

STRATEGIC ORIENTATION AND ORGANIZATIONAL AGILITY OF MANUFACTURING FIRMS IN RIVERS STATE

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Abstract

This study explores the extent to which strategic orientation relates with organizational agility of manufacturing firms in Rivers state. The dimensions adopted were entrepreneurial orientation and market orientation while sensing ability and decision making ability were the measures adopted for organizational agility. Four manufacturing firms in Rivers state were selected within Port Harcourt Metropolis namely; Adamac Group of Companies, Adex Group of Companies, Cinjex Group of Companies, West African Glass Industry Plc. Forty (40) employees were randomly selected from each of the firms. Spearman Rank order correlation was used to test the stated hypotheses. Our findings reveal a significant relationship between the two dimensions of strategic orientation and the measures of organizational agility.

Keywords: Strategic, Orientation, Manufacturing, Agility, Ability.

Introduction

"Strategic agility is a concept that consists of two components: responsiveness and knowledge management," as stated by Tabe-Khoshnood and Nematizadeh (2017). They also define strategic agility as an organization's responsiveness to new circumstances by reshuffling its resources, procedures, and strategies in response to emerging possibilities and challenges in the marketplace. An in-depth analysis of the literature on strategic agility demonstrates that an agile organisation can thrive in a cutthroat market by leveraging its responsiveness, competence, flexibility, and speed to gain a market advantage (Ganguly et al., 2009; Oyedijo, 2012). According to Doz and Kosonen (2008), businesses may adapt, survive, and even thrive by being "strategic agile." Strategic agility, in their view, is an organization's propensity to make frequent course corrections in its central business in order to maximise value creation. Strategic agility, as defined by Sampath (2015) and Teece et al. (2016), is "the capacity of an organisation to efficiently and effectively redeploy and redirect its resources to value-creating and value-protecting (and capturing) higher-yield activities as internal and external environments change and as new opportunities, threats, and risks emerge."

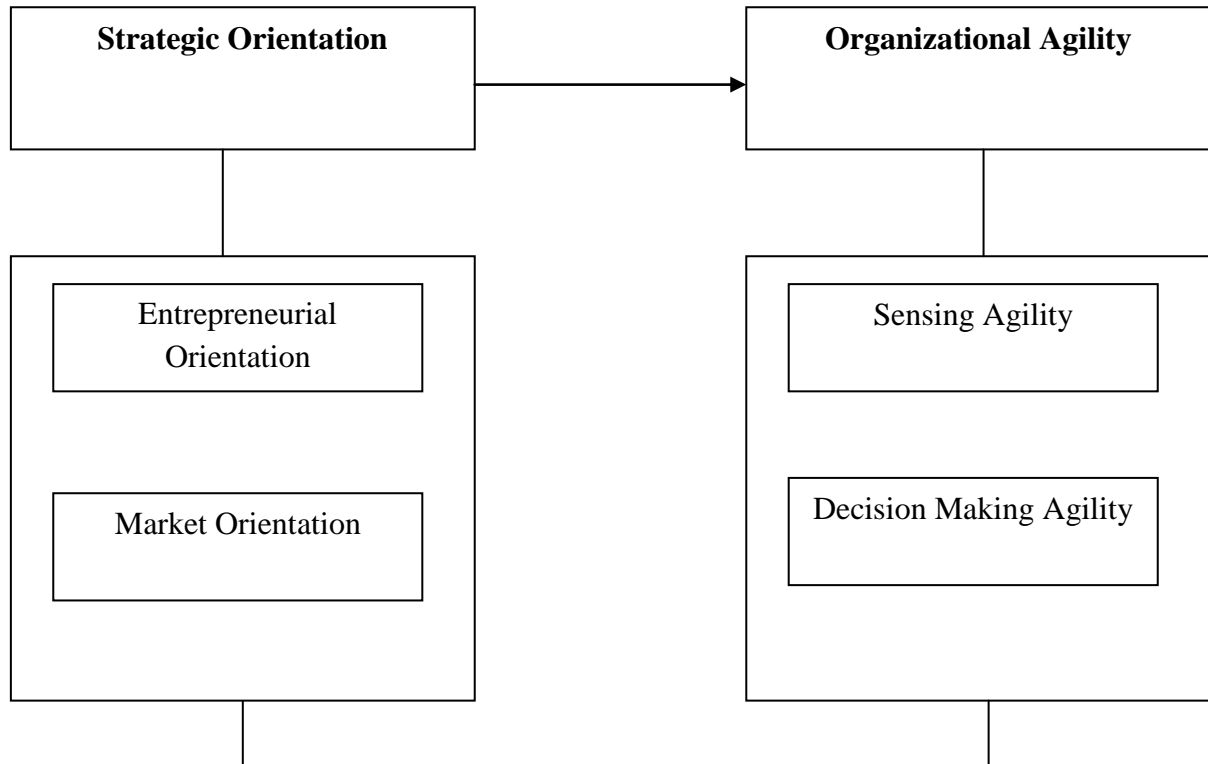
According to the work of Yeganegi and Azar (2012), "group agility" may be described as "the ability of a cohesive unit to rapidly adapt to external changes in pursuit of a common objective." According to Nelson and Harvey (1995), an agile organisation is one that can swiftly and efficiently take advantage of new possibilities as they arise, as well as anticipate and plan for future demands. According to Gunasekaran (1999), "strategic agility" refers to an organization's capacity to adapt quickly to new market conditions and satisfy the wants and demands of its consumers regardless of the industry in which it operates. According to Yusuf et al. (1999), an agile organisation is one that can successfully adapt to a dynamic market by integrating its resources, reorganising its best practises within the context of technical knowledge, and meeting the needs of its customers by delivering products and services in line with their changing preferences. According to Tsourveloudis and Valavanis (2002), an organisation is agile if it is able to provide high-quality and effective performance despite operating in a global market that is constantly shifting and fragmented.

Agility allows the company to successfully complete a number of discrete tasks while also efficiently managing the possibilities and hazards inherent in its commercial activities (Ardichvile et al., 2003). When compared to less agile competitors, businesses that practise strategic agility are better able to adapt to shifting market conditions and provide customers with their products and services more quickly. Sensor agility, decision-making, and practise and application of agility are the three components of strategy (Sambamurthy et al., 2003). According to Oosterhout et al. (2006), an organisation with high levels of agility is not only "flexible" to accommodate known changes, but is also able to respond to and adapt to unpredictable changes in a timely and effective manner. It's a level of performance that an organisation may achieve thanks to its own efforts and can be thought of in terms of how well it handles change. Strategic agility, in this context, refers to a collection of processes that enable an organisation to detect shifts in its internal and external surroundings and to adapt to them in a timely, cost-effective manner. "Sensing" is defined as "the capacity to identify, collect, and analyse business opportunities" (Seo & Paz, 2008). An organization's responsiveness is measured by its capacity to mobilise and convert resources in response to possibilities it identifies. Aligning these two skills is crucial for achieving strategic agility. Agility refers to an organization's ability to quickly and effectively adjust to changing market conditions, both favourable and unfavourable (Overby et al., 2006). According to the work of Hitt et al. (2007), "organisational agility" refers to a proactive approach to management that

prioritises the preservation of an organization's resources and the prompt fulfilment of customers' needs and wants.

Meanwhile, strategic orientation emphasises the implementation of strategic directions that steer an organization's actions towards the development of sound practises that help businesses maintain peak efficiency over time (Jeyakodeewari & Jeyanithila, 2013). By completely understanding and incorporating strategic orientation factors, a company may adapt to its competitive and turbulent environment and gain a competitive edge. This is because gaining an edge over one's competition and increasing revenues are essential tenets of every successful firm. The big picture of strategic activity is captured by strategic orientations (Slater et al., 2006). The idea of strategically orienting oneself is as old as the Catholic Church. Since its widespread adoption, it has become an essential component of strategic management. Strategic focus is affected by both internal and external variables. Strategic focus may benefit or suffer from these considerations.

Since strategic orientation is a mindset that directs the actions of a company's employees, it is the primary factor in determining the organization's approach to strategic management. In this context, "strategic actions" and "strategic directions" refer to the high-level framework of a company's plans (Slater et al., 2006). The pursuit of competitive advantage is underpinned by a set of firmly held values, conventions, and beliefs. The strategic orientation of a company is what decides and evaluates the nature of the strategy it employs to maintain its viability and productivity in the marketplace. Identifying the organization's strategic orientation is the first step in the strategic planning process since it clarifies the organization's mission and vision, as well as its overarching goals and objectives. Organisations, and especially those in developing nations, can benefit greatly from having a clear strategic direction (Keskim, 2006). Dharmasiri's (2009) position, who emphasised the importance of strategic direction for the development of companies in developing nations, is consistent with this argument. Despite the fact that strategic orientations are widely recognised as essential to the long-term viability of enterprises at all stages, success depends on much more than just maintaining status quo. The lack of systematic methods is the primary roadblock to strategic direction. This happens when the various elements are not coordinated and combined in a way that serves the ultimate goal. The purpose of this investigation is to examine in detail the elements, traits, significance, and practicality of strategic orientations for businesses.



Source: The dimensions of strategic orientation were adapted from Ndubuisi-Okolo et al.(2020), while the measures of organizational agility were adapted from Wageeh (2016).

Hypotheses

- H0₁: Entrepreneurial orientation does not relate with sensing ability
- H0₂: Entrepreneurial orientation does not relate with decision making ability
- H0₃: Market orientation does not relate with sensing ability
- H0₄: Market orientation does not relate with decision making ability

Theoretical Framework

The Dynamic Capabilities Theory (DCT) serves as the theoretical foundation for this investigation. This theory was chosen as the guiding framework because it offers a theoretical explanation for the research variables and its views are related to the study's topic and the variables under inquiry. The ability of an organisation to consciously modify its resource allocation is the subject of Dynamic Capability Theory. Teece et al's (1997) dynamic capabilities theory looks at how businesses adapt to, or even create, shifts in their tumultuous business environment by reconfiguring their firm-specific competencies into new ones (Teece, 2007). This theory was defined as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (p. 516). The idea outlined the interconnections between resource availability, product demand, and company viability. The DCT elaborates on the various mechanisms via which businesses might preserve a competitive edge and thrive in today's cutthroat marketplace.

The DCT relies on three underlying assumptions to function effectively: the ability to recognise and shape possibilities, the willingness to act on those opportunities, and the ability to keep a company competitive by reorganising its assets (Teece, 2007). The DCT technique

may be well-liked and theoretically sound, but it still does not resolve all concerns about long-term competitive advantage. According to Zahra et al. (2006), the literature on DCT is riddled with contradictions and ambiguities. DCTs are hard to measure scientifically, which is another critique of the notion. Ambrosini et al. (2009) argue that in order to comprehend dynamic capacities, it is necessary to take into account the management perceptions of the need for change, which are in turn functions of the managers' views of the external and internal contexts in which their organisations operate. Therefore, a manager may incorrectly assess the urgency of change and fail to implement suitable DCT.

Managers can better improve business performance and avoid the zero-profit trend that comes with operating in markets that are open to global competition by using the DCT framework (Teece, 2007), which helps scholars understand the foundations of long-term enterprise success. The framework synthesises the research on strategy and innovation while emphasising the fundamental skillsets required of top executives to ensure their companies maintain a competitive edge throughout time (Teece, 2007). To achieve firm agility, competitive advantages, and performance, Easterby-Smith et al. (2009) emphasised that DC are higher-level capabilities that enable knowledge gathering, rapid response, sharing, and continuous updating of operational processes, interaction with the environment, and evaluations of decision making. To obtain an edge in the marketplace and guarantee the best possible performance as a whole, a company needs what Esbach (2009) called "dynamic capability," or DC.

Entrepreneurial Orientation

In order to increase the value of production inputs like raw materials, labour force, and capital, entrepreneurs employ a wide range of strategies (Matsuno, Mentzer, & Ozsomer, 2002). The entrepreneurial mindset is centred on originality and experimentation. Innovation is the use of these creative ideas to help businesses adapt to an environment that is always shifting and evolving, while creativity is the process through which new ideas, initiatives, and intuitions are generated. It has been suggested in the literature on both entrepreneurship and management that an entrepreneurial mindset is crucial for successful business operations. This is because a company with an entrepreneurial mindset is more likely to spot and capitalise on openings in the market. In a similar vein, Zahra (2008) maintains that an organization's entrepreneurial orientation reveals its propensity to identify and capitalise on emerging market trends.

Successful businesses often have executives that are proactive and creative enough to spot and capitalise on opportunities when they arise (Zahra, 2008). A company's ability to innovate, make decisions, and embrace new technologies, among other things, are all sources of competitive advantage that may be cultivated and used to boost revenues. Core organisational outcomes, such as inventiveness and strategic flexibility, have also been linked to an entrepreneurial mindset, in addition to business success. Strategic orientation has been studied extensively, and its positive effects on innovation and/or performance have been confirmed by a wide range of studies (Baker & Sinkula, 2009; Deshpande, Grinstein, & Ofek, 2012; Ferraresi, Quandt, Santos, & Frega, 2012; Kumar et al., 2012; Laforet, 2009; Storey & Hughes, 2013). This demonstrates the importance of an entrepreneurial mindset and spirit in helping a company achieve its goals.

Market Orientation

The degree to which a company is "market-oriented" indicates how adaptable its plans and operations are to shifts in the marketplace. According to Zahra (2008), companies with a

strong focus on the market are more likely to prioritise their customers and develop innovative products and services that their clients would find valuable. Customers' expectations and needs must be anticipated, and the organization's activities must be geared towards meeting those needs and making customers feel valued (Kaya & Patton, 2011). To obtain an edge in a competitive market, an organisation must have a culture that encourages and rewards value creation in the marketplace. Being market-oriented means being more attuned to potential advantages over rivals who are less so (Powell, 2001). Market orientation, which typically entails modifying existing practises to accommodate shifting consumer tastes, may be interpreted as a form of inventive conduct. Given that the ultimate aim of market orientation is to produce value and happiness for consumers, it follows that market orientation is crucial to an organization's success.

Sensing Agility

When an organisation possesses sensing agility, it is able to examine and monitor events and changes in the external environment (such as shifts in consumer preferences, the actions of new rivals, and the introduction of new technologies) in a timely way (Park, 2011). Sensing refers to the strategic monitoring of environmental events that could affect organisational strategy, competitive work, and future performance, and it entails a number of activities, such as gaining access to information about events that show environmental change on the one hand, and discarding irrelevant information on the other, in light of established norms and guidelines (El-Sawy, 1985). Daft and Weick (1984) and Dutton and Duncan (1987) both link this activity to the process of making decisions and carrying them out. It is concerned with how businesses adjust to new circumstances (Smircich & Stubbart, 1985).

Decision-Making Agility

Action plans that guide the reconfiguration of resources and the development of new competitive procedures are all part of the decision-making agility process, as is the ability to gather, accumulate, restructure, and evaluate relevant information according to a variety of sources in order to explain the implications of the business without delay. Numerous events can be understood and opportunities and risks may be spotted in the environment thanks to the decision-making task's numerous interconnected actions. In order to fully grasp the consequences of their actions, decision-makers must gather data from a wide variety of sources (Thomas et al., 1993). When making decisions, it is important to keep in mind that the goal is to maximise possibilities and limit risks to the organization's continued existence (Houghton et al., 2004).

Methodology

The research design adopted for this work is the cross-sectional survey. Four manufacturing firms in Rivers state were selected within Port Harcourt Metropolis namely; Adamac Group of Companies, Adex Group of Companies, Cinjex Group of Companies, West African Glass Industry Plc. Forty (40) employees each were randomly selected. Spearman Rank order correlation was used to test the state hypotheses.

Data Analyses and Findings

Out of 160 copies of questionnaire, 154 copies were retrieved and useful for data analyses.

Table 1: Copies of Returned Questionnaire

Organization	Staff No.
<u>Adamac</u> Group of Companies	38
<u>Adex</u> Group of Companies	40
<u>Cinjex</u> Group of Companies	39
West African Glass Industry <u>Plc</u>	37
Total	154

Table 2: H₀₁ Entrepreneurial orientation does not relate with sensing ability

Correlations

		Entrepreneurial orientation	sensing ability
Entrepreneurial orientation	Correlation Coefficient	1.000	.621**
	Sig. (2-tailed)	.	.000
Spearman's rho	N	154	154
	Correlation Coefficient	.621**	1.000
sensing ability	Sig. (2-tailed)	.000	.
	N	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

Our first test of hypothesis reveals that entrepreneurial orientation has a significant relationship with sensing ability with a correlation coefficient of 0.621 and a p-value of 0.000 which is less than alpha of 0.05. Therefore we reject the state null hypothesis.

Table 3: H0₂ Entrepreneurial orientation does not relate with decision making ability

			Correlations	
			Entrepreneurial orientation	Decision Making Agility
Spearman's rho	Entrepreneurial orientation	Correlation Coefficient	1.000	.744**
		Sig. (2-tailed)	.	.000
		N	154	154
	Decision Making Agility	Correlation Coefficient	.744**	1.000
		Sig. (2-tailed)	.000	.
		N	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

Our second test of hypothesis reveals that entrepreneurial orientation has a significant relationship with decision making ability with a correlation coefficient of 0.744 and a p-value of 0.000 which is less than alpha of 0.05. Therefore we reject the state null hypothesis.

Table 4: H0₃ Market orientation does not relate with sensing ability

			Correlations	
			Market orientation	sensing ability
Spearman's rho	Market orientation	Correlation Coefficient	1.000	.531**
		Sig. (2-tailed)	.	.001
		N	154	154
	sensing ability	Correlation Coefficient	.531**	1.000
		Sig. (2-tailed)	.001	.
		N	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

Test of hypothesis three reveals that market orientation has a significant relationship with sensing ability with a correlation coefficient of 0.531 and a p-value of 0.0001 which is less than alpha of 0.05. Therefore we reject the state null hypothesis.

Table 5: H0₄ Market orientation does not relate with decision making ability

			Market orientation	Decision Making Ability
Spearman's rho	Market orientation	Correlation	1.000	.351**
		Coefficient		
		Sig. (2-tailed)	.	.000
		N	154	154
	Decision Making Ability	Correlation	.351**	1.000
		Coefficient		
		Sig. (2-tailed)	.000	.
		N	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

Test of hypothesis four reveals that market orientation has a significant relationship with decision making ability with a correlation coefficient of 0.351 and a p-value of 0.000 which is less than alpha of 0.05. Therefore we reject the state null hypothesis.

Summary of Findings

This study reveals that strategic orientation brings about organizational agility in manufacturing firms in River state. The study further reveals that the strongest relationship exists within our second hypothesis which tests the relationship between Entrepreneurial orientations and decision making ability. The weakest relationship existed within our fourth test of hypothesis where market orientation was tested against decision making ability. Overall, the study reveals that strategic orientation has a significant relationship with the strategic agility of manufacturing firms in Rivers state. Manufacturing firms today have seen the need to achieve the needed agility to face the dynamic circumstances posing threats to the business environment, especially as it relates to manufacturing. This could come in the form of its sensing ability and its decision making ability. All these put together would bring about a cumulative force in the achievement of organizational agility in manufacturing firms.

Conclusion

Firms with adequate organizational agility are sensitive to the fact that the market is both complex and dynamic. There is a need for making adequate preparations where necessary in order to achieve the much needed sensing ability and decision making ability. These amongst other abilities are required to bring about the much needed organizational agility in manufacturing firms. This study examines how entrepreneurial orientation and market orientation which are components of strategic orientation such as; entrepreneurial orientation and market orientation would relate with organizational agility such as sensing ability and decision making ability. The strongest relationship existed in our second hypothesis where

entrepreneurial orientation had a significant relationship with decision making ability. This implies that there is a need for firms to be entrepreneurial in order to make effective business decisions that would guide their existence within the market specified. The study revealed that both entrepreneurial orientation and market orientation has a significant relationship with organizational agility.

Recommendations

- i. Organizations that would survive the complex and dynamic environment as we have today should ensure that it has consciously made historic strategic plans to survive.
- ii. Employees should not only be placed on a 9-5 working time without being shown alternative ways of making money.
- iii. The nature of the market should be analysed and data concerning the market should also be reviewed for effective decision making.

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