

Organisational Dynamic Capability and Nonfinancial Performance of Manufacturing Firms in Nigeria

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Abstract

This study examined the relationship between organisational dynamic capability and non-financial performance of manufacturing firms in Nigeria. The cross-sectional survey was utilized in the study and a total of 318 managers and supervisors was covered. A sample size of 117 respondents were drawn from the population and the systematic sampling technique was utilized. The data was analysed using the spearman rank order correlation coefficient. Based on the analysis, the outcome revealed that the dimensions of organisational dynamic capability (sensing capability and integrating capability) had a significant and positive relationship with competitive advantage and organisational reputation. The study concluded that organisation that enhances their dynamic capability are most likely to operate efficiently and gain competitive edge over competitors in the industry. It was recommended among others that the management of the manufacturing firms should be fast in sensing a major change in the industry as such will inform their decisions and actions towards enhancing their competitive advantage.

Keywords: Organisational Dynamic Capability; Non-Financial Performance; Organisational Reputation; Competitive Advantage; Sensing Capability; Integrating Capability

INTRODUCTION

The performance of organisation and the manufacturing firms in particular is vital in enhancing the fortune of the organisation. Organisations are bound to fizzle out within a foreseeable future when there is poor performance. Hence, the performance of firms is the “life-blood” of any organisation and it enhances their resilience ability when faced with uncertainties in the business world. Emeka, Nwadiator and Nweze (1), remarked that nonfinancial performance of organisations helps in measuring the health and wellbeing of an organisation.

Although many researches have focus more on financial measure of performance, it is worthy to note that non-financial measure of performance is more critical because it focus on the long-term wellbeing and success of the organisation as compared to the financial measure of performance that is mostly concern with the short term success of the organisation [2];[3].

Enhancing non-financial performance of organisation enable the firm to remain agile and flexible in order to attain desired goals. The manufacturing firms are not only competing with their rivalries within Nigeria, but they are constantly competing with manufacturing firms of other countries. This undelayable truth is

owing to the fact that other manufacturing companies from other countries import their products into Nigeria which therefore force the indigenous manufacturing firms in Nigeria to produce goods in line with global standard so as to compete favourably in the business environment. Drawing from the above, it is paramount that management give high concern on how best to increase their performance so as to stay relevant in the industry.

Arokodare and Asikhia (4) defined the performance of firms as the accomplishment of the firm through the utilisation of the firm’s resources in its operations. Considering the competitive turbulence in the manufacturing sector, organisation need focus on non-financial measures in order to gain competitiveness over rivalries [5].

The measures of non-financial indicators include; customer loyalty, competitive advantage, perceived organisational image, organisational reputation, quality of products and services, customers satisfaction, operational efficiency, resource utilisation and employee morale. Considering the volatile nature of the business domain, it is important that organisations possess some dynamic capabilities in order to operate

more effectively and attain their desired goals. The dynamic capabilities of organisation deal with the way that organisations identify opportunities, develop new knowledge, internal dissemination of information and launch new services or products in the market [6]. Amin, Budiastuti, So and Arief (7) contended that organisational dynamic capability help boost the performance of organisation by enabling the firm to identify and effectively respond to the opportunities by developing new processes, services and products.

Yuliansyah and Razimi (3) examined how non-financial performance measures impact individual performance within the mediating influence of innovation. The study observed a positive relationship between the variables. Mohamed and Hussain (8) examined how characteristics of organisation impacts on the non-financial performance of the organisation. The study noted a strong relationship between organisational characteristics and non-financial performance. Few other studies have examined how dynamic capability relates with firms performance [7]; [9]; [10]. Although few studies were done on how organisational dynamic capabilities relates with performance, the studies focused on financial performance and the studies were carried out in a different country. There exist a dearth of empirical studies on how organisational dynamic capabilities relates with non-financial performance of manufacturing firms in Nigeria. It is this observed gap that has informed this study. This study thus intend to bridge this gap by examining the relationship between organisational dynamic capabilities and non-financial organisational performance of manufacturing firms in Nigeria.

Statement of the Problem

The issue bordering on performance of the manufacturing sector has become worrisome over the years because of its constant and persistent decline in performance of the sector. The manufacturing sector in Nigeria used to be the most booming sector in Nigeria. However, this narrative have changed over the years owing to the poor performance of the firms in the sector as a result of both internal and external forces. Before the booming of the oil and gas sector, the manufacturing firm was the main source of revenue to the Nigeria government which help in boosting the Gross Domestic Product (GDP) of the country. Despite the booming rate of manufacturing firms of different countries around the globe coupled with the contribution of the manufacturing firms to the fortune of the various countries, the case of manufacturing firms in Nigeria has been dwindling over the past decade [11].

Furthermore, the problem with low performance of the manufacturing firms in Nigeria was noted in Umoh,

Wokocha and Amah (12) where they noted that Nigeria manufacturing sector contributes only three percent (3%) to the country's GDP. This unpleasant and poor performance has persisted over the years. The challenge in the manufacturing firm has intensified due to globalisation. Firms in Nigeria do not only compete with indigenous companies but compete indirectly with other company operating in other countries but import their products to Nigeria. the poor performance of the manufacturing firms have reduced the economic activities in the country and has also resulted in low GDP of the country. Despite the vast natural endowment in Nigeria that could possibly boost the operation of the manufacturing firms, very little success has been recorded over the years. The poor level of performance of the manufacturing firm has intensified unemployment rate in the country. Abolo (13) remarked that between the year 2000 to 2016, more than nine hundred manufacturing firms liquidated in Nigeria. This thus could intensify the rate of poverty and increase social miscreants in the country. Onuba (14) further observed that the manufacturing sector in Nigeria experienced high decline of N80billion contribution to the country's GDP in the year 2016.

The problem of poor performance of the manufacturing sector has even intensified recently due to the outbreak of corona virus (COVID-19). Hence it is thus important that these manufacturing firms possess high dynamic capability as such will help them in withstanding unforeseeable turbulence and thus increase their performance. Despite the various studies on how to tackle the problem of poor performance of this sector, the problem still persist as many of the firms still operates even below capacity. It is on this premise that this study examined how organisational dynamic capability in terms of sensing capability and integrating capability non-financial organisational performance of manufacturing firms in Nigeria.

Objectives of the Study

The specific objectives are to ascertain the relationship between;

- i. sensing capability and Competitive Advantage of manufacturing firms in Nigeria
- ii. sensing capability and organisational reputation of manufacturing firms in Nigeria
- iii. integrating capability and competitive advantage of manufacturing firms in Nigeria
- iv. integrating capability and organisational reputation of manufacturing firms in Nigeria

Research Questions

The following research questions are proffered as a guide in the study. What is the relationship between:

- i. sensing capability and Competitive Advantage of manufacturing firms in Nigeria

- ii. sensing capability and organisational reputation of manufacturing firms in Nigeria
- iii. integrating capability and competitive advantage of manufacturing firms in Nigeria
- iv. integrating capability and organisational reputation of manufacturing firms in Nigeria

Research Hypotheses

The following hypotheses were formulated for this study.

Ho₁: There is no significant relationship between sensing capability and Competitive Advantage of manufacturing firms in Nigeria

Ho₂: There is no significant relationship between sensing capability and organisational reputation of manufacturing firms in Nigeria

Ho₃: There is no significant relationship between integrating capability and competitive advantage of manufacturing firms in Nigeria

Ho₄: There is no significant relationship between integrating capability and organisational reputation of manufacturing firms in Nigeria

LITERATURE REVIEW

This study is anchored on Resource-Based Theory. The resource-based theory (RBT) focuses on a firm's capital as the primary determinants of competitive advantage and performance. In order to analyze origins of competitive advantage, it makes two predictions [15]; [16]. For starters, this model assumes that companies within a market (or within a strategic group) are heterogeneous in terms of the capital they manage. Second, since the tools required to execute firms' policies are not perfectly mobile across firms, it is assumed that resource variability would continue over time (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate).

The Resource Based View (RBV) is based on the premise that competitive advantage is derived from resources that are important, rare, inimitable, and non-substitutable (VRIN) [15]. Nonetheless, RBV does not appear to understand why several companies can gain competitive advantage in evolving conditions, beyond the fact that it is perceived to be stagnant in nature [17] cited in [18]. As a result, the dynamic capability architecture was created as a way to expand on the RBV concept. The essence of DCs is that they place a premium on the ability to refresh competencies and creatively leverage internal and external operational capabilities, routines, and capital as a source of competitive advantage in rapidly evolving market environments [10]. Firms have been attempting to determine the strategy that drives competitive advantage in dynamic markets since the 1990s, propelled by tumultuous competition. This is encapsulated in the concept of DCs, which are thought to have business performance that is both competitive and superior [19]. For a resource package to lead to a competitive advantage, resource heterogeneity (or uniqueness) is considered a required prerequisite. "If all companies in a market have the same stock of capital, there is no strategy open to one firm that is not available to the other firms in the market," the logic goes [20].

Positive irregular returns, according to the firm's RBT, are due to economic rentals from unusual and advanced resource combinations, rather than market control [21]. The ownership of unique, uncommon, and imperfectly imitable tools, which require organisational processes to function, determines firms' long-term competitive advantages and superior performance. Intangible assets and skills are the types of tools that are most likely to have certain characteristics, produce competitive advantage, and then drive superior performance [22]; [23].

Operational Framework

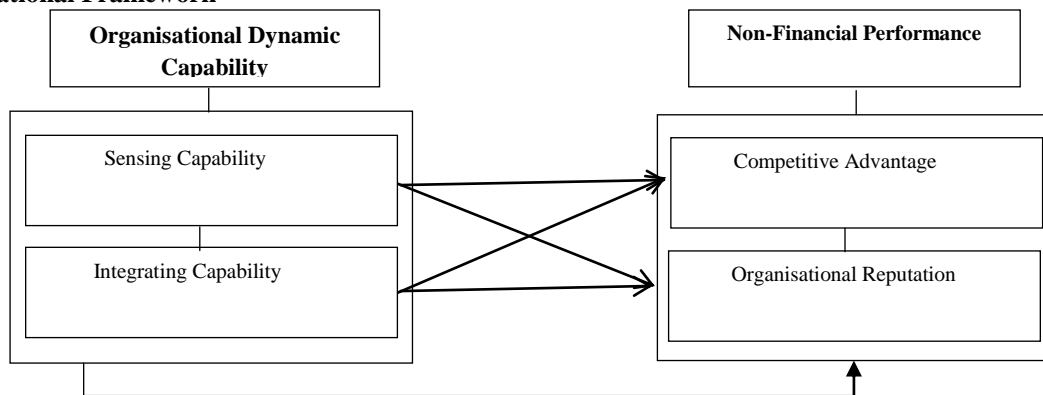


Figure 1: An operational model showing the Link between Organisational Dynamic Capability and Non-Financial Performance

Source: Adapted from Wang and Li (2013); Zhou, Zhou, Feng and Jiang (2019); Kotane and Kuzmina-Merlino (2011).

Concept of Organisational Dynamic Capability

Dynamic capabilities, according to Teece et al. (24), are a company's capacity to incorporate, develop, and reconfigure internal and external competences in order to respond to rapidly evolving conditions. Ability (or capacity) as well as processes or routines have been described as dynamic capabilities. Organisational capabilities are ingrained in the routines, frameworks, and processes of the enterprise. These routines can be seen in the organisation's operations, processes, cultures, and senior leadership's attitude, to name a few.

Teece et al. (24) go on to say that the term "capabilities" highlights the critical role of strategic management in adapting, integrating, and reconfiguring internal and external organisational expertise, tools, and functional competences to meet the evolving environment's requirements. They contend that dynamic capabilities are largely possessed by an organisation's senior management staff, but are often influenced by the hierarchical procedures, programs, and mechanisms in place to control the company's operations.

Dynamic capabilities, according to Eisenhardt and Martin (25), are made up of recognizable and basic routines. According to their findings, dynamic capabilities are the precursor operational and strategic routines from which managers change their resource base - adding and shedding resources, integrating and recombining them - in order to create new value-creating techniques [26]. These new techniques then serve as the catalysts for the development, evolution, and recombination of other tools into new competitive advantages [24]. Eisenhardt and Martin (25) describe dynamic capabilities as a firm's processes that utilize resources — specifically, processes for integrating, reconfiguring, acquiring, and removing resources — to balance and even generate market transition, similar to [24]. They conclude that firms' dynamic capabilities are the operational and strategic routines that enable them to accomplish new resource configurations.

Dynamic capabilities are organisational structures that can alter current roles, resulting in improvements in performance and competitive advantage. Dynamic capabilities, according to Zahra and George (27), are basically change-oriented capabilities that assist companies in redeploying and reconfiguring their capital base to satisfy changing customer needs and competitors' strategies. Dynamic capabilities, according to Zollo and Winter (28), are mastered and consistent patterns of group operation from which an enterprise routinely generates and modifies its working routines in the direction of greater effectiveness. Dynamic

capabilities, according to Winter (29), are those that work to expand, alter, or establish ordinary capabilities. At the heart of dynamic capabilities is the capacity of senior management to capture resources by orchestrating and integrating all new and current tools to resolve inertia and course dependencies. These capabilities, which are often referred to as high-level routines or processes [29] or routines to learn new routines [25], are now widely recognized as a key component of long-term competitive advantage. This viewpoint emphasizes the importance of senior management teams in taking substantive decisions that form long-term competitive advantage. The firm's potential to succeed in the new market is reflected in its existing capabilities. The goal for senior leaders is to cultivate and optimize these assets whilst still being prepared to reconfigure them when circumstances change. Dynamic capabilities are described as capabilities that are continually updated and reconfigured in order to make them more adaptable in unpredictable environments [30].

In moderately dynamic markets - markets where transition happens frequently but through roughly stable and sequential paths - Eisenhardt and Martin (25) investigate market dynamism and conclude that successful dynamic capabilities depend heavily on established business knowledge. Managers use their current implicit knowledge and codes of thumb to assess circumstances, then schedule and coordinate their operations in a reasonably orderly manner. Furthermore, in these markets, managers should create effective processes that are predictable and reasonably stable, as well as processes that follow a linear path from analysis to execution [31].

Sensing Capability

Sensing capability is the ability of organisation to detect, perceive and seek opportunities in the business environment [32]. Scan, search, and exploration are required to detect opportunities and threats, especially in rapidly changing markets. In operational terminology, this entails a set of tools and routines such as a strategy-making mechanism that incorporates variation, resources dedicated to competitive analysis and technical progress monitoring, and platforms for discussion of potential prospects. Subtly, and in addition to the requisite resources, this capability requires a balance of centralization and decentralization of control to encourage feedback from market-facing units, an open culture that fosters debate, senior leaders' commitment of resources (financial and time) to encourage long-term thinking, and a senior management team that fosters a long-term mindset and practice [33]. Market sensing capability refers to a firm's ability to gather knowledge from the market (i.e., consumers, rivals, and technologies), perceive it, and

store it as knowledge in an open corporate memory [27].

For incumbent senior teams, this sensing is challenging. Sensing capability is critical for businesses to analyze their operating environments, understand customer preferences, and implement employee ideas. Market dynamics and a customer-centric mindset support businesses in identifying customer expectations and desires. The ability to detect shifts in customer preferences is critical for businesses, especially service businesses. Managers and staff who work directly with consumers must possess the necessary knowledge, skill, and experience to identify opportunities and respond appropriately. Sensing activities must take place despite the difficulty of predicting technology patterns, especially because route dependencies and senior team cognitions often lock firms into established market and technical trajectories [33]. Bingham (34) discovered that developing new capabilities successfully in entrepreneurial companies requires learning from early mistakes rather than preventing them. Thus, promoting ambidexterity includes a senior management team that fosters learning, questions the status quo, acknowledges regression, and promotes knowledge integration and transition, even as the exploitative subunit stresses the polar opposite.

Integrating Capability

The opportunity to embed new knowledge into new operational capabilities by establishing a common understanding and mutual sense-making is referred to as integrating capability [32]. The willingness of a company to combine and organize various operations and parts of its supply chain is referred to as integrating capability. Many roles and tasks are included in the value-creation process in many corporations and organisations, or many agencies. In other words, no one corporation can generate all of the value. To put it another way, it has to collaborate with other companies that are part of the same value chain. Having said that, it seems that the company's ability to manage and organize many of these disparate roles and organisations through the value chain is critical. In other words, the company's integrating capabilities in terms of coordination capability among its value chain partners and supply chain partners. And it isn't just outside the business where this occurs. However, there is still a lot of conflict within the company. Coordination or communication between the manufacturing and marketing departments is critical. Manufacturing and distribution are two different functions as a result, integration would take place both within and outside the organisation at the same time.

Integration can be built on services that can be combined, whether they are concrete or intangible. Physical resources such as factory, machinery,

property, raw materials, semi-finished products, and so on, as well as human resources such as manpower, managerial, financial, legal, and technological resources, make up these resources [34]. Managerial capacity, product or factor markets, and complexity and risk are the three explanations that restrict firm expansion. The last two reasons are essentially constant and cannot be managed by the firm; the only thing a firm has is (managerial) ability, which it has and can manipulate. These tools are pooled by businesses to improve capabilities. Teece et al. (24) advanced dynamic capability on the basis of these classic literatures, claiming that the component of firm-specific capabilities can be sources of competitive advantage. According to Hobday et al. (36), systems integration is the technical capability that underpins new product growth and introduction, as well as the capability that a company uses to determine when and how to position itself, influencing how a firm competes, how it collaborates with, and how it competes with. These capabilities are then used to develop supportive tactics. Innovation necessitates a high level of integrative capability. Swan et al. (2007) found that the ability to incorporate and integrate knowledge (scientific, technical, commercial, and regulatory) through a dispersed variety of specialist groups would be essential to (biomedical) innovation as they investigated the modes of organising biomedical innovation in the UK and the US.

Technical integration capabilities, information integration capabilities, the ability to combine human capital, corporate integration capabilities, and transportation integration capabilities are also examples of integration capabilities. Integration is a process, not an end goal, and it should be based on that goal.

Non-Financial Performance

As a result of the scarcity of financial-based performance metrics, the non-financial performances were created [38]. Standard approaches, according to Gomes et al. (39), struggle to meet current needs in today's dynamically evolving world, which can contribute to short-term thinking. Non-financial performances provide a clear strategic objective and can offer more relevant internal knowledge in a timely manner, as well as react to different types of information required for decision-making. This method can also provide signals for optimizing critical practices in organisations [40]; it can become stronger measures of potential financial performance, and it can be used to motivate employees [41].

Non-financial performances are often seen in the manufacturing sector in today's organisations [42]. Because of the essence of the everyday routine for managing production and delivery processes, non-financial steps are the only way to go. According to

previous research, small production companies used Non-Financial Organisational Performances moderately [43]. Despite the widespread agreement on the value of non-financial organisational performance, analytical research on how to apply non-financial organisational performance and its effect on performance is still lacking. A few scholars have published previous studies on the relationship between non-financial organisational performance and performance.

Non-Financial Performance Measurements (NFPMs) are used by most organisations to deliver valuable metrics to decision makers – data on consumers, personnel, market share, goods, operation, and quality – that must be generated as quickly as possible [44]. NFPMs provide forward-looking data that cannot be collected by their financial performance indicators counterparts [45]. Furthermore, according to some academics, NFPMs enable workers to be more agile in their responses [46]. Other policies rely solely on money, while NFPMs allow workers to be innovative. Flexibility encourages new and creative approaches to achieving goals. Managerial performance is most likely to improve as a result of innovation [47].

Organisational Reputation

The combined expression of a firm's previous activities and performance that exemplify the firm's capacity to provide beneficial outcomes to a complex group of stakeholders, according to [48]. Fombrun's definition, according to Walker (49), stresses that reputation is founded on expectations, the mutual understanding of all stakeholders, and comparative analysis. Walker (49) adds two additional dimensions to the equation: Reputations, whether positive or negative, are both stable and long-lasting. Deephouse and Suchman (50) observe that reputation is fundamentally a continuous measure, with each actor being placed on a continuum from worse to best; rival, in the sense that an organisation's reputation will only improve at the expense of another organisation; differentiating, in the sense that reputation encourages organisations to differentiate themselves from their peers. Organisational reputation, according to Fombrun (51), is a reciprocal indicator of a company's attractiveness to a specific class of stakeholders as compared to a reference set of businesses in which the company competes for resources.

Corporate reputation is a broad concept that changes as information about an organisation's operations and milestones travels and communications with the organisation and its stakeholders take place (suppliers, salesmen, competitors, clients, investors, employees and local communities). As a result of their differing contexts and perceptions of the information obtained, different stakeholders may have differing perspectives

on the company: an enterprise may have a positive reputation among stockholders but a negative reputation among employees [52]. Outside of their doors, organisations do not have full control over the information about them. Many stakeholders form their views without ever communicating with the company directly, but depending on third-party sources (e.g. the media and opinion leaders). As a result, businesses face a huge obstacle when it comes to maintaining their own reputation: in addition to internal communication and messaging, reputation can be influenced by a variety of external influences [53]. Companies differ based on their ability to accurately articulate who they are and what they stand for, according to Schultz, Hatch, and Larsen (54).

According to Feldman, Bahamonde, and Bellido (55), reputation is the overall interpretation or appraisal of a company's performance and qualities by its constituents. It's a long-term social pattern with perceptual and affective components [56]. A company's reputation is created as it is compared to a certain average (which may be other companies in the industry) in order to determine its relative position and general attractiveness [50], thus assisting it in assessing its performance from an external standpoint [57].

A company's reputation can be described as a measure of its ability to provide valuable outcomes to its stakeholders. As a result, it leads to the elimination of ambiguity, allowing for lower transaction costs. As a result, brand reputation has long been regarded as a competitive tool for businesses looking to set themselves apart from the market and provide potential barriers to entry for competitors. Furthermore, a positive reputation may be used as a strategic tool to establish credibility and support among different stakeholders [58]. According to resource-based value theory, corporate reputation is an important and distinct intangible resource that can help an organisation gain a competitive advantage.

Additionally, as new unfavorable evidence emerges, a favorable reputation will persuade perceivers to give organisations the benefit of the doubt. According to Pfarrer et al. (59), firms with a better reputation, as measured by archival third-party rankings, experienced less stock market impact because they had unfavorable earnings surprises.

Competitive Advantage

Competitive advantage can be described as a feature that allows a company to outperform its competitors. A competitive advantage could include the availability of assets such as a low-cost capability origin, a highly skilled worker, a topographical location, exceptional access across barriers, and access to modern scientific techniques. Competitive advantage aims to address

some of the issues around comparative advantage. Competitive advantage is based on the premise that low-cost services are widely available and that raw resources are unimportant for a better country. The comparative advantage theory focuses on a single field of exporting basic goods and natural resources that, as a result of purchasing and selling, entice populations into poor-income economies. An industry plan of action manoeuvres the various properties for which it has clear authority in order to achieve competitive advantage, and these assets have the potential to generate competitive advantage [60]. Competitive advantage is shown by more skilled achievement and success in the production of raw materials [61].

Whether a company can provide the same advantages as rivals at a reduced cost (cost advantage), or when it can provide benefits that are superior to those of rival products, it has a competitive advantage (differentiation advantage). Competitive advantage is a philosophy that attempts to counter some of comparative advantage's objections. According to competitive advantage theory, states and firms can follow strategies that result in the production of high-quality products that can be sold at high market rates. Competitive advantage is based on the assumption that low-cost labour is available anywhere and that natural resources are not needed for a healthy economy. Competitive advantage is needed for happier consumers who will obtain higher value in produced goods for higher profits, as requested by the owners, and such criteria can be met by better production organisation, higher application, and as low as possible production costs [62].

According to Barney (15), finite and valuable resources can provide a competitive advantage, and if these resources are often difficult to replace, replace, and supply, the advantage can be sustained. When a company acquires or creates a feature or set of features that helps it to outperform its rivals, it is said to have gained a competitive advantage. Access to natural resources, such as high-grade ores or low-cost electricity, or human resources with highly educated and experienced workers, are examples of these qualities.

A company's competitive strategy focuses solely on the details of management's game plan for competing successfully-specific efforts to please customers, offensive and defensive moves to counter rival manoeuvres, responses to which market conditions are in effect at the time, initiatives to strengthen its market position, and approach to securing a competitive advantage. Companies all over the world are coming up with creative ways to gain customer favour through competitive tactics. The aim of most businesses is to actually do a better job than competitors at delivering what customers want in order to gain a competitive

advantage in the marketplace. When a business has a competitive advantage over its competitors in terms of winning customers and dealing with competitive forces, it is said to have a competitive advantage. There are a variety of ways to gain a competitive advantage, but they all include providing shoppers with what they consider to be better value as opposed to competing sellers' offers. A decent product at a cheaper price; a better product that is worth paying money for; or a best-value package that reflects an enticing mix of price, functionality, quality, operation, and other appealing qualities. Delivering superior performance, in any manner, almost always necessitates conducting value chain operations differently than competitors and developing competencies and resource capabilities that are difficult to match.

Empirical Review

Rosenzweig, Roth, and Dean (63) looked at how manufacturing-based competitive capabilities would mediate the connection between supply chain integration and market performance. While previous research indicates that supply chain integration is directly linked to improved market performance, the importance of manufacturing capabilities as a mediating factor has yet to be investigated. They developed and tested a theory-based model using hierarchical regression analysis on a sample of consumer goods manufacturers. In contrast to Frohlich and Westbrook's (64) assertions about the applicability of the "outward-facing strategy" to the consumer goods sector, their findings show that supply chain integration intensity directly correlates with improved business performance, corroborating the conventional wisdom about supply chain integration's growing importance in the consumer goods sector. Furthermore, empirical evidence for the mediating effect of manufacturing-based competitive capabilities in supply chain management was discovered in the research.

Lindblom, Olkkonen, Mitronen, and Kajalo (65) investigated retail entrepreneurs' market-sensing capabilities and the effect these capabilities have on their business performance. Following the presentation of a conceptual model based on a literature analysis, an Internet survey of 226 K-retailers from the Finnish K-alliance is conducted. The mathematical model is tested and the impact of market-sensing capability on development and profitability is investigated using structural equation modelling (SEM). According to the findings, the majority of the retail entrepreneurs surveyed have comparatively well-developed market-sensing capabilities. The ability to sense the market and business success was considered to have a poor positive relationship. Market-sensing capability, on the other hand, has no constructive association with profitability. In this analysis, factors other than market-sensing capability were not taken into account. The

article encourages practitioners to consider how market-sensing capabilities of entrepreneurs can be conceptualized and built in the framework of retail chains.

The impact of dynamic capability for research and development, marketing, and production on performance were investigated by Wang and Hsu (66). They also looked at how the independent moderating efforts of governance and competitive posture affect dynamic capability and performance. Using Bayesian analysis, this study looks at panel data from 242 high-tech companies from 2001 to 2007. The findings show that dynamic capability for research and development and production has a significant effect on performance. They also discovered that governance has a positive effect on performance when it comes to dynamic capability for research and development. Furthermore, competitive posture has a favorable effect on performance when it comes to dynamic capability for marketing.

Ahmad and Zabri (42) investigated the use of non-financial performance assessment systems in manufacturing firms, looking at the relationship between company scale, market climate, owners/manager presence, and new manufacturing technologies, as well as the use of non-financial performance metrics. A questionnaire was sent to a random sample of 500 Malaysian manufacturing companies, and 102 usable questionnaires were returned. Non-financial performance metrics relevant to corporate operations and consumers are the most often used, according to the findings. Techniques applicable to quality management, on the other hand, are seldom used. The findings further show that the scale of the firm, the role of the owner/manager, new technologies, and the use of non-financial performance metrics all have major relationships.

Alshanty and Emeagwali (67) investigated the relationship between market-sensing capacity, knowledge development, strategic entrepreneurial focus, and creativity in small and medium-sized businesses (SME). The data was collected from (n = 255) SMEs in Jordan, and the data was analyzed using covariance-based structural equation modeling (CB-SEM). The SEM outcome shows that market-sensing capability has a positive impact on knowledge development and firm creativity. The method of knowledge generation has a positive impact on business innovation. The relation between market-sensing capability and firm creativity was mediated by the knowledge creation process. As strategic entrepreneurial-orientation is strong, the positive relationship between knowledge development and company creativity is moderated, and the positive relationship becomes weaker.

Sudrajat et al. (68) investigated the impact of sensing capability (SC) on the financial performance of logistics service firms (LSF-FP) as a result of advanced logistics services (ILS). A quantitative approach was used in this study. Questionnaires and chance sampling were used to gather data. The sample size was 150 respondents from logistics service firms (LSF) in the Jakarta (Jabodetabek) area who were registered as members of the Indonesian Logistics Federation Association (ILFA). The heads (managers or directors) of the companies served as the unit of observation. The SEM-PLS software was used to analyze the collected data. SC played a significant role in the ILS and financial performance of the LSF-FP in Indonesia, according to the findings of this study. SC must be able to ILS in terms of execution in order to have a greater effect on the LSF-financial FP's performance.

METHODOLOGY

The cross-sectional survey which is a type of the quasi experimental design was used in this study. The accessible population was the 30 selected manufacturing companies in south west geopolitical zone of Nigeria. The Taro Yamene (na) formula for sample size determination was used to arrive at a sample size of 117. Thus, a total of 117 questionnaires were distributed to managers and supervisors in the 30 selected firms. The systematic sampling technique was used in this study. This technique was used because it gives a true representative of the entire population and reduces the tendency for researcher bias in selecting the sample case.

The independent variable (Organisational dynamic capability) was measured in terms of sensing capability and integrating capability. 12 items were used in sensing capability (e.g. My company is quick in understanding new opportunities to serve our client better), 6 items will be used in measuring Integrating Capability (e. g, In my organisation , we share new knowledge across the organisation internally). Also, the dependent variable organisational nonfinancial performance) was measured using , competitive advantage and organisational reputation. 7 items will be used in measuring competitive advantage (e.g. Our brand stands us out from competitors) and 7 items will be used in measuring organisational reputation (e.g. My organisation has a track record of delivering on its promises). Items were rated on a 4-point Likert scale ranging from 1-strongly disagreed, 2-disagree, 3-agree and 4-strongly agreed. The spearman rank order correlation coefficient statistical analysis was used in analysing the bivariate hypotheses through the help of Statistical Package for Social Sciences (SPSS) version 25.

RESULTS

A total of 177 questionnaires was distributed to respondents, however, only 160 (90%) copies were returned and used for the study. The hypotheses test was undertaken at a 95% confidence interval implying a

0.05 level of significance. The decision rule is set at a critical region of $p > 0.05$ for acceptance of the null hypothesis and $p < 0.05$ for rejection of the null hypothesis.

Table 1: Sensing Capability and Competitive Advantage Correlations

		Sensing Capability		Competitive Advantage
Spearman's rho	Sensing Capability	Correlation Coefficient	1.000	.350**
		Sig. (2-tailed)	.	.000
		N	160	160
	Competitive Advantage	Correlation Coefficient	.350**	1.000
		Sig. (2-tailed)	.000	.
		N	160	160

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

Ho₁: There is no significant relationship between Sensing Capability and Competitive Advantage of manufacturing firms in Nigeria

The outcome of the study in Table 1 demonstrates that the rho = .350 between Sensing Capability and Competitive Advantage is significant at $p < 0.05$

($0.000 < 0.05$). This suggests that Sensing Capability and Competitive Advantage have a moderate association. The null hypothesis is rejected, and the alternative hypothesis is accepted and restated that *there is significant relationship between Sensing Capability and Competitive Advantage.*

Table 2: Sensing Capability and Organisational Reputation

		Sensing Capability		Organisational Reputation
Spearman's rho	Sensing Capability	Correlation Coefficient	1.000	.296**
		Sig. (2-tailed)	.	.000
		N	160	160
	Organisational Reputation	Correlation Coefficient	.296**	1.000
		Sig. (2-tailed)	.000	.
		N	160	160

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

Ho₂: There is no significant relationship between Sensing Capability and Organisational Reputation of manufacturing firms in Nigeria

The study in Table 2 demonstrates that the $p < 0.05$ ($0.000 < 0.05$), rho = 0.296 between Sensing Capability

and Organisational Reputation was significant. This suggests that the interaction between Sensing Capability and Organisational Reputation is important. The null hypothesis is rejected and we reiterate that *there is a significant relationship between Sensing Capability and Organisational Reputation.*

Table 3: Integrating Capability and Competitive Advantage

		Integrating Capability		Competitive Advantage
Spearman's rho	Integrating Capability	Correlation Coefficient	1.000	.280**
		Sig. (2-tailed)	.	.000
		N	160	160
	Competitive Advantage	Correlation Coefficient	.280**	1.000
		Sig. (2-tailed)	.000	.
		N	160	160

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

Ho₃: There is no significant relationship between Integrating Capability and Competitive Advantage of manufacturing firms in Nigeria

Table 3 showed significant $p < 0.05$ ($0.000 < 0.05$), $\rho = 0.280$ between Integrating Capability and Competitive

Advantage. This suggests that Integrating Capability and Competitive Advantage are significantly linked. The null hypothesis is rejected and we reaffirm that *there is a significant relationship between Integrating Capability and Competitive Advantage*.

Table 4: Integrating Capability and Organisational Reputation

		Correlations		
			Integrating Capability	Organisational Reputation
Spearman's rho	Integrating Capability	Correlation Coefficient	1.000	.392**
		Sig. (2-tailed)	.	.000
		N	160	160
	Organisational Reputation	Correlation Coefficient	.392**	1.000
		Sig. (2-tailed)	.000	.
		N	160	160

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

Ho₄: There is no significant relationship between Integrating Capability and Organisational Reputation of manufacturing firms in Nigeria

The results of the Table 2 study demonstrate a significant level $p < 0.05$ ($0.000 < 0.05$), $\rho = 0.392$ for Integrating Capability and Organisational Reputation. This suggests that Integrating Capability and Organisational Reputation are significantly linked. The null hypothesis is rejected, and we reaffirm that *there is a significant relationship between Integrating Capability and Organisational Reputation*.

relationship and sensing capability has no constructive association with profitability.

DISCUSSION OF FINDINGS

Based on the above findings, the study realized:

Sensing Capability and Competitive Advantage

The investigation of hypothesis one revealed that Sensing Capability and Competitive Advantage had a substantial link. The fact that the p-value was lower than the threshold of significance ($p = 0.000 < 0.05$) explains the existence of this association. As a result, the null hypothesis was disproved, and the alternate hypothesis was accepted. Furthermore, the spearman correlation coefficient demonstrated a 0.350 link between Sensing Capability and Competitive Advantage. This demonstrates that Sensing Capability and Competitive Advantage have a significant beneficial association. As a result, improving the Sensing Capability will improve the organisation's Competitive Advantage. This conclusion aligns with that of this result is supported by the claims of Day (12) that companies that master sensing practices obtain a competitive advantage and achieve superior business results. The idea to obtain external market knowledge, such as an understanding of customer preferences, needs, and service practices, has been described as critical for new innovation. However, to Lindblom et al (65), the ability to sense the market and business success was considered to have a poor positive

Sensing Capability and Organisational Reputation

The investigation of hypothesis two revealed that Sensing Capability and Organisational Reputation had a substantial link. The fact that the p-value was lower than the threshold of significance ($p = 0.000 < 0.05$) explains the existence of this association. As a result, the null hypothesis was disproved, and the alternate hypothesis was accepted. Furthermore, the spearman correlation coefficient demonstrated a 0.296 link between Sensing Capability and Organisational Reputation. This demonstrates that Sensing Capability and Organisational Reputation have a significant beneficial association. As a result, improving the Sensing Capability will improve the organisation's reputation.

Integrating Capability and Competitive Advantage

The study of hypothesis three demonstrates that Integrating Capability and Competitive Advantage have a substantial link. The p-value of 0.000 was less than 0.05 ($p = 0.000 < 0.05$), indicating that Integrating Capability has a significant link with Competitive Advantage. As a result, the null hypothesis was disproved, and the alternate hypothesis was accepted. The correlation coefficient (r) has been calculated to be 0.280. As a result, it is clear that Integrating Capability and Competitive Advantage have a weak connection. As a result, improving the Integrating Capability will aid Competitive Advantage. As a result, the study's third aim, which was to see whether Integrating Capability had anything to do with Competitive Advantage, was achieved.

Integrating Capability and Organisational Reputation

The study of hypothesis four demonstrates that Integrating Capability and Organisational Reputation have a substantial link. The p-value of 0.000 was less than 0.05 ($p=0.000<0.05$), indicating that Integrating Capability has a significant link with Organisational Reputation. As a result, the null hypothesis was disproved, and the alternate hypothesis was accepted. The correlation coefficient (r) has been calculated to be 0.392. As a result, it is clear that Integrating Capability and Organisational Reputation have a weak connection. As a result, improving the Integrating Capability will aid Organisational Reputation. As a result, the study's third aim, which was to see whether Integrating Capability had anything to do with Organisational Reputation, was achieved. This discovery is consistent with Pfarrer et al. (59), firms with a better reputation, as measured by archival third-party rankings, experienced less impact because they had unfavourable earnings surprises as a result of their integrating capability.

CONCLUSION AND RECOMMENDATIONS

Ensuring the nonfinancial performance of organisations and of the manufacturing firms in particular is relevant in enhancing the total wellbeing of the Nigeria economy. Enhancing sensing capability will help ensure corporate reputation of the manufacturing firms which will thus help boost their performance. When an organisation is fast in detecting major changes in the industry, such will enable them to put different mechanism in place in order to maximize the opportunities that comes with the changes and thus boost the competitive edge of the organisation. Organisations that are often searching for new knowledge regarding sustainable development stand a better chance of outperforming rivalries in the industry. The higher the sensing capability of the manufacturing firms, the higher their performance in the industry. This implies that inability of the organisation to easily sense opportunity will negatively affect their performance on the nearest future. Furthermore, putting a searchlight in the business environment is relevant for firms to easily sense relevant opportunities that are necessary in enhancing their corporate reputation and competitive edge in the industry. Enhancing integrating capability has a positive relationship with organisational reputation and competitive advantage. This implies that organisation that enhances their dynamic capability are most likely to operate efficiently and gain competitive edge over competitors in the industry. Organisations that ensure inter-departmental coordination are more likely to record higher performance level. The following suggestions are made based on the results and conclusions of this research:

1. The management of the manufacturing firms should be fast in sensing a major change in the

industry as such will inform their decisions and actions towards enhancing their competitive advantage.

2. The management of the manufacturing firms should constantly monitor the technological and market trends in the industry as such will help enhance their sensing capability and thus boost their organisational reputation.
3. The management of the manufacturing firms should search for new knowledge regarding sustainable development and integrate them as such will help enhance the firms competitive advantage.
4. The management of the manufacturing firms should strategically identify and acquire external knowledge very quickly integrating them in order to boost their reputation.

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