



STRATEGIC CHOICES AND COMPETITIVE ADVANTAGE OF FOREIGN MANUFACTURING FIRMS IN NIGERIA

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Abstract: The study was carried out to investigate the influence of strategic choices and competitive advantage of manufacturing firms in Nigeria. The main objective was to evaluate the influence of resource allocation and strategic alliance on specialization strategy of manufacturing firms in Nigeria. A cross-sectional research design was adopted for the study. The population of the study consisted of 6451 employees of foreign manufacturing firms in Nigeria. With a sample 377 which was determined using Taro Yamane formula for sample size determination. Data were collected using questionnaire and personal Interview and were analysed using simple linear regression analysis. Findings indicated that resource allocation and strategic alliance have significant influence on specialization strategy of foreign manufacturing firms in Nigeria. It was concluded that resource allocation and strategic alliance have managerial and significant influence on specialization strategy of foreign manufacturing firms in Nigeria.

Key Words: Strategic Choices, Strategic Alliance, Resource Allocation, Differentiation Strategy, Competitive Advantage

1.1 Introduction

Competitive advantage remains a central concept in strategic management, particularly for Multinational Enterprises (MNEs) operating in emerging markets such as Nigeria. It refers to a firm's ability to outperform competitors by leveraging unique resources, capabilities, or market positioning that are difficult to imitate. In the Nigerian context, foreign companies often rely on a combination of cost efficiency, technological superiority, brand reputation, and global supply chain integration to sustain their market leadership. However, these advantages are continuously shaped by institutional volatility, infrastructural constraints, and regulatory uncertainty, which require firms to adapt their strategies dynamically to maintain profitability and market relevance (Uche *et al.*, 2021)

Recent studies show that competitive advantage for multinational firms in Nigeria is increasingly tied to their ability to integrate into global value chains while selectively engaging local markets. For instance, many

foreign firms reduce exposure to domestic operational risks by repatriating profits and relying on external production networks, which helps preserve corporate value but limits deep local integration (Obialor *et al.*, 2024). At the same time, Nigeria's large consumer base and expanding sectors such as telecommunications, manufacturing, and consumer goods continue to attract foreign investment despite operational challenges like foreign exchange constraints and policy inconsistency (Obialor and Effiom, 2023). This duality highlights that competitive advantage in Nigeria is not static but continuously negotiated between opportunity and risk.

Furthermore, emerging market research suggests that firms in Nigeria increasingly build competitive advantage through dynamic capabilities such as innovation, organizational agility, and strategic partnerships (Ochie *et al.*, 2024). These capabilities enable firms to respond to environmental uncertainty while sustaining performance. Thus, competitive advantage in Nigeria is best understood as an evolving outcome of both internal resource

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deployment and external environmental adaptation (Anyanwu et al., 2023). Strategic alliances have become a key mechanism through which foreign companies operating in Nigeria to strengthen their competitive advantage. These alliances involve formal collaborations between firms to share resources, knowledge, risks, and capabilities in order to achieve mutual strategic objectives. In developing economies like Nigeria, where firms often face infrastructural deficits and institutional inefficiencies, alliances provide access to complementary resources that individual firms may lack (Akpan et al., 2025).

Empirical evidence indicates that strategic alliances significantly enhance innovation and performance among firms by enabling access to technical expertise, distribution networks, and local market knowledge. In Nigeria, such collaborations are particularly important for multinational companies seeking to navigate complex regulatory environments and build legitimacy within local markets. Strategic alliances also reduce operational risks by enabling resource pooling and shared investment in high-cost ventures, thereby improving firms' resilience and competitiveness (Obialor et al., 2023).

In addition, alliance-based strategies allow foreign firms to better align with local institutional frameworks while still maintaining global standards of operation. This hybrid approach supports competitive advantage by combining global efficiency with local responsiveness. Studies further suggest that inter-firm collaboration enhances economies of scale and facilitates access to scarce resources in volatile markets such as Nigeria. Consequently, strategic alliances are not only operational tools but also strategic instruments for sustaining long-term competitiveness in foreign markets (Obialor et al., 2022).

Resource allocation plays a decisive role in shaping the competitive advantage of foreign companies operating in Nigeria. It involves the strategic distribution of financial, human, technological, and managerial resources across different business units and markets to maximize efficiency and returns. For multinational enterprises, optimal resource allocation is essential for balancing global integration with local responsiveness, particularly in environments characterized by economic volatility and

institutional uncertainty. In Nigeria, foreign firms often adopt selective investment strategies, prioritizing sectors with high growth potential while minimizing exposure to high-risk operational environments. This includes allocating capital to technology-driven operations, supply chain optimization, and high-demand consumer sectors. Studies show that such strategic allocation enhances firm performance and supports internationalization objectives by improving profitability and operational efficiency (Obialor et al., 2023).

Moreover, resource allocation decisions are increasingly influenced by strategic partnerships and alliances, which enable firms to pool resources and reduce redundancy. Through collaborative arrangements, foreign firms can access local infrastructure, talent, and distribution systems, thereby improving efficiency and market penetration. This aligns with resource-based perspectives which argue that firms gain sustained competitive advantage when they effectively combine rare, valuable, and non-substitutable resources (Obialor et al., 2022). In this sense, resource allocation is not merely an internal financial decision but a strategic tool that interacts with alliances and market conditions to shape competitive outcomes.

Competitive advantage is a critical determinant of the sustainability and performance of foreign companies operating in Nigeria, as it reflects their ability to consistently outperform local and international rivals through superior strategic positioning, resource utilization, and market responsiveness. Despite the presence of multinational enterprises in key sectors such as telecommunications, oil and gas, consumer goods, and manufacturing, many of these firms continue to experience weakening competitive advantage in the Nigerian business environment. This decline is largely evident in their inability to fully adapt to the country's volatile macroeconomic conditions, infrastructural deficiencies, foreign exchange instability, and evolving regulatory frameworks. Although foreign firms are typically assumed to possess superior capabilities in technology, finance, and management, their competitive strength in Nigeria is increasingly constrained by inefficient resource allocation strategies and limited integration of strategic alliances with



local partners (Ochei et al., 2024; Obialor and Anietie, 2024).

The weakening competitive advantage of foreign firms in Nigeria can be attributed to several interrelated factors, including suboptimal resource allocation decisions, over-centralization of strategic control at headquarters, and insufficient leveraging of local partnerships through strategic alliances. Many multinational corporations fail to effectively balance global standardization with local responsiveness, resulting in poor market adaptation and reduced operational efficiency (Obialor and Ebitto, 2024).

Furthermore, while literature acknowledges the importance of strategic alliances and resource-based strategies in enhancing firm performance, there remains a significant gap in empirical studies, specifically examining how these strategic choices interact to shape competitive advantage among foreign companies operating in Nigeria. Existing research tends to focus either on multinational performance in general or on isolated strategic tools, without adequately integrating strategic alliances and resource allocation as complementary drivers of competitive advantage in the Nigerian context. This gap limits a comprehensive understanding of how foreign firms can sustain long-term competitiveness in such a complex emerging market, thereby necessitating further investigation into the interplay between these strategic variables and firm performance outcomes.

The main objective of this study was to evaluate the influence of strategic choices on competitive advantage of foreign manufacturing firms in Nigeria. Specifically, to: i. investigate the influence of resource allocation on specialization strategy of foreign manufacturing firms in Nigeria. ii. examine the influence on strategic alliance on specialization strategy on foreign manufacturing firms in Nigeria. Consequently, to achieve the purpose of this study, two (2) research questions were revealed and include i. What is the influence of resource allocation on specialization strategy of foreign manufacturing firms in Nigeria? ii. To what extent does strategic alliance influence specialization strategy in foreign manufacturing firms in Nigeria. Therefore, 2 research hypotheses were formulated in null form to achieve the objectives of the study. H0₁: Therefore, there is no significant influence of resources

allocation on specialization of foreign manufacturing firms in Nigeria. H0₂: Strategic alliance does not have significant influence on specialization strategy manufacturing firm in Nigeria.

Review of Related Literature

2.1. Conceptual Review

2.1.1 Strategic Choices

Strategic choices refer to the deliberate decisions firms make regarding how they position themselves in competitive markets, allocate resources, and respond to environmental uncertainty in order to achieve superior performance. In the context of foreign companies operating in Nigeria, strategic choices are influenced by institutional complexity, market volatility, and infrastructural constraints, which require firms to continuously adapt their competitive strategies. Recent literature emphasizes that strategic choices are closely linked to dynamic capabilities, enabling multinational enterprises (MNEs) to reconfigure resources and respond to changing market conditions in emerging economies (Obialor et al., 2022). In Nigeria, such strategic choices often determine whether firms adopt cost leadership, differentiation, or hybrid strategies to sustain competitive positioning in a highly unpredictable business environment. Thus, strategic choice serves as the foundation upon which firms design and implement competitive actions that influence long-term advantage (Obialor et al, 2023).

2.1.2 Strategic Alliance

Strategic alliance is a critical strategic choice mechanism through which foreign firms enhance their competitive advantage by collaborating with other organizations to share resources, capabilities, and market access. In emerging markets like Nigeria, strategic alliances are particularly important due to institutional gaps, infrastructure deficits, and regulatory uncertainty that make independent operation costly and risky. Studies show that alliances enable firms to access complementary knowledge, reduce operational risk, and improve innovation outcomes, thereby strengthening their market positioning (Nwokocha, 2021; Olayiwola and Olawale,



2021). For multinational corporations, strategic alliances also facilitate localization strategies, allowing them to better align with domestic market conditions while maintaining global efficiency. Empirical evidence further suggests that firms engaging in strategic alliances in Nigeria experience improved resource accessibility and cost efficiency which directly enhances their competitive advantage (Nwokocha, 2024; Ochie et al., 2024).

2.1.3 Resource Allocation

Resource allocation refers to the strategic distribution of financial, human, technological, and organizational resources across different business units and markets to maximize efficiency and performance. In the case of foreign companies in Nigeria, resource allocation decisions are often shaped by headquarters' global priorities as well as local environmental constraints. Research indicates that firms that effectively allocate resources toward innovation, supply chain optimization, and technological upgrading tend to achieve stronger competitive positions in volatile markets (Odusote and Akpa, 2022). However, inefficient allocation such as over-centralization or underinvestment in local operations can weaken competitive advantage and reduce adaptability in the Nigerian business environment. Consequently, resource allocation is not merely an operational decision but a strategic tool that interacts with alliances and market strategy to shape firm performance outcomes (Obialor and Ebitto, 2024).

2.1.4 Competitive Advantage

Competitive advantage refers to the ability of a firm to consistently outperform rivals through superior value creation, efficiency, or differentiation. For foreign companies in Nigeria, competitive advantage is often challenged by macroeconomic instability, weak infrastructure, and intense local competition. Nevertheless, firms that effectively combine strategic alliances with optimal resource allocation are better positioned to sustain advantage by leveraging both global capabilities and local responsiveness (Ochie et al., 2024). Differentiation strategy, as a specific form of competitive positioning, involves offering unique products or services that are

perceived as superior by customers, allowing firms to command premium value. In Nigeria's competitive market environment, differentiation is often achieved through innovation, branding, quality enhancement, and technological superiority. Studies suggest that firms pursuing differentiation strategies while simultaneously engaging in strategic alliances and efficient resource allocation tend to achieve stronger and more sustainable competitive advantage (Olayiwola and Olawale, 2021).

2.1.5 Differentiation Strategy

Differentiation strategy is a core competitive strategy through which firms seek to achieve competitive advantage by offering products or services that are perceived as unique and superior in terms of quality, innovation, branding, or customer experience. Contemporary strategic management literature emphasizes that differentiation enables firms to reduce price sensitivity, build strong customer loyalty, and command premium pricing, thereby enhancing firm performance (Hendrayanti, 2022). Differentiation is not limited to product features alone but extends to dimensions such as technological innovation, service delivery, and marketing communication, which collectively shape customer perception and firm positioning (Obialor, 2023). In dynamic and competitive environments, firms adopt differentiation strategies by investing in research and development, branding, and quality improvement to distinguish themselves from competitors and create value that is difficult to imitate. Empirical evidence further suggests that differentiation strategy positively influences competitive advantage and organizational performance, particularly when aligned with environmental adaptability and organizational capabilities (Hendrayanti, 2022). However, the effectiveness of differentiation depends on a firm's ability to sustain uniqueness and continuously innovate, as imitation by competitors and changing consumer preferences can erode its benefits over time (Alnoor et al., 2022). Therefore, differentiation strategy remains a vital strategic choice for firms seeking sustainable competitive advantage, especially in emerging markets characterized by intense competition and evolving customer demands.



2.2 Theoretical Review

Resource Based View Theory

The Resource-Based View (RBV) theory is a foundational perspective in strategic management that explains how firms achieve and sustain competitive advantage through internal resources and capabilities. The theory is most prominently associated with Barney (1991), who argued that organizations gain superior performance when they possess resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Earlier contributions by Wernerfelt (1984) framed firms as bundles of resources rather than products, emphasizing the strategic importance of resource positioning. In essence, RBV suggests that it is not industry structure alone that determines firm success, but rather the unique combination of tangible and intangible assets such as technology, skilled labor, patents, organizational culture, and managerial expertise that a firm controls. These resources enable firms to implement strategies that competitors cannot easily replicate, thereby generating sustained competitive advantage.

In the context of foreign manufacturing firms, RBV provides a useful lens for understanding how strategic choices are shaped by firm-specific resources when operating in international markets. Foreign firms often face liabilities of foreignness, including unfamiliarity with local environments and institutional barriers. However, their proprietary resources such as advanced production technologies, strong brand reputation, and global supply chain networks can offset these disadvantages (Barney, 1991; Wernerfelt, 1984). Strategic choices, such as market entry modes, localization strategies, and partnerships, are influenced by how firms leverage these internal strengths to compete effectively. For instance, a foreign manufacturing firm with superior technological capabilities may choose to establish wholly owned subsidiaries to maintain control over its proprietary knowledge, thereby safeguarding its competitive advantage. Thus, RBV highlights that sustainable success in foreign markets depends on how well firms align their internal resources with external opportunities, enabling them to outperform local competitors and achieve long-term strategic advantage.

2.3 Empirical Review

Nwokocha. (2021) investigated Small and Medium Scale Enterprises and the Utilization of Strategic Alliance: The Effect of Spatiality in Emerging Markets Economy. The objective of the study was to examine how strategic alliances influence firm outcomes such as cost reduction, risk sharing, and access to resources in Nigeria. The study adopted a survey research design with a population of SMEs across Nigeria, and a sample size of 233 firms was selected. Data were collected through structured questionnaires and analyzed using descriptive statistics and nearest neighbour analysis. The findings revealed that strategic alliances significantly enhance access to financial and non-financial resources, reduce risks, and improve operational efficiency, all of which contribute to competitive advantage. The study concluded that firms engage in alliances primarily to overcome resource limitations and improve competitiveness. It recommended that manufacturing firms, including foreign ones operating in Nigeria, should leverage alliances to access local knowledge and resources for sustained competitive advantage.

Efosa et al, (2022) carried out a study titled “Supply Chain Management, Competitive Advantage and Organizational Performance in the Nigerian Manufacturing Sector.” The study aimed to investigate how strategic choices such as supplier partnerships and information sharing affect competitive advantage. A survey research design was adopted, targeting manufacturing firms in Nigeria. The population comprised of manufacturing organizations, while data were collected via questionnaires administered to selected firms (sample size not explicitly stated in the abstract). Data analysis was conducted using statistical techniques to test relationships among variables. The findings indicated that strategic supplier partnerships, effective information sharing, and strong customer relationships significantly enhance competitive advantage. The researchers concluded that strategic choices in supply chain management are critical drivers of firm competitiveness. It recommended that foreign manufacturing firms in Nigeria should strengthen supply



chain collaborations and invest in information systems to sustain competitive positioning.

Okafor *et al.* (2024) conducted a study on Integration Strategies and Competitive Advantage in Manufacturing Sector: Evidence from Ogun State, Nigeria. The objective was to examine the effect of strategic choices (vertical and horizontal integration) on competitive advantage. The study employed a descriptive survey research design with a population comprising employees of selected manufacturing firms in Ogun State. A sample size of 384 respondents was determined using the Taro Yamane formula. Data were collected through questionnaires and analyzed using Pearson correlation and multiple regression analysis. The findings showed that both vertical and horizontal integration strategies have a significant positive effect on competitive advantage. The study concluded that strategic integration is a vital driver of competitiveness in manufacturing firms. It recommended that firms, including foreign manufacturing firms, should pursue collaborative integration strategies to enhance efficiency and market power.

Sulaimon *et al.* (2024) conducted a study on the Impact of Organisational Innovation on Sustainable Competitive Advantage of Manufacturing Firms in Lagos State, Nigeria. The study aimed to examine how resource allocation toward innovation (product, process, and administrative) influences competitive advantage. A descriptive research design was adopted, with a population of manufacturing firms in Lagos State and a sample size of 131 firms. Data were collected using questionnaires and analyzed using regression analysis (SPSS). The findings revealed that all dimensions of innovation significantly influence sustainable competitive advantage. The study concluded that effective allocation of resources toward innovation activities enhances firm competitiveness. It recommended that foreign manufacturing firms should strategically allocate resources to innovation-driven activities to sustain long-term competitive advantage.

Oduote and Akpa (2022) conducted a study on the Impact of Strategic Alliance on the Innovation of Women-Owned Enterprises in Nigeria. The objective of the study was to assess how strategic alliances influence innovation and access to resources. The study adopted a quantitative

research design with a population of women-owned enterprises in Nigeria, and data were collected using structured questionnaires (sample size not explicitly stated in the abstract). Data analysis involved statistical techniques to test relationships between alliance and innovation outcomes. The findings showed that strategic alliances significantly improve access to resources, knowledge, and capabilities, thereby enhancing innovation and competitive positioning. It was concluded that alliances are critical for firms facing resource constraints. The researchers recommended that foreign manufacturing firms should form strategic alliances with local firms to enhance innovation capacity and competitive advantage in Nigeria

2.4 Gap in Literature

Existing literature has extensively examined strategic alliance, resource allocation, and competitive strategies among manufacturing firms; however, there remains a significant gap regarding the combined influence of strategic alliance and resource allocation on differentiation strategy, particularly among foreign manufacturing firms operating in Nigeria. Most previous studies focused independently on strategic alliances and firm performance, competitive advantage, or innovation without specifically addressing differentiation strategy as an outcome variable. For instance, studies by Victor Abdul-Hameed (2024) concentrated mainly on strategic alliances and operational performance of firms, while other studies emphasized competitive advantage and resource capability without examining foreign manufacturing firms within the Nigerian business environment. In addition, many studies were conducted in developed economies or focused on indigenous firms, thereby neglecting the peculiar challenges faced by foreign manufacturing firms in Nigeria such as infrastructural deficits, policy instability, and market competition. Furthermore, limited empirical studies have integrated both strategic alliance and resource allocation into a single framework to explain differentiation strategy in the manufacturing sector. This study therefore fills the identified gap by empirically examining the joint influence of strategic alliance and



resource allocation on differentiation strategy among foreign manufacturing firms in Nigeria.

3.1 Methodology

The cross-sectional survey research design was adopted for the study. The population of the study consisted of 2 foreign manufacturing firms in Nigeria which include Unilever and Cadbury Nigeria Plc with its operational base in Lagos Nigeria. Data were collected using questionnaire and interview. The questionnaire was designed using closed-end questionnaire with a modified 4 points rating scales ranging from 4 – strongly Agree, 3- Agree, 2 - Disagree, 1- strongly Agree. Face and construct validity were used to validate the instrument used for the study. However, to ascertain whether the instruments measuring what it intends to measure, test and retest measure were adopted for the study using 10 respondents who were not part of the first test. The result was subjected to Cronbach Alpha Statistics which yielded an alpha coefficient of 0.75 for test and 0.76 for retest, demonstrating that the instruments were reliable. Data collected were analyzed using regression analysis and the model was given as:

$$SS=f(RA) \dots \dots \dots \text{model 3.1}$$

$$SS=a_0 + a_1 RA + e \dots \dots \dots \text{equation 3.1}$$

$$SS=f(SA) \dots \dots \dots \text{Model 3.2}$$

$$SS=a_0 + a_2 SA + e \dots \dots \dots \text{equation 3.2}$$

Where:
 a_0 =Intercept of the equation
 $a_1 - a_2$ =Coefficients of the independent variable
 RA=Resource allocation
 SA=Strategic Alliance
 SS= Specialization strategy
 e= Error term

Result and Findings

4.1 Data Presentation

The results indicate that out of 377 copies of questionnaire distributed to the respondents, 241 copies were filled and returned which form the basis of the analysis.

4.2 Data Analysis

H₀₁: There is no significant influence of resource allocation on specialization strategy of Foreign manufacturing Firms in Nigeria

Table 4.1 The Simple Linear Regression on the influence of resource allocation on specialization strategy of foreign manufacturing Firms in Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932 ^a	.869	.868	.36558

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	211.925	1	211.925	1585.664	.000 ^b
	Residual	31.942	239	.134		
	Total	243.867	240			

Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.



	B	Std. Error	Beta		
1 (Constant)	.052	.069		.753	.452
Resource Allocation	.961	.024	.932	39.820	.000

Source: Researcher’s computations (2026)

Table 4.1 indicates the simple linear regression analysis on the significant influence of resource allocation on specialization strategy of foreign manufacturing Firms. The results yield an R² - value of .869 which implies that resource allocation can account for 86.9% change in specialization strategy of foreign manufacturing firms in Nigeria. This is supported by Beta coefficients of .961, demonstrating that 1 unit increase of resource allocation would lead to 96.1% increases on specialization strategy of foreign manufacturing firms, suggesting that the interaction between resource allocation and specialization strategy is positively and significantly related. However, to ascertain the goodness of fit of the model, the F-statistics was computed and result indicated an F-value of 1585.664 which mean that the model is fit to evaluate the association

between the dimensions of strategic choices, such as resource allocation and the criterion variable that is, specialization. Therefore, since the F-value of 1585.664 and P-value of .000 is less below the Alpha value of 0.05 level of significant in management sciences (P<0.05), it can be affirmed that the null hypothesis which states that resource allocation has no significant influence on specialization strategy is not supported but the alternative hypothesis supported, demonstrating that resource allocation has managerial and significant influence on specialization strategy of foreign manufacturing firms in Nigeria.

H₀: There is no significant influence of strategic Alliance on specialization strategy of foreign manufacturing firms in Nigeria

Table 4.2 The Simple Linear Regression on the influence of Strategic Alliance on specialization strategy of foreign manufacturing firms in Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916 ^a	.839	.839	.40479

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	204.707	1	204.707	1249.339	.000 ^b
	Residual	39.161	239	.164		
	Total	243.867	240			

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		



1	(Constant)	-.073	.081		-.899	.369
	Strategic Alliance	.987	.028	.916	35.346	.000

Source: Researcher’s computations (2026)

Table 4.1 indicates the simple linear regression analysis on the significant influence of strategic alliance on specialization strategy of foreign manufacturing firms. The results yield R²-value of .839 which implies that strategic alliance can account for 83.9% change in specialization strategy of foreign manufacturing firms in Nigeria. This is supported by Beta coefficients of .987, demonstrating that 1 unit increase of strategic alliance would lead to 98.7% increases in specialization strategy of foreign manufacturing firms, suggesting that the interaction between strategic alliance and specialization strategy is positively and significantly related. However, to ascertain the goodness of fit of the model, the F-statistics is computed and result indicated an F-value of 1249.339 which mean that the model is fit to evaluate the association between the dimension of strategic choices, such as strategic alliance and criterion variable that is, specialization. Therefore, since the F-value of 1249.339 and P-value of .000 is less below the Alpha value of 0.05 level of significant in management sciences (P<0.05), it can be affirmed that the null hypothesis which states that strategic alliance has no significant influence on specialization strategy is not supported but the alternative hypothesis supported, demonstrating that strategic alliance has managerial and significant influence on specialization strategy of foreign manufacturing firms in Nigeria.

4.3 Discussion of Findings

The findings of this study revealed that strategic alliance has a significant influence on the differentiation strategy of foreign manufacturing firms in Nigeria. This suggests that firms that engage in partnerships, collaborations, and cooperative relationships with other organizations are better positioned to develop unique products, improve innovation, and achieve competitive advantage in the Nigerian manufacturing sector. Through strategic alliances, foreign manufacturing firms gain access to new technologies, market knowledge, distribution networks, and managerial expertise, which enhance their ability to

offer differentiated products and services. This finding is consistent with the study of Ogochukwu *et al.* (2023) who found that strategic alliances significantly improve organizational competitiveness and innovation capabilities among manufacturing firms. Similarly, Abdul-Hameed (2024) reported that firms that adopt collaborative strategies are more likely to achieve product uniqueness and sustain market relevance. The implication is that foreign manufacturing firms in Nigeria can strengthen their differentiation strategies by building effective alliances with suppliers, distributors, research institutions, and other strategic partners.

The study also established that resource allocation significantly influences the differentiation strategy of foreign manufacturing firms in Nigeria. Effective allocation of financial, human, technological, and material resources enables firms to invest adequately in research and development, product innovation, quality improvement, and customer service, all of which contribute to differentiation. Firms that strategically allocate resources toward innovation and operational efficiency are more capable of creating products that are perceived as superior and distinct in the market. This finding aligns with the work of Okafor *et al.* (2024) who observed that efficient resource allocation enhances organizational effectiveness and supports strategic positioning in competitive industries. In the same vein, Victor *et al.* concluded that firms with strong resource management practices tend to achieve higher levels of innovation and differentiation compared to competitors. Therefore, resource allocation remains a critical managerial function for foreign manufacturing firms seeking to maintain uniqueness and customer loyalty in Nigeria’s dynamic business environment.

Furthermore, the combined influence of strategic alliance and resource allocation on differentiation strategy indicates that foreign manufacturing firms achieve better strategic outcomes when collaborative relationships are supported with adequate and efficient resource



deployment. Strategic alliances alone may not yield optimal results unless firms commit sufficient resources toward implementing alliance objectives, innovation activities, and market expansion initiatives. Likewise, resource allocation becomes more productive when firms leverage external partnerships that provide complementary capabilities and knowledge. The findings therefore emphasize the importance of integrating alliance-building efforts with sound resource management practices to achieve sustainable differentiation. This supports the broader strategic management perspective that organizational success is largely dependent on the ability of firms to effectively combine internal resources with external partnerships to create superior value and competitive advantage in the manufacturing sector.

5.1 Summary of Findings

The study examined the influence of strategic alliance and resource allocation on the differentiation strategy of foreign manufacturing firms in Nigeria. The findings revealed that strategic alliance has a significant positive influence on differentiation strategy, indicating that partnerships and collaborations enhance innovation, access to market information, technological advancement, and competitive positioning of firms. The study also found that resource allocation significantly affects differentiation strategy, as firms that effectively allocate financial, human, and technological resources are better able to improve product quality, innovation, and customer satisfaction. The combined effect of strategic alliance and resource allocation further demonstrated that foreign manufacturing firms achieve stronger differentiation and competitive advantage when external collaborations are supported with adequate internal resources.

5.2 Conclusion

The study concluded that strategic alliance and resource allocation are critical determinants of differentiation strategy among foreign manufacturing firms in Nigeria. Strategic alliances provide firms with opportunities to access complementary capabilities, knowledge, and market opportunities that enhance product uniqueness and competitiveness. At the same time, effective resource

allocation enables firms to utilize available resources efficiently toward innovation, research and development, and operational improvement. Therefore, firms that successfully integrate collaborative partnerships with efficient resource management are more likely to achieve sustainable differentiation and maintain a competitive edge in Nigeria's manufacturing sector.

5.3 Recommendations

- i. Foreign manufacturing firms in Nigeria should strengthen strategic alliances with suppliers, distributors, research institutions, and other industry stakeholders in order to enhance innovation, market access, and product differentiation.
- ii. Management of foreign manufacturing firms should ensure effective and strategic allocation of financial, human, and technological resources toward research and development, employee training, and quality improvement initiatives to sustain competitive advantage and differentiation strategy.

5.4 Suggestion for further Study

Future studies should examine the moderating role of organizational culture and technological innovation on the relationship between strategic alliance, resource allocation, and differentiation strategy among manufacturing firms in Nigeria. Further research may also extend the study to indigenous manufacturing firms or other sectors of the economy such as telecommunications, banking, and oil and gas industries to provide broader empirical evidence on the subject matter

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