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ORGANISATIONAL CAPABILITY AND STRATEGIC COMPETITIVENESS IN BREWING FIRMS IN SOUTH EAST, NIGERIA.

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Abstract

The Brewing industry faces increasing competition and dynamic market conditions, understanding the factors that contribute to strategic competitiveness becomes imperative. This study investigates the effect of organisational capability and strategic competitiveness in brewing firms in South East, Nigeria. Drawing on the resource-based view (RBV) and dynamic capabilities theory, this research examines how organisational capabilities, such as innovation, flexibility, participative decision and employee training, influence strategic competitiveness. A sample size of 365 was arrived at out of 10384 population using Taro Yamane formula. Data were collected through structured surveys conducted among key employees in the brewing industry. Descriptive statistics (frequencies, percentages, mean, and standard deviation) and the inferential statistics such as test statistics and the multiple regression model were used for analysis. The four objectives of the study, innovation, flexibility, participative decision, and employee training, were processed using descriptive statistics (mean and standard deviation) and the multiple regression model of the Ordinary Least Square (OLS). T-test and F-test statistics were used to test the hypotheses of the study and the overall fitness of the model as Ho1: Innovation has no significant effect on the market share of brewing firms in Southeast, Nigeria, Ho2: Flexibility has no significant effect on the market share of brewing firms in Southeast, Nigeria, Ho3: Participative decision has no significant effect on the market share of brewing firms in Southeast, Nigeria, and Ho4: Employee training has no significant effect on the market share of

brewing firms in Southeast, Nigeria. The variables of the objectives were variously subjected to factor analysis using the Principal Component Analysis (PCA), with the aid of SPSS version 23. Findings revealed that innovation, flexibility, participative decision and employee training, had significantly enhanced the market share of brewing firms in South East, Nigeria. The study concluded that organisational capability has enhanced strategic competitiveness in brewing firms in South East, Nigeria. Based on the findings of this study, it was recommended that the brewing firms need to increasingly adopt product innovation in packaging and branding, pricing, differentiations, distribution models and channels, strategic global alliances, market segmentation, adverts and sponsorship in order to surmount competition and maintain market share. Brewing firms also need to strive in order to offer flexibility in the workplace because it helps organisations retain their existing talents, boost morale, and attract new talents among others.

Key Words: *Organisational Capability, Strategic Competitiveness, Innovation, Flexibility, Participative Decision, Employee Training and Market Share.*

Introduction

Firms strive for competitiveness by developing capabilities, without which they face challenges that could lead to closures (Nwaohiri & Onuoha, 2020; Adeoye, Ajemunigbohun & Okunbanjo, 2023). Various factors drive organisations to remain competitive, including economic instability, political instability, regulatory issues, infrastructure challenges, market competition, public health concerns, and global economic conditions. For instance, economic volatility in certain African countries may affect consumer purchasing power, and fluctuations in currency values and inflation is likely to impact production costs and profitability. Additionally, political instability creates an unfavorable business environment due to frequent changes in government policies, corruption, and civil unrest, disrupting operations and profitability for brewing firms (Tichá, 2010). Organisational capability and strategic competitiveness are crucial concepts in business and management. Organisational capability refers to an organisation's capacity to perform activities, achieve objectives, and adapt to changing circumstances. It encompasses a combination of resources, skills, processes, and strategic approaches that allow an organisation to execute operations and achieve goals effectively (Palencia, López-

Barraza & Jiménez, 2022; Orlandi, 2016; Tichá, 2010; Wingwon, 2012). Strategic competitiveness refers to a company's ability to formulate and implement strategies that outperform competitors, sustain market position, and achieve superior performance. It involves creating and sustaining a competitive advantage long-term (Mohamed & Başar, 2023; Makinde, Akinlabi, Adefulu & Vyas Nikunj, 2023; Olanipekun, Abioro, Akanni, Arulogun & Rabiu, 2015; Olokundun, Iyiola, Ibidunni, Falola, Salau, Amaihian, Peter & Borishade, 2018; Orishede, 2016. Extant literature posits that innovation, flexibility, participative decision-making, and employee training are critical capability development indicators that help organizations develop strategic competitiveness (Oloo, 2016). Innovation and strategic competitiveness are closely linked, playing crucial roles in organisational success in today's dynamic business environment. Innovation involves introducing new ideas, products, services, processes, or ways of doing things to create value and stay ahead of the competition. It includes product innovation, process innovation, organisational innovation, and marketing innovation. Flexibility refers to an organisation's ability to adapt to changes in internal and external environments, including technology, market conditions, customer preferences, and regulatory requirements. Flexible organizations are nimble, responsive, and capable of making swift decisions and adjustments. They encourage innovation and creativity, fostering a culture that values continuous improvement. Employee training encompasses various methods to improve employees' skills, knowledge, and abilities. Effective training can be achieved through on-the-job training, classroom training, online or e-learning, simulations and role-playing, and workshops and seminars. Effective training involves identifying training needs, designing training programs, delivering training, evaluating effectiveness, and continuous improvement. By employing a variety of training methods and following a structured approach, organizations can effectively enhance their workforce's skills and knowledge, leading to improved performance and organisational success. This study was necessitated by the alarming increase in business mortality in Nigeria, resulting in poverty and soaring

unemployment (Anugwu, Nwosu & Okoli, 2021). The focus is on brewing firms in South-east Nigeria, known for substantial employment generation and significant socio-economic contributions. The study examines how brewing firms pursue competitiveness through innovation, flexibility, participative decision-making, and employee training, which are crucial for fostering strategic competitiveness. Enterprises with requisite capabilities adapt to market dynamics, create new products and services, and satisfy evolving consumer preferences, ensuring sustainable market positioning (Anugwu et al., 2021). The absence of innovation poses challenges, leading to organisational stagnation and difficulty in navigating dynamic markets. Organisational inflexibility impedes responses to external changes, such as market trends, technological advancements, and regulatory shifts. A deficiency in participative decision-making reduces engagement, commitment, and ingenuity. Neglecting employee training negatively impacts skill enhancement and organisational performance. To flourish, Nigerian brewing firms must cultivate innovation, flexibility, participative decision-making, and robust employee training practices to bolster strategic competitiveness (Alhosseiny, 2023; Bergshem & Gustafsson, 2023).In the light of the above, this research aims to scrutinize organisational capability and strategic competitiveness among brewing firms in South-east, Nigeria.

2.0 Review of Related Literature

2.1. Organisational Capability

Organisational capability is essential for achieving goals and maintaining competitiveness, involves an organisation's resources, processes, skills, and capacity to adapt and innovate. Key components include human capital, financial resources, technological infrastructure, innovation, adaptability, organisational culture, strategic planning, supply chain management, customer relationships, regulatory compliance, and risk management (Al-Qatamin & Esam, 2018; Al-Romeedy, 2019; Arokodare & Asikhia, 2020). High organisational capacity positively impacts performance, productivity, innovation, employee engagement, financial stability, strategic execution, customer satisfaction, risk

management, competitive advantage, resilience, and stakeholder relations. Organisations with strong capacity can efficiently operate, innovate, and adapt to market changes, enhancing employee satisfaction and retention, financial health, strategic planning, and customer loyalty (Islami, Mustafa & Latkovikj, 2020; Orlandi, 2016; Cheng, 2023). This capacity fosters resilience against disruptions and strengthens stakeholder relationships, significantly shaping success in a dynamic and competitive environment.

2.2. Strategic Competitiveness

Strategic competitiveness is essential in business strategy, focusing on creating and maintaining a competitive edge through resource management, strategic management, and continuous innovation. It involves external and internal analyses, adaptability, global considerations, risk management, corporate social responsibility (CSR), dynamic capabilities, and strategic alliances. Companies achieve competitive advantage by leveraging unique resources, inimitable products and processes, and adjusting strategies in response to market and technological changes. Challenges to strategic competitiveness include rapid technological advancements, shifting consumer preferences, globalization, resource constraints, talent management, regulatory compliance, cyber security threats, and the need to balance short-term gains with long-term planning. Additionally, managing complex global supply chains and integrating sustainability into business strategies are critical. Addressing these challenges requires strategic foresight, adaptability, innovation, and effective leadership (Islami, Mustafa & Latkovikj, 2020; Orlandi, 2016; Cheng, 2023).

2.3. Theoretical Framework

Dynamic Capabilities Theory (DCT), introduced by David J. Teece, Gary Pisano, and Amy Shuen in 1997, is a strategic management framework emphasizing an organization's ability to adapt, integrate, and reconfigure resources in response to environmental changes. It contrasts with the Resource-Based View (RBV) that focuses on the strategic value of static

resources. The key components of DCT are sensing (identifying changes and opportunities in the environment), seizing (acting decisively to capture opportunities or mitigate threats), and transforming (reconfiguring resources to meet new challenges). DCT practical implications highlight the necessity for organizations to foster continuous learning, innovation, and adaptability, as well as to develop mechanisms for environmental scanning and resource reconfiguration. The theory has various applications:

1. **Strategic Management**: DCT aids in resource orchestration, maintaining competitive advantage, and strategic renewal, especially in rapidly changing industries.
2. **Innovation Management**: It supports adaptive innovation by enhancing an organization's ability to sense market changes, seize opportunities, and reconfigure resources. It also promotes open innovation through collaboration with external partners.
3. **Organizational Learning**: DCT emphasizes continuous learning and effective knowledge management, encouraging employees to acquire new skills and ensuring knowledge is disseminated and applied within the organization.
4. **Change Management**: It guides strategic change initiatives and helps organizations adapt to external environmental changes like market demand shifts, regulatory changes, or technological advancements.
5. **Alliances and Partnerships**: DCT provides insights into forming and leveraging collaborative capabilities, and how alliances can be dynamically reconfigured to respond to environmental changes.
6. **Technology Management**: The theory guides the acquisition, assimilation, and exploitation of new technologies, helping organizations manage the lifecycle of technological innovations and maintain a competitive edge.

2.4. Empirical Review

Eneremadu, Uhegbu, and Chikezie (2024) explored the impact of product innovation on the growth of brewing firms in South-East Nigeria. Using a descriptive survey design, they studied 373 staff from two breweries, with data analyzed via descriptive, linear, and multiple regression analyses. They found a positive significant relationship between product innovation strategies—such as repackaging, rebranding, improving product performance, and introducing new products—and firm growth. The study concluded that these strategies are crucial for rapid growth and expansion, despite no significant relationship found between improved product performance and new product development.

Chiekezie, Ohue, and Ikhide (2024) examined the link between flexible work arrangements and employee commitment in brewing firms in South-South Nigeria. Anchored on job enrichment theory, the correlational study used a structured questionnaire to collect data from 299 respondents. The analysis, conducted using Pearson Product Moment Correlation, revealed a significant positive correlation between work time flexibility and employee commitment. The study concluded that implementing flexible work arrangements enhances employee commitment.

Agostini, Nosella, Sarala, and Nkeng (2024) reviewed the literature on strategic flexibility (SF) to understand its nature and key relationships. Through a systematic literature review and bibliographic analysis, they identified three emerging areas in SF research: SF as a dynamic capability, the role of knowledge management for SF, and the relationship between SF and the external environment. They proposed three future research avenues: SF with business model innovation and dynamic capabilities, the impact of digital technologies on SF and organisational agility, and the connection between SF and sustainability. They highlighted the need to explore SF in the context of digitalization.

Aruoren and Edeh (2023) investigated the effect of human capital development on the productivity of brewing firms in South-South and South-East, Nigeria. Using a cross-sectional survey design, they sampled 380 employees from a population of 7,802. Multiple regression analysis revealed that training, education, and job experience positively and significantly affect firm productivity. The study concluded that human capital development is critical for enhancing productivity and recommended continuous on-the-job training and development programs to build relevant skills and knowledge.

Chiekezie and Akinroluyo (2023) studied the influence of group dynamics on the performance of brewing firms in South-East, Nigeria. Specifically, they examined the relationships between shared purpose among team members and firm creativity, as well as participative leadership and firm performance. Using simple random sampling and analyzing data with SPSS, they found a strong positive relationship between shared purpose and creativity, and a significant positive relationship between participative leadership and performance. The study concluded that group dynamics positively impact brewing firm performance.

2.5 Gap in Literature

A litany of studies on organizational capability and strategic competitiveness has been reviewed from various stand points. Their findings are robust and insightful.

Geographical gap: Most of the studies carried out on organizational capability and strategic competitiveness were done outside Southeast, Nigeria.

Content gap: In terms of variables used, none of the studies modelled the effect of organizational capability which is proxied by innovation, flexibility, participative decision, and employee training and strategic competitiveness proxied by market share of brewing firms in Southeast, Nigeria.

Methodological gap: Interestingly, none of the studies used the multiple regression technique of Ordinary Least Square (OLS) rather studies were found to use Qualitative Comparative Analysis (QCA) method, Spearman Correlation Coefficient and Qualitative technique. However, there also seems to be paucity of studies of this subject matter in Southeast, Nigeria which happens to be one of the largest economic hubs in Nigeria after Lagos and also has one of the largest and fastest growing markets in Nigeria. Most of the studies reviewed were carried out in Asia and Europe. None of the studies were conducted in Nigeria and Southeast in particular. This study therefore fills a literature gap by investigating Organisational Capability and Strategic Competitiveness in Brewing Firms in Southeast, Nigeria.

3.0. Methodology

This study adopted a descriptive survey research design. The population of the study is 10,384, which comprises employees of Nigeria Breweries, Ameke, 9th mile corner, Enugu State, International Breweries Plc. Onitsha, Anambra State, Life Breweries Co. Ltd, Onitsha, Anambra State, Golden Guinea Breweries, Aba Road, Ubakala, Umuahia, Abia State, and Nigerian Breweries PLC, Ubachima, Awomama, Imo State. Sample Size stood at 386 which was arrived at using Taro Yamane formula. Primary sources of data were explored. Structured questionnaire was the major instrument used for data collection. Data collected were analyzed using descriptive statistics (frequencies, percentages, mean, and standard deviation) and the inferential statistics such as test statistics and multiple regression model. Multiple Regression Specification *Model include:*

MKS = f (INO, FLX, PAD, EMT)……..... (1)

The mathematical form of the model is

MKS = β0+β1 INO, +β2 FLX +β3 PAD +β4 EMT..... (2)

The econometric form of the model is

MKS = β0+β1 INO, +β2 FLX +β3 PAD +β4 EMT +αi..... (3)

Where; MKS = Market Share

INO = Innovation

FLX = Flexibility

PAD = Participatory Decision

EMT = Employee Training

β0 = Intercept of the model

β1 – β5 = Parameters of the model

αi = Stochastic error term

4.0. DATA ANALYSIS AND PRESENTATION

4.1. Factor Analysis

The variables of the objectives were variously subjected to factor analysis using the Principal Component Analysis (PCA), with the aid of SPSS version 23. Prior to performing PCA, the suitability of the data for factor analysis was assessed using Kaiser-Meyer-Oklin measure of sampling adequacy and the rotation method is the varimax with Kaiser Normalization. The PCA was initially used to process the data because the researcher sought to reduce large amount of data to uncover the underlying principal factors that explain the topic under investigation. .

4.2. Regression Analysis Result

Table 4.1: Regression Result on Organisational Capability and Strategic Competitiveness in Brewing Firms in Southeast, Nigeria

Model	B	Std. error	T	Sig.
Constant(C)	0.013	0.445	4.520	0.000
Innovation	0.258	0.056	4.581	0.000
Flexibility	0.165	0.090	4.839	0.019
Participative Decision	0.242	0.087	4.775	0.006
Employee Training	0.116	0.095	4.227	0.032
R2	0.884			
Adj. R2	0.805			
F-statistic	97.247			0.000

The regression results were used to assess Organisational Capability and Strategic Competitiveness in Brewing Firms in Southeast, Nigeria. To test the extent to which the results of regression coefficients have impacted on the regressed, and we compared the R2, Adj. R2, F-statistic and the significant levels of the individual coefficients of the regression results.

As showed in the table 4.1, it is observed that the regression lines have a positive intercept as presented by the constant (c) = 0.013. This means that if all the variables are held constant or fixed (zero), the Strategic Competitiveness proxied by market share of brewing firms in Southeast, Nigeria will increase by 1.3%. The result also conforms to the prior expectation. This states that the intercept could be positive or negative, so it conforms to the theoretical expectation (Gujarati, 2008). The analysis was also done based on statistical criteria by applying the coefficient of determination (R2) and the F–test. In general, the joint effect of the explanatory variables-independent variables-in the model account for

0.884 or 88.4% of the variations in the variables influencing Strategic Competitiveness proxied by market share of brewing firms in South-east, Nigeria. This implies that for 0.884 or 88.4%, of the variations in Strategic Competitiveness proxied by market share of brewing firms in Southeast, Nigeria are being accounted for or explained by the variations in Innovation, Flexibility, Participative Decision and Employee Training. The F-statistic shows that the combine effect of the variables of the regression coefficients is significant in Strategic Competitiveness proxied by market share of brewing firms in Southeast, Nigeria.

4.3. Test of Hypotheses

The t-test is used to know the statistical significance of the individual parameters at 10% significant levels. The result is shown on table 4.1 below.

Table 4.2. Summary of t-statistic and their statistical significance in the three States

Variables	**t-cal (tcal)**	**Sig.**	**RMK**
Constant(C)	4.520	0.000	Statistically Significant
Innovation	4.581	0.000	Statistically Significant
Flexibility	4.839	0.019	Statistically Significant
Participative Decision	4.775	0.006	Statistically Significant
Employee Training	4.227	0.032	Statistically Significant
F-statistic		97.247	

Source: Researcher Computation (2024)

We begin by bringing our working hypothesis to focus in considering the individual hypothesis. From table 4.2, the t-test result is interpreted below:

Hypothesis One

Ho1: Innovation has no significant effect on the market share of brewing firms in Southeast, Nigeria.

From table 4.2, the t-test value of innovation is significant. We, therefore, reject the null hypothesis and conclude that innovation has significant effect on the market share of brewing firms in Southeast, Nigeria.

Hypothesis Two

Ho2: Flexibility has no significant effect on the market share of brewing firms in Southeast, Nigeria.

From table 4.2, the t-test value of flexibility is significant. We, therefore, reject the null hypothesis and accept the alternate by concluding that flexibility has significant effect on the market share of brewing firms in Southeast, Nigeria.

Hypothesis Three

Ho3: Participative decision has no significant effect on the market share of brewing firms in Southeast, Nigeria.

From table 4.2, the t-test value of participative decision is significant. We, therefore, reject the null hypothesis and accept the alternate by concluding that participative decision has significant relationship with market share of brewing firms in Southeast, Nigeria.

Hypothesis Four

Ho4: Employee training has no significant effect on the market share brewing firms in Southeast, Nigeria.

From table 4.2, the t-test value of employee training is significant. We, therefore, reject the null hypothesis and conclude that employee training has significant effect on the market share of brewing firms in Southeast, Nigeria.

5.0. SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1. Summary of Findings

1. Innovation has significant effect on the market share of brewing firms in Southeast, Nigeria.
2. Flexibility has significant effect on the market share of brewing firms in Southeast, Nigeria.
3. Participative decision has significant effect on the market share of brewing firms in Southeast, Nigeria.
4. Employee training has significant effect on the market share of brewing firms in Southeast, Nigeria.

5.2 Conclusion

The study examined Organisational Capability and Strategic Competitiveness in Brewing Firms in Southeast, Nigeria. The regression coefficients showed that Innovation, Flexibility, Participative Decision and Employee Training had significant positive effect on the market share of brewing firms in Southeast, Nigeria. This implies that these variables will bring about increase in the market share of brewing firms in South-East, Nigeria.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made:

1. That brewing firms need to increasingly adopt product innovation in packaging and branding, pricing product differentiation, distribution models and channels, strategic

global alliances, market segmentation, adverts and sponsorship in order to surmount competition and maintain market share.

2. Breweries need to strive to offer flexibility in the workplace because it helps organisations retain their existing talents, boost morale, and attract new talents.
3. Breweries need to adopt Participative decision because employee participation in decision making will have positive effect on employee commitment which leads to organisational performance.
4. Breweries need to focus more on employee training. It can bring about improvement in morale, inculcate sense of belongingness, reduce absenteeism and turnover rate among employees, and importantly lead to better coordination of both human and material resources within organizations.

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