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**ENVIRONMENTAL TURBULENCE AND STRATEGIC FLEXIBILITY OF SMALL AND MEDIUM ENTERPRISES IN PORT HARCOURT, NIGERIA**

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**ABSTRACT:** *This paper examined the relationship between environmental turbulence and strategic flexibility of SMEs in Port Harcourt. Primary data was generated through structured questionnaire. The accessible population was (50) registered small and medium enterprises as listed in SMEDAN and National Bureau of Statistics Collaborative Survey. The entire population of 50 SMEs in Port Harcourt was adopted as a census. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation coefficient. The tests were carried out at a 0.05 significance level. Findings from the study revealed that there is a significant relationship between environmental turbulence and strategic flexibility of SMEs in Port Harcourt. The specific findings revealed that there is a significant relationship between environmental turbulence and production flexibility, marketing flexibility and HR flexibility of SMEs in Port Harcourt. The study concludes that in the unpredictable and competitive world, organizations must have dynamic capabilities one of which is strategic flexibility to compete otherwise, they will move towards annihilation. Strategic flexibility provides the organization with the possibility of quick response and compatibility with the environment hence, allowing the organization to improve its efficiency. The study recommends that SMEs should develop strategic flexibility by deliberately and strategically crafting organizational capability, providing timely response and adapting to environmental changes that would meaningfully impact on organizational performance.*

**KEYWORDS:** environmental turbulence, strategic flexibility, small and medium enterprises

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## INTRODUCTION

*“The greatest danger in times of turbulence is not the turbulence- it is to act with yesterday’s logic.”*

-- Peter Drucker

*“And the most successful people are those who accept, and adapt to, constant change. This adaptability requires a degree of flexibility and humility most people can't manage.”*

-- Paul Lutus

Threats and opportunities arising from environmental turbulence have been established to impact on business performance (Kim, 2018; Kwon, Ryu, & Park, 2018). In mitigating environmental turbulence risks, companies across the globe have focused on strategic workforce agility in achieving targeted performance. Volatility risks triggered by environmental turbulence serves as a threat in achieving targeted performance. Considering the challenges created by business environmental turbulence in relation to firm performance, scholars around the globe have acknowledged the importance of strategic agility initiatives as a proactive business process in curtailing environmental turbulence so as to enhance firm performance (Arokodare & Asikhia, 2020a).

Covid-19 pandemic has put tremendous pressure on the national economy in most countries, including Indonesia. It cannot be denied that Covid-19 had dramatically changed the political and economic environment (Kuckertz et al., 2020). This caused change and uncertainty in every aspect of life. In terms of business, the patterns of consumers' needs and desires have changed a lot - and conditions for market competition have become difficult to predict as well. Moreover, the use of technology had undergone many changes; especially in adjusting the market needs in each industry. These impacts indicate environmental turbulence, which affects the dynamics of the business environment.

The COVID 19 pandemic, has not only exposed the dynamic nature of the business landscape, but has also demonstrated that change is indeed inescapable. This noted certainty of change, particularly that which impacts on the economic activities of societies, is such that places a need for strategic flexibility. The COVID-19 pandemic has created a new set of challenges to which strategic managers must respond to. As demand for virtualization has surged, organizations have had to adapt their operations in order to survive the turbulent business landscape (Akintokunbo & Adim, 2020). For organizations to thrive and be competitive, they must cope during turbulent times and still be consistent in their service offerings (Dartey-Baah, 2015; Linnenluecke, 2015). To achieve this, there must be a structuring of organizational activities that efficiently support innovation, development and adaptability; all of which are hinged on the organization's capacity for strategic flexibility during change events (Asikhia, 2020). Studies suggest that the key to sustained operations and business continuity during periods of turmoil lies in the development of options advanced prior to such periods; as well as the organizations ability to identify and latch on to existing as well as emerging opportunities during such periods of turmoil (Shokouhi & Ghafari, 2015; Asikhia, 2020). This observed imperative of strategic flexibility is very important for businesses, given its implications for the resilience and continuity of their ventures in a period of turbulence.

Environmental turbulence describes the rate of changes, unpredictability, volatility and instability in the external environment. Dynamism leads to a great uncertainty which causes deficit of the information needed to identify and understand the cause and effect relationship. When the environment is highly dynamic, uncertainty may suppress the organization's ability to respond to the need for change, predicting customer requirements, questioning the existing strategic direction, and searching for new alternatives. However, an insecure environment in which external changes are non-linear and inconsistent, can be a great source of opportunities for enterprises to strengthen existing capabilities and/or develop new ones that enable

companies to overcome their organizational inertia and short-sightedness of knowledge (Petrus, 2019).

According to Zhou and Wu (2010), strategic flexibility is the ability of a firm to reallocate and reconfigure its organizational resources, processes, and strategies to deal with environmental changes. Strategic flexibility is firm's ability to adapt to environmental changes through continuous changes (Feifei, 2011). Strategic flexibility is the ability of a firm to identify major shifts in its external environments and change courses by reallocating resources to meet the challenges of these changes, it can even halt or reverse course if need be. Srour, Baird and Schoch (2016) posit that strategic flexibility is a deliberately and strategically crafted organizational capability providing for timely response and adaptation to environmental changes that are so substantial as to meaningfully impact organizational performance.

In a highly dynamic competitive environment, a firm can achieve competitive advantage with quick response to the environment and renewed strategic orientation. Strategic flexibility is said to be closely linked to environmental uncertainty which focuses on the capability of altering and adapting organizational realities (Abbott & Banerji, 2003). Strategic flexibility started as a new management approach for organizations. It was used as a counterfactual to the traditional strategic management objective of choosing a single 'best' plan of action. The realization that selecting a single best plan of action is likely to be an unrealistic objective in an uncertain environment, established strategic flexibility as a core management concept. Several studies have emphasized the effectiveness of strategic flexibility in the context of environmental dynamism and uncertainties like we are currently facing with the COVID-19 pandemic (Brozovic 2016; Nadkarni & Herrmann 2010; Sanchez 1995; Stieglitz, Knudsen & Becker, 2016). Sanchez (1995) argues that firms can enhance their competitiveness in dynamic environments by applying strategic flexibility to form alternative courses of action or strategic options. The Covid-19 outbreak has resulted in changes and uncertainties in a dynamic business environment, which is indicated as Environmental turbulence. Indirectly, environmental turbulence had forced companies to see new opportunities, especially in developing new products and services which enable them to explore (as well as expand) their consumer networks (Farid & Widjaja, 2020), mainly in the use of technology in business entrepreneurial context. It is in the light of the foregoing that this study examined the relationship between environmental turbulence and strategic flexibility of SMEs in Port Harcourt. The specific objectives are to:

- i. Examine the influence of environmental turbulence on production flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.
- ii. Determine the influence of environmental turbulence on marketing flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.
- iii. Ascertain the influence of environmental turbulence on human resource flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.

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## LITERATURE REVIEW

### Theoretical Foundation

#### Dynamic Capability Theory (DCT)

Theoretically, the dynamic capability theory (DCT) was employed as the underpinning theory for this study. Dynamic capabilities theory (DCT) was developed by Teece, Pisano, and Shuen (1997) and was defined as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments” and it examines how firms address or bring about changes in their turbulent business environment through reconfiguration of their firm-specific competencies into new competencies (Teece, 2007). In organizational theory, dynamic capability (DC) is the capability of an organization to purposefully adapt an organization’s resource base. Eisenhardt and Martin (2000:1107) defined dynamic capability as “the firm’s processes that use resources-specifically the processes to integrate, reconfigure, gain and release resources-to match and even create market change” and “the organizational and strategic routines by which firms achieve new resources and configurations as markets emerge, collide, split, evolve, and die”.

The DCT addresses the highlighted shortcomings of the resource-based view (RBV) and resource dependence theory (RDT) and supersedes both theories in explaining how organizations operate their resources with environmental uncertainties. Dynamic capabilities can be regarded as the ultimate organizational capabilities that are conducive to long term performance (Wang & Ahmed, 2007). The dynamic capabilities and, therewith, the competitiveness of a company are determined by three factors: firstly, strategic paths, which refer to the availability of a spectrum of strategic options for a company and the path dependency of strategic options (Pisano, 2015); secondly, the resource position of a company, which refers to tangible and especially intangible assets; and finally, organizational processes in terms of management skills, patterns of behaviour, thinking and learning (Teece *et al.*, 1997). In general, dynamic capabilities enable sustainable competitive advantage by focusing on strategy-relevant processes in companies and trying to improve responsiveness in a fast-changing environment. These dynamic capabilities reflect a company’s ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions (Teece *et al.*, 1997).

According to Teece (2007), this is achieved through sensing (identification and assessment of threats, opportunities, and customer needs), seizing (mobilization of resources to address fresh opportunities while capturing value from doing so) and transforming (ongoing organizational renewal). Strong dynamic capabilities facilitate superior organizational performance arising from proper and useful analysis of business environment and technological opportunities. They include strong but change-oriented organizational culture, new product development and new process introduction (Teece, 2019). In this respect, the company’s competitive advantage lies mainly in its dynamic capabilities, which refer to the capacity to build up strategic agility dimensions, possess strategic and forward-looking leadership, renew and reconfigure entrepreneurial capabilities and competences so as to achieve congruence with the changing business environment and ensure superior performance (Kyläheiko, Sandström & Virkkunen, 2002).

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**Environmental Turbulence**

Oginni and Adesanya (2013) affirmed that organizations face an increasingly changing, multifaceted and erratic environment, where technology, globalization, shortages in resource, wide swings in the business cycle, changing social values, competitors, customers, suppliers, and a multitude of other dynamic forces influence performance of organizations. Anggraini and Sudhartio (2019) defined environmental turbulence as environmental conditions with high level of uncertainty and risk. Environmental turbulence is an essential construct that captures unpredictability in the corporate environment. It is made up of a competitive business environment and risks that come up from the company, and the complexity and heterogeneity of the supply chain within and outside the domain of the industry (Rimita, 2019).

Nnamani and Ajagu (2014) referred to environmental turbulence as the major factors and forces outside the organization that have the potential to significantly affect the performance of the organization. These factors that happen outside the business are known as external factors or influences which determine the direction of an organization towards its goals and objectives. These external factors affect the main internal functions of the business and possibly the objectives of the business and its strategies (Gathenya, 2012). Boyne and Meier (2009) and Ibidunni and Ogundele (2013) conceptually stated that environmental turbulence is one element of general models of the task environment that constrains organizational behavior and performance; it is the unpredictable change in munificence and complexity of an organization's environment. Pavlou and Sawy (2011), stated that environmental turbulence is also characterized by uncertainties arising from unexpected changes in market demand, consumer preferences, new technological developments, and technological breakthroughs. They found that in a turbulent environment, there are three types of capabilities that will produce strategic advantage such as: operational (the ability to carry out processes); dynamic (planned capabilities to reconfigure operational capabilities); and improvisational (the learned ability to spontaneously reconfigure operational capabilities). The last two abilities can be seen as dynamic capabilities in general. Therefore, there is a relationship between dynamic capability and competitive advantage in a turbulent environment (Banerjee, Farooq & Upadhyaya, 2018).

**Strategic Flexibility**

The concept of strategic flexibility builds on the features or attributes of the organization that allow for its effective adapting of resources and processes to match the imperatives of its environment so as to achieve long-term goals. In other words, while the organization's goals may be stable, its behaviour and attributes may change from time to time, basically in line with the fluctuations and dynamics of its environment (Cingoz & Akodgan, 2013; Wei *et al*, 2014). Strategic Flexibility is the capability to respond to a dynamic environment through continuous changes and systemic actions (Yawson and Greiman 2016). Singh, Oberoi and Ahuja (2013) posit that Strategic flexibility is the ability of a firm to react, proact, reposition or adapt to turbulent market conditions, supported by its resources and capabilities, in order to maintain its competitive advantage.

Kamasaka, Yavuzb, Karagullec and Agcad (2016) posited that strategic flexibility arises from the firm's relationship with and management of its stakeholders, its access to funds or finance when required, its level of embeddedness, its capabilities in terms of skills and knowledge and also its structural form and decision-making processes (Ibrahimpour-Azbari, Nopasand-Asil &



Saravani, 2015). It is as such a pervading factor as it integrates all other functions, processes and levels of the organization in a systematic manner (Doroudi & Babaei, 2016; Supeno, Sudharma, Aisiah & Laksmana, 2015).

### **Production Flexibility**

Production technology is closely relevant to process flexibility necessary to reach the required level of output flexibility (Urtasun-Alonso, Larraza-Kintana, Garcia-Olaverri & Huerta-Arribas, 2014). In terms of production, process flexibility means production of various products in the same plant or on the same production line. Therefore, process flexibility is contingent on the decisions regarding what plants and which production lines will produce the products (Beraha, 2014).

In their research, Worren, Moore and Cardona (2002) argue that companies performing in particularly dynamic markets need to ensure higher product modularity. They stressed the importance of modular product design, indicating that the production system that ensures product variety, through design based on new combinations of standard components, will promote its environmental fit. They concluded that modular product architecture has a certain effect on strategic flexibility.

Cannon and John (2004) analyze flexibility in four aspects. The first is tactical input flexibility, which indicates procurement of raw materials of desirable quality, and the abilities to minimize deficiencies arising from suppliers (such as delays or undersupply) and shift to alternative suppliers for any kind of input. Second, strategic input flexibility emphasizes the ability to use new raw materials and inputs. Third, tactical output flexibility covers the abilities to modify product properties as customers demand, accommodate changes to order due dates and amounts, and make rapid modifications in the available products mix. Finally, strategic output flexibility covers the start of production of new products, making modifications in product design and new-product decisions (for the market, the company, or both).

### **Marketing Flexibility**

Johnson, Lee, Saini and Grohmann (2003) refer to the long-term strategic advantage of companies that proactively adjust themselves to change. When correlating market-based flexibility and environmental uncertainty, the authors emphasize that provision of high-level market-based strategic flexibility under conditions of high uncertainty increases organizational performance in the long run. Sanchez (1999) discussed process flexibility in terms of the marketing function. He points out the need to impose a modular property on marketing processes, so they can gain flexibility and adaptation skills against the flexibility of the market. Common marketing-process views depend on optimization of the supply and distribution channels, so that they can support a certain production line for a certain market segment. Contrary to this view, the author suggested the need to create a supply and distribution channel that supports a system to produce various products addressing various consumer segments.

### **HR Flexibility**

Becker and Huselid (1998) emphasized that flexible HR systems promote procurement, encouragement, and development of intellectual assets. These systems support environmental fit and add value as a source of competitive advantage (Bhattacharya Gibson & Doty, 2005).

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One of the approaches to maintaining a flexibility-based system relies on supporting workforce flexibility in changing conditions, and investing in it (Cannon & John, 2004). HR flexibility is conceptualized by Wright and Snell (1998) within the framework of three components: worker skills flexibility, worker behaviour flexibility, and HR management practices flexibility: (1) Worker skills flexibility relates to the amount (variety) of skills that workers possess and can transfer to alternative use; and rapid reassignment of workers who possess various skills. (2) Worker behaviour flexibility refers to the ability to routinize behaviours. In other words, workers have a wide set of behavioural codes that are adjustable to specific needs. (3) HR management practices flexibility means the company can adapt HR practices and apply them to various situations in various units.

### **Environmental Turbulence and Strategic Flexibility**

In a turbulent market environment, traditional strategic approaches are inadequate, and this type of behaviour causes organizations to be less effective (Teece, 2018; Autio, 2017). Therefore the strategic processes used by businesses operating in a turbulent market environment must enable firm to reallocate available resources as priorities and demand change (Barney, 2017; George, Parida, Lahti & Wincent, 2016) as well as be able to continuously adapt, innovate, and even change themselves to survive and thrive in evolving market conditions (Barney, 2017; George *et al.*, 2016).

When markets are dynamic (i.e. rapidly changing and unpredictable), companies need to develop the ability to adjust their resource base quickly to maintain a high level of performance. If a company possesses resources/competences but lacks dynamic capabilities, it has the opportunity to make a competitive return for a short period, but superior returns cannot be sustained (Ivens *et al.*, cited in Petrus, 2019).

In unpredictable environments, advantages are short-lived. Firms can survive in such turbulent environments through the ability to continuously adapt to their environments (Reeves, Haanaes & Sinha, 2015). In environments marked by a continuous and intensely competitive market and technological changes, service firms are constantly searching for new ideas. They watch the competition ready to copy ideas and launch innovation without fully testing, optimizing and planning, recognizing that the benefit will be lower and the failure rate higher (Reeves *et al.*, 2015). Firms that possess the original idea (first mover) cannot enjoy the advantage for long. Only through continuously innovating and upgrading can they sustain their advantage (Denning, 2015). This forces a firm to consistently forego its staple service offerings and stable operational processes to adapt to the turbulent business environment.

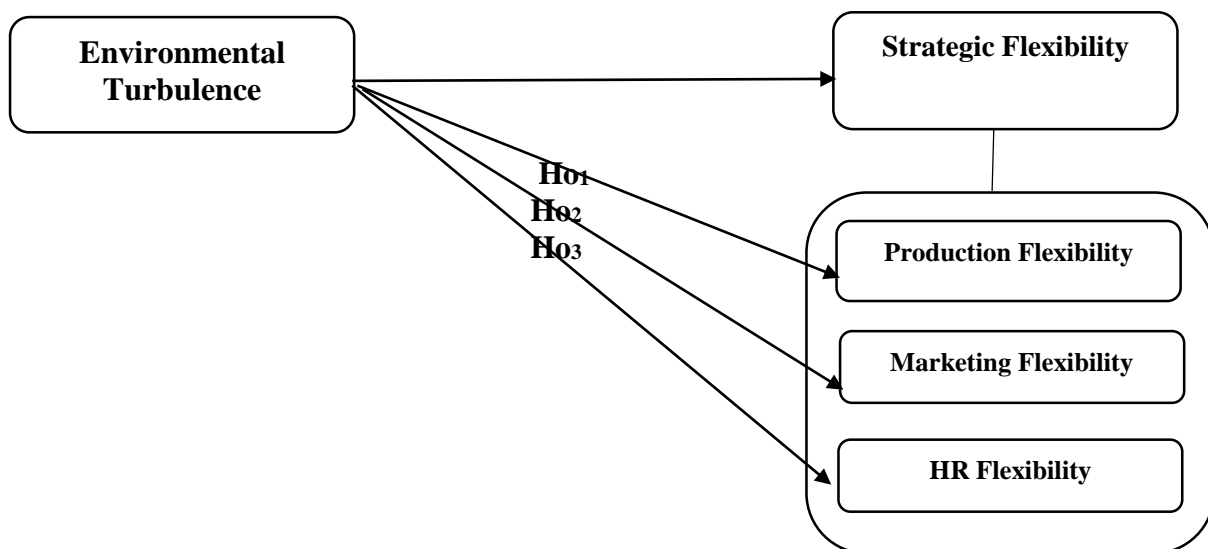
Covid-19 pandemic has put tremendous pressure on the national economy in most countries, including Indonesia. It cannot be denied that Covid-19 had dramatically changed the political and economic environment (Kuckertz, Brändle, Gaudig, Hinderer, Morales Reyes, Prochotta, Steinbrink & Berger, 2020). This caused change and uncertainty in every aspect of life. In terms of business, the patterns of consumers' needs and desires have changed a lot - and conditions for market competition have become difficult to predict as well. Moreover, the use of technology had undergone many changes; which mainly adjusting the market needs in each industry. These impacts indicate environmental turbulence, which affects the dynamics of the business environment. Indirectly, environmental turbulence has forced companies to see new opportunities, especially in developing new products and services which enable them to explore

(as well as expand) their consumer networks (Kohli & Jaworski, 1993). In today's fast changing and increasingly global business environment, hardly any company is safe from competition anymore. Nowadays, almost all companies operate in uncertain and dynamic competitive environments. Based on the foregoing, the researchers thus postulate that:

**H01:** Environmental turbulence does not significantly influence production flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.

**H02:** Environmental turbulence does not significantly influence marketing flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.

**H03:** Environmental turbulence does not significantly influence human resource flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.



*Fig.1 Operational framework for the Hypothesized relationships*

Source: Desk Research (2020)

## METHODOLOGY

Primary data was generated through structured questionnaire. The accessible population was fifty (50) registered small and medium enterprises as listed in SMEDAN and National Bureau of Statistics Collaborative Survey. The entire population of 50 SMEs in Port Harcourt was adopted as a census. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Coefficient to establish the relationship while Simple regression analysis is used to ascertain the influence of environmental turbulence on strategic flexibility. The analysis was carried out with the aid of Statistical Package for Social Sciences version 23.0. The research instrument was also subjected to reliability test and was found reliable as presented below:



**Table1: Cronbach Alpha Coefficient**

S/No	Dimensions/Measures of the study variable	Number cases	of Cronbach's Alpha
1.	Environmental Turbulence	38	0.878
2.	Production Flexibility	38	0.767
3.	Marketing Flexibility	38	0.777
4.	HR Flexibility	38	0.865

Source: SPSS Output

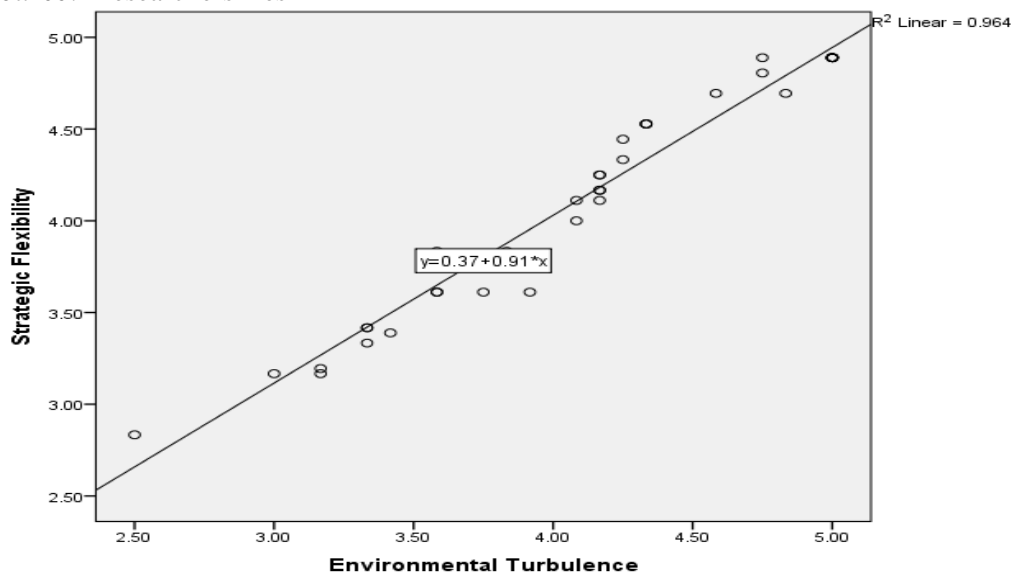
**DATA ANALYSIS AND RESULTS**

The level of significance 0.05 was adopted as a criterion for the probability of accepting the null hypothesis in ( $p > 0.05$ ) or rejecting the null hypothesis in ( $p < 0.05$ ). The decision rule which applies for all bivariate test outcomes is according to Bryman and Bell (2003), where:

**Table 2:Shows the description of range of correlation (Rho) values, as well as the correlative level of association**

Range of Rho (+ and – sign value)	Association strength
± 0.80 – 0.99	Very strong
± 0.60 – 0.79	Strong
± 0.40 – 0.59	Moderate
± 0.20 – 0.39	Weak
± 0.00 – 0.19	Very weak

Source: Researchers Desk



**Figure 1: Scatter plot show showing the direction of the relationship between environmental turbulence and strategic flexibility**

Source: SPSS Output

Figure 1 shows a very strong relationship between environmental turbulence (independent variable) and strategic flexibility (dependent variable). The scatter plot graph shows that the linear value of (0.964) depicting a very strong viable and positive relationship between the two constructs. The implication is that an increase in environmental turbulence simultaneously brings about an increase in the level of strategic flexibility. The scatter diagram has provided vivid evaluation of the closeness of the relationship among the pairs of variable through the nature of their concentration.

**Table 2: Model Summary for Production Flexibility**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963 <sup>a</sup>	.927	.925	.18491

a. Predictors: (Constant), Environmental Turbulence

**Source:** SPSS Output

Table 2 depicts a linear regression analysis of the environmental turbulence and production flexibility. It was found that the R value is (0.964), R square (0.927), adjusted R (0.925) and the standard error of the estimate value is (.18491). The high R value revealed that environmental turbulence accounted for (96.4%) change in production flexibility in the sample of Fast Moving Consumer Goods Companies in Rivers State, Nigeria while the remaining 3.6 % is explained by other factors outside the model.

**Table 3: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.613	1	15.613	456.640	.000 <sup>b</sup>
	Residual	1.231	36	.034		
	Total	16.844	37			

a. Dependent Variable: Production Flexibility

b. Predictors: (Constant), Environmental Turbulence

**Source:** SPSS Output

Anova results in table 3 show that the overall single regression model is appropriate in measuring the relationship between environmental turbulence and strategic flexibility. This is shown by a significant F-statistical test (F= 456.640; p=0.000).

**Table 4: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.175	.187		.936	.356
	Environmental Turbulence	.957	.045	.963	21.369	.000

a. Dependent Variable: Production Flexibility

**Source:** SPSS Output

Regression coefficient results in table 3 depict that environmental turbulence contributes to marketing flexibility. The results reveal that a unit increase in environmental turbulence leads to 0.957 units increase in production flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria. The relationship is statistically significant (with t = 21.363). Therefore,

the null hypothesis was rejected and the alternate hypothesis accordingly accepted implying that environmental turbulence significantly influence production flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.

**Table 5: Model Summary for Marketing Flexibility**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934 <sup>a</sup>	.872	.868	.19421

a. Predictors: (Constant), Environmental Turbulence

**Source:** SPSS Output

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Table 5 depicts a linear regression analysis of the environmental turbulence and marketing flexibility. It was found that the R value is (0.934), R square (0.868), adjusted R (0.868) and the standard error of the estimate value is (.19421). The high R value revealed that environmental turbulence accounted for (93.4%) change in market flexibility in the sample of Fast Moving Consumer Goods Companies in Rivers State, Nigeria while the remaining 6.6 % is explained by other factors outside the model.

**Table 6: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.229	1	9.229	244.682	.000 <sup>b</sup>
	Residual	1.358	36	.038		
	Total	10.587	37			

a. Dependent Variable: Marketing Flexibility

b. Predictors: (Constant), Environmental Turbulence

**Source:** SPSS Output

Anova results in table 6 show that the overall single regression model is appropriate in measuring the relationship between environmental turbulence and strategic flexibility. This is shown by a significant F-statistical test (F= 244.682; p=0.000).

**Table 7: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.351	.197		6.871	.000
	Environmental Turbulence	.735	.047	.934	15.642	.000

a. Dependent Variable: Marketing Flexibility

**Source:** SPSS Output

Regression coefficient results in table 7 depict that environmental turbulence contributes to marketing strategic flexibility. The results reveal that a unit increase in environmental turbulence leads to 0.735 units increase in marketing flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria. The relationship is statistically significant (with t = 15.642). Therefore, the null hypothesis should be rejected and the alternate hypothesis accordingly accepted implying that environmental turbulence significantly influence marketing flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.

**Table 8: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.939 <sup>a</sup>	.882	.879	.25811

a. Predictors: (Constant), Environmental Turbulence

**Source:** SPSS Output

Table 8 depicts a linear regression analysis of the environmental turbulence and HR flexibility. It was found that the R value is (0.939), R square (0.882), adjusted R (0.879) and the standard error of the estimate value is (.25811). The high R value revealed that environmental turbulence accounted for (93.9%) change in HR flexibility in the sample of Fast Moving Consumer Goods Companies in Rivers State, Nigeria while the remaining 6.1 % is explained by other factors outside the model.

**Table 9: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.976	1	17.976	269.813	.000 <sup>b</sup>
	Residual	2.398	36	.067		
	Total	20.374	37			

a. Dependent Variable: HR Flexibility

b. Predictors: (Constant), Environmental Turbulence

**Source:** SPSS Output

Anova results in table 9 show that the overall single regression model is appropriate in measuring the relationship between environmental turbulence and HR flexibility. This is shown by a significant F-statistical test (F= 269.813; p=0.000).

**Table 10: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.326	.261		-1.247	.221
	Environmental Turbulence	1.026	.062	.939	16.426	.000

a. Dependent Variable: HR Flexibility

**Source:** SPSS Output

Regression coefficient results in table 10 depict that environmental turbulence contributes to strategic flexibility. The results reveal that a unit increase in environmental turbulence leads to 1.026 units increase in HR flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria. The relationship is statistically significant (with t = 16.426). Therefore, the null hypothesis was rejected and the alternate hypothesis accordingly accepted implying that environmental turbulence significantly influence HR flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria.

## DISCUSSION OF FINDINGS

The findings reveal that environmental turbulence significantly influences strategic flexibility of Fast Moving Consumer Goods Companies in Rivers State, Nigeria. This finding agrees with earlier studies by Teece and Pisano (1994) who found that in order to be able to both sense

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and seize opportunities in the dynamic operating environment, business firms must have the resources and/or ability to reconfigure their existing asset bases and processes. Managerial and technological capabilities can offer a sustainable competitive advantage to firms in rapidly changing markets only if the firms are able to sense the changes and understand their consequences, and to continuously reconfigure their firm-specific resource bases and processes to fit the environmental requirements (Teece *et al.*, 1997).

## CONCLUSION AND RECOMMENDATION

This study concludes that in the unpredictable and business competitive world, organizations must have dynamic capabilities, one of which is strategic flexibility to compete otherwise, they will move towards annihilation. Strategic flexibility provides the organization with the possibility of quick response and compatibility with environment and allows the organization to improve its efficiency.

The study recommends that SMEs should develop strategic flexibility by deliberately and strategically crafting organizational capability, providing for timely response and adaptation to environmental changes that are so substantial as to meaningfully impact organizational performance.

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