quality. Also, new product development and product modification is relevant because of product life cycles to achieve long term viability (Swan and Rink, 1982).

A more competitive environment necessitates reliance on promotional techniques to inform consumers about product benefits and stimulate sales. Promotional techniques which take account of product offerings, consumer attitudes, prices and distribution should be employed (Wills and Ryan, 1982). In fact, while conducting this study in Nigeria, a marked increase in media advertisements and advertising agencies was noted.

Pricing strategies are desirable to improve performance. A skimming or penetration strategy tends to be used depending on performance objectives. Firms with overseas headquarters will use transfer pricing strategies to improve performance (Al-Eryani *et al.*, 1990) through competitive pricing or reduced tax burdens. To be competitive, Kotler (1991) says, firms should "pay greatest attention to their greatest costs" (p. 224). Thus, reducing the number of subsidiaries and employees, offers firms opportunities to become more price competitive.

Marketers need to explore efficient ways to get products to customers at the right time and place. This necessitates managing relations with suppliers and distributors (Mallen, 1963) and efficiently performing logistical functions – transport, inventory, sourcing, etc. (Coyle *et al.*, 1988). Kotler (1991) argues that integration (backwards and forwards) often results in lower costs and also more control over the value-added stream (p. 225).

The quality of international marketing research is critical to support marketing decisions (Huszagh, 1984; Douglas and Craig, 1983b). Increased profit repatriation reflects satisfaction with short-term performance while reinvestment signals long-term goals.

In addition to traditional marketing functions, strategic planning requires the firm to choose between diversification or a focused strategy (Kotler, 1991). Product differentiation strategies have been considered significant in African countries (Dadzie *et al.*, 1988; Vachani, 1990). Also, the Nigerian National Petroleum Company has forged strategic alliances with multinational oil companies such as Shell, Agip and Mobil (Archibong *et al.*, 1991). In the 1970s, these multinational companies were forced to sell most of their shares to Nigerians under the indigenization decree of 1977. Sadri and Williamson (1989) found that Unilever, which is Nigeria's largest non-petroleum multinational, used a more extensive diversification strategy than other businesses.

In summary, the marketing variables were selected to cover all aspects of the marketing function using the four P's framework. In addition, significant support functions such as market research and strategic planning (Austin, 1990) were included. Performance measures used were sales (Kotler, 1991), market share (Douglas and Craig, 1983a), ability to gain market share (Burke, 1984), sales growth rate, return on investment (Douglas and Craig, 1983a), profits and competitive position (Kotler, 1991). These are commonly used by marketing managers according to Burke (1984).

Research Method

The objective of this study was to investigate the relationship between marketing strategies (weighted by their level of importance to firm success) and performance using a sample of domestic and foreign manufacturing firms in Nigeria.

Model Specification

Figure 1 illustrates the relationship between marketing strategies and performance. Since some variables may be more significant than others, their level of importance to firm success was obtained and factored into the model. It was expected that performance would improve when competitive marketing strategies are used and customer orientation becomes the *modus operandi* of the firm.

Questionnaire

A self-administered questionnaire was mailed to chief executives of top manufacturing firms in Nigeria. The questionnaire asked for their perceptions of how the economic reform policies had affected their marketing strategies and performance (see Appendix). It should be noted that the structural adjustment policies are so radical that managers in Nigeria are very much aware of them. So it was not necessary to predetermine their knowledge of the reform in the questionnaire.

This information was collected using five-point Likert scale (5 = strongly agree to 1 = strong disagree) indicating varying degrees of agreement to statements

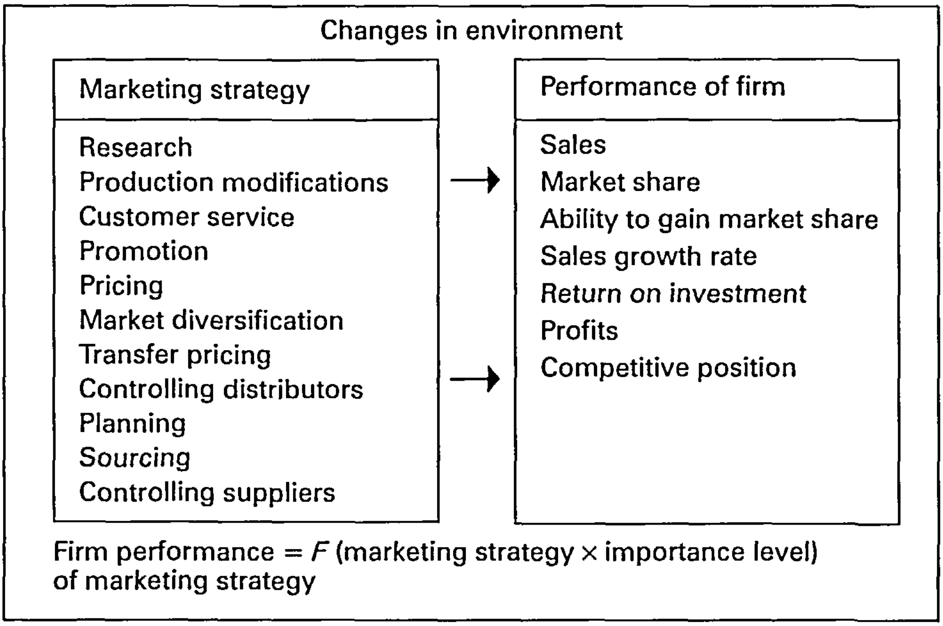

Figure 1. Model Specifying Relationship between Marketing Strategy and Performance

about their strategy and market performance. Also, information on the level of importance of each variable to firms' success was collected using a five-point scale (1 = low to 5 = high). Respondents were asked not to give any weights if they perceived all factors equal in importance. Finally, information on the characteristics of the respondents' firms was obtained.

Sample

Subjects of the study were managing directors of 200 top manufacturing firms in Nigeria. Their names and addresses were obtained from *Redasel's Companies of Nigeria* (1988). The instrument was pretested by personally administering it to ten respondents. After revisions were made, the initial mailing was sent in August 1990, and a follow-up was sent two months later to 100 of those who did not respond initially. Sixty and 26 responses were received from the initial and follow-up mailings, respectively. A difference of means test revealed no significant differences in responses between the two sets of respondents. Of the 86 total responses, 82 were usable resulting in a response rate of 41 per cent. This response rate is significantly better than those for this type of audience. For instance, Mitchell and Agenmonmen (1984) sent 200 questionnaires to business executives in Nigeria and obtained a 32.5 per cent response rate. The high response rate is attributed to the significance and timing of the study as well as publicity generated during collection through press interviews. Eighty per cent of respondents requested copies of the results.

Characteristics of Respondents' Firms

Most of the respondents were indigenous firms (49.2 per cent), and approximately one-third (36.5 per cent) were subsidiaries of foreign firms. However, most of the subsidiaries (65.9 per cent) contributed less than 10 per cent to parent company total sales. Subsidiaries had parent companies headquarters in the United Kingdom (16 per cent), United States of America (10 per cent), France (6 per cent), Germany (6 per cent), Switzerland (6 per cent) South Korea (4 per cent), Sweden (4 per cent), The Netherlands (2 per cent), and Norway (2 per cent). The majority of firms (56.2 per cent) had annual sales and assets greater than N40 million (US$4 million).

Respondent firms manufactured products in various industries; apparel, beverages, chemicals, computers, metals, food, pharmaceuticals and industrial equipment. Finally, the majority of firms employed between 100 and 1,000 people.

Operationalization of Variables

Data on all variables and their respective weights were obtained using a five-point scale. A composite score for each item was obtained by multiplying weight by score, i.e:

[score on each item × perceived level of importance to firm success]

S $n = 1\text{–}18$	×	WS $n = 1\text{–}18$	=	Composite strategy variable (CSV)
P $n = 1\text{–}7$	×	WP $n = 1\text{–}7$	=	Composite performance factor (CPF)

S = initial score on strategy items
WS = perceived level of importance of item to firm success
M = initial score on market performance factor
WP = perceived level of importance of item to firm success.

Analysis and Results

Scores on initial items were multiplied by their levels of importance. The composite score was then subjected to SPSS factor analysis procedure. The principal component analysis with varimax rotation was performed on the composite strategy and firm performance variables. This rotation uses a conservative method for estimating commonality by means of the square multiple correlation in the diagonal of the correlation matrix (Jackson, 1983). Cronbach's alpha was computed as a measure of the internal consistency of the items. Marketing strategy factors were treated as independent variables in subsequent multiple regression analysis in accordance with the model:

Performance = f (customer orientation, market control, marketing efficiency, foreign market expansion, increased capital, increased investment).

The Factors

Six factors with eigenvalues greater than one were extracted (see Table I). The majority of items loaded as expected. For instance, factor 1 comprised product strategies (S4 and S5), pricing (S9) and customer orientation (S11, S12). The Cronbach's alpha for this factor is 0.90. Interestingly, improved manufacturing process (S13) loaded well on factor 1, perhaps reflecting that improvements in manufacturing process ultimately enhance quality (e.g. reliability and durability). Since all variables in factor 1 are related to satisfaction of customer needs it was called "customer orientation".

Factor 2 (Cronbach's alpha = 0.72) comprises promotion (S8), strategic planning (S7), control of distribution (S10) and sourcing decisions (S6). At the outset it appears to be a pot-pourri of items, however, the underlying theme seems to be for managers to be "on top" of marketing efforts (by planning), distributors (by control) and customers (by information). Factor 2, therefore, was called "market control".

Reduction of subsidiaries and employees formed factor 3 (Cronbach's alpha = 0.75) which was named "marketing efficiency". Obviously, consolidating operations and personnel synergies reflects a desire to be cost competitive and efficient.

Factor 4 combined increased research and development expenditure and entering foreign markets (Cronbach's alpha = 0.63). This may reflect the strong relationship between the two as pointed out by Douglas and Craig (1983a). It was therefore called "foreign expansion".

Remitting more dividends to their parents (S14) and domestic expansion (S16) loaded well on factor 5 (Cronbach's alpha = 0.56). This factor seems to reflect

Table I.
Results of Principal Components Analysis of Strategy Variables

Initial items		Factors[a] 1	2	3	4	5	6
S1	Subsidiaries	–0.18	0.19	0.77	0.27	0.10	0.08
S2	Employees	0.18	–0.01	0.91	–0.02	–0.02	0.00
S3	Research and development	0.14	0.28	0.08	0.78	0.25	–0.12
S4	Production introduction	0.76	–0.06	–0.18	0.29	0.07	0.10
S5	Product quality	0.75	0.28	0.06	0.06	–0.17	0.03
S6	Local sourcing	0.08	0.66	0.19	0.15	–0.13	0.50
S7	Strategic planning	0.18	0.67	0.08	0.34	–0.21	–0.07
S8	Promotion	0.38	0.67	–0.14	0.08	0.08	0.02
S9	Pricing	0.51	–0.04	–0.08	–0.02	–0.36	0.01
S10	Control of distribution	0.20	0.62	0.18	–0.29	0.27	0.04
S11	Supplier service	0.75	0.21	0.20	–0.13	0.01	0.15
S12	Customer service	0.84	0.17	–0.08	–0.25	–0.12	0.10
S13	Manufacturing process	0.72	0.18	0.04	0.14	–0.14	0.10
S14	Local diversification	–0.07	–0.06	0.07	0.22	0.69	–0.38
S15	Foreign diversification	–0.04	–0.02	0.21	0.74	0.00	0.38
S16	Repatriation	–0.12	0.02	0.03	0.03	0.89	0.15
S17	Transfer price	–0.08	–0.12	0.47	0.32	0.33	–0.14
S18	Reinvestment	0.32	0.02	0.00	0.03	0.03	0.81
Eigenvalue		4.94	2.78	1.57	1.39	1.23	1.19
Per cent of variance		27.50	15.50	8.70	7.80	6.80	6.30
Coefficient alpha		0.90	0.72	0.75	0.63	0.56	1.00

Factor names[a]
1 = Customer orientation
2 = Market control
3 = Market efficiency
4 = Foreign market expansion
5 = Increased capital
6 = Increased reinvestment

Items with factor loading > 0.40 were used to represent each dimension of the change in strategy

"increased availability of capital". Factor 6 was named "increased reinvestment" since the item referred to reinvestment of profits (S18).

Regression Results

Table II provides a summary of the regression results. Overall, it appears that some marketing strategies are more closely related to market performance.

The amount of variance explained is fairly high (34.6 per cent; $p < 0.0002$). Three of the six factors were significant. Customer orientation and increased reinvestment of profits had a positive effect on performance, while market efficiency had a negative impact. The positive relationships agree with expectations (Aaker, 1988; Kotler, 1991). However, the negative relationship between marketing efficiency and performance needs special note. Perhaps a plausible reason may be causality,

Table II. Firm Performance = f(Marketing Strategy)

Variables	Beta coefficient	T value	Level of significance
	Regression equation[a]		
Customer orientation	0.35*	2.15	0.036
Marketing control	0.08	0.54	0.586
Marketing efficiency	–1.15*	–3.13	0.003
Foreign market expansion	0.12	1.00	0.321
Increased capital	0.18	1.40	0.166
Increased reinvestment	1.51*	2.06	0.045

[a] R^2 = 34.6 per cent
*$p < 0.0002$

that weak performance results in cost cutting measures. Three other factors, market control, foreign market expansion and increased capital, showed positive relationships, albeit non-significant.

Managerial Implications and Conclusions

This study points to marketing strategies that have an impact on firm performance in light of recent economic policy changes in Nigeria. The implications discussed below are relevant to Nigerian marketing managers and marketing managers from other countries which intend to do business in Nigeria. Also, they may be relevant to marketing managers in other developing countries who have implemented SAP and those firms who wish to conduct business in developing countries.

Successful Strategies

Customer service was found to have a positive effect on performance. This can be achieved by improvements in product quality, new product introduction, product modification and demanding better service from suppliers. It seems plausible that changes in product design and quality should be geared to meet customer needs. Positioning products on the low-price low-quality end of the matrix should be seriously considered. Product simplification may be desirable for developing countries with limited technical education and low incomes.

Since customer service is a multi-faceted construct as suggested by LaLonde and Zinszer (1976), managers still need to identify relevant aspects of customer service which are more significant to their customers. The findings about supplier service suggest that customer service must be pervasive throughout the distribution channel. Once the service level for the final consumer has been determined, all elements of the distribution channel must work together. Since market control strategies had a positive effect on performance, firms need to influence the activities of distributors to achieve better customer service.

It appears that firms are raising prices to achieve increased sales, in naira. One respondent, the general manager of a chemical firm, stated that:

> Sales increase (i.e. in Naira) has only occurred because of increased pricing. Actually, the quantity sold or produced has either remained constant or reduced in some cases.

He goes on to say that sales growth in units has resulted in low capacity utilization of about 35 per cent.

Reinvestment of profits relates to better market performance. Therefore, firms operating in this environment should reinvest some earnings. It should be noted that reinvestment of profits may be cheaper than borrowing. During the data collection period (August 1990), the cost of borrowing in Nigeria ranged from 18 to 25 per cent. This constraint to better performance was also noted in a written comment by the respondent above.

While reducing the number of subsidiaries and employees was negatively related to performance, it may not be advisable to stop striving for efficiency in performance of marketing functions. It is probably desirable to investigate the causality of this relationship since regression analysis is a weak measure of causality. That is, it could be that negative performance resulted in the cost cutting measures.

Diversification into local and foreign markets seems necessary to improve overall performance. The United African Company, a subsidiary of Unilever, exemplifies the benefits of diversification. By systematically diversifying into various concerns (e.g. cement, beverages, furniture and rubber), it has become Nigeria's largest manufacturing concern. Even a government-owned company such as the Nigerian National Petroleum Company is now negotiating to buy interests in foreign companies.

Business Opportunities Are Available

Great opportunities exist for firms providing marketing related services (e.g. marketing research, advertising, media consultants, etc.) and other firms. Mobil Corporation (USA) in a recent quarter-page advertisement in the *Wall Street Journal* (1991) noted that "Nigeria is one place where we're growing and becoming more profitable" (p. c3). Already the Nigerian Union of Journalists has invited foreign experts to talk about marketing/media issues in a liberalized environment. Setting up branches or subsidiaries can be cost effective especially in countries that have floated their currencies and witnessed a drastic drop in value relative to western currencies. Although misguided policies of earlier years continue to plague the economy, a long-term perspective can pay dividends" (*Business America*, 1991).

Our study indicates the tremendous demand for transfer of marketing knowledge to developing countries implementing reforms. The format and nature of these transfers will be similar to those currently taking place in the former Eastern bloc countries. Universities and colleges will have to be the primary agents of these transfers using educational grants. For instance, currently the United States Information Service is supporting transfer of business know-how through its "Democracy in Africa" programme.

Limitations and Future Research Direction

Although the findings are from a single country study, they concur with other conceptual and empirical studies and are generalizable (Sadri and Williamson, 1989).

Another limitation of this study is the sample to variable ratio. According to Hair *et al.* (1979), a ratio of four observations to one variable and a minimum of 50 observations are desirable experimental characteristics for the application of factor analytical techniques. This study meets the latter condition only. Under such circumstances, they suggest caution in interpreting findings. It should be noted that the limited sample to variable ratio of 2.9 was necessitated by a desire to select only large firms for the study, since it is only these large firms which would have a marketing strategy. However, the modification of strategy and market performance factors based on their significance is a strong point of this study.

Conceptually, the findings may suggest the lack of sophistication of Nigerian marketing managers, reflecting the low degree of transfer of marketing knowledge from developed to developing marketing systems. This brings to focus some problems identified in transferring know-how and technology to developing countries (Cavusgil and Yavas, 1984; Goldman, 1981).

Similar studies should be replicated in other countries, such as Venezuela, Egypt and Argentina, which have embarked on the structural adjustment programmes, thus providing a "goldmine" of competitive data. The introduction of environmental variables can also provide further insights into the interaction between strategy and performance. The relative performance of product categories is also a possible area for future investigation.

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Appendix. Initial Items Used for the Study

Marketing Strategy

My firm has adjusted its structure and strategy in response to structural adjustment programme by:

S1. streamlining the number of subsidiaries
S2. reducing the number of employees
S3. increasing research and development expenditures
S4. introducing more new and improved products
S5. improving product quality
S6. sourcing (using) more locally produced materials
S7. emphasizing strategic planning
S8. increasing promotion of our products and services
S9. competitively pricing our products and services
S10. increasing control over our distributors

S11. demanding better services provided to our customers
S12. improving services provided by our customers
S13. improving our manufacturing process
S14. opening up new branches in other states
S15. diversifying into foreign markets
S16. remitting a greater percentage of dividends to HQ
S17. transferring intermediate products to foreign subsidiaries at above market price
S18. reinvesting a large percentage of profits

Firm Performance Variables
In my view, the structural adjustment programme has resulted in an increase in my firm's:

M1. sales
M2. market share
M3. ability to gain market share
M4. sales growth rate
M5. return on investment
M6. profits
M7. competitive position*

Note: Presented in actual format the questions were phrased in the questionnaire. Respondents were asked to indicate their level of agreement or disagreement. (Scale: 1 = strongly disagree to 5 = strongly agree) and the level of importance of each factor to firm success (Scale: 1 = low to 5 = high).

*Competitive position was correlated to other performance measures because respondents defined it in terms of market share.

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