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Strategic Agility and Survival of Food Service Businesses in Rivers State

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Abstract

This study explores strategic agility and survival of food service businesses in Rivers State. The study adopted the survey method in which copies of a well-structured research instrument were administered to owners and managers of 420 food service businesses in Rivers State. Of the 420 copies of the questionnaire distributed, 401 were returned and analysed using the Spearman Correlation Coefficient to test the hypothesis at a .05 significant level. It was revealed that a significant positive relationship subsists between strategic agility and survival. Specifically, that strategic sensitivity has a significant affirmation association with innovativeness, and resource fluidity also has substantial positive correlation with innovativeness. It was therefore concluded that small businesses in Rivers State, especially those in the food service industry, will survive and excel if they develop the requisite mix of agility. In other words, when the foresight and awareness of food service business owners are sharpened and they are capable of galvanizing their resources to take advantage of opportunities and/or fend off possible threats, the chances of their businesses achieving set goals and staying competitive increases. It was recommended that food service business owners should: continually restrategize and adjust their strategies, by anticipating possible changes, and rapidly and flexibly responding to uncertainties; and jettison the "command and control" approach to

dealing with company problems in favour of including employees in strategic communication to promote new concepts and experiences, information exchange, and collaborative problem solving.

Keywords: Strategic Agility, Survival, Innovativeness, Strategic Sensitivity, Leadership Unity, Resource Fluidity

1.1 INTRODUCTION

Small businesses, like food service businesses, are the drivers of every economy. They represent the greatest percentage of registered organizations in Nigeria (Acho & Abuh, 2018). They are the highest employers of labour, and their role in the economic growth of any nation cannot be overlooked (Kehinde *et al.,* 2016). It is on this premise that studies to ascertain the factors that drive small business survival enjoys huge scholarly interests. Survival is an unwritten goal that is involuntarily pursued by every organization. Given the highly complex and dynamic nature of contemporary business environment, the quest to remain a going concern subconsciously remains atop the order of priority of every business.

Survival refers to the degree to which business objectives are realized and/or the extent to which consumers and the society buy into an organization's product offerings and services (Bartusevicience & Sakalyte, 2013). It is the goal upon which every other goal of a business finds expression/root. When businesses are able to stay afloat and compete favourably with their rivals, they can then begin to reason along the line of profitability, cost minimization, expansion, return on investment and several other monetary and non-monetary objectives. Extant studies suggests that one of the predictors of survival is the innovative capacity of a firm (see Denison, 2007; Hornsby *et al.,* 2009). The argument is that innovative businesses are akin to sensing and seizing opportunities and leveraging on their strengths to translate these opportunities into profit making ventures that keeps the business going. This paper therefore sticks to innovativeness as a measure of business survival.

Interestingly, Goyette (2021) asserted that success in times of crisis is a function of a business leaders' ability to decipher and quickly take the best possible course of action in the midst of the crisis

while being flexible. She referred to this capability as strategic agility and argued that it is the single most important leadership /organizational skill in contemporary business environment. Strategic agility is described as a company's ability to anticipate, identify, and predict economic trends and changes in order to devise successful responses via proactive measures (Tende & Ekanem, 2018; Tallon & Pinsonneault, 2011). In her article, Goyette (2021) revealed that trategic agility involves being decisive and having the capacity to improvise in order to take advantage of new situations. On the other hand, Walsh *et al.* (2009) opine that one crucial attribute of innovativeness is openness to new ideas and newness. This implies that strategic agility could predict innovativeness of a firm. Given the already established role of innovativeness as a determinate of firm survival, this study seeks to ascertain whether strategic agility could predict survival of food service businesses, especially those in developing climes like Rivers State, Nigeria.

1.2 STATEMENT OF THE PROBLEM

One of the sectors that was heavily impacted by the COVID-19 pandemic is the food service industry. Due to the COVID protocols that saw many streets empty for months, several food service business outlets went under lock and key. Notwithstanding, some businesses improvised and took advantage of the situation to device new means of serving their customers in order to remain in business. A good example of one of such organizations at the international scene is Amazon. The company improved on its home service deliveries at highly dynamic and affordable prices, leading to an unprecedented rise in their revenue. This massive shift to e-commerce in the food service industry has brought about what is now called the "Amazon Effect."

Back here in Nigeria, the effect has taken its hold as more and more food service businesses are going virtual. Coupled with the heightened desire to live healthy and increasing awareness about dieting, the conventional brick and mortar food service companies may find it hard to survive if they do not find a way to reinvent their processes to keep pace with the times. Since strategically agile organizations those that are ready to pivot and innovate, and they are able to define clear strategies based on present happenings and future

trends (Coyette, 2021), this study seeks to ascertain whether the challenge of survival in food service industry could be explored within the scope of strategic agility.

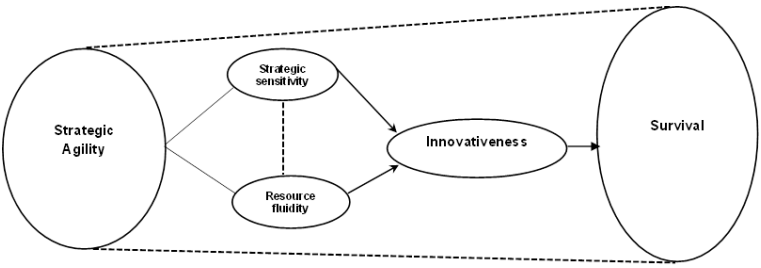

Figure 1: Strategic Agility and Survival Model

Source: The dimensions of Strategic Agility were adopted from Doz and Kosonen (2010), while Innovativeness as a measure of survival was adopted from Knowles *et al.* (2008)

Hypotheses

H_{01}: No significant relationship exist between strategic sensitivity and innovativeness.

H_{02}: Resource fluidity does not significant relate with innovativeness.

2.0 LITERATURE REVIEW

2.1 Strategic Agility

Strategic Agility refers to the ability to adapt quickly to shifting circumstances. The willingness of an organisation to see trends and predict the future in order to adapt accordingly determines its strategic agility, which is why strategic agility has been described as a business' capacity to foresee, expect, and forecast patterns and developments in the economic world in order to formulate effective responses via constructive steps (Tende & Ekanem, 2018; Tallon & Pinsonneault, 2011). As a result, life is no longer contingent on financial resources or money, but rather on the capacity to adapt to changes in the economy and devise means of remaining essential. Akhigbe and Onuoha (2019) argue that it is not the fittest organisations that survive, but those with a high level of durability and adaptability that do. According to (Doz & Kosonen, 2010), strategic agility is the 'thoughtful and purposive interplay' on the part

of top management between three 'meta-capabilities,' which include strategic sensitivity, leadership unity, and resource fluidity.

Strategic sensitivity

Strategic sensitivity is concerned about the dynamic nature of the environment and how an organization can better position itself against possible exigencies. Diete-Spiff and Nwuche (2021) describe it as an organization's ability to engage in environmental scanning and develop knowledge about the scenario in which it finds itself, as well as evaluate its strengths in order to tactically channel its processes and behaviour towards the attainment of set goals. Organzations survive and thrive when they are able to build futuristic capacities that allows them set the pace in their industry or market (Yarmohammadian *et al.*, 2016). Interestingly, strategic sensitivity could have a futuristic outlook, while at the same time addressing the immediate functions of the organization (Pulaj & Pulaj, 2015). This dimension of strategic agility basically explains how sharp an organization is in predicting future occurrences based on current trend and the degree to which they are aware of the environmental dynamics of the industry they operate in.

Resource fluidity

In their work, Doz and Kosonen (2010) described this aspect of strategic agility as the internal capability to reconfigure capabilities and redeploy resources rapidly. In their thesis, Rotich and Okello (2019) determined resource fluidity as having to do with the internal capacity to realign business structures and redirect capital speedily, help business processes for activities and resource utilisation, personnel management methods, structure and incentives for teamwork that allows business practices and activity system transition quicker and simpler. They proposed that fluid re-allocation and utilisation of capital resources, separating strategic guidance from organisational framework, dissociating outcomes from resource ownership, and an assumption-based planning/resource allocation mechanism are the key factors for agility results that can be observed over time. Mobility and task rotation, individuals and experience, traditions, and a management culture that emphasises knowledge sharing are among the others.

2.1.1 Survival

Business survival is generally considered the implicit (that is the primary and unwritten) goal of every organization (Lekhanga, 2016; Oshi *et al.*, 2019). To achieve other goals and objectives, a business must remain a going concern. According to John *et al.* (2017), survival comes before the goal to grow, minimize cost and/or maximize profit. To achieve this goals, businesses must be financially viable, their growth must be sustainable and other non-financial determinants such as satisfaction (both for the owner and the workers) must be present. The concept of survival is precipitated on the fact that businesses operate in a highly dynamic and complex setting, especially with the rapid advancements in technology. Consequently, businesses must find a way to stay ahead of the imminent speedy and drastic changes that is characteristic of business environments, else they risk going under (Fleming, 2012).

Innovativeness

Wang and Ahmed (2004:2) identify multiple aspects of innovativeness; they define innovativeness as "an organization's overall innovative capability of introducing new products to the market, or opening up new markets, through a combination of strategic orientation with innovative behavior and process". Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes (Kamaruddeen *et al.*, 2010). The concept of innovativeness connotes being creative, newness and novelty, openness to new ideas, the intention to be innovative, risk and risk-taking, firm's capacity to innovate, and the process of innovation adoption (Walsh et al., 2009).

2.2 THEORETICAL FRAMEWORK

Dynamic Capability Theory (DCT)

The dynamic capability theory propounded by Teece *et al.* (1997) undergirds this study. The theory deals with organization's adaptive capacity in the midst of a highly volatile and uncertain business environment. It captures the flexible and inventive use of resources (both human and material) in such a manner that organizations can leverage on to survive. Teece *et al.* (1997:516) describes dynamic

capability as "the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments." They opine that firm's with dynamic capability are able to sense as well as shape opportunities, seize them and on the basis of that, stay competitive by reconfiguring their internal and external processes and behaviour. This is in tandem with Doz and Kosenen's (2010) description of strategic agility as the capacity to foresee/forecast future occurrences from present trends and reengineer internal and external processes to take advantage of or be best prepared to handle whatever disturbances that may arise as a result.

2.3 Empirical Review

S/No.	Author/Year	Country	Topic/Objective	Method Used	Findings
1.	Gerald, E., Obianuju, A., Chukwunonso, N. (2020).	Nigeria	Examined the impact of strategic foresight (SF) on the competitive advantage (CA) of SMEs in Anambra State.	Split-Half technique was used in testing the reliability of the self-structured questionnaire, and the result obtained was .891. Data were analysed using Simple Regression Technique, and the hypothesis was tested at 5% level of significance.	The findings revealed that SF has a relationship with CA (r = .968) while coefficient of determination (R2) indicates that a 92% change in CA is accounted for by changes in SF (R2 = .938; F = 4070.780, p-value < 0.05).
2.	Ekweli, F. & Hamilton, D. I. (2020).	Nigeria	Examined the relationship between product innovation and organisational agility in the banking sector in Nigeria economy	Pearson Product Moment Coefficient was used in testing the hypotheses at 0.05 level of significance.	It was revealed that there is a significant relationship between product innovation and organisational agility in the banking sector in Nigeria economy. Therefore, product innovation in the banking sector in Nigeria led to high sensing agility, decision agility and acting agility.
3.	Oga, K. C. & Onouha, B. C. (2020).	Nigeria	Entrepreneurial talent management and organizational agility of construction firms in Rivers State, Nigeria.	The study's data was sourced using questionnaire as the research instrument which was analyzed using spearman's rank order correlation coefficient with the aid of SPSS.	Results revealed that all the dimensions of entrepreneurial talent management vis-à-vis entrepreneurial skill and entrepreneurial knowledge significantly influence adaptability and alertness respectively.
4.	Bassam, S. A. (2019).	Egypt	Strategic agility as a competitive advantage in airlines - case study: Egypt Air.	Spearman's correlation and simple linear regression were deployed in data analysis.	The results revealed that Egypt air is characterised as an agile company. Results also showed that strategic agility affects greatly the competitive advantage in Egypt air, where it affects greatly delivery reliability, followed by innovation, then process flexibility, service quality and finally cost

					leadership.
5.	Govuzela, S., & Mafini, C. (2019).	South Africa	Investigated the connection between organisational agility, business best practices and the performance of SMEs in South Africa.	Hypotheses were tested using the structural equation modelling procedure.	The result showed that the four business best practices, namely, technology capability, collaborative innovation, organisational learning and internal alignment, exerted a significant positive influence on organizational gility. Also, organisational agility exerted a significant positive influence on business performance.
6.	Tende, F. B., & Ekanem, I. S. (2018).	Nigeria	Strategic Agility: An Intervention Prescription to Competitive Advantage of Small Businesses in Nigeria.	A five- point Likert scale questionnaire was used in data collection while the analysis was done using Kendall_tau Rank Correlation Coefficient.	The results revealed that there is a moderate positive relationship between strategic sensitivity and low cost, and between strategic sensitivity and product differentiation. It was also seen that there is a moderate positive relationship between collective capabilities and low cost and between collective capabilities and product differentiation.
7.	Kessio, H. K. (2017).	Kenya	To determine the relationship between strategic agility and performance of small and medium enterprises in Nairobi Central Business District, Kenya.	Data was analyzed using descriptive statistics with the assistance of Statistical Package for Social Sciences version 22.	The study revealed that human capital had the greatest effect on the on the performance of small and medium enterprises in Kenya; followed by management commitment and support, discontinuous innovation and organization structure in order of reducing effect. All the variables were significant ($p<0.05$).
8.	Orojloo, M., Feizi, K., & Najafabadi, M. H. (2016).	Iran	Strategic Agility Capabilities, Factors and their Effect on Organizational Performance: A Case Study of Iranian Banks.	The factors of strategic agility are identified after literature review on agility, and PLS-SEM is used to measure its effect on organizational performance according to the limitations of the sample of study.	Findings show that the strategic agility has a significant positive effect on the organizational performance. Also among factors affecting the strategic agility is collective commitment that has the highest effect on the organizational performance.

3.0 METHODOLOGY

The study adopted the survey method in which copies of a well-structured research instrument were administered to owners and managers of 420 food service businesses in Rivers State. The study adapted items for the dimensions of strategic agility from Doz and

Kosonen's (2010) work; while the items for innovativeness as a measure of survival was adopted from Knowles et al. (2008). The internal consistency of the instrument to measure the constructs was ascertaind through pilot study and they all fell within the 0.7 minimum threshold (Nunnaly & Bernstein, 1994). The Spearman Correlation Coefficient was employed to test the hypothesis at a .05 significnat level. Of the 420 copies of the questionnaire distributed, 401 were returned and analysed.

4.0 RESULTS AND DISCUSSION

Bivariate Level Analyses: Test of Hypotheses

This section is concerned with testing hypotheses stated earlier; using Spearman's rank order correlation coefficient statistical tool and the p-values obtained.

Table 4.1: Test of Relationship between Strategic Sensitivity and Innovativeness **($H0_1$)**

			Strategic Sensitivity	Innovativeness
Spearman's rho	Strategic Sensitivity	Correlation Coefficient	1.000	.807**
		Sig. (2-tailed)	.	.000
		N	401	401
	Innovativeness	Correlation Coefficient	.807**	1.000
		Sig. (2-tailed)	.000	.
		N	401	401

**. Correlation is significant at the 0.05 level (2-tailed).

SPSS output, Version 20 – Field Survey, 2021

Table 4.1 shows Spearman's rho correlation analysis to find out the relationship between strategic sensitivity and innovativeness among four hundred and one (401) participants. A strong positive correlation coefficient value was reported between variables which is statistically significant (rho = .807**, p = .000< 0.05 (alpha value). Consequently, we do not accept the null hypothesis ($H0_1$) that states that no significant relationship exist between strategic sensitivity and innovativeness. We rather accept the alternative hypothesis - there is a significant positive relationship between strategic sensitivity and innovativeness (HA_1).

Table 4.2: Test of Relationship between Resource Fluidity and Innovativeness ($H0_2$)

			Resource Fluidity	Innovativeness
Spearman's rho	Resource Fluidity	Correlation Coefficient	1.000	.755**
		Sig. (2-tailed)	.	.000
		N	401	401
	Innovativeness	Correlation Coefficient	.755**	1.000
		Sig. (2-tailed)	.000	.
		N	401	401

**. Correlation is significant at the 0.05evel (2-tailed).
SPSS output, Version 20 – Field Survey, 2021

Table 4.2 shows Spearman's rho correlation analysis to find out the relationship between resource fluidity and innovativeness among four hundred and one (401) participants. A strong positive correlation coefficient value was reported between variables which is statistically significant (rho = .755**, p = .000< 0.05 (alpha value). Hence we do not accept the null hypothesis ($H0_2$) that states that resource fluidity does not significant relate with innovativeness, and accept the alternative hypothesis that resource fluidity significantly and positively relate with innovativeness (HA_2).

4.1 Discussion of Findings

The outcome of the analysis revealed a significant positive correlation between strategic agility and survival of food service businesses in Rivers State. Specifically, the study depicted that a substantial affirmation association exists between strategic sensitivity and resource fluidity and innovativeness of food service businesses in the state. The outcome of the study corroborates several other scholarly studies in this regard. For instance, Orojloo *et al.* (2016) averred that resources fluidity is the ability of an organization to cooperate with customers and partners of its business network in quick and continuous reconfiguration of the mixture of capabilities to form an innovative movement with relative facility. In other words, a pivotal ingredient of innovativeness is a function of the fluidity of an organization's resources. Recently, Diete-Spiff and Nwuche (2021) concluded in their study on, "strategic sensitivity and organizational competitiveness of deposit money banks in Nigeria," that strategic sensitivity based on its emphasis on learning and knowledge development, promotes and enhances innovativeness. According to

them, organizations that are able to study the environment they operate in and develop competencies to help them stay competitive, achieve this by leveraging on their internal and external capabilities to develop innovative solutions and new markets, which ultimate determines their survival and growth (Gerald *et al.*, 2020; Govuzela & Mafini, 2019; Oshi *et al.,* 2019). This paper aligns with this line of thought given the outcome of the study.

5.0 CONCLUSION AND RECOMMENDATION

Haven empirically established the nexus between the study variables, it is not out of place to conclude that small businesses in Rivers State, especially those in the food service industry, will survive and excel if they develop the requisite mix of agility. In other words, when the foresight and awareness of food service business owners are sharpened and they are capable of galvanizing their resources to take advantage of opportunities and/or fend off possible threats, the chances of their businesses achieving set goals and staying competitive increases. It is therefore recommended that food service business owners should:

i. Continually restrategize and adjust their strategies. This can be achieved by anticipating possible changes, and rapidly and flexibly responding to uncertainties.
ii. Jettison the "command and control" approach to dealing with company problems in favour of including employees in strategic communication to promote new concepts and experiences, information exchange, and collaborative problem solving.

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