



Full Length Research

Parameters of Strategic Agility and Organizational Performance: An Empirical Study of Manufacturing Sector in Oyo State, Nigeria

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Abstract: This study examines the impact of parameters of strategic agility on the organizational performance of manufacturing sector with specific reference to Oyo State, Nigeria. Specifically, the study determines the extent to which strategic sensitivity, strategic response, information technology capabilities and human resource capabilities influence organizational performance. A purposive sampling technique was used to select 10 (ten) manufacturing companies in Oyo State, whilst the convenient sampling was used to choose 24 (twenty-four) respondents from each selected manufacturing companies, totaling two hundred and forty (240) respondents as a sample size for the study. Data were analyzed with the aid of correlation and regression. The results reveal that there is significant relationship between strategic agility parameters and organizational performance. This indicates that strategic sensitivity, strategic response, Information technology capabilities and human resource capabilities jointly and independently influence organizational performance. The implication of this finding is that Nigerian manufacturing must implement strategic agility and remain competitive to manage a dynamic business environment through a scientific and flexible manufacturing process with the best workforce, with fast and proactive response, and latest information technology.

Keywords: Strategic sensitivity, Strategic response, Information technology capabilities, Human resource capabilities

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1.0 Introduction of the Study

Manufacturing is increasingly recognized as an important platform on which African countries can develop due to their existing contributions and the ability to lead the entire African Continent to a more developed state (Sajuyigbe et al., 2021). In another study, Akenbor & Okoye (2011) seem to assert that manufacturing is the driving force behind economic growth and sustainable development in developing countries. Signe (2018) also argues that this sector has transformed many developed countries such as the United States, United Kingdom, Japan, Germany and France into rich countries and is now transforming China into a growing global economy. In addition, the United Nations (2020) estimates that the rapid growth of Asian industry has contributed to global GDP, increasing from 15.2% in 2005 to 16.3% in 2017, and is developing globally. Recently, the sector has tackled unhealthy competitive challenges, open competitive challenges, customer demand and globalization, operational and regulatory challenges, and the new devastation caused by the COVID-19 pandemic.

Today, most business owners in a variety of industries struggle to achieve consistently focused business performance due to inconsistencies between corporate culture and unpredictable global business policies and environments. As a result of this scenario, many manufacturers in Nigeria are experiencing a painful syndrome because they are unaware of the environmental situation and unable to respond to the dynamic business environment (Sajuyigbe et al., 2021; Arokodare & Asikhia, 2020). This situation has forced managers to develop strategies that enable business organizations to remain competitive and grow stronger in unpredictable business environments. Strategic agility is one of these strategies. Much attention has been paid to strategic agility studies in developed and developing countries, and many different methods have been measured and conceptualized. However, the beauty of this construct has not yet been discovered and remains a challenging structure in Nigeria, especially in the manufacturing industry. Therefore, this study aims to bridge the knowledge gap by examining the impact of parameters of strategic agility on the organizational performance of manufacturing sector with specific reference to Oyo State, Nigeria.

2.0 Review of Empirical Literature

2.1 Theoretical Framework

The concept of agility dates back to researchers at the Iacocca Institute (1991), who first used the term "agility manufacturing" in a study funded by the US Navy Research Institute (ONR). They believe that agility, not mass production, is the future of manufacturing in the 21st century (Ogunleye et al., 2021). Strategic agility is the ability to seize opportunities in the business environment and make quick decisions to improve performance (Vecchiato, 2015; Sull, 2009). The dynamic capability theory emphasizes the ability of organizations to seize opportunities and stay competitive by restructuring corporate value to achieve a sustainable competitive advantage in a highly competitive and turbulent business environment. .. It also confirms the theory that organizations should be able to understand environmental conditions, respond to opportunities, and restructure business processes and systems to embrace change. This will always improve your business performance. According to Sajuyigbe et al. (2021), dynamic skills theory seeks environmental knowledge, responds quickly, shares it, and continues the operational process in order for enterprises to achieve a solid competitive advantage and performance.

Research has shown that strategic agility is a powerful tool for creating a competitive advantage for companies around the world by responding quickly to changes in the environment (Kale et al., 2019; Shery, 2016; Tabe-Khoshnood & Nematizadeh, 2017; O'Shannassy, 2003; Ganguly et al., 2009). Strategic agility has been conceptualized differently. For instance, Sajuyigbe et al., (2021) measured strategic agility through strategic sensitivity, strategic response and collective capabilities. In another study, Ogunleye et al. (2021) relate the inclusiveness of strategic agility to be strategic sensitivity, resource fluidity, collective commitment, strategic insight, and strategic response. Similarly, the study of Alhadid (2016) measures strategic agility through information technology capabilities, human resource capabilities and collective commitment. Also, Ravichandran (2018) conceptualizes strategic agility via clear vision, selected strategic targets, core capabilities and information technology capabilities. This current study, therefore, measures strategic agility through strategic sensitivity, strategic response, information technology capabilities and human resource capabilities. The justification for these parameters is that they are capable to empower manufacturing sector towards achieving competitive advantage.

2.2 Empirical Review and Hypothesis Development

Previous studies have established a positive link between strategic agility parameters and organizational performance in both developed and emerging economies. For instance, Ogunleye et al. (2021) conducted a study on the influence of strategic agility parameters (strategic sensitivity, resource fluidity, collective commitment, strategic insight, and strategic response) on the performance of SMEs in Osun State. They discovered that strategic agility parameters jointly and independently influence SMEs' performance. In the same perception, Sajuyigbe et al. (2021) diagnose the relationship between strategic agility and organizational competitiveness of multinational companies. The result reveals that strategic sensitivity, strategic response, and collective capability have a positive and significant relationship with organizational competitiveness. Alsharah (2020) conducted a study on the determinants and dimensional effects of strategic agility on organizational performance in Jordan. The result reveals that aspects of strategic agility, strategic sensitivity, strategic target selection and vision clarity, shared responsibility, core competencies, and collective involvement have a positive and significant impact on a company's performance.

The study conducted by Lungu (2020) in Romania on the effect of strategic agility parameters on organizational performance, reveals that there is a linkage between strategic agility parameters organizational performance. A study carried out in Nigerian Oil and Gas companies by Arokodare et al. (2020) established that information technology capability and strategic foresight have a significant relationship with organizational performance. The study of Sangwan et al. (2017), claims that strategic agility has a significant association with performance of firms. Bereznoy (2017) and Rohrbeck & Schwarz (2013) confirm that strategic sensitivity, strategic response, information technology capabilities and human resource capabilities have a significant link with organizational performance. Another study conducted in Spain by Arbussa et al. (2017) found that strategic agility as measured by leadership unity and resource liquidity has a significant impact on a company's performance.

In the same vein, Ofoegbu & Akanbi (2012) reaffirm that strategic sensitivity, clear vision, selected strategic targets, core capabilities and information technology capabilities have a positive and significant impact on organizational performance. Similarly, Rohrbeck & Kum (2018) reiterate that strategic agility dimensions have a direct relationship with organizational performance. Also, Al-Qudah (2018) confirm the established relationship between sensitivity, strategic response, information technology capabilities, human resource capabilities, clear vision, selected strategic targets, core capabilities and information technology capabilities and organizational performance. Appelbaum et al. (2017) conceptually viewed strategic agility as a powerful predictor to guide against negative effect of business environmental changes and for future preparedness in order to outperform other competitors and attaining superior profitability. Most literature on the relationship between strategic agility and business performance in different industries shows that the practice of strategic agility by a company can significantly improve a company's competitive advantage and overall performance.

Hence, the following hypotheses emerged:

- H₁:** Strategic sensitivity has a significant influence on Organizational performance
- H₂:** Strategic response has a significant influence on Organizational performance
- H₃:** Information technology capabilities have a significant influence on Organizational performance
- H₄:** Human resource capabilities have a significant influence on Organizational performance

2.3 Conceptual Framework

The conceptual framework explained in Figure 1 shows the direct link between the variables studied by interpreting the parameters of strategic agility (strategic sensitivity, strategic response, Information technology capabilities and human resource capabilities) as independent variables and organizational performance as dependent variable.

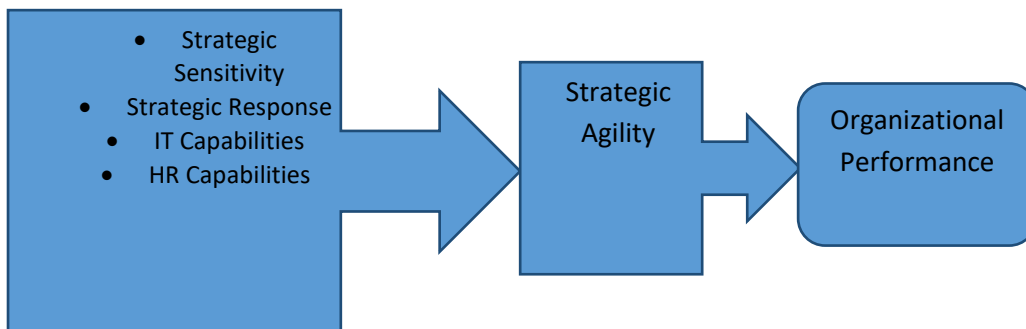


Figure 1: Conceptual Model
Source: Designed by the Researchers

3.0 Methodology

Purposive sampling technique was used to select 10 manufacturing companies in Oyo State (Bento Pharmaceutical company, Black Horse company, Nigerian Breweries Plc, Nigerian Bottling Company, Bond Pharmaceutical company, Sweetco Nigeria Limited, Yale Biscuit, Best Oil Nigeria Limited, Procter and Gamble, 7up Company Plc, and Eagle Flour Mills), whilst the convenient sampling was used to choose 24 (twenty four) respondents from each selected manufacturing companies, totalling two hundred and forty (240) respondents as a sample size for the study. The data collection instruments for the study comprises of strategic sensitivity scale, strategic response scale, information technology capabilities scale, human resource capabilities scale and organizational performance scale. These scales were developed and validated by Sajuyigbe et al. (2021), Ogunleye et al. (2021), Rohrbeck & Kum (2018), Al-Qudah (2018) and Sajuyigbe & Folorunso & Sajuyigbe (2018) and authors reported the Cronbach's Alpha Coefficient of 0.84, 0.79, 0.81, 0.86 and 0.89 respectively. Data were analysed with the aid of correlation and regression analysis.

Table 1: Co linearity Statistic Result

Variable	Variance Inflation Factor(VIF)	Tolerance Level
Strategic Sensitivity	1.043	.831
Strategic Response	1.091	.907
Information Technology Capabilities	1.021	.859
Human Resource capabilities	1.025	.821

Durbin-Watson = 1.512

Table 1 indicates that there is no multi-co linearity since the VIF values are below 10 while tolerance levels are all above 0.10 (Hair Jr *et al.*, 2015). Also, Durbin-Watson statistic value of 1.512 shows that there is no autocorrelation between the regress and the regressors.

3.1 Model Specification and Estimation Techniques

The study made use of these independent variables (strategic sensitivity, strategic response, Information technology capabilities and human resource capabilities) and one dependent variable (Organizational performance). To evaluate the influence of strategic agility on organizational performance; mathematically, the model is expressed as follows:

$$Y = f(X)$$

$$X = x_1, x_2, x_3, x_4$$

$$Y = f(x_1, x_2, x_3, x_4)$$

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \mu_i$$

Where;

Y= Organizational Performance

x₁ = Strategic Sensitivity

x₂ = Strategic Response

x₃ = Information Technology Capabilities

x₄ = Human Resource Capabilities

β₀ = intercept

β₁ – β₄ = regression coefficient

μ_i = stochastic error term

4.0 Results and Discussion

Table 2: Summary of Correlations

Variables	Coefficients
Organizational Performance	1
Strategic Sensitivity	0.592
Strategic Response	0.427
Information Technology Capabilities	0.498
Human Resource Capabilities	0.632

Correlation is significant at 0.05 level (2-tailed)

Table 2 summarizes the relationship between strategic agility parameters and organizational performance. The results reveal that strategic agility parameters have a significant association with organizational performance. Furthermore, it was revealed that strategic sensitivity (r = 0.592) has a significant relationship at P < 0.05, strategic response (r = 0.427) also has a positive and significant association at P < 0.05; information technology capabilities (r = 0.498) also independently has a positive significant association at P < 0.05 and human resource capabilities (r = 0.632) also has a positive and significant association at P < 0.05. This implies that strategic agility parameters are predictors of organizational performance. The result also indicates that if strategic agility parameters are well structured in the manufacturing setting, attainment of globe relevance is inevitable.

Table 3 Result of Regression Analysis

Model	Standardized Coefficients	Sig
	Beta	
(Constant)		.000

Strategic Sensitivity	.291 (3.232)*	.002
Strategic Response	.289 (2.895)*	.003
Information Technology Capabilities	.241 (2.541)*	.004
Human Resource Capabilities	.312 (4.180)*	.000

Dependent variable: Organizational Performance.

R Square = .45, F = 13.511, Sig. = .000^a

Table 3 shows regression analysis between organizational performance and strategic agility parameters. This shows that there is significant relationship between strategic agility parameters and organizational performance. This indicates that strategic sensitivity, strategic response, Information technology capabilities and human resource capabilities accounted for 45% of the variations in organizational performance of Nigerian manufacturing companies other variables not included in the model accounted for 55%. The F. values of 13.511 in the result is significant at 0.00, and with a p-value of 0.000, the indication is that the model is well fitted. Furthermore, the study reveal that strategic sensitivity ($\beta = 0.291$; $t = 3.232$; $P < .05$), strategic response ($\beta = 0.289$; $t = 2.895$; $P < .05$), Information technology capabilities ($\beta = 0.241$; $t = 2.54$; $P < .05$) and human resource capabilities ($\beta = 0.312$; $t = 4.180$; $P < .05$) are independently and significantly influence organizational performance. Therefore, H₁, H₂, H₃ and H₄ are accepted.

This study is consistent with the previous studies' assertion that strategic agility is strong managerial tool to achieve both long and short term goals of any organization (Sajuyigbe et al., 2021; Ogunleye et al., 2021; Lungu, 2020; Arokodare et al., 2020; Rohrbeck & Kum, 2018; Somuyiwa et al., 2011; Oyedijo, 2012; Okotoh, 2015; Osisioma et al., 2016; Appelbaum et al., 2017; AlRomeedy, 2019).

5.0 Conclusion and Implications

This study examines the impact of parameters of strategic agility on the organizational performance of manufacturing sector with specific reference to Oyo State, Nigeria. Specifically, the study determines the extent to which strategic sensitivity, strategic response, information technology capabilities and human resource capabilities influence organizational performance. A purposive sampling technique was used to select 10 (ten) manufacturing companies in Oyo State, whilst the convenient sampling was used to choose 24 (twenty four) respondents from each selected manufacturing companies, totalling two hundred and forty (240) respondents as a sample size for the study. Data were analyzed with the aid of correlation and regression. The results reveal that there is significant relationship between strategic agility parameters and organizational performance. This indicates that strategic sensitivity, strategic response, Information technology capabilities and human resource capabilities jointly and independently influence organizational performance. Conclusively, strategic sensitivity, strategic response, Information technology capabilities and human resource capabilities are the strong strategic agility parameters that help organizations to achieve competitive advantage seamlessly. The implication of this finding is that Nigerian manufacturing must implement strategic agility and remain competitive to manage a dynamic business environment through a scientific and flexible manufacturing process with the best workforce, with fast and proactive response, and latest information technology.

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