IMPACT OF INNOVATIVENESS ON ORGANIZATION AGILITY OF FOOD AND BEVERAGE FIRMS IN RIVERS STATE, NIGERIA

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ABSTRACT: This study empirically examined the impact of innovativeness on organizational agility of food and beverage firms in Rivers State, Nigeria. The survey research design was utilized. The sampling technique used was simple random sampling techniques. The sample size of 119 was obtained from 17 selected manufacturing firms in Rivers State Nigeria. The spearman rank order correlation was used in ascertaining the relationship between the predictor and the criterion variable. The result of the analysis revealed that innovativeness significantly and positively impacts on organizational agility of food and beverage firms in Rivers State. The study concluded that innovativeness helps in organizational encouragement of Research and Development, development of new work processes, new product/services creation and introduction, and assuming leadership in area of technology, and in development of competitive advantage. Additionally, innovativeness is positively and significantly related to organizational agility of food and beverage manufacturing firms in Rivers State Nigeria. It is recommended that; Innovativeness should be codified as prerequisite specification for potential employees, innovativeness should be enshrined into the culture of the organization and managers of organizations should always encourage employees to be creative enough and also attach reward to creative idea generation from employees. Also, there should always be periodic scanning of the external business environment in search of threats and opportunities, Organizations should stay aggressively competitive in order to combat rivals when the need arises and should be proper risk assessment before embarking on any project.

KEYWORDS: Innovativeness, Organizational Agility, Speed, Flexibility, Competence, Food and Beverage Firms.

INTRODUCTION

Change in consumers taste, globalization and rapid technological developments have contributed to the turbulence, unpredictability, hostility, complexity and uncertainties which characterized today business environment. These challenges, unpredictability and complexity of today business settings are considered as some of the main factors in the failure of various businesses in Nigeria. Clients in this period do not have patience to sit tight and wait for the moves planned by an organization; rather, they demand instant attention and gratification to their needs. The capacity to meet these customers need and secure the customer loyalty for sure has been of great worry to firms, and has therefore, called for organizations to be responsive. This has also driven some organizations in creation of new action plans and strategies to avert possible threats arising from these situations. One of the latest concepts in the strategic management discipline to achieve this goal is the concept of organizational agility. Indeed, business environment is fast changing; new ideas, innovations and practices
are gradually sending old business ideas, practices and culture into extinction. Organizations therefore, must be highly creative and resourceful to swiftly and rightly respond to events and changes in her environments in order to achieve positive organizational results.

Innovativeness makes all the difference in an organization’s chance of success, effectiveness, and survival, and in the ability to swiftly and rightly respond to events and changes in the current fast changing and highly competitive business environment. Innovativeness has been identified as the cornerstone of entrepreneurship (Loos 2006). Innovativeness explains the creative capability of an organization can stimulate agility in an organizational well as other organizational positive outcomes. Majority of the researches done in respect of innovativeness examined its relationship with organizational success (Khalili et al., 2013). However, limited allocation of resources for innovative activities has been identified as the greatest barrier to innovation within organizations by many researchers (Jaakson et al., 2011). One very factor that can aid an organization in the combat of these uncertainties is agility. Absence of agility infers delay in work process and service delivery which can prompt loss of clients and thus lead to business failure. Consequently, agile disposition enables firms to adjust and quickly react to environmental uncertainties and in a way make progress. The need for business organization to assume an agility disposition cannot be over emphasized. The business environment in contemporary times is characterized of unpredictable and turbulent happenings as such organizations need agility disposition to carry on. Organizations that are craving to surmount this frequent environmental turbulence must be outfitted with explicit credit to enable them to be lively. Such organizations must learn to change along the change in the business environment in order to stay relevant.

Agility disposition enables an organization to swiftly react and conform to happenings in the external business sphere and it is perceived as a very vital component in enhancing organizational success (Oosterhout, Warts and Van 2006). Organizations therefore cannot over emphasize the need for agile disposition as a way of surmounting these realities and happenings in the business environment. Some Researchers opined that for an organization to stay agile then such organization must be learning oriented (Dove 1999). Organizations that desire to surmount this environmental turbulence must be equipped with specific attribute to help them gain agility. These capabilities therefore, include four main elements which are responsiveness, competence, flexibility and speed (Sharifi and Zhang 1999).

Donald (2009) defines organizational agility as the capacity to picture and grab opportunities more fastly than competitors do. Sharifi and Zhang (1999) describe agility as the ability to cope with sudden and unanticipated changes and survive business threats by transforming threats into opportunities. Dove (1999) describes agility as the ideal and suitable way to learn in an environment rich with knowledge so that customer-oriented and preferred products and services can be provided. With agility disposition, organizations therefore can swiftly react to uncertainties in the right direction by identifying opportunities in the face of risk.

Various studies argued that organizational agility is one factor that will aid an organization survive in the face of turbulent environmental changes. Organizations in today dynamic and intense rivalry characterized business world must therefore possess diverse competitive attribute to compete; else, they may liquidate owing to competitors’ actions and inactions. One basic element that is very needful to organization in this uncertain business environment of this present age is agility. Agility aids firms to swiftly response to environmental changes thereby enhancing organizational efficiency. Agile organization is one that can turn turbulent
and ever-changing environment to its advantage and one that can swiftly check its rivals’ moves at interval and take swift reprisal moves to battle it. These abilities in this way incorporate four fundamental components which are responsiveness, skill, adaptability and speed (Sharifi and Zhang 1999).

The aim of this paper is to empirically examine the relationship between innovativeness and organizational agility of food and beverage manufacturing firms. The specific objectives of the study are:

1. To examines the relationship between innovativeness and organizational speed of food and beverage manufacturing firms in Rivers State Nigeria.
2. To examines the relationship between innovativeness and organizational competence of food and beverage manufacturing firms in Rivers State.
3. To examines the relationship between innovativeness and organizational flexibility of food and beverage manufacturing firms in Rivers State.

The research questions could be read off from these, and our hypotheses are:

**Ho1:** There is no significant relationship between innovativeness and speed of food and beverage firm in Rivers State.

**Ho2:** There is no significant relationship between innovativeness and competence and food beverage firm in Rivers State

**Ho3:** There is no significant relationship between innovativeness and flexibility of food and beverage firm in Rivers State

**LITERATURE REVIEW**

**Theoretical Framework of the Study**

This study is premised on Schumpeter theory of innovation (1985). The Schumpeterian school of thought holds the assumption that entrepreneurs cause change to happen and as such are seen as causing creative destruction. The theory also asserts that innovation is basically the ultimate aim for investment increase and changes in business. Hence, earns the justification for this study because one basic attribute an organization needs to glide through its turbulent environment is agility.

**The Concept of Innovativeness**

Innovativeness refers to an organization’s ability to be involved in creative initiative and trial of new ideas by the introduction of new products/services and technological lead the market through Research and development processes. Hence, Loos (2006) posited that innovation is the cornerstone for entrepreneurship. Furthermore, Lumpkin and Dess (1996) view innovativeness as the ability of a firm to creatively initiate new ideas, initiation and creation of new product, being the first to try new work processes which may facilitate new products and services as solution to the need of man. Innovativeness is the ability of an organization to transform its creative idea into reality, achieving improvement in work processes and product
and gaining competitive edge over rivals. Innovativeness focused on better ways to execute old or new job. An innovative firm is one who thinks outside the box and engages in the creation of new product and administrative processes so as to create value addition and ensure customer satisfaction.

Innovation is vital to entrepreneurship since it is very essential in enhancing economic growth. In the opinion of Lin et al (2008), countries with the largest economies can be associated with great commitment to innovation and research. Innovativeness as an organization capacity explains how start-up firms emerge and how established firms renew themselves to stay ahead of rivals. The execution of this function implies multiple modes of innovation: product, process, organizational or business model innovations. Once being aligned, the different modes of innovation may trigger processes of ‘creative destruction’ in the Schumpeterian sense. However, innovative activities are typically associated with risks and is aimed at creating some new process or product that gives its creator a competitive advantage over its business rivals; it does so by rendering obsolete some previous innovation; and it is in turn destined to be rendered obsolete by future innovations. Accordingly, Schumpeter (1985) calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change and gain opportunity for different business or different services. Lin et al. (2008) suggest that innovativeness plays an important role in research, product development, technical expertise and knowledge transfer for future development. Therefore, it is necessary that these organizations replace their perspectives and approaches with new ones.

Benefits of Innovation

Innovation offers various benefits to organizations. Jawoski and Kohli (1993) posited that firms operating in a turbulent market should always upgrade and periodically improve on the product they offer to the market as well as stay more creative so as to spontaneously respond to the ever-changing customer taste and preferences. Innovation is not only necessary in the area of new product and services but it’s also very necessary in the production process which is an integration of administrative and technological processes. As Lumpkin and Dess (1996) asserted that the presence of innovativeness as an entrepreneurial element in organization strengthens an organization ability to be involve in research and development activities for novelty which may eventually facilitate the creation of new products, new work processes and new technological development. In order words, innovation does heavily influence production processes as well as it output, and can even change the way data are collected and applied. The innovative strength of an organization also involve the use of new business processes through various measures which include; drawing on new methods for work process, training and development of personnel, reducing the waste of processes, increasing product quality and ensuring periodic renewal of products upgrade and increased ability to improve productivity, whereby ensuring efficiency and effectiveness of firms processes in the way of achieving objectives. Innovations therefore are vital and heavily complement an organization’s sustainability and success. Jawoski and Kohli (1993) posited that Innovation is very necessary in the production process which is an integration of administrative and technological processes. Slater and Narver (1995) posited that innovation does heavily influences production processes as well as it output and can even change the way data are collected and applied.
The Concept of Organizational Agility

Agility refers to capacity of a firm to unconstrained reaction to changing economic situations and consumers taste. Agility is a swift way of reacting to external environmental happenings and sometimes making moves even before change occur. Ren, Yusuf and Burns (2001) considers agility to be a firm capacity to reengineer its wealth, interest in accordance with possible works on, having ecological consciousness and giving client variety items while remaining focused in speed of item presentation and conveyance, keeping up a moderately adaptable structure, being creative and guaranteeing item quality. This in this way infers all together for an association to remain fit and win its client dependability in an aggressive business condition like our own then dexterity mien can't be consigned. Donald (2009) defines organizational agility as the capacity to picture and grab opportunities more fastly than competitors do. Sharifi and Zhang (1999) describe agility as the ability to cope with sudden and unanticipated changes and survive business threats by transforming threats into opportunities. Dove (1999) describes agility as the ideal and suitable way to learn in an environment rich with knowledge so that customer-oriented and preferred products and services can be provided. With agility disposition, organizations therefore can swiftly react to uncertainties in the right direction by identifying opportunities in the face of risk. Thus, an agile organization responds quickly to changing market conditions and customer’s needs.

It is the successful application of competitive bases such as speed, flexibility, innovation and quality by the means of the integration of reconfiguration, resources and best practices of knowledge rich environment to provide customer-driven products and service in a fast-changing environment (Ren, Yusuf and Burns, 2001). Plonka (1997) considered knowledge-oriented manpower as the main factors of creating agile organizations. Agility here is not all about response to environmental changes but measures how swift and proactive the response may be. A response that may come too late or too early and does not achieve result may not display agility. Various researchers have identified different factors as a source or stimulus toward agility in organizations and the offspring of them is “change” (Tahmasebufard, Zangoveinezhad and Jafari (2000). This therefore implies that in order for an organization to stay fit and win its customer loyalty in a competitive business environment like ours then agility disposition cannot be relegated.

According to Yusuf et al (1999) certain elements are seen as agility enablers as they provide the bedrocks and situations to create the attributes of agility. They are grouped into four (1) cove competency management (2) virtual enterprise (3) capability of configuration and (4) knowledge-driven enterprises. In contrary Sharifi and Zhang (1999) posited that these attributes are obtainable through four areas of organization, staffing, technology and creativity. Likewise, Lin, Chiu and Tseng (2006) added other items to agility enablers and they include cooperative relationship, process integration, information integration and customer/marketing sensitivity. Tseng and Lin (2011) also added organization of business processes as one of the agility enablers. Agility disposition as a fundamental attribute of an organization is basically aimed at enriching and satisfying the needs of customers definitely, rightly and timely. Agility lay numerous merits for organizations, and such merits include the ability to respond quickly and effectively to changing market need, high ability to provide customized products to customers, ability to provide new products to market at lower prices, reduce production costs, increase customer satisfaction, elimination of non-value added activities and increase competitiveness (Tseng and Lin 2011).
A holistic framework on agility measures proposed by Sherechig, Karwowski and Layer (2007) include: agility drivers, strategic abilities, agility providers and agility capabilities. Agility drivers according to them consist of all factors of the external business environment creating turbulence and the unpredictability of the changes which drive an organization to adopt agility. Strategic abilities on the other hand are determined through factors such as responsiveness, flexibility, competence and speed which are considered as the main features of an agile organization that allows adaptation to changes. They further posited that agility capabilities could be achieved by a means of agility providers. Agility providers on the other hand can be derived from four manufacturing areas; organization, technology people and innovation. They asserted only and when only these criteria are integrated agility could be achieved.

Haraf (2015) on the other hand identified 10 basic elements which they called “the pillars of agility”. These elements include, (i) culture of innovation (ii) empowerment (iii) tolerance for ambiguity (iv) vision (v) strategic direction (vi) change (vii) communication (viii) market analysis and response (ix) operations management and (x) development of a learning organization. According to Haraf (2015), all other pillars previously discussed culminated in this final pillar. Developing a learning organization is presented as the final pillar of agility because it provides the necessary tools and cultural implications to enable the previous pillars to exist in a harmonious fashion, unique, to the various purposes and functions of differing organizations (Haraf 2015).

Dimensions of Organizational Agility

Different dimensions of organizational agility have been identified by various authors. Sharifi and Zhang (1999) identified responsiveness, competence, flexibility, and speed as basic measures of organizational agility. Coffman and Harder (1998) posited that the basic elements of the agile organization include learning ability, creativity, fastness, timely communication, and adaptability and employee’s participation. This study however, adopted speed, flexibility, and competency as measures of organizational agility.

**Speed:** this is the capability to instantly respond to changes concerning new goods, respond to market, appropriation of time for products and service transfer (Kuleelung et al 2015). Speed represents a time an organization utilized to react to occurrences in its environments. Speed is concerned with fast movement in the right direction which will yield positive results for the organization. A culture of speed evolves when an organization consistently initiate speed in all areas of its operation ranging from; new product idea generation, combating rivals, task accomplishment, and service delivery. Time is a valuable asset and the main asset when spent either wrongly or appropriately cannot be recover. Most organization fails today not on the grounds that they lack the right blend of assets but because they lack speed in meeting up with prevalent trends in today business world. With the pace at which society advances, organizations need to take the necessary steps to stay applicable. The speed of an organization can be estimated over an assortment of components, for example, basic leadership time slack, imaginative moves, responsiveness to clients’ needs and the procedure of undertaking execution.

One of the primary ways in achieving customer satisfaction is by manufacturing products to meet their demands as quick as possible and which shows the importance of customer feedback in the product design. Speed implies consistent, strong and rapid response to sudden
changes, new market opportunities and customer specification. Thus, the competitive advantage of these firms often depends on the speed with which they enter the market and meet the customers (Li et al., 2008).

**Flexibility:** This is the ability to implement different processes and apply different facilities to achieve the same goals, consists of items such as: product volume flexibility, people flexibility. Reed and Blundson (2012) defined flexibility as the capability of an organization to adjust its internal structure and work processes in response to environmental changes. A flexible organization thus, is one that does easily and swiftly adjust to environmental changes. Flexibility is the ability to produce and deliver various products and achieving different objectives with same resources and equipment. Ability to change and adjust as quickly as possible in today ever-changing business environment has become a thing of concern to several organization. Teece and Augier (2009) posited that a company can actualize competitive edge over rivals when in possession of resources or competences, but without flexibility the returns can be sustained only for a short period of time.

**Competence:** Agile organizations are mainly dependent on the capabilities and competencies of its workforce, both managers and workers, to learn and progress with change. Consequently, when considering human resources as the most important assets in an organizations asset structure, we need to think about the capability to reconfigure and transform the workforce to business needs with the result to create organizational agility. Competence thus, deals with the ability of an organization to effectively utilize its resources towards goal maximization. Therefore, a workforce is expected to exploit competencies by proactively innovating their skills and capabilities based on organizations’ needs in order to adapt to diverse and changing requirements. Agility capacity of employees requires being proactive, adaptive and generative to be sustained. Competences therefore imply the ability of an organization to connect with key resources and capabilities combination to transform and direct them towards customer satisfaction. Obiekwe (2018) noted that organizational competencies can be successfully achieved through effective human capital development. This is also supported by Nwaeke and Obiekwe (2017).

**Innovativeness and Organizational Agility**

Covin and Slevin (1991) describe innovativeness as a firm’s propensity to experiment with new ideas in order to activate ac process that results in new products, services or technological development. No doubt, innovativeness is an offspring of creative thinking as it deals with the ability of an organization or individual to transform its creative thinking into realities by a way of new product introduction, value addition and modification; hence Lumpkin and Dess (1996) posited that innovativeness is characterized of creative mindset, encouragement of Research and Development, development of new work processes, new product/services creation and introduction, and assuming leadership in area of technology. Organizational innovativeness in today’s business settings, deals with creative thinking, being first mover in new initiatives and ideas or introducing new work processes.

METHODOLOGY

The research design adopted in this paper is the survey method. The survey research design was utilized. The sampling technique used was simple random sampling techniques. The sample size of 119 was obtained from 17 selected manufacturing firms in Port. The spearman rank order correlation was used in ascertaining the relationship between the predictor and the criterion variable. The reliability of the instrument was also achieved through confirmatory tests using Crombach Alpha coefficient. Data generated were analyzed and presented using both descriptive and inferential statistical techniques.

Data Analysis and Results

Three hypotheses were tested in this study. The results are presented below:

Table 1: Correlation between Innovativeness and Organizational Agility

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<th>Innovativeness</th>
<th>Speed</th>
<th>Flexibility</th>
<th>Competence</th>
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<tr>
<td>Correlation</td>
<td>1.000</td>
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<td>Coefficient</td>
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<td><strong>Innovativeness</strong></td>
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<tr>
<td>Correlation</td>
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<td>.802**</td>
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<td>Coefficient</td>
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<tr>
<td><strong>Speed</strong></td>
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<td><strong>Spearman's rho</strong></td>
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<td>Correlation</td>
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<td><strong>Flexibility</strong></td>
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<td><strong>Competence</strong></td>
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*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

The results in table above indicate that there is a significant association between innovativeness and Speed, innovativeness and flexibility, innovativeness and competence. Innovativeness is significantly correlated to Speed (r = 0.514, p = 0.000< 0.05). Innovativeness is significantly correlated to Flexibility (r = .437, p = 0.000<0.05); and
Innovativeness is also significantly associated to competence ($r = .601, p = 0.000 < 0.05$). The association between Innovativeness and the measures of Organizational Agility is observed to be significant at the 0.05 level of significance. Going by this result, the three null hypotheses were rejected, and we therefore accept the alternative hypotheses that innovativeness is positively and significantly correlated with organizational speed, flexibility, and organizational competency.

**Discussions of Findings**

The result of this study indicated a significant relationship between innovativeness and the under studied three measures of organizational agility which are; speed, flexibility and competence from the study. It was observed that innovativeness significantly associated with speed. This therefore implies that any creative move by an organization must be in consonance with speed because a fantastic product, that is introduced to the market at the wrong time and later than expected due to delay in production process may not be of profit to the organization as consumers may exhibit low patronage towards such products due to its wrong appearance time in the market.

Hence, Surllivan (2011) asserted that the business world is becoming more radical and evolutionary new entrants are displacing old leaders as a result of their innovative disposition. The result of the study also indicated a significant correlation between innovativeness and flexibility. This implies that innovative disposition of an organization goes a long way to influence the capability of such firms in terms of its adjustments to environmental occurrences. Hence Lumpsink and Dess (1996) posited that innovativeness as a firm’s ability to absorb and support new ideas, novelty and creativity that may give into new products, services and production techniques. The result of this findings it’s in agreement with a related work done by Mehdi et al (2015), which confirmed a positive relationship between innovativeness and organizational agility of which flexibility is one.

For innovativeness and competence our study observed a significant relationship between innovativeness and competence which is in the same direction with the work of Tahmassbifdef et al (2017) which confirmed a strong relationship between innovativeness and organizational agility.

**CONCLUSIONS**

Organizational innovativeness which is characterized by creative mindset, helps in organizational encouragement of Research and Development, development of new work processes, new product/services creation and introduction, and assuming leadership in area of technology. Organizational innovativeness in today’s business settings also deals with creative thinking, being first mover in new initiatives and ideas or introducing new work processes. The actualization of competitive edge over rivals is therefore; only possible when an organization is in possession of human resources with creative competences and ideas to drive the organization forward, and the flexibility to help create new initiative to assist in the development of agility capacity. Agility helps Organizations to swiftly react to external environmental happenings and sometimes making moves even before changes occur. Innovativeness is vital in the area of new product and services development, and also very necessary in the production process which is an integration of administrative and
technological processes. In all the findings from the analysis reveals that innovativeness is positively and significantly related to organizational agility of food and beverage manufacturing firms in Rivers State Nigeria.

RECOMMENDATIONS

Drawing from above conclusions we therefore recommend that Innovativeness should be made a prerequisite specification for potential employees because employees are the life wire of the organization and an organization void of innovative employees can never thrive in this jet age. Innovativeness should be enshrined into culture of the organization so as to achieve adaptive capability. Managers of organizations should always encourage employees to be creative enough and also attach reward to creative idea generation from employees even if such employee is the least in the organizational structure.

REFERENCE


