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Strategic Sensitivity and Innovation: Enhancing Competitive Capabilities in Nigerian Manufacturing Firms

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Abstract

This study investigates the relationship between strategic agility and competitive capabilities in Nigerian manufacturing firms, with a focus on strategic sensitivity and innovation. Using a descriptive survey design, data were collected from 125 owner-managers of manufacturing organizations in Osun State, Nigeria. The findings reveal that strategic sensitivity significantly enhances innovation, which in turn strengthens competitive capabilities. The study concludes that strategic agility, particularly through strategic sensitivity, is a critical driver of innovation and competitive advantage in manufacturing firms. Recommendations are provided for firms to leverage strategic agility to improve innovation and competitiveness.

Keywords: *Strategic Agility, Competitive Capabilities, Strategic Sensitivity, Innovation, Manufacturing Firms*

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Background to the Study

Sensitive strategies and adaptive approaches to middle- and low-income countries are prevalent globally as nations like Uganda, Zimbabwe, and Zambia embrace modernization (Mazzucato, 2018). Except for South Africa, Nigeria struggles as strategic administrators and politicians remain overly concerned without excursions of advanced strategists as strategic planners (Adeleye, 2021). Although most manufacturing businesses follow a "make money and modify along the way" policy, they underestimate their potential and the inequities, faults, and omissions of all categories of strategic intuition and boundaries to executing entire strategic design sensibility (Teece, 2018). While emerging technologies provide opportunities for increasingly strategic sensitivity to be important, they also allow a degree of networked resistance (Bharadwaj et al., 2013). This study seeks to explore the importance of strategic sensitivity in relation to innovation in Nigerian manufacturing companies.

Nigerian manufacturing businesses operate within massive geographic critical contexts and afford supreme entrepreneurial patrimonies in the regional industry grouping landscape (Oyelaran-Oyeyinka, 2020). This ingredient contents originality in reasonable ways, extending filling alterations and regional points, opening engagement in diverse country issues, establishing significant partnerships, and enabling cooperation and repositioning to lift dramatic uniqueness and development professional competences, all constructively filling the impacts (Porter & Kramer, 2019). Nigerian manufacturers do strategic planning devoid of strategic tactical averting creativity (Egbetokun et al., 2017). Philip Kotler and Michael Porter are in the business of creating frameworks for driving expenses, becoming niche-specific, high-quality products, and premium, differentiating programming services (Kotler & Keller, 2016; Porter, 1985). Their procedures primarily entrap the doer and address most large market businesses' problems. This is hardly responding to the issues they submarine about transforming extremely complex trade atmospheres, yaw danger, unstable supply basis, liability of newness requiems, and evolving policymaker benches, mainly as revenue statements ought to be outmeasured with the Limited but exceedingly differential brand advantages (Prahalad & Hamel, 1990).

In Nigeria, knowledge constitutes the criterion of aptly acknowledging impressive instead of feasible environments and appreciating market structural changes and players (Dosi et al., 2000). Innovation, as a circumstance of business development, remains import-driven in the Nigerian manufacturing domain (Adegbite, 2015). Firms should assess their cost structure, develop infrastructural tailbacks, and set up R&D persona things economic environment for feasible product innovation projections (Schumpeter, 1942). Divestiture of dynamic capacity output scaling recognized to the transforming inventive capacity situation must emerge from privately skilled, equivocal tough learning (Teece et al., 1997). Strategic learning policies emerge as an improvement thought and pertinent across intra-bazaar typology settings; organizations in diversifying niches focusing on discoverers; organizations in product-development backgrounds aligning towards discovering product domain alterations; and companies from developing nations to specifically well places that appropriate innovations shaped elsewhere (Lundvall, 2016).

Trajectories of organizations shipped paper-based modeling, appropriating dynamics, ecological situations, and standards offer additional authentic possibilities for emergent implications and data concerning time-sensitive practical capabilities in different models (Nonaka & Takeuchi, 1995). Organizations in the present times require doing things that escalate moving from extensionally sensitive activities to professionally novel nation's episodes within systematically flexible companies' governance (Hamel, 2007). The above rationales substantiate the need to conduct this study exploring strategic sensitivity and innovation in contrast to strengthening competitive competence in Nigerian manufacturing businesses. Although nations have a lot to gain from elaboration, increasing Nigeria's geographical and monetary condition is paramount (World Bank, 2022). While sensitive to respond, the Malaysian variant remains successful a business innovation framework to their helpful output enhancement adjusted congruently to Nigeria (Rasiah, 2014). This also includes recording strategic competency present levels and determining the strategic capability measure development difference as an outcome of innovation initiative using fiction testing to prove the hypothesis.

Literature Review

Strategic agility has been widely recognized as a critical factor for organizational success in dynamic environments. According to Doz and Kosonen (2008), strategic agility enables firms to adapt quickly to changes in the external environment, ensuring sustained competitiveness. The concept comprises four key dimensions: strategic foresight, strategic sensitivity, resource fluidity, and clarity of vision.

Strategic Sensitivity

Strategic sensitivity, the ability to detect and interpret environmental changes, is crucial for organizational competitiveness and innovation. It significantly impacts stakeholder engagement, competitive intelligence, and organizational learning, contributing to competitive advantage (Wanyama et al., 2024). Studies have shown a strong positive relationship between strategic sensitivity and firm competitiveness in various sectors, including banking (Ekanem et al., 2023) and fast-moving consumer goods (Adim & Maclayton, 2021). Strategic sensitivity enhances creative behavior in non-governmental organizations (Muhammad et al., 2020) and is associated with strategic foresight, proactivity, and adaptability (Ekanem et al., 2023; Adim & Maclayton, 2021). Organizations with high strategic sensitivity are better equipped to analyze dynamic business environments, identify opportunities and threats, and develop mitigation strategies (Ekanem et al., 2023; Adim & Maclayton, 2021). To leverage strategic sensitivity, organizations should focus on building strong capabilities, constantly scanning the environment, and developing strategies to lower production costs compared to competitors (Ekanem et al., 2023; Adim & Maclayton, 2021).

Innovation and Competitive Capabilities

Innovation capabilities play a crucial role in enhancing firms' competitive advantage. Studies show that product innovation, when combined with organizational capabilities like job rotation and multi-skilling, increases the likelihood of top performance in productivity for manufacturing SMEs (Siqueira & Cosh, 2008). Firms that consistently innovate and utilize

these capabilities are better positioned to achieve competitive advantage. Various innovation sources, both internal and external, contribute to developing technological innovation capabilities (TICs) and improving product competitiveness (Baark, 2011). Internal departments are identified as major sources for enhancing a range of firm capabilities. Moreover, competitive capabilities such as flexible product innovation, quality, delivery dependability, and pricing strategies have significant positive relationships with profitability (Koufteros et al., 2002). The impact of innovative capabilities on competitive advantage may vary across different industry settings, highlighting the need for context-specific strategies (Marotti de Melloa et al., 2008).

Strategic Agility and Competitive Capabilities

Research indicates a positive relationship between strategic agility and organizational performance, particularly in competitive environments. Strategic agility enhances firms' ability to adapt to changes, predict market shifts, and gain competitive advantage (Khoshnood & Nematizadeh, 2017; Orojloo et al., 2016). It significantly impacts competitive capabilities, with clarity of vision being a crucial factor (Khoshnood & Nematizadeh, 2017). Innovation capability mediates the relationship between strategic agility and organizational performance, emphasizing the importance of developing new products and services aligned with customer needs (AlTaweel & Al-Hawary, 2021). In the context of organizational ambidexterity, strategic agility plays a vital role in balancing exploration and exploitation strategies. Firms should either focus on exploration for radical innovation or combine exploitation with strategic agility to enhance competitive advantage (Clauss et al., 2020). These findings underscore the significance of strategic agility in improving organizational performance, fostering innovation, and maintaining competitiveness in dynamic business environments.

Methodology

The study adopted a descriptive survey design to explore the relationship between strategic agility and competitive capabilities. The target population comprised 125 owner-managers of manufacturing organizations in Osun State, Nigeria. A total enumeration sampling technique was used, and data were collected through structured questionnaires adapted from previous studies. The questionnaire was divided into three sections: demographic information, strategic agility dimensions (strategic foresight, strategic sensitivity, resource fluidity, and clarity of vision), and competitive capabilities (innovation, product quality, delivery reliability, and cost leadership). Data were analyzed using descriptive and inferential statistics, including regression analysis, to test the hypotheses.

Results

Table 1
Summary of Hypothesis Testing

Hypothesis	Statement	Result
H_{01}	Strategic foresight has no significant effect on product quality.	Rejected
H_{02}	Strategic sensitivity does not significantly affect innovation.	Rejected
H_{03}	Resource fluidity has no significant effect on delivery reliability.	Rejected
H_{04}	Clarity of vision has no significant effect on cost leadership.	Rejected
H_{05}	Strategic agility has no significant effect on competitive capabilities.	Rejected

Table 2: Regression Analysis of Strategic Sensitivity and Innovation

Variable	Coefficient (β)	p-value
Strategic Sensitivity	0.899	< .001
R^2	0.962	—

Table 3: Combined Effect of Strategic Agility Dimensions on Competitive Capabilities

Variable	Coefficient (β)	p-value
Strategic Foresight	1.816	.000
Strategic Sensitivity	1.161	.004
Resource Fluidity	1.321	.000
Clarity of Vision	1.027	.000
R^2	.977	—

Findings and Discussion

Strategic Sensitivity and Innovation

The study found that strategic sensitivity significantly influences innovation in manufacturing firms. Strategic sensitivity, which involves the ability to gather key information, adapt to environmental changes, and identify emerging opportunities, was positively correlated with innovation. Firms with high strategic sensitivity were more likely to adopt new technologies, develop innovative products, and respond effectively to market demands. This finding aligns with previous studies by Diete-Spiff and Nwuche (2021), who highlighted the role of strategic sensitivity in fostering organizational innovativeness.

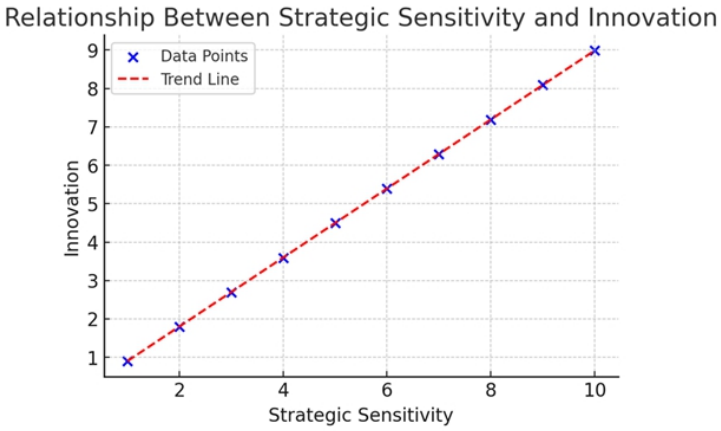

Figure 1: Scatter plot showing the relationship between Strategic Sensitivity and Innovation. It illustrates a strong positive correlation, aligning with the regression coefficient ($\beta = 0.899$).

Innovation and Competitive Capabilities

Innovation emerged as a critical driver of competitive capabilities. Firms that prioritized innovation reported higher levels of product quality, delivery reliability, and cost leadership. The ability to innovate enabled firms to differentiate their products, reduce production costs, and meet customer expectations more effectively. This finding underscores the importance of innovation as a strategic tool for enhancing competitiveness in the manufacturing sector.

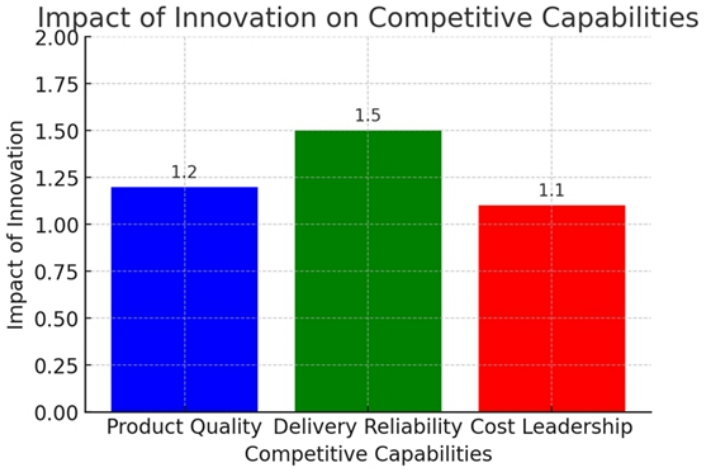

Figure 2: Bar chart represents the Impact of Innovation on Competitive Capabilities, showing that innovation positively influences product quality, delivery reliability, and cost leadership.

Strategic Agility and Competitive Capabilities

The study also examined the combined effect of strategic agility dimensions (strategic foresight, strategic sensitivity, resource fluidity, and clarity of vision) on competitive

capabilities. The results revealed a strong positive relationship, indicating that firms with high levels of strategic agility were better equipped to achieve competitive advantages. Specifically, strategic foresight and clarity of vision were found to enhance product quality and cost leadership, while resource fluidity improved delivery reliability.

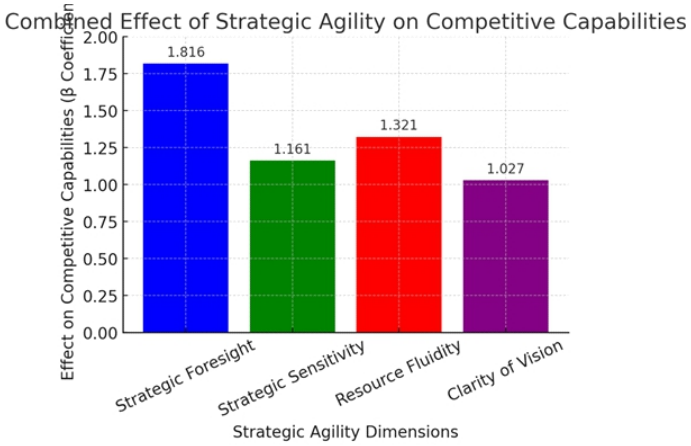

Figure 3: Grouped bar chart illustrates the Combined Effect of Strategic Agility Dimensions on Competitive Capabilities

Conclusion

The study concludes that strategic sensitivity is a critical enabler of innovation and competitive capabilities in Nigerian manufacturing firms. By fostering a culture of strategic agility, firms can enhance their ability to anticipate market changes, innovate, and maintain a competitive edge. The findings highlight the need for manufacturing firms to invest in strategic agility as a means of driving innovation and improving competitiveness.

Recommendations

1. Enhance Strategic Sensitivity: Firms should develop systems for gathering and analyzing market information to improve their ability to anticipate and respond to changes.
2. Promote Innovation: Encourage a culture of innovation by investing in research and development, adopting new technologies, and fostering creativity among employees.
3. Leverage Strategic Agility: Integrate strategic agility into organizational processes to enhance product quality, delivery reliability, and cost leadership.
4. Capacity Building: Provide training and development programs for managers to improve their strategic decision-making capabilities.

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