Impact of Corporate Strategy on Investment Decision in Nigeria

Efuntade Olubunmi Omotayo[1], Olaniyan Niyi Oladipo[2], Efuntade Alani Olusegun[3]

Abstract: This study investigated the impact of corporate strategy on investment decision in Nigeria. The objective of the study was to examine how strategic planning and implementation impact the company's expansion through investment decision in Nigeria. This study was predicated on the Penrose Theory of Firm Growth and Keynes's Liquidity Preference Theory. Primary data source was explored through the administration of questionnaires to respondents which was explored in presenting the facts of the situation from various investment companies in Lagos, Nigeria. The data collected from the respondents were analyzed using *ex-post facto* research design. Findings from the study revealed that corporate strategy has positive and significant impact on investment decision as this enhance company's expansion depending on variable of interest. It was concluded that for organizations in Nigeria to remain competitive in business, it has to implement a thorough strategic plan on any investment decision in other to achieve their set goals. In fact, the level of strategy implemented often determines the level of investment decision because of the when the end result is positive it will definite improve their return on investment This study recommends that organizations should adopt best practices in their investment activities in order to keep abreast with the dynamics of global economic climate. Individual investors should internalize the habit of improving on their strategic pattern and investment information so that they can make better decisions and also investors should reinforce the need for a strategic framework for problem solving under complexities and the relevance of strategic considerations in investment planning. Lastly, individual investors and corporate organizations should internalize a process that would serve as a veritable tool for qualitative and thorough appraisal that is tailored towards improving project and investment performance.

Keywords: Corporate Strategy; Investment Decision; Net Profit Margin; Operating Cash Flow; Return on Investment

JEL Classification: G30

1. Introduction

Investment decision involves a firm's decision to invest its current fund most efficiently in the long-term assets in anticipation of an expected flow of benefit

[1] Department of Economics, College of Social and Management Sciences, Afe Babalola University, Nigeria, Address: PMB 5454 Ado-Ekiti, Ekiti State, Nigeria.
[2] Centre for Development Innovation and Support Service, Federal University, Nigeria, Address: P. M. B. 373, Oye Ekiti, Nigeria, Corresponding author: niyi.olaniyan@fuoye.edu.ng.
[3] Procurement Unit, Office of the Vice Chancellor, Federal University, Nigeria, Address: P. M. B. 373, Oye Ekiti, Nigeria, E-mail: alaniefuntadee@yahoo.com.

over a series of years include: expansion acquisition, modernization and replacement of the long term assets, sales of a division or business (divestment), change in the method of sales distribution advertisement campaign, research and development programme etc. needs a well formulated strategy (Armstrong & Shimizu, 2007).

A well formulated strategy helps to marshal and champion an organization resources into a unique and viable posture based on its relative interval competences and short comings anticipated changes in the environment and the contingent moves by intelligent opponent. Corporate strategy is the pattern of decision in a company that determines and reveals it objectives, purposes or goals, produces the principal policies and plans for achieving set objectives and defines the ranges of business the company have the intention to pursue with organization organogram and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers and corporate social responsibility (Adner & Helfat, 2013). Effective corporate strategy plays a critical role in championing the businesses in which a company will compete, preferably in a way that focuses resources on how to convert distinctive competence into competitive advantages. It also means an ineffective corporate strategy will affect the overall performance of the organization particularly the firm's investment decision since it the primary driven force (Ainuddin, Beamish, Hulland & Rouse, 2007), organization must therefore formulate a strategic decision that will determine the overall direction of the firm major goals, policies and action sequences into a cohesive whole.

The practice of corporate strategy in relation to investment decision by business organization in Nigeria is a new phenomenon; however, it is self-evident that no individual firm is problem free. The problem to be addressed is; the effect of strategy on the firm's investment decision particularly on the area of expansion. How strategic pattern shows the growth and profitability of a firm. From various business reviews, management and accounting literatures read and discover more problems like: What should we expand on or acquire within our core competences and resources at hand? And what are the approach to allocating investment capital and resources within the context of the internal and external environment trends (Barney, 2010). This research work determines to investigate the impact of corporate strategy on investment decision with particular emphasis on company's expansion.

Therefore, this study aimed at examining the impact of overall corporate strategy on investment decisions in Nigeria with a particular emphasis on Nestle Food Nigeria Plc to highlight the effective and efficient attainment of investment decisions of an organization particularly on expansion in achieving a sustainable

competitive advantage productivity and profitable long-term growth and wealth maximization of shareholders (Aquino, 2010).

2. Literature Review

Concept of Corporate Strategy

According to Lippman and Rumelt, (2010) corporate strategy is the pattern or plan that integrates an organization's major goals, policies and action sequence into a cohesive whole in other to marshal their set goal and objective and actualized it. However, research in corporate strategy seeks to address different issues , one of their major challenge is how do managers set and oversee the scope of their firms that is, how do managers determine which businesses belong within their firms and which do not, what transactions (like M&A, alliances, or divestitures) do they undertake to achieve that scope, how do they allocate resources among their constituent businesses, and how do they coordinate or promote interdependencies across those businesses? Differences in firm performance are important to corporate strategy inasmuch as they serve as an outcome ideally, the decisions that the manager of a firm makes in response to the above-mentioned questions lead that company to enjoy better performance than its competitors (Jensen & Meckling, 1976). But, ultimately, answering questions around how managers set and oversee the scope of their firms is the core objective of corporate strategy research. Interestingly, despite the wealth of research that has sought to answer this question, as well as the multiplicity of theories that have been invoked to conceptualize those answers, no framework yet exists to organize and add structure to the different topics and phenomena that scholars in this field study (Abor & Biekpe, 2007).

3. Key Component for Corporate Strategy Process

In regards to the strategic planning process, it is not a top-down or bottom-up flow of ideas. It is a flow of objectives from managers at the corporate level combined with a flow of program and budget alternatives from the business and functional levels. If sincerely executed, the strategic planning process generates broad participation, a wealth of ideas, consensus and clarity moving forward. Everyone knows what to do, when to do it and why he or she is doing it. This kind of strategy is concerned with succeeding in chosen markets, focuses on competitive positioning (where to compete and how) in order to create an advantage over competitors (Hunjra, Azam, Niazi, Butt, Rehman & Azam, 2011).

Strategic Planning

This provides a blueprint for achieving organization's goals. When creating a strategic plan, there are certain objectives that the organization is trying to satisfy during the execution of the strategic plan. Understanding the organizational objectives of a strategic corporate plan will help to create efficient plans to guide organization's growth (Drever & Hutchinson, 2007). A strategic plan is a document used to communicate with the organization the organizations goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning exercise. However, strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful (Colotla, Shi & Gregory, 2013).

Goal Setting

According to Hunira *et al*, (2011) at the core of the strategic management process is the creation of goals, a mission statement, values and organizational objectives. Organizational goals, the mission statement, values and objectives guide the organization in its pursuit of strategic opportunities. It is also through goal setting that managers make strategic decisions such as how to meet targets and higher revenue generation. Through goal setting, organizations plan how to compete in an increasingly competitive and global business arena.

Analysis Strategy Formation

Analysis of an organization's strengths and weaknesses is a key concept of strategic management. Other than the internal analysis, an organization also undertakes external analysis of factors such as emerging technology and new competition. Through internal and external analysis, the organization creates goals and objectives that will turn weaknesses to strengths. The analyses also facilitate in strategizing ways of adapting to changing technology and emerging markets.

Strategy Formation

Strategy formation is a concept that entails developing specific actions that will enable an organization to meet its goals. Strategy formation entails using the information from the analyses, prioritizing and making decisions on how to address key issues facing the organization. Additionally, through strategy formulation an

organization seeks to find ways of maximizing profitability and maintaining a competitive advantage (Hunira *et al*, 2011).

Strategy Implementation

Strategy implementation is putting the actual strategy into practice to meet organizational goals. The idea behind this concept is to gather all the available and necessary resources required to bring the strategic plan to life. Organizations implement strategies through creating budgets, programs and policies to meet financial, management, human resources and operational goals. For the successful implementation of a strategic plan, cooperation between management and other personnel is absolutely necessary.

Strategy Monitoring

A final concept is monitoring of the strategy after its implementation. Strategy monitoring entails evaluating the strategy to determine if it yields the anticipated results as espoused in the organizational goals. Here, an organization determines what areas of the plan to measure and the methods of measuring these areas, and then compares the anticipated results with the actual ones. Through monitoring, an organization is able to understand when and how to adjust the plan to adapt to changing trends (Fairoz, Hirobumi, & Tanaka, 2010).

Concept of Investment Decision

Investment is a financial obligation for a certain period of time in order to gain or get return which will compensate the investor as returns for the time during which the funds are invested, the main purpose of investing is to earn a return more profit. If the future returns from all available investments were known with certainty, an investor would certainly choose that investment which offers the highest rate of return on investment over the required period of time but in reality the world is uncertain. Investors are generally risk taker and risk is a very important to be consider in the decision making process (ALShubiri, 2011). Every firm has strategies to achieve, which might be developing a new product, exploring a new market, or beginning a new line of business. It is a financial commitment decision to invest firm's fund to the long term assets. Capital budgeting or investment decisions are of great importance to the firm since they tend to determine its value by influencing profitability and risk (Bamiatzi, & Hall, 2014). The aim of firm's investment decisions would generally encompass expansion, acquisition, modernization and replacement of the long term asset. Sale of division or business is also as an integral part of investment decision. Decisions like the change in the methods of sales distribution, or an advertisement campaign or a research and development programmed have long term advantage for the firm's expenditures and benefits, and therefore, they should also be recognise as investment decisions

Investment Decision: Investment decisions are generally known as the capital budgeting or capital expenditure decision. It may be defined as the firm's decision to invest its current funds most efficiently in the long term assets in anticipation of an expected flow of benefits over a series of years, The long term assets are those that affect the firm's operations beyond the one year period (Froeb, & McCann, 2009).

Net Profit Margin

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. Net profit margin is the ratio of net profits to revenues for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each dollar in revenue collected by a company translates into profit (Sitkin & Weingart, 2015).

Return on Investment (ROI)

Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or a ratio (Hung, Angela, Heinberg, Aileen &Yoong, 2010).

Operating Cash Flow (OCF)

Operating cash flow (OCF) is a measure of the amount of cash generated by a company's normal business operations. Operating cash flow indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations, otherwise, it may require external financing for capital expansion. Operating cash flow is an important benchmark to determine the financial success of a company's core business activities. (Sitkin, & Weingart, 2015).

4. Impact of Corporate Strategy on Investment Decision

Burden and Proctor, (2000) reiterated that it becomes a matter of great concern to management because any wrong step taken with a view of addressing any of the above taken will adversely affect the smooth running of the organization for instance, the huge amount of capital tied up in long term assets in anticipation of the expected cash flow over a series of years that is irreversible and even if reversible at substantial loss could be committed to other profitable venture within a short period that will yield quick return. The internal and external environment

trends that gives the firms its identity. Its power to mobilize the strength and likelihood of success in the market place may crystallize to formless reality of loss of sustainable competitive advantage, superior skills, superior position and resources. As Charles Dawin (2016) said that it is not the strongest of the series that survive or the most intelligent, but the one most responsive to change. In the same way, if manager do not evaluate their resources in relative to competitor's strategy there will be no superior return over long term on investment (expand) and shareholder's values, growth and competitive advantage will dissipate.

Recently, a lot of emphasis has been placed on the view that a business firm facing a complex aid changing environment will benefit immensely in terms of improve quality of investment decision making if capital budgeting decisions are taken in the complex of its overall corporate strategy. This approach provides the decision making if capital budgeting decisions are taken in the complex of its overall corporate strategy. This approach provides the decisions maker with a central theme or a big picture to keep in mind at all times as a guideline for effective corporate strategy will have positive implication on investment decision (Beck, Demirgüçkunt, & Maksimovic, 2005).

5. Related Theoretical Review

Penrose Theory of Firm Growth

Penrose's (1959) fundamentally dynamic vision of firms holds that firm growth is led by an internal momentum generated by learning-by-doing. Managers become more productive over time as they become accustomed to their tasks. Executive functions that initially posed problems because of their relative unfamiliarity soon become routinized. As managers gain experience, therefore, their administrative tasks require less attention and less energy. As a result, managerial resources are continually being released. This excess managerial talent can then be used to focus on value-creating growth opportunities (and in particular, the training of new managers). Firms are faced with strong incentives to grow, because while "the knowledge possessed by a firm's personnel tends to increase automatically with experience" (1959, p. 76), there is a challenge to take full advantage of this valuable firm-specific knowledge (Ainuddin, Beamish, Hulland & Rouse, 2007).

As a result, stated above a certain point corresponding to what we might call an 'optimal growth rate' (Slater, 1980), increases in growth will lead to higher operating costs. Although 'economies of growth' provide incentives for firms to grow, fast-growing firms will have higher operating costs than their slower-growing counterparts. This latter proposition is commonly known as the 'Penrose effect'.

Another key concept in Penrose's theory of firm growth is that firms are composed of idiosyncratic configurations of 'resources. These resources can play a role in ensuring durable competitive advantage if they are valuable, rare, inimitable and non-substitutable (Ahmed, Salman & Rehman, 2012). Examples of resources are brand names, in house knowledge of technology, employment of skilled personnel, trade contracts, machinery, and efficient procedures (Berney, 1991).

Keynes's Liquidity Preference Theory

John Maynard Keynes (1930) postulated a theory of holding money which was divided into three motives. He identified the motives as transitionary, precautionary and speculative motives. The speculative motive of holding money is essential to the concept of investment decision because individual investors monitor or 'speculate' the economic and business environment before making any viable investment decision. They usually consider the state of the business environment to risk involved before making any investment decision in any sector of the economy. The same goes for corporate organizations whose huge investment decisions require thorough analysis.

6. Related Empirical Review

In considering the empirical implication of these theories however, Camelia and Vasile Burja (2009) studied the analysis for investment decision and strategic management in Romania. The study examined how some categories of strategy could appear within investment activity and exemplified the risk analysis on the basis of applying the appropriate strategy. It was discovered that since practice in Romania proved that the risk is an inevitable phenomenon in the life of investment decision, the strategy pattern has a main objective of studying the potential economic alternative of the achievement probability and the resulted effects. They concluded that besides the fact that the investor knows the possible unfavorable consequences guides his attitudes towards the project, corporate strategy becomes a quantitative analysis method that supplies investors with necessary instruments in making better decisions. In the analysis process of the projects from the perspective of the strategy they involve, Berja *l*, (2009) opined that identifying the strategy planning is a necessary step to start from in order to better know and manage the produced impact. They concluded that using proper strategic analysis methods increases the investors' chances to accurately justify good investment decision regarding the opportunity of certain investment projects in order to achieve its specific interest.

Rauf-i-Azam *et al*, (2012) found out that psychological strategy formation affects investment decision in Pakistan. In a study to determine the impacts of strategy formation on investment decision making- mediating by risk perception, it was

discovered that most critical challenge faced by investors is that they acted in a rational manner without any strategy in place to achieve their goals and usually followed their instincts and emotional basis while making investment decision. Using a model of risk propensity and asymmetry information, they found out that in Pakistan, investors' investment decision was dependent upon the mediating role of risk perception without strategy formation and how much weight was attached to each independent variable the investor considered important in their decision making. They concluded that investors' behavior was dependent on how the available information was presented to them and how much they were prone to taking risk. Vicky Arnold *et al* (2007) investigated the impact of strategic management on investors' decision processes and outcome in the post-sox environment of the United States. The study categorized investment information analysis ability in relation to professional and non-professional investors. They found out that professional investors' predictions are better calibrated to their individual strategic management than the non-professional investors. The study also conceptualized strategic management as the likelihood of negative outcomes and not as variance in returns as is common usage in finance. The conceptualization of strategic management here implies that as investors' assessments of risk increases their expectations of future returns are diminished. The study therefore concluded that investors risk judgment will be negatively associated with their stock price prediction in the United States if proper strategy is not put in place.

Also risk-averse investors will predict lower stock prices than risk-seeking individual. A study on risk disclosure and investment choices in the United States by Angela *et al*, (2010), showed that the provision of risk information has an impact on individual's confidence and their perception of strategy implementation, but the relationship between these and ultimate behavioural change is not overwhelmingly strong. They also found out that there seemed to be little evidence that provision of this information differently helps or hurts the less financially literate due to knowledge gap on strategy pattern. The study concluded that risk information disclosure suggested an important trade-off. While strategy implementation is most appealing to convince their investors and consumers, they may also be the least straightforward to provide, requiring an explicit formula or an independent provider.

Despite these studies, there is still a gap in the literature as regards studies that corporate strategy and investment decision in the Nigerian situation to the best of our knowledge. This is the gap this study intends to fill.

7. Methodology

This section showcases the method used in this study. In an effort to investigate the impact of corporate strategy on investment decision in Nigeria, both quantitative and qualitative data were employed to analyze the data.

Sources of Data

The required data used for this research work were obtained via through self-developed questionnaire to gather data for the study. Five investment companies in Lagos were randomly picked and a total number of 100 questionnaires were distributed out to their staff as respondents. The categories of staff involved include junior staff, senior staff, and management staff in the company. These staff were randomly selected and are not only represent the average customers or staff and corporate investors but were also stakeholders in the investment sector.

Reliability of the Instrument

The reliability of the instrument administered for this study was carried out through a careful selection of the sample units which research instruments were used. To ensure the reliability of the instruments, sample units, that is, respondents were divided into different segment with different characteristics that were important features of the variables being used for this study.

8. Results and Data Analysis

This section shows the presentation and analysis of the responses obtained through the questionnaire to the 100 respondents in the five selected firm five selected mentioned above. This includes the distribution of the social and economic characteristics of respondents and the distribution of respondents' views on the impact of corporate strategy on investment decision.

Table 1. Gender Analysis

RESPONSES	FREQUENCY	PERCENTAGES (%)
Male	60	60%
Female	40	40%
TOTAL	100	100%

Source: Researcher's Survey, 2020

Table 2. Position Held in the Company

RESPONSES	FREQUENCY	PERCENTAGES (%)
Junior staff	45	45%
Senior staff	35	35%
Management staff	20	20%
TOTAL	100	100%

Source: Researcher's Survey, 2020

45% of the respondent to the questionnaire were junior staff, 35% respondents were senior staff while the rest of the 20% respondents were management staff, highest number of percentage of the respondents were junior staff.

Table 3. Age Analysis

RESPONSES	FREQUENCY	PERCENTAGES (%)
25-29 years	40	40%
40-49 years	35	35%
50 years above	25	25%
TOTAL	**100**	**100%**

Source: Researcher's Survey, 2020

Out of the total number 100 respondents that filled the questionnaire, 40% were between 25-29 years of age, 35% were between 40-49 years of age, while 25% were 50 years of age and above.

Table 4. Working Experience

RESPONSES	FREQUENCY	PERCENTAGES (%)
5-10	50	50%
11-20	30	30%
21 years and above	20	20%
TOTAL	**100**	**100%**

Source: Researcher's Survey, 2020

Out of a total number of 100 respondents that answered the questionnaire, 50% of the respondents have between 5-10 years working experience, 30% of the respondents have 11-20 years working experience and 20% of the respondents have worked in the organizations for 21 years and above. This is a clear indication that majority of the respondents have between 5-10 years working experience in the organization.

Table 5. Respondents' Views on the Believe that Corporate Strategic has Significant Impact on Investment Decision in Organizations in Nigeria

RESPONSES	FREQUENCY	PERCENTAGES (%)
Strongly Agreed	30	30%
Agreed	50	50%
Undecided	10	10%
Disagreed	5	5%
Strongly Disagreed	5	5%
TOTAL	**100**	**100**

Source: Researcher's Survey, 2020

Out of total number 100 respondents that filled the questionnaire, 30% respondents strongly agreed with the research question while 50% respondents agreed while 10% respondents were undecided, and 5% respondents disagreed, and 5% respondents strongly disagreed with the research question. This means that majority of the respondents agreed that corporate strategy has significant impact on investment decisions in organizations operating in Nigeria.

Table 6. Respondents' Views on Whether Corporate Strategy Influence Investment Decision to enhance Company's Expansion in Organizations,

RESPONSES	FREQUENCY	PERCENTAGES (%)
Strongly Agreed	35	35%
Agreed	47	47%
Undecided	-	-
Disagreed	10	10%
Strongly Disagreed	8	8%
TOTAL	**100**	**100**

Source: Researcher's Survey, 2020

Out of a sample of 100 respondents that answered the questionnaire, 35% respondents strongly agreed, 47% respondents agreed, and 10% respondents disagreed, and 8% respondents strongly disagreed with the research question which seeks to find out whether or not the corporate strategy influence investment decision to enhance company's expansion in organizations.

Table 7. Respondents' Views on Whether or Not Strategic Implementation Influence the Growth and Profitability in Organizations

RESPONSES	**FREQUENCY**	**PERCENTAGES (%)**
Strongly Agreed	20	20%
Agreed	50	50%
Undecided	-	-
Disagreed	20	20%
Strongly Disagreed	10	10%
TOTAL	**100**	**100**

Source: Researcher's Survey, 2020

Out of a sample of 100 respondents that answered the questionnaire, 20% respondents strongly agreed with the research question, 50% respondents agreed with the research question, 20% respondents disagreed, and 10% respondents strongly disagreed with the research question. The conclusion is that majority of the respondents agreed with the view that strategic implementation influence the growth and profitability in organizations

Table 8. Respondents' View on the Notion that Corporate Strategy has Direct Impact on investment Decision in Nigeria

RESPONSES	**FREQUENCY**	**PERCENTAGES (%)**
Strongly Agreed	40	50%
Agreed	30	25%
Undecided	15	6.25%
Disagreed	10	12.5%
Strongly Disagreed	5	6.25
TOTAL	**100**	**100**

Source: Researcher's Survey, 2020

Out of a sample of 100 respondents that answered the questionnaire, 40% respondents strongly agreed with the research question, 30% respondents agreed with the research question, 15% respondents were undecided, 10% respondents disagreed with the research question, and 5% respondents strongly disagreed with the research question. The conclusion is that majority of the respondents agreed with the notion that corporate strategy has direct impact on either individual or corporate investment decision in Nigeria.

9. Discussion of Findings

Survey results shown that 60 percent of the respondents were males, married and above the age of 30. This description grants on them the intelligent quotient, state of mind and the drive needed to strategize toward their investment decisions. It was also found out that 90 percent of the respondents were gainfully employed and had risen to top management level where they could participate in investment decision making both at the corporate and individual levels. Base on their years of experience in the profession. The level of education according to our survey is high, more than 60 percent of the respondents had more than secondary school education. This perhaps is due to the high profile of these organizations. The cognate professions in the organizations were those that their profession are related to Finance, Accounting, Economics, Business Administration and Business management.

However, In terms of the perception of corporate strategy and investment, 90 percent of the respondents agreed that all investments are need strategy, and 65 percent opined that strategy should be a critical factor to be considered before making any investment decision. Corporate strategy was also categorized, about 78 percent agreed that corporate strategic impact company expansion, which a right strategy has been consider for investment decision, it will definitely yield to desirable result. By inference, the level of strategy implemented will enhance growth, productivity and development which is determined by investment decision and thus the level of risk disposition determines the level of investments.

10. Conclusion and Recommendation

Based on the analysis carried out, it can be concluded that corporate strategy has positive and significant impact on investment decision in Nigeria. In fact, the level of strategy implemented often determines the level of investment decision because of the when the end result is positive it will definite improve their return on investment. Other than returns on investment, the ability to identify, understand, analyze and implement good strategy it will determine the level of investment decision to be made both at the corporate and the individual levels. Even return on investment is being administered by the level of strategy put in place to make a strong investment decision will can champion good profit to the organization it require a very sound strategic pattern which can harness their set goal, Also, strategy monitoring is necessary in order to reduce the risk potentiality which can ruin o investment decision. Although corporate investment is different from private investment on the basis of the volume of financial outlay and operating cash flow, they should be treated similarly in terms of thorough appraisal to analyze strategy formation to avoid risk potential of an investment as well as

ensure a good return on such investments. The dynamics of global financial climates which always transit into domestic economy might portend difficulty in accurately predicting investment returns, risk information and through analysis would reduce poor investment decision and increase returns on investment.

Modern organizations especially investment companies should know that corporate strategy surround most investment in Nigeria due to environmental factor. Businesses should therefore weigh and measure the risks inherent and returns in any investment opportunity properly and implement good strategy before putting their money into any venture. Furthermore, business organizations should seek advice from investment specialists in any investment proposal they are making to ensure that hard-earned capital is not invested in an unprofitable project.

In the light of the result of this study, the following recommendations are established to guide strategy formulation for the purpose of promoting a conducive, competitive and stabilized business and investment environment that will achieve the twin objectives of reducing risk and enhancing project and investment performance:

- Investors should reinforce the need for a strategic framework for problem solving under complexities and the relevance of strategic considerations in investment planning.

- At the level of decision making, strategic prescription should be made to stabilize the domestic economy in order to prevent it from the whims and caprices of the trends in global financial scene.

- Individual investors and corporate organizations should internalize a process that would serve as a veritable tool for qualitative and thorough appraisal that is tailored towards improving project and investment performance.

- As infrastructure is basic to business environment, government needs to provide the necessary infrastructure to predicate business activities upon a thriving platform.

- There is need for corporate organizations to expose their staffs to up-to-date and relevant training that would enhance their ability to carry out thorough sensitivity analysis.

- Corporate governance should be developed in all organizations to prevent risk through corporate strategy and general disposition towards investment decision.

- Individual investors should internalize the habit of improving on their strategic pattern and investment information so that they can make better decisions.

References

Abor, J. & Biekpe, N. (2007). Small business reliance on bank financing in Ghana. *Emerging Markets Finance and Trade*, 43 (4), pp. 93-102. http://dx.doi.org/10.2753/REE1540-496X430405.

Adner, R. & Helfat, C. E. (2013). Corporate effects and dynamic managerial Capabilities. *Strategic Management Journal,* 24*,* pp. 1011-1025.

Afuah, A. (2002). Mapping technological capabilities into product markets and Competitive advantage: The case of cholesterol drugs. *Strategic Management Journal,* 23*,* pp. 171-179.

Ahmed, Hunjra; Salman, Qureshi & Kashif, Rehman (2012). Factors Affecting Investment Decision Making of Equity Fund Managers. *Wulfenia Journal* 19.10 (2012), pp. 280-291.

Ainuddin, R. A.; Beamish, P. W.; Hulland, J. S. & Rouse, M. J. (2007). Resource attributes and firm performance in international joint ventures. *Journal of World Business,* 42, pp. 47-60.

ALShubiri, F. N. (2011). The Effect of Working Capital Practices on Risk Management: Evidence from Jordan. *Global Journal of Business Research,* 5 (1), pp. 39-54.

Aquino, S. (2010). Accounting indicators for credit risk analysis of firms: a historical perspective. *Economia Aziendale Online, 1* (2), pp. 145-154.

Armstrong, C. E. & Shimizu, K. (2007). A review of approaches to empirical research on the resource based view of the firm. *Journal of Management*, Vol. 33*,* No. 6, pp. 959-986.

Bamiatzi, V. & Hall, G. (2014). Firm versus sector effects on profitability and growth: The importance of size and interaction. *International Journal of the Economics of Business,* 16 (2), pp. 205-20. http://dx.doi.org/10.1080/13571510902917517.

Barney, J. B. (2010). Firm resources and sustained competitive advantage. *Journal of Management*, Vol. 17, No. 1, pp. 99-120.

Baumol, W. J. (1957). Speculation, Profitability and Stability. *Review of Econoomics and Statistics*, 39, pp. 263-271.

Beck, T.; Demirgüçkunt, A. & Maksimovic, V. (2005). Financial and legal constraints to growth: *The Journal of Finance,* 60 (1).

Berja G. M. (2009). The impact of empirical tests of transaction cost economics on the debate on the nature of the firm. *Strategic Management Journal*, Vol. 27, pp. 461-476.

Burden, R. & Proctor, T. (2000). Creating a sustainable competitive advantage through training. *Team Performance Management,* Vol. 6 No. 5/6, 2000, pp. 90-97.

Calaguas, G. M. & Dizon, C. S. (2011). Development and initial validation of the social competency inventory for tertiary level faculty members. *International Journal of Human and Social Sciences*, 6 (3), pp. 171-176.

Caloghirou, Y.; Protogerou, A.; Spanos, Y. & Papagiannakis, L. (2004). Industry-Versus Firm-specific Effects on Performance: Contrasting SMEs and Large-sized Firms. *European Management Journal,* 22 (2), pp. 231-243. http://dx.doi.org/10.1016/j.emj.2004.01.017.

Burja Camelia & Burja Vasile (2009). The Risk Analysis for Investments Projects Decision. *Annales Universitatis Apulensis Series Oeconomica,* 11 (1).

Carmines, E. G. & Zeller, R. A. (1979). *Reliability and validity assessment*. Sage Publications, Inc.

Cole, G.A. (2004). *Management Theory and Practice*, Sixth Edition. Thomson Learning, United Kingdom.

Colotla, I., Shi, Y. & Gregory, M.J. (2003). Operation and Performance of international manufacturing networks. *International Journal of Operations & Production Management,* Vol. 23, No. 10, pp. 1184-1206.

Drever, M. & Hutchinson, P. (2007). Industry Differences in the Determinants of the Liquidity of Australian Small and Medium Sized Enterprises. *Small Enterprise Research: The Journal of SEAANZ*, 15 (1), pp. 60. http://dx.doi.org/10.5172/ser.15.1.60.

Fairoz, F. M.; Hirobumi, T. & Tanaka, Y. (2010). Entrepreneurial Orientation and Business Performance of Small and Medium Scale Enterprises of Hambantota District Sri Lanka. *Asian Social Science,* 6 (3), p. 34.

Fama, E. (1980). Agency Problems and the Theory of the Firm. *The Journal of Political Economy,* 88 (2), pp. 288-307. http://dx.doi.org/10.1086/260866.

Friedman, Milton & Savage, L.J. (1948). The Utility Analysis of Choices Involving Risk. *Journal of political economy,* pp. 279-304.

Froeb, L. M. & McCann, B. T. (2009). Managerial Economics: A Problem Solving Approach. *Global Journal of Management and Business Research Economics and Commerce*, 13 (5), pp. 21-30.

Hung, Angela; Heinberg, Aileen & Yoong, Joanne (2010). Do Risk Disclosures Affect Investment Choice? *RAND Working Paper* No. WR-788

Hunjra A. I. & Niazi G. S. (2012). Relationship between Decision Making Styles and Consumer Behavior. *Actual Problem of Economics* 2.4 (2012), pp. 21-26.

Hunjra, A.I.; Azam M.; Niazi, G.S.; Butt, B. Z.; Rehman K. & Azam, R. (2011). Investment decision and Return Relationship in Stock Market and Commodity Prices: A Comprehensive Study of Pakistani Markets. *World Applied Sciences Journal*, 13 (3), pp. 470-481.

Islam, A.; Aktaruzzaman Khan, M.; Obaidullah, A. Z. M. & Syed Alam, M. (2011). Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh. *International Journal of Business and Management,* 6 (3), p. 289.

Jensen, M. & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics, 3* (4), pp. 305-360. http://dx.doi.org/10.1016/0304-405X (76)90026-X.

John Maynerd Keynes (1930). *The General Theory of Employment, Interest and Money*. New York Harcourt, Brace and Company, pp. 27-28.

Koutsoyiannis, A. (1963). Demand Function. *Readings in applied economics* Clarendon Press, Oxford.

Lippman & Rumelt (2010). Generic strategies and firm performance in SMEs: a longitudinal study of Austrian SMEs. *Small Business Economics,* 35 (2), pp. 169-89. http://dx.doi.org/10.1007/s11187-009-9239-x.

López-Gracia, J. & Sogorb-Mira, F. (2008). Testing trade-off and pecking order theories financing SMEs. *Small Business Economics,* 31 (2), pp. 117-136. http://dx.doi.org/10.1007/s11187-007-9088-4.

Lubna, Riaz; Hunjra A.I. & Rauf-i-Azam (2012). Impact of Psychological Factors on Investment Decision Making Mediating by Risk Perception: A Conceptual Study. *Middle-East Journal of Scientific Research* 12 (6), pp. 789-795.

Muth, John (1961). Rational Expectations and the Theory of Price Movements. *Econometrica* 29, pp. 315-335.

Perry M. (1995). Does working capital management affect profitability of Belgian firms? *Journal of Business Finance & Accounting,* 30 (3-4), pp. 573-88. http://dx.doi.org/10.1111/1468-5957.00008.

Sitkin, S. S. & Weingart, L. R. (2015). Determinants of Risky Decision-Making Behavior: A Test of the Mediating Role of Risk Perceptions and Propensity. *The Academy of Management Journal*, 38 (6), pp. 1573-1592.

Arnold, Vicky; Bedard, Jean; Phillips Jillian & Sutton; Steve (2007). The Impact of Risk on Investor Decision Processes and Outcomes in the Post-Sox Environment. *Preliminary Working Paper* No 360.