

FORWARD INTEGRATION STRATEGY AND EFFECTIVENESS OF FOOD AND BEVERAGE MANUFACTURING FIRMS IN SOUTH-SOUTH NIGERIA

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Abstract

This study explored forward integration strategy and effectiveness of food and beverage manufacturing firms in South-South Nigeria. The aim of the study was to determine the impact of forward integration on productivity, customer patronage and market share of food and beverage manufacturing firms in South-South Nigeria. The study adopted the survey research design. The population of the study consisted of 508 managers of the selected food and beverage manufacturing firms in South-South Nigeria. A sample size of 224 managers was used for the study. The Taro Yamane's formula was used to determine the sample size for the study. The instrument used for data collection was a structured questionnaire. The data collected were analyzed statistically while the hypotheses were tested using Pearson Product Moment Correlation Coefficient (r). The bivariate analysis was performed with the aid of the SPSS 23 version. The findings revealed that forward integration has a significant relationship with productivity of food and beverage manufacturing firms in South-South Nigeria. The study also found a significant relationship between forward integration and customer patronage of food and beverage manufacturing firms in South-South Nigeria. The study equally discovered a significant relationship between forward integration and market share of food and beverage manufacturing firms in South-South Nigeria. Based on these findings, it was concluded that forward integration strategy significantly enhanced the effectiveness of food and beverage manufacturing firms in South-South Nigeria. Based on these findings and conclusion, it was recommended that food and beverage manufacturing firms in South-South Nigeria should adopt forward integration strategy as it would enhance their effectiveness in terms of increasing their productivity, sales growth and profitability.

Keywords: Forward integration strategy, effectiveness, customer patronage, productivity, market share

Introduction

Manufacturing firms in the food and beverage industry are always determine to expand their business operations. This determination to expand business operations has prompted some food and beverage manufacturing firms to integrate vertically along the supply chain network. Typically, the supply chain of a manufacturing company starts with the purchase of raw materials from a supplier and ends with the sale of the finished product to the consumer.

However, a manufacturing firm can decide to extend its business portfolio by being the supplier of its own raw materials to reduce manufacturing costs or open up multiple retail stores to engage in the retailing or direct sale of the final products to consumers. If the company moves into an area by selling its products directly to consumers through the opening up of multiple retail outlets or purchasing existing retail outlets, the company can be said to have adopted a forward integration strategy (Freeland, 2000; Cainelli and Lacobucci, 2014).

Forward integration is a good business strategy which some manufacturing firms have adopted (Lahiri and Narayanan, 2013). Manufacturing firms integrate in the forward direction for several reasons. For instance, a manufacturing firm that vertically integrate in a forward direction do so because it wants to reduce cost and price so as to increase sales and gain a greater control of the market (Acemoglu et al 2009). Desai and Mukherji (2001) stated that forward integration investments generate commensurable returns for companies. Forward integration strategy enables a company to expand its activities to include the control of direct distribution of its products. A forward integration can be said to have occurred if a car manufacturer decides to open up its own retail locations to sell its products directly to the consumers. Forward integration helps companies to remove the middlemen in the distribution channel. By removing middlemen that would be paid to sell the company's products, the company has successfully avoided the distribution costs, increased sales and profitability. This is why Whinston (2003) maintained that vertical integration helps to eliminate costs, increase sales and profit margin of business firms.

Forward integration strategy can be used as a tool to achieve organizational effectiveness. Arguably, organizational effectiveness is the secret behind business success. It gives an organization the needed stability and competitive edge over its rivals. Every organization strives to achieve organizational effectiveness since it gives an upper hand over its competitors. In doing so, companies assess their effectiveness periodically to know the areas where they have succeeded and those areas where they have failed to succeed. Assessing and improving areas of ineffectiveness is the key to business growth. Hence, manufacturing companies need to find a smart way to achieve organizational effectiveness. To do this, they need to expand their business operations within their supply chain through the implementation of forward integration strategy.

Forward integration strategy is best implemented by firms that have a strong position in the market especially at one stage of the supply chain because they can easily extend their operation to the other stages (Foster & Kaplan, 2001). It is obvious that a firm that has gained a strong position in the market can easily integrate into a more competitive market by extending its position to that new market. Adeleke et al (2019) argued that a strong position in the market cannot be extended vertically except under some extreme conditions. If a firm believes that forward integration would enable it generates some tangible benefits, it will extend its business operations to dominate the market and gain market power (Foster and Kaplan, 2001). Lahiri and Narayanan (2013) stated that manufacturing firms will have a brighter chance of achieving organizational effectiveness. It is against this backdrop that this study examines the relationship between forward integration strategy and effectiveness of food and beverage manufacturing firms in South-South Nigeria.

Statement of the Problem

It has become more challenging task for food and beverage manufacturing firms to achieve organizational effectiveness in the midst of harsh economic condition. The food and beverage manufacturing firms is greatly affected by the poor economic climate in Nigeria. Considering the high cost of manufacturing in Nigeria, it becomes necessary for food and beverage manufacturing firms to integrate forwardly in order to expand their operations and gain control of their distribution network, increase sales and achieve higher profitability. It is argued in this study that forward integration strategy can help to achieve organizational effectiveness. A good number of studies (e.g. Adeleke et al, 2019; Cole-Ingail, 2008; Harrigan, 2000; Shah et al, 2020; and Pieri and Zaninotto, 2013; Peyrefitte et al, 2002) have been conducted on forward integration strategy of firms. However, most of the studies conducted on forward integration strategy of business firms were carried out in Malaysia, United States, Netherlands, Germany, Pakistan, Sweden, Erbil/Iraq, Japan, United Kingdom (UK), Morocco and Norway while empirical studies that examined forward integration strategy and effectiveness of food and beverage manufacturing firms in South-South Nigeria are limited. This has created a gap in literature that needs to be filled. It is in view to fill this gap in literature that motivated this study.

Objectives of the Study

The main objective of this study is to examine the relationship between forward integration strategy and effectiveness of food and beverage manufacturing firms in South-South Nigeria. To achieve this ultimate aim, the study intends to:

1. ascertain the relationship between forward integration and productivity of food and beverage manufacturing firms in South-South Nigeria;
2. determine the relationship between forward integration and customer patronage of food and beverage manufacturing firms in South-South Nigeria;
3. ascertain the relationship between forward integration and market share of food and beverage manufacturing firms in South-South Nigeria.

Research Questions

The following research questions were raised to address the objectives of the study:

1. To what extent does forward integration relate to productivity of food and beverage manufacturing firms in South-South Nigeria?
2. What is the relationship between forward integration and customer patronage of food and beverage manufacturing firms in South-South Nigeria?
3. To what extent does forward integration relate to market share of food and beverage manufacturing firms in South-South Nigeria?

Hypotheses

The following hypotheses were formulated to guide this study:

- Ho₁: There is no significant relationship between forward integration and productivity of food and beverage manufacturing firms in South-South Nigeria.
- Ho₂: There is no significant relationship between forward integration and customer patronage of food and beverage manufacturing firms in South-South Nigeria.

Ho₃: There is no significant relationship between forward integration and market share of food and beverage manufacturing firms in South-South Nigeria.

Scope of the Study

Content wise, this study focused on forward integration strategies and effectiveness of firms. Geographically, this study was limited to food and beverage manufacturing firms in the South-South Geopolitical Zone of Nigeria. The unit of analysis consisted of managers of the food and beverage manufacturing firms in the South-South Geopolitical Zone of Nigeria.

Significance of the Study

The study would be of great importance to food and beverage manufacturing firms as it would sensitize them on the potentials of forward integration in increasing productivity, customer patronage, market share and achieve organizational effectiveness. The study would be useful to top managers in food and beverage manufacturing firms as it would enlighten them on how forward integration can be used to achieve organizational effectiveness. The information provided in this study would encourage top executives to integrate vertically in the forward direction. Foreign investors would benefit from this study as it would sensitize them on the importance of adopting forward integration strategy in terms of achieving organizational effectiveness. The study would be useful to students, lecturers and research consultants as it would add to the existing stock of knowledge on backward integration which they can use as reference for their studies.

Review of Related Literature

Concept of Forward Integration

Forward integration occurs when a firm acquires or takes full or partial control of its middlemen or marketing channels (Jobber, in Adeleke et al, 2019). In other words, if a business integrates by moving into an area that serves as a customer or user of its products, the process is referred to as forward vertical integration (Cainelli and Lacobucci, 2014). Hunger and Wheelen (2003) defined forward integration as a business strategy whereby a manufacturing firm decides to enter into the business of distributing or selling its products directly to customers instead of selling only to middlemen or distributors. It is a kind of forward movement in the production and distribution functions where the manufacturing firm moves closer to the end user of its products.

Forward integration is a good business strategy that involves expanding a company's business operations along its supply chain to gain control of its distribution network (Lahiri & Narayanan, 2013). Shah et al (2020) stated that forward integration occurs when a firm moves closer to the end users in the supply chain by establishing its own distribution outlets to sell its own products directly to consumers. A typical supply chain showing a forward integration strategy is shown in 2.1 below:

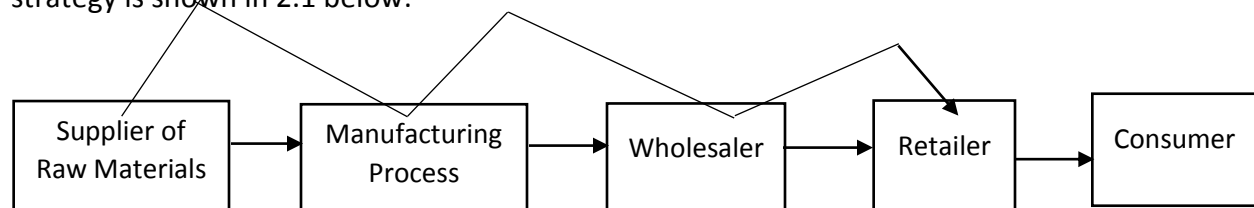


Fig. 2.1: A typical supply chain showing a forward vertical integration

Source: Adapted from Hunger & Wheelen (2003).

From figure 2.3 above, it could be observed that the supply chain begins with the supply of raw materials, and this is followed with the manufacturing process, and then the distribution of finished goods to middlemen (wholesalers and retailers) and finally the sale of the finished goods to the end consumers. However, if the supplier of raw materials decides to go into the manufacturing of the product because he or she possessed the skills to do so, the supplier can be said to have integrated forward in the supply chain because he or she is performing the function of the manufacturer. In addition, if the supplier took a step further to sell the finished products directly to the consumers, the supplier can be said have integrated forward in the supply chain by performing the two to three stages in the supply chain (manufacturing, wholesaling and retailing).

The purpose of forward integration strategy is to utilize different forms of economies such as economies of combined operations, economies of information, economies of internal control and coordination, and economies of stable relationships (Porter, 2008). For instance, a company that vertically integrates in a forward direction does so because it wants to reduce cost and price so as to increase sales and gain a greater control of the market (Rothaermel et al, 2006). Obviously, the rationale for forward integration varies from company to company; however, cost reduction, greater control over the marketing channels, closer coordination between distribution channels and manufacturing company, massive sales and the desire to achieve organizational effectiveness are the some of the motives behind the adoption of forward integration (Cainelli & Lacobucci, 2014). Cainelli, and Lacobucci (2014) stated that forward vertical integration is a preferred strategy if the advantages of stable production are particularly high.

However, forward integration strategy is best implemented by firms that have a strong position in the market especially at one stage of the supply chain because they can easily extend their operation to the other stages (Foster and Kaplan, 2001). It is obvious that a firm that has gained a strong position in the market can easily integrate into a more competitive market by extending its position to that new market. Adeleke et al (2019) argued that a strong position in the market cannot be extended vertically except under some extreme conditions. If a firm believes that forward integration would enable it generates some tangible benefits, it will extend its business operations to dominate the market and gain market power (Foster and Kaplan, 2001).

A firm can accomplish forward integration by establishing its own production facility, salesforce, wholesale system, retail outlets or acquiring firms that presently perform the desired function (Cainelli, and Lacobucci, 2014). It occurs when a company controls the direct distribution of its products (Kohler, 2014). However, in a vertical chain, the basic demand for product is located in the forward stage which determines both the composition and size of the demand (Harrigan, 2001). Goebel et al (2009) opined that forward integration is undertaken by a brand owner to increase the control over the distribution channel including the acquisition of facilities and assets. This strategy is very effective in neutralizing the effect of powerful buyers.

Concept of Organizational Effectiveness

Organizational effectiveness refers to the ability of firm to choose the right targets and the means to achieve them. It means doing the right things at the right time (Meraku, 2017). Meraku (2017) further stated that an organization is considered to be effective if it finds the balance between the demands of owners, employees, customers, community and the employer. Herman and Renz in Sadq et al (2019) defined organizational effectiveness as the relationship between the organization's outcomes achieved and its planned objectives. Herman and Renz explained that the higher the productive outcomes, the more effective the organization becomes.

Organizational effectiveness is one of the most important achievements for determining the progress and development of today's organizations. It is seen as a necessity for organizations to deal with the environmental change along with increased certainty about the requirements they need and thus achieve organizational success (Sadq et al, 2019). The essence of organization's theory is to achieve organizational effectiveness. Achieving organizational effectiveness is difficult to quantify and this is why certain criteria are given to managers to measure the degree of organization's effectiveness (Mehmood et al, 2017). Kerr and Leander (2004) stated that achieving organizational effectiveness is important in order to ensure the growth and financial stability of the organization. Esfahni et al (2013) believed that achieving organizational effectiveness is easier when an organization has a set of committed and high performing workers who are always determined to get results in all their endeavour.

Measures of Organizational Effectiveness

In literature, organizational effectiveness is measured using various criteria. However, in this study, organizational effectiveness is measured using productivity, sales growth and profitability.

Productivity

According to Bloom and Reenen (2010), productivity within an organizational context is defined as the relationship between output of goods and services of an organization and input of resources (human, technological, financial and material resources) employed in the process of production. If the inputs invested are equivalent to the outputs, the organization is said to be productive; but where the inputs invested are less than the output, the organization is described to be unproductive (Bloom and Reenen, 2010). Therefore, organization needs to have productive workforce in order to increase its productivity. Managers must pay close attention to employee productivity. Yaya et al (2016) defined employee productivity as the degree to which an employee is able to accomplish his or her task (output) given the time and other resources (input) available to him or her. Employee productivity is of utmost importance to managers because it determines the overall productivity and effectiveness of the organization. Every manager wants employees to increase their productivity since it is the only way to increase the overall productivity of the organization. For this reason, it becomes necessary to assess employee productivity and take steps to improve their productivity.

Customer Patronage

Customer patronage is the extent to which a customer buys a company's products or services based on the result of his or her assessment and personal experience (Garga and Bambale, 2016). Grewal et al (2002) defined customer patronage as the behaviour of buying products or services from a particular company or outlet. Ding, Lu and Ge (2015) described customer patronage as choice behaviour whereby a customer prefers to patronize an organization over others in the same industry. Customer patronage is the only economic and social justification for the existence of any business and this existence is to create customer satisfaction (Garga and Bambale, 2016). Andrew et al (2015) stated that customer patronage provides the basis for a stable and growing market share. It is the most significant factor that distinguishes successful firms from unsuccessful firms (Jere et al, 2014). A firm can be said to be successful if it enjoys an increased level of customer patronage. Kotni (2016) noted that increased level of customer patronage brings about massive sales and profitability growth. When customers are satisfied with their quality of service delivery, they are more likely to consistently patronize the company. Kumar (2016) added that other factors influence customer patronage. Some of these factors include the company's location, organizational image, quality of service delivery, product quality, price, pleasant dressing rooms and parking space (Kumar, 2016).

Market Share

According to Antonova (2014), market share refers to the percentage of the market that is served by a company at a specific period of time. Armstrong and Greene (2007) defined market share as the percentage or proportion of the total available market or market segment that is being serviced by a company. A company's market share can be ascertained by calculating the sales made by the company at a given period and divide the figure by the total sales of the industry over the same period. The result which is expressed in percentage enables the company to know how customers value its products in relation to competitors' offerings. Market share growth is one of the most important goals for companies because it has a direct impact on revenue (Amelia, 2017). In many instances, market share is often considered as an important asset for competing firms because it helps to increase revenue and enhance business growth. However, a company that experiences a decline in market share will have a serious problem on the long-run. Armstrong and Greene (2007) stated that companies whose market share is below a certain level will not be profitable and may cease from operation anytime soon.

Theoretical Review

This study adopted **the Resource-Based View** which was developed by Penrose in 1959 and was expanded by Barney in 1991. The theory emphasizes the importance of firm's resources and its managerial capabilities to use these resources to gain a sustainable competitive advantage (Ramanujam and Varadarajan, 2009). The resources here are the inputs (such as physical, human, material, technological and utility resources) which the firm use to perform its activities (Martin-de-Castro, et al in King & Grace, 2008), while the managerial capabilities include the skills, knowledge and competence of management to use these

resources to create or sustain competitive advantage (Mclvor, 2009). Barney in Kaiser and Obermaier (2020) stated that resources and capabilities lead to competitive advantage if they are valuable, rare, difficult to imitate and non-substitutable.

The resource-based view theory has become popular for providing explanation on how business firms can gain sustained competitive advantage (Barney, 2001). Jacobides and Hitt in Kaiser and Obermaier (2020) stated that resource based view explains that a firm can gain a competitive advantage by engaging in one or two stages of the value chain. This competitive advantage is a result of a firm's predominant resources and capabilities which arise from a unique, path-dependent learning process (Levinthal, in Kaiser and Obermaier, 2020). The resource based view theory confirms the view that the decision of firms to integrate vertically is based on creating or sustaining a competitive advantage and achieve business growth (Miller & Shamsie, in Adeleke et al, 2019).

The resource-based view theory is very relevant in explaining the relationship between forward integration strategy and organizational effectiveness. The theory explains that business firms can integrate vertically in a forward direction into create or sustain competitive advantage and achieve organizational effectiveness. The resource-based view theory demonstrates how firms can leverage on its resources and capabilities into a new market segment to create or sustain competitive advantage (Mclvor, 2009). It encourages firms to expand their business operations vertically by going forward or backward within their supply chain and efficiently utilize their resources and demonstrate capabilities to secure a position of relative advantage in the market (Peyrefitte et al, 2002). The theory believes that a firm that possessed the required resources can integrate vertically in the forward direction by selling its products directly to customers by opening up multiple retail outlets (forward vertical integration). The resource based view considers vertical integration as a complex and costly strategy (Isaksen and Dreyer, 2000).

Empirical Review

A number of related studies have been conducted on forward integration and organizational effectiveness. For instance, Adeleke et al (2019) empirically examined the effect of forward integration strategy on organizational growth in Nigeria. Their study used direct marketing as its dimension of forward integration and correlate it to profitability expectation of insurance and banking institutions in Nigeria. The researchers adopted the descriptive survey research design where a structured questionnaire was used to collect data from 753 staff of 12 deposit money banks and insurance companies in south-west Nigeria. The data collected from the respondents were analyzed percentage and frequency tables, mean and standard deviation while the hypotheses were tested using the Pearson Product Moment Correlation Coefficient (r). The findings showed that a significant positive relationship between direct marketing and profitability of firms. The study concluded that forward integration strategy has significant effect on organizational growth in Nigeria.

Cole-Ingail (2008) explored the relationship between vertical integration and industry value chains. The researcher adopted the exploratory research design and used a structured questionnaire to collect data from 78 managers of new high-technology manufacturing firms operating in the international market. The data collected were analyzed using descriptive

statistics such as percentage and frequency count, mean and standard deviation while the hypotheses were tested using Pearson Product Moment Correlation Coefficient. The SPSS version was used to perform the bivariate correlation analysis. The findings showed that vertical integration has a significant positive relationship with industry value chains.

Harrigan (2001) carried out a study to match vertical integration strategies with competitive conditions. The aim of their study was to determine the vertical integration strategies and competitive advantage of firms in France. The researchers adopted the cross-sectional survey research design and used a structured questionnaire to collect data from managers in 17 manufacturing firms in France. The data collected were analyzed using mean and standard deviation, percentage and frequency tables while the hypotheses were tested using Pearson Product Moment Correlation Coefficient. The findings showed that there is a positive and significant relationship between vertical integration strategies with competitive advantage of manufacturing firms in France.

Shah et al (2020) explored the impact of vertical integration and outsourcing decision on firm performance. The researcher adopted the descriptive survey research design and the qualitative research approach. Their data were collected from different procurement managers and operational managers of companies working in the KPK. The researchers used a structured interview questions to elicit data from the respondents. The result of the interview conducted among procurement managers and operational managers of companies working in the KPK showed that outsourcing is the best strategy to improve organizational performance rather than vertical integration strategies.

Pieri and Zaninotto (2013) carried out a research to determine the relationship between vertical integration and efficiency in the Italian machine tool industry. The researchers adopted the survey research design where data were collected from novel panel dataset comprising 500 machine tool firms in Italy. The researchers applied two equation and instrumental variables for the two directions of causality. After analyzing the data, the researchers found out that self-selection mechanism of the most efficient firms in vertically integrated structures while organizational mode does not have any effect on firm's efficiency.

Peyrefitte et al (2002) empirically examined the relationship between vertical integration and economic performance of manufacturing firms. Their study adopted the exploratory research design and the qualitative research approach where structured questionnaire was used to collect data from 53 managers in 20 manufacturing companies that adopt vertical integration in Netherlands. The data collected were analyzed statistically using percentage and frequency tables, bar, chart and pie chart while the hypotheses were tested using the Pearson Product Moment Correlation Coefficient. After analyzing the data collected, the researchers found a significant positive relationship between vertical integration and profitability of manufacturing firms. The study also found a significant positive relationship with cost reduction of manufacturing firms.

Gap in Reviewed Literature

The reviewed literature shows that most of the studies conducted on vertical integration strategy of business firms were carried out in Malaysia, United States, Netherlands, Germany, Pakistan, Sweden, Erbil/Iraq, Japan, United Kingdom (UK), Morocco and Norway

while empirical studies that examined forward integration strategy of food and beverage manufacturing firms in South-South Nigeria are limited. Secondly, it was observed that none of the previous studies specifically relate forward integration to effectiveness (productivity, customer patronage and market share) of food and beverage manufacturing firms in South-South Nigeria. This has created a gap in literature which the present study intended to fill.

Methodology

The survey research design was adopted in this study. The population of this study comprised managers of all the seventy (70) registered food and beverage manufacturing firms in the South-South Nigeria (South-South Nigeria Directory Website, www.directory.org.ng). However, the accessible population was limited to thirty (30) selected food and beverage manufacturing firms in South-South Nigeria. The population elements were made up of top, middle and lower level managers of the food and beverage manufacturing firms in South-South Nigeria. A population of 508 managers were identified in the 30 selected food and beverage manufacturing firms in South-South Nigeria (Source: HR Department of the Selected Companies). The sample size used for the study was 224 managers. The Taro Yamene’s formula was used to determine the sample size.

The main instrument used for collecting data from the respondents was a structured questionnaire. The questionnaire was structured on a 5 Likert type scale namely: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D) and Strongly Disagree (SD). The method used in determining the validity of the instrument was the face and content analysis while the method used in testing the reliability of the instrument was the Cronbach Alpha method. The questionnaire was administered to the respondents (managers) of the selected food and beverage manufacturing firms in South-South Nigeria. Two hundred and twenty-four (224) questionnaires was administered to the respondents and 188 copies were collected which represents 84% collection rate. The data collected were analyzed statistically while the hypotheses were tested using the Pearson Product Moment Correlation Coefficient (r). The r value was computed using the SPSS software program version 23.

Empirical Results and Discussion
Results

The results of the bivariate analysis carried out on the study variables in the hypotheses are presented in this section. The analysis was done with the aid of the SPSS software program version 23.0. The results of the SPSS correlation analysis are presented in the tables below:

Table 1: Result of bivariate analysis between forward integration and productivity of food and beverage manufacturing firms

			Forward Integration	Productivit y
Pearson (r)	Forward Integration	Correlation	1.000	.631**
		Coefficient	.	.001
		Sig. (2 tailed)	188	188
		N		
	Productivity	Correlation	.631**	1.000

Coefficient	.001	.
Sig. (2 tailed)	188	188
N		

**Correlation is significant at 0.01 levels (2 tailed)

*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-Generated Output, 2023

Table 1 contains the result of the bivariate analysis carried out between forward integration and productivity of food and beverage manufacturing firms in South-South Nigeria. The result indicates that forward integration has a strong positive correlation with productivity of food and beverage manufacturing firms in South-South Nigeria ($r = .631^{**}$) and the symbol ** signifies that this correlation is significant at 0.01 level. Based on this result, the null hypothesis (H_{01}) is rejected and the alternate hypothesis is accepted. This means that there is strong positive and significant relationship between forward integration and productivity of food and beverage manufacturing firms in South-South Nigeria.

Table 2: Result of bivariate analysis between forward integration and customer patronage of food and beverage manufacturing firms

			Forward Integration	Customer Patronage
Pearson (r)	Forward Integration	Correlation	1.000	.813 **
		Coefficient	.	.001
		Sig. (2 tailed)	188	188
		N		
Customer Patronage	Customer Patronage	Correlation	.813 **	1.000
		Coefficient	.001	.
		Sig. (2 tailed)	188	188
		N		

**Correlation is significant at 0.01 levels (2 tailed)

*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-Generated Output, 2023

Table 2 presents the result of the bivariate analysis carried out between forward integration and customer patronage of food and beverage manufacturing firms in South-South Nigeria. The result shows a very strong positive correlation between forward integration and customer patronage of food and beverage manufacturing firms ($r = .813^{**}$) and this correlation is significant at 0.01 level as indicated by the symbol ** . Based on this result, the null hypothesis (H_{02}) is rejected and the alternate hypothesis is accepted. This means that we then accept that there is a very strong positive and significant relationship between forward integration and customer patronage of food and beverage manufacturing firms in South-South Nigeria.

Table 3: Result of bivariate analysis between forward integration and market share of food and beverage manufacturing firms

			Forward Integration	Market Share
Pearson (r)	Forward Integration	Correlation	1.000	.866**
		Coefficient	.	.001
		Sig. (2 tailed)	188	188
		N		
	Market Share	Correlation	.866**	1.000
		Coefficient	.001	.
		Sig. (2 tailed)	188	188
		N		

**Correlation is significant at 0.01 levels (2 tailed)

*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-Generated Output, 2023

Table 3 shows the result of the bivariate analysis carried out between forward integration and market share of food and beverage manufacturing firms in South-South Nigeria. The result indicates that forward integration has a very strong positive correlation with market share of food and beverage manufacturing firms ($r = .866^{**}$) and this correlation is significant at 0.01 level as signified by the symbol **. As a result of this, the null hypothesis (H_{03}) is rejected and the alternate hypothesis is accepted. This implies that we then accept that there is a very strong positive and significant relationship between forward integration and market share of food and beverage manufacturing firms in South-South Nigeria.

Discussion of Findings

From the analysis carried out, it was reported that forward integration has a strong positive and significant relationship with productivity of food and beverage manufacturing firms in South-South Nigeria. This finding emerged from the result of the bivariate analysis carried out on the two variables in the first hypothesis. The result revealed that forward integration has a strong positive correlation with productivity of food and beverage manufacturing firms in South-South Nigeria ($r = .631^{**}$) and this correlation is significant at 0.01 level. Based on this result, the null hypothesis (H_{01}) was rejected and the alternate hypothesis was accepted. This means that there is strong positive and significant relationship between forward integration and productivity of food and beverage manufacturing firms in South-South Nigeria. This finding is in line with the research conducted by Adeleke, Onodugo, Akintimehin & Ike (2019) and Cainelli and Lacobucci (2014) which found a significant relationship between forward integration and productivity of firms.

This study discovered a very strong positive and significant relationship between forward integration and sales growth of food and beverage manufacturing firms in South-South Nigeria. This finding emanated from the result of the bivariate analysis carried out on the two variables in the second hypothesis. The result showed a very strong positive correlation between forward integration and sales growth of food and beverage manufacturing firms ($r =$

.813**) and this correlation is significant at 0.01 level. Based on this result, the null hypothesis (H_{02}) was rejected and the alternate hypothesis was accepted. This means that we then accepted that there is a very strong positive and significant relationship between forward integration and sales growth of food and beverage manufacturing firms in South-South Nigeria. This finding is supported by Harrigan (2001) and Isaksen, Dreyer & Gronhaug (2011) as both studies found a significant positive relationship between forward integration and customer patronage of firms.

Finally, it was reported that forward integration has a very strong positive and significant relationship with market share of food and beverage manufacturing firms in South-South Nigeria. This finding was obtained from the result of the bivariate analysis carried out on the two variables in the third hypothesis. The result revealed that forward integration has a very strong positive correlation with market share of food and beverage manufacturing firms ($r = .866^{**}$) and this correlation is significant at 0.01 level as signified by the symbol **. As a result of this, the null hypothesis (H_{03}) was rejected and the alternate hypothesis was accepted. This implies that we then accepted that there is a very strong positive and significant relationship between forward integration and market share of food and beverage manufacturing firms in South-South Nigeria. This finding is in line with the research conducted by Kaiser (2018) and Misund, Osmundsen and Sikveland (2012) which reported that forward integration strategy has the potentials of increasing the market share of manufacturing firms.

Conclusion

The study concludes that forward integration strategy improved the effectiveness of food and beverage manufacturing firms in South-South Nigeria. It enhanced productivity indicators and beefed customer patronage in the enterprises. Forward integration also boosted market share in the food and beverage organizations. The researchers therefore infer that any food and beverage firm that relegates forward integration to the background risks corporate ineffectiveness and collapse.

The researcher further submits that this study contributes to knowledge by providing empirical literatures on the relations between forward integration and productivity, customer patronage and market share of beverage manufacturing firms. It therefore adds to the body of existing knowledge while bridging existing research gaps.

Recommendations

Based on the above drawn conclusion, the researcher recommended that:

1. Food and beverage manufacturing firms in South-South Nigeria should always adopt forward integration strategy for continuous improvement on their productivity indicators.
2. Food and beverage manufacturing firms in South-South Nigeria should always practice forward integration for beefed customer patronage in the near future.
3. Food and beverage manufacturing firms in South-South Nigeria should always embrace forward integration for improved market share and overall corporate effectiveness in the near future.

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