

FUNCTIONAL POLICY IMPLEMENTATION: AN APPARATUS IN ASCERTAINING DIVIDEND PAYOUT WITH REGARD TO STRATEGY IMPLEMENTATION

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Abstract

This study examined whether or not functional policy implementation is an apparatus in ascertaining dividend payout with regard to strategy implementation in business organizations in Nigeria. In sourcing for the research information's and data, we utilized a well organized study questionnaire. The data gotten was examined through simple percentage as well as frequency distribution. We found out that resource deployment is relevant in the strategic action (implementation) process of an organization; and that, dividend payout has an impact on both long-run funding and wealth of investors because the operating personnel is effective in deciding the dividend payout that leads to a successful strategy implementation and performance of an organization. Nevertheless, we conclude that functional policy implementation appears to be a very significant means (apparatus) in ascertaining dividend payout as it relates to the implementation of strategies; and that, dividend payout maximizes the return of shareholders because resource deployment in an organization enables strategic action (implementation) to be effective.

Introduction

Functional policy implementation as a facet (dimension) of strategy implementation as noted by Glueck (1980) in Tamunomiebi & Hamilton (2001), is fast becoming a linking point to sub-systems in business organizations; as many business research scholars have failed to recognize that these sub-systems are often their functional units (departments). For example; marketing and operation, finance and account, personnel and information management. At times, the functional policies of a firm may tend to favour some sub-systems (units) such as the marketing and operations. And as such, some person may feel that the company is focusing more on that unit (department) while neglecting other functional units. Yet, other persons may feel that the organization is trying to balance the various functional areas. This variation in opinion is an indicator of the complexity of the functional policies which relates to the dividend payout that organizations follow in strategy implementation.

As Ibama (2016) observed, the complexity of dividend payout decision in a firm is another decisive area of functional policies that is determined by financial management through the implementation of strategies. He noted, a significant view of dividend payout is to find out the total earnings to be shared among shareholders and the amount that will be kept in the firm. With regard to the foregoing, this research is designed to examine functional policy implementation in relation to dividend payout in strategy implementation. That is, to ascertain how functional policy implementation is used as an apparatus to determine dividend payout in strategy implementation. The following research questions guided the conduct of this research:

1. How relevant is resource deployment as a major management activity on strategic action of a business?
2. How effective is dividend payout on long-term financing and wealth of shareholders in strategy implementation of a business?
3. How effective is the operating personnel in deciding dividend payout that leads to successful strategy implementation and performance of a business?

Literature:

Theoretical Framework

Pfeffer (1982) in Agwu (2011) observed, prominent notion in social philosophy rest upon some ground-laying principles, the knowledge which empowers their concept, process of sorting and assimilation easier. Howbeit, the theoretical formulations which relate functional policy implementation and dividend payout with respect to strategy implementation in their operating umbworld or environment could be to such baseline social/organizational theory such as resource dependency theory.

Resource Dependency Theory

Each principle has a philosophy behind it. Functional policy implementation as it relates to dividend payout with respect to strategy implementation is justified by the organizations interaction with its umbworld or environment on the basis of resources dependence. This interaction between the organization and its environment is explained by the resource dependency theory. As Pfeffer (1982) in Agwu (2011) noted, resource dependency theory requires that business entities are not internally self-sufficient; and that, resources are needed

from the environment which brings environmental elements with which they can operate, relate and transact business.

Conceptual Framework

The following headings depicts the conceptual framework of this study; (i) Functional policy implementation, (ii) Dividend payout and (iii) Functional policy implementation as an apparatus to dividend payout in strategy implementation.

Functional Policy Implementation

Glueck (1980) in Tamunomiebi & Hamilton (2001) described functional policy implementation to involve the twine processes of resources deployment and the development of policies to operationalise the chosen strategy. He maintained that, in resources deployment, strategy is implemented through the allocation of resources which are then deployed in a desired pattern; and that, scarcity of these resources are reality of organizational life. He noted, one of the resources to be allocated is finance. However, for the development of policies that will operationalize the chosen strategy. Steiner (1980) in Tamunomiebi & Hamilton (2001) observed, policies facilitate conditions where the managers know what they are suppose to do; in the sense that the policies set broad guidelines within which the managers are supposed to operate. Therefore, if most firm make policies for every major aspect of the firm, policies could then be made for major functional area of the firm.

Howbeit, Hofer & Schendel (1980) in Pandey (1995) observed, the content of functional policy regarding dividend payout in strategy as a basic structure of current and prepared resource deployment and environmental connection which shows how the company will attain its goals. Their explanation features (resource implementation) as a factor that is important and stressed that competing benefit can come not only from product/market placement but in addition from distinct resource deployment. Hence, the ideal achievements regarding the company may well not just be determined by range nevertheless it can also be significantly affected by competing benefit and resource deployment.

Dividend Payout

As Rozeff (1982) in Pandey (1995) revealed, whenever dividend payout choice is addressed as a funding choice, the net profits regarding the organization may be thought to be a supply of long-termed finances. Because of this specific technique, dividends is going to be remunerated only once the organization does not have lucrative financial possibilities. The company develops at a more rapid speed when it allows extremely lucrative finance jobs. External equity might be brought up to fund investments. However the retained earnings are preferred because unlike external equity, they don't include any floatation cost. Nonetheless, Rozeff (1982) and Weston & Copeland (1986) in Pandey (1995) contended that, an organizations dividend approach has the effect of splitting its net profits into two areas: retained earnings and dividend. Retained earnings are the most important inner sources of finance for the growth of the firms through its sub-systems. That is, in business organizations, these sub-systems are often their functional units (department). Howbeit, Walter (1963) in Pandey (1995) noted that, dividends are suitable from shareholder's view as it tends to raise

their wealth; it makes use of the firm's funds. He maintained that the aim of dividend payout ought to maximize the return of shareholders, so that his investment is expanded.

Functional Policy Implementation as an Apparatus to Dividend Payout in Strategy Implementation

Wrigley (1970) and Rumelt (1974) in Orville & Robert (1999), led the way more than a decade ago in developing useful replicable operationalization of corporate-level strategies but similar progress has been made only recently at the functional business unit level, that determines its dividend per share with regard to dividend payout to the corporate headquarters in order to compete in an industry. The functional business level strategies, will add up to be sum parts of the whole corporate (overall) strategy. Consequently, when a business is but one unit of a larger organization, its managers' ability to implement different policies successfully as it concerns dividend-per-share and share profit (share earnings) with respect to dividend payout is influenced by the administrative relationships between the functional unit and headquarters.

Nevertheless, Lawrence & Lorsch (1967) and Mintzberg (1979) in Thompson & Strickland (2001) noted, decision-making freedom allows the functional organizational unit to be versatile and flexible. It relieve supervisors through the limitations of common principles and process enforced from above and allows choices become created using few services, involvement and separates power. As Orville & Robert(1999) observed, such autonomous responses are likely to fit the characteristics of the functional business unit's environment in determining the dividend-per-share and share profit (share earnings) with regard to dividend payout because the unit's managers or leaders knows the definite level of functional operations (policies) that are carried out in their units. This means, they are in better position to advice the top management on products/market value (cost of sales). With regard to these facts, the top management will be able to determine the dividend per share in relation to earning per share of the various functional unit policies regarding dividend payout in strategy implementation.

Empirical Review

This section of the review of related literature examines other relevant studies as it directly or indirectly relates to functional policy implementation being an apparatus to dividend payout in strategy implementation.

The works of Glueck (1980) in Tamunomiebi & Hamilton (2001) noted that, functional policy implementation is a facet of strategy implementation. The study revealed that functional policy implementation involves the twin processes of resource deployment and the development of policies to operationalise the chosen strategy; and that, strategy implementation are primarily administrative because it takes place through a series of administrative and managerial actions but they are very crucial. since an ineffective implementation can make an otherwise well thought-out strategy ineffective.

In view of the above, the works of Glueck(1980) in Tamunomiebi & Hamilton (2001) is different from this research because this research bespeaks on the nature of functional policy implementation as a column / sile that setup dividend payout in implementation of strategies as it relates to dividend payout ratio. Thus, seeing functional policy implementation as an apparatus to dividend payout in strategy implementation.

Methodology

In order to ascertain an effective result for this study, 300 structured questionnaire were designed and administered on the top management team including staff of the internal audit unit of quoted companies in Nigeria. These companies are in different industrial groups. Out of the 300 questionnaire distributed, 280 were returned and used for data analysis. The descriptive statistical tools which involve frequency distribution, average and simple percentage were used for data analysis.

Results:

Relevance of Resource Development on Strategic Action of a Business

This portion examines how resource deployment greatly influences the ultimate success of a business. In making this finding, questions in our questionnaire was used. The results are shown in table 1.

Table 1: Relevance of Resource deployment on strategic actions

Question	Option	Frequency	Percentage
How relevant is resource deployment in the strategic action process of your organization?	Relevant	210	75.00
	Undecided	10	4.00
	Not relevant	60	21.00
Total		280	100

Source: *Field Survey, 2017.*

The table above shows that 75 percent of our respondents agree that resource deployment is relevant in the strategic action process of their respective organization. 4 percent were undecided while 21 percent out rightly said resource deployment is not relevant to the strategic action process. If this is so, is resource deployment a major management activity that enables strategic action process to be effective? Respondents’ views are presented on table 2 below

Table 2: Effectiveness of Resource Deployment in Management Activities

Question	Option	Frequency	Percentage
Is resource deployment a major management activity that enables strategic actions to be effective?	Yes	230	82.00
	No	50	18.00
Total		280	100

Source: *Field Survey, 2017.*

Table 2 shows that 82 percent of the respondent said that resource deployment is a major management activity that enables strategic action to be effective in their respective organizations while 18 percent do not think management activities enables strategic action to be effective. However, from the responses obtained from table 1 and 2; one is bound to believe that resource deployment is relevant in the strategic action process of a business and it is a major management activity that enables strategic action to be effective.

Effectiveness of Dividend Payout on Long-Run Funding and Wealth of Investors in Strategy Implementation

This research also examined if dividend payout has impact on both Long-Run Funding and Wealth of Investors in strategy implementation. In this regard, we sought respondents' opinion to know if dividend payout has its effect on both subjects (items) as mentioned above. Our findings are reported on table 3 below

Table 3: Impact on Both Long-Run Funding and Wealth of Investors

Question	Option	Frequency	Percentage
How Effective is dividend payout on long-term fund and wealth of shareholders in strategy implementation of a business?	Effective	260	93.00
	Not sure	-	-
	Ineffective	20	7.00
Total		280	100

Source: *Field Survey, 2017.*

Table 3 shows that 260 persons representing 93 percent of the respondents support the view that dividend payout is effective on long-term financing (fund) and wealth of shareholders in strategy implementation of a business while 20 persons representing 7 percent said dividend payout is not effective. It appears the general opinion is that, dividend payout is effective on both long-run funding and wealth of investors in strategy implementation. If dividend payout is effective, does it maximize the return of shareholders in strategy implementation? The respondents view on this subject is presented in table 4 below.

Table 4: Maximization of Shareholders Returns through Dividend Payout

Question	Option	Frequency	Percentage
Does dividend payout maximize the returns of shareholders in strategy implementation of your organization?	Yes	240	86.00
	No	40	14.00
Total		280	100

Source: *Field Survey, 2017.*

Table 4 shows that 86 percent of our respondents believe that, dividend payout maximizes the return of shareholders especially as it relates to strategy implementation; This is in line with Walter (1963) in Pandey (1995) that the aim of dividend payout ought to maximize the return of shareholders so that his investment is expanded.

Effectiveness of the Operating Personnel in Deciding Dividend Payout in Strategy Implementation

This section of the research examines. The effectiveness of the operating personnel in deciding dividend payout that eventually leads to successful strategy implementation and performance of businesses. In making this finding, question in our structured questionnaire was used. Our outcomes are shown below in table 5.

Table 5: Effectiveness of Operating Personnel in Deciding Dividend Payout

Question	Option	Frequency	Percentage
How Effective is the Operating person	Effective	220	79.00

deciding dividend payout that leads to successful strategy implementation in your organisation?	Not sure	-	-
	Ineffective	60	21.00
Total		280	100

Source: *Field Survey, 2017*.

The table above shows that 79 percent of the respondents agree that the operating personnel is effective in deciding dividend payout that leads to successful strategy implementation and performance of a business while 21 percent of the respondent did not think that the operating personnel is effective in deciding dividend payout.

Discussions of Findings:

As Walter (1963) in Pandey(1995) observed, dividends are suitable from shareholder's view as it tends to raise / increase their wealth, it makes use of the firm's funds. Our results shows, among other things that:

- 75 percent of our respondents agree that resource deployment is relevant in the strategic action (implementation) process of an organization.
- 82 percent of our respondents believe that resource deployment is a major management activity that enables strategic action (implementation) to be effective in an organization.
- 93 percent of the respondents are of the view that dividend payout has an impact on both long-run funding and wealth of investors in strategy implementation of a business.
- 86 percent of the respondents also believe that dividend payout maximizes the return of shareholders as it relates to strategy implementation in an organization.
- 79 percent of the respondents think that the operating personnel is effective in deciding the dividend payout that leads to a successful strategy implementation and performance of an organization.

The positive emphasis derived from the response of the empirical reality of functional policy implementation as an apparatus to dividend payout in strategy implementation of a business organization conforms to Glueck(1980) and Steiner(1980) in Tamunomiebi & Hamilton (2001), Hofer & Schendel (1980) and Rozeff (1982) and Weston & Copeland (1986) and Walter(1963) all in Pandey (1995), Wrigley(1970) and Rumelt (1974) in Orville & Robert (1999), Lawrence & Lorsch (1967) and Mintzberg (1979) in Thompson & Strickland (2001) and Orville & Robert (1999) observations as mentioned in the literature review section of this research.

Conclusion

We conclude this research work by saying that functional policy implementation appears to be a very significant means (apparatus) in ascertaining dividend payout as it relates to the implementation of strategies; and that, dividend payout maximizes the return of shareholders because resource deployment in an organization enables strategic action (implementation) to be effective.

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