

MANAGING THE STRATEGIES ADOPTED BY COMMERCIAL ROAD TRANSPORTATION COMPANIES IN NIGERIA. (A STUDY OF THE YOUNG SHALL GROW MOTORS)

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ABSTRACT

This research work is a study of business strategies of a commercial road transport company in Nigeria. The Young Shall Grow Transport Company is a major transport company in Nigeria and it has been able to identify customers' needs and satisfaction through adoption of business strategies. To solve the research problem, both primary and secondary data were collected. The research instrument used in collecting the data was questionnaires and oral interview. In organizing and presenting the data collected, tables and frequencies were used. The hypotheses were tested using chi-square. From the analyses of data collected the following finding were made: Most of the respondents believe that The Young Shall Grow Motors transport firm recognizes business strategies. They also believe that they adopt good business strategies to attract their customers patronage for instance they offer seasonal bonus to the customers; they use sound and comfortable vehicles to render their services. And this adoption of business strategies has created positive impact on both the customers and the companies. The conclusion of the study is that the adoption and recognition of business strategies by Young Shall Grow transport firm has contributed to the company's growth.

Keywords: business strategies, commercial transportation, business venture, economy, nigeria.

INTRODUCTION

The purpose of every business organization is to make valuable products or services available to its consumers and in turn make profit. To achieve this, the business must be properly aligned to identify the needs of its customers and strategically, produce and deliver quality products and services at the right quantity, place and at the right time. As competition between businesses gear up, it became imperative to turn alternation to customers needs and wants which are naturally insatiable. Business strategy concept arose to challenge all other previous concepts and it holds the key to achieving organizational goals. It also helps in determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors. Strategic business plan refers to the overall plan for surviving in its environment by a firm (Andrews, 1980). According to Chandler (1962), it is the determination of long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out organization's objective. The satisfaction of customers' needs come to play if the firm does a good job of understanding customers' needs, develops products and services that provide value with equitable prices, distributes and promotes them effectively. The products or services will sell easily and that is strategic business. To put it more succinctly, it is a firm's overall game plan, plan to beat competitors and have a good share of the business. Strategic business plan is vital in the commercial road transportation in Nigeria, therefore the need to adopt one cannot be over-emphasized because of the dynamism associated with customer preferences

overtime. Transportation which is generally regarded as a service is very important in every economy because it aids in the business of moving goods and services for customers'. The commercial road transportation business in Nigeria comprises of public and private owned transport companies. The public transport which is owned by different State Governments and operate intra and inter city terminals. For instance, the public transport company of Enugu State Government (ENTRACO) operates from Enugu to major cities in Nigeria. The private transport which is owned by private citizens also operates Intra and Inter City terminals. Examples of private transportation companies in Nigeria include CHISCO Transport Company, Young Shall Grow Company, Ifesinachi Motors, Agofure Transport Company, Faith Motors, and Eastern Mass Transit etc. These two forms of commercial road transport business ownership mentioned above operate to provide services to travellers in the country though with slight differences in their services provisions. For instance, these transport companies operate to alleviate the sufferings of commuters, provide employment and at the same time make profit. In order to continue in business and make reasonable impact, adopting a business strategy is very essential. In the light of the above, the marketing mix elements otherwise called the four P's which are product, price, place and promotion have to be properly blended in order to make significant impact in the industry. For example, Young Shall Grow Motors offers snacks which are a form of sales promotion to its passengers from Enugu to Lagos and other roles which it plays. The fare, the company charges for such service is virtually equitable

compared to what other companies are charging for the same service. This company, Young Shall Grow Motors also provides television and video in their vehicles for customers viewing pleasure as they convey them to their various destinations. In the commercial road transport system of Nigerian economy, it is disheartening that strategic business has not been given its rightful place hence the general transportation problems of our economy hinges on the inability of operators to apply result oriented business strategy to combat competitions which is in the industry. The strategy to be adopted depends on the type of service rendered. Definition of the target market (segmentation) price and promotion in relation to customer patronage, are some of the factors needed to explore. This will give insight on the type and nature of the general strategy to be adopted by any firm in the industry. Business strategy being haphazardly or outrightly neglected by the commercial road transporter in their daily activities has brought about poor patronage and low productivity in the sector. This study will seek to unravel the reasons behind the neglect and the effective and efficient ways business strategies have been applied in the road transport business. Due to constant changes in customers' preferences and desires, the researchers will seek to find the effect of such changes on the strategies adopted by commercial road transport operators and to make recommendations. It will also help to identify the strategies that are adopted by commercial road transport operators.

HYPOTHESES

1. Business strategy has positive effect on commercial road transport service.
2. All commercial road transporters adopt business strategy.
3. Customers respond spontaneously to commercial road transporter as regards to business strategies.

Theoretical Background

Much have been said and written about business strategies as an integral and important function of an organization life with long-term effects, markets evaluation and changes and major decisions that direct the functions and operations of the organization. Business strategies process helps the executives and the organization to see the "big-picture" of the organization and its place in our environment and society. Ansoff (1984) defined business strategies as a systematic approach to a major and increasingly important responsibility of a general management to position and relate the firm to its environment in a way which will assure the continued success and protect adverse surprises. Business strategies is all-embracing term dealing with goals and objectives, the firms

environment, its resources and structure, the scope and nature of its activities and ultimately the behaviour of its members. According to Ukeje and Akanwa (2000), it encompasses all decisions and actions leading to the attainment of long-range objectives. In summary, business strategies can be looked at as the process by which top management determines the long run direction and performance of the organization by ensuring that careful formulations, proper implementation, and continuous evaluation of strategy take place. Business strategies are very important in every organization even in transport firm. Business strategies play a pivotal role in commercial road transportation companies in Nigeria and other country. It is important in today's economic situation considering the competitive pressures and changing markets and for the facts that new ways of managing and controlling the enterprise be investigated and used. It has been identified that transportation business aids and contributes to economic development of our country due to the fact that they embrace business strategies. To formulate any business strategies, the management of the firm must be willing to accept change (Baker, 1981; Kotler, 1988). Goals tell where a business want to go, strategies answer how it plans to get there. Every business must tailor a strategy for achieving it goals. Commercial transport companies are not left out in this. According to Thompson and Strickland (1999) strategic planning is fundamentally business and customer driven. To formulate a workable strategy, commercial road transport companies need to know the needs of their customers, the challenges facing the industry vis-à-vis competition within the industry. This could be done by establishing an effective information system that will feed it with information regarding change in customer performance. The system that would be established could comprise customer complaints center which may include a telephone hot line. Strategy implementation is fundamentally action – oriented. It involves developing competencies and capabilities, budgeting, policy making, motivating culture building and numerous others. The strategies that have been formulated are being implemented, it is incumbent on the management of the transport company to monitor closely the performance and progress being made. This is to ascertain whether the strategy is achieving the desired result. There could be change or modification of the strategy as a result of shifts in long term direction, some elements now working well, or because of shifting market conditions and customers preferences (Odimegwu, 2001; Onyemachi, 2003). This indicates that management should not go to bed because strategies have been formulated and are being implemented and they should bear in mind that business is very dynamic. One of the major problems of strategy implementation in commercial road

transport sub-sector has been identified as that which cut across service provision. They see themselves as not carrying out business. This was observed by Ansoff (1984), who opined that business industries are slow in adopting business principles and strategies developed by tangible product associated companies. Anyanwu (1999), added that, this posture of the executives in the service sector can be attributed to the intangibility and inseparability nature of services professionals in the industry think of themselves as producers or creators, and not as business services, so it will be difficult for them to implement business strategies. Other problems with implementing business strategies are: Executives of transport firms have a limited view about business functions. Management fails to recognize that most of their problems are business ones.

Insufficient coordination of business in the transport companies. Usually, transport firms do not appoint an executive responsible for business functions. The commercial road transport system in Nigeria is made up of the following;

The taxi service

The bus service

The lorries / trucks

The motorcycle service – “okada”

Consequently, the services of “Okada” and very flexible since they play in areas where neither buses nor taxis get to, though, they do not pick more than one or two passengers at the same time due to the unsafe and unbalanced nature of the bikes. However, they are a sure means of conveying passengers to their destinations. The advert of “Okada” as a means of road transportation has gone to an extent that people living in different states do not trek long distances as a result of buses and taxis not going to their destinations. Though the cost of boarding on “Okada” is slightly higher compared to buses and taxis. However, it is largely patronized by commuters. The Taxi services are flexible in their operations. They ply routes that buses don't. The bus service in Nigeria comprises of the private buses (owned by private firms that covey staff only) and public buses service that serve the general public. All these transport systems operate within the city and rural areas. Transport organization like other service providers exhibit certain characteristics that

has important bearing on the determination of the business strategies(Hise, 1977; Anyanwu, 1999).

METHODS

Design

In the research study, the researchers made use of both primary and secondary data. Primary data were collected through a field study of commercial transportation in Enugu State. The researchers also made use of personal interviews, observation and structured questionnaires. These were to provide the researchers with information on the evaluation of business strategies on commercial road transportation in Nigeria especially The Young Shall Grow Motors. Additional information were gotten from Newspapers, Journals, Write ups and Textbooks. These sources make up secondary data and the research was designed in such a way that point scores were awarded to respondent(Osuala, 1993). The researcher is aimed at finding out the need of business strategies on commercial road transport service in Nigeria. The researcher has chosen to limit it to Young Shall Grow Motors in Enugu for accurate information needed for the study. The company is located at Holy Ghost near State Central Library, Enugu. This company is within our region and can equally give out appropriate and absolute information needed by the researcher.

POPULATION OF THE STUDY

Young Shall Grow Motors is a commercial transportation company in Enugu State that is owned privately with population of 150 (one hundred fifty) which comprises senior and junior workers. All the staff were used in the study. Additional 50 customers who were available at the time of the study also participated in the study.

INSTRUMENT FOR DATA COLLECTION

The researchers made use of various research measures in gathering important information for the research. Questionnaires and oral interviews were used to collect data. The researcher also made out time to observe the working in the company, to find out if the complaints are true. The instrument that was mostly used was the questionnaires. And also the researcher thought of some questions that are very relevant to the study.

RESULTS

Data generated from the study were used to test the three hypothesis using chi-square contingency table analysis. The decision rule says if the calculated value of χ^2 is greater than the critical value of χ^2 that research hypothesis is accepted H_1 null hypothesis H_0 is rejected.

$$\text{Chi-square } X^2 = \frac{(Fo - Fe)^2}{Fe}$$

HYPOTHESIS 1:**Business strategy has positive effect on Young Shall Grow transport service.**

Question: Do you agree that business strategies have positive effect on Young Shall Grow transport service?

Critical values = 3.84

Response	O	E	O-E	(O-E) ²	O-E ₂ / E
Yes	100	75	25	625	8.3
No	50	75	-25	-625	8.3
Total	150	150	0		16.6

Calculation value $\chi^2 = 16.6$

Critical value = 3.84

Decision Rule: Since the calculated value of 16.6 is greater than the critical value of 3.84, it therefore means that research hypothesis 1 is accepted. The opinion that business strategy has positive effect on Young Shall Grow transport service is accepted and null hypotheses H_0 is rejected.

HYPOTHESIS II:**All Young Shall Grow transport company adopts business strategies.**

Question: Do all the Young Shall Grow transport adopt business strategies?

Critical value = 3.84

Response	O	E	O-E	O-E ²	O-E ₂ / E
Yes	90	75	15	225	3
No	60	75	-15	-225	3
Total	150	150	-	-	6

Calculation value $\chi^2 = 6.0$

Critical value = 3.84

Decision Rule: Since calculated value of 6.0 is greater than the critical value of $\chi^2 = 3.84$, it therefore means that research hypothesis 2 is accepted. The opinion that all the Young Shall Grow transporters adopt business strategies is accepted.

HYPOTHESIS III:**Customers respond spontaneously to Young Shall Grow transport services with regards to business strategies.**

Question: Young Shall Grow transport service with regards to business strategies.

Critical value = 3.84

Response	O	E	O-E	O-E ²	O-E ₂ / E
Yes	130	75	55	3025	40.3
No	20	75	-55	3025	40.3
Total	150	150	-	-	80.6

Calculated value $\chi^2 = 80.6$

Critical value $\chi^2 = 3.84$

Decision Rule: Since calculated value of 80.6 is greater than the critical value of $\chi^2 = 3.84$, it therefore means that research hypothesis 3 is accepted of the opinion that customers respond spontaneously to business strategies.

The summary of results is as follows:

The pricing strategy adopted by transporters had a large extent increased the customer patronage. The promotional mix elements used by the transportation company had an impact on customer patronage. The customer services the transport company offers to commuters has a positive effect on the business e.g.

service delivery, free snacks, information service, service availability night service, security services etc. Young Shall Grow Motors transport service uses Marcopolo buses and station wagon buses to render service to their customers as a strategy to attract customers' patronage and also to meet up with their customers' class differences. The researchers also

found out that business strategies have brought positive effect on Young Shall Grow transport like full customer patronage, customers' satisfaction, company growth. The researchers equally discovered that Young Shall Grow Company offers their customers seasonal bonus like, scholarship, gift, free service as a kind of business strategy to attract customers' patronage. Young Shall Grow Company operates with good business strategy that is why customers respond spontaneously to their services. Due to the type of business strategies adopted by Young Shall Grow transport service, it has created a positive impact in the life of the company, thus it has become one of the biggest transport service with a high market share.

CONCLUSION

From the findings, the researchers concluded that the adoption of business strategy by the Young Shall Grow transport firm has contributed immensely to the growth of the company and with that they have achieved the aim for which the company was established. This company uses the best comfortable vehicles to render services for their customers' satisfaction. The also offer seasonal bonus like free services, gift, scholarship as a strategy to attract customers' patronage. Furthermore, due to the kind of strategies adopted by Young Shall Grow Motors, it has added a positive impact to the growth of the company.

RECOMMENDATION

Based on the research findings we recommend the following: -

Young Shall Grow transport firm should continue adopting business strategies as a means of promoting company's growth and development. They should continue granting their commuters' seasonal bonus like free gifts, scholarship, and comfortable service. We also recommend that Young Shall Grow transport firm should continue to provide good and sound vehicles to render services to the numerous classes of customers for comfort and customer satisfaction and that these business strategies should be highly utilized in the company so that customers will highly patronize the firm. Finally, this study has highlighted the importance of adopting business strategic plans in ensuring the growth of any business enterprise. However, the study has a limitation as a case study because it limited the study to Young Shall Grow

Motor transport company in Enugu Metropolis because Enugu is assumed as large enough to represent the state since it is highly populated.

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