

STRATEGIC NETWORK AND CORPORATE RESPONSIVENESS IN THE NIGERIA AVIATION SECTOR

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Abstract: The dynamic nature of the business environment alongside depleting organizational resources has engendered building strategic relationship as approaches to managing. There is also the need to promptly respond to market needs especially with the increased level of competition amongst firms. In this light, this study seek to examine the empirical relationship between strategic networks and corporate responsiveness in the Nigerian aviation sector. The study was conducted through a cross –sectional survey design therefore used the questionnaire to generate data from a sample of 16 listed firms operating in the downstream sector in the Aviation industry. The instrument has total item reliability Cronbach alpha of 0.78. from the data generated and analyzed, it was clearly shown that strategic networks correlates strongly with corporate responsiveness. The technical network component of strategic network relationship is positive, strong and significant while a negative relationship exist between virtual network and corporate responsiveness. The study concludes that strategic network relationship provides capabilities for relating firms to guarantee corporate responsiveness. The study recommends that firms should create structural linkage that supports both intra and inter firm strategic relationships that facilitate goal attainment.

Keywords: Administrative, Promptness, Strategic Network, Technical, Virtual, Responsiveness.

1. INTRODUCTION

The increased level of competition amongst firms in same industry has triggered market concerns. This has been increasingly the case when attention is focused on changing and dwindling economies of developing nations with attendant effect on consumer consumption patterns. Firms in this circumstance are fast initiating strategic means that are primarily market oriented. Indeed, corporate strategic focus is aimed at responding promptly to market needs while at the same time innovatively bringing new products to market. The concept of corporate responsiveness is undoubtedly and strategically apt to the response required to stem the competition which Prahalad & Hamel (1990) described as hyper-competitive. Responsiveness to the market place according to Gilbertson (2013) requires a commensurate degree of overhauling work processes, administrative protocols and procedures and at same time creating linkages that supports the value chain for value added service delivery. Ikenga (2014) is of the view that sustained corporate response to the market place results from firm ability to establish critical links that guarantee market intelligence and attendant response.

Recently, the Nigerian Aviation sector has instigated and initiated policies aimed at improving quality air service delivery in the wake of road transit security challenges. It is common knowledge that there is increase in air transport patronage resulting from on-line bookings which afford many travelers the opportunity of reduced air fares compared to on-the-spot air fare booking. The implication is that the operators in the sector should expectedly deploy strategic initiatives that facilitate prompt and timely response to the imposing need of quality service delivery. Badru (2014) argues that cumulating resources through valued networks enhances firm capabilities and amplify capacity to meet market needs.

Largely, firms are known to operating autonomously as they strive towards goals but contemporary resource requirements as it is the case with the aviation industry, has placed premium on networks that are considered strategic to meeting customer expectations Gulati, Nohria & Zaheer (2000) noted that strategic network ties precludes other non aligned members access thus maintain high profit and sustained markets. There are multi perspectives in the management literature relating to attaining corporate responsiveness goal of firm. Palmer (2016) is of the view that information system infrastructure of firms when matched with their marketing goals will ensure prompt service delivery. Alzeera and Kannalem (2016) had correlated mechanistic work system with responsiveness and had associated result. This also means that though strategic networks have been suggested as that which facilitate adaptability and response to market needs, it has not yet had an empirical reinforcement. This study therefore serve to establish the nature of empirical link between strategic network formation and corporate responsiveness in the Nigerian Aviation Sector.

2. LITERATURE REVIEW

Concept of Strategic Network

Strategic management literature has emphasized strategic network as means of enhancing capabilities considering the increased level of competition, lean resources and increased ambiguous market signals (Melo & Galan, 2011). Strategic network according to Sandberg (2007) recognizes all stakeholders therefore should be integrated to leverage inherent deficiencies that work their independent operations. A point of note here is that strategic networks are not intended at eroding the autonomy of firms rather it offers the competencies required for effective and efficient service delivery. Strategic network has been described as that which offers the organic and swift approaches that enable firms ability to cope with the environment uncertainties that impedes effort at goals (Day & Schoemaker, 2000). It is common knowledge that organizations are fast evolving network of relationship considering increased globalization realities that defray and reorient the traditional micro environmental perspectives of firms. There is no doubt that most firm are limited in terms of internal resources hence are willing to create alliances and network of relationship which according to Venkatraman & Subramanian (2002) move complementary capabilities that constitute a source of competitive advantage. Halson and Jack (2010) believed the future and sustainability of firms when matched against the increased environmental turbulence, lies in the extent to which to establish and manage relationship with intra and inter organizational stakeholders. While these view on changing strategic management approaches, there is dearth of empirical evidence on how such strategic initiation can activate functional and desired outcomes.

Corporate Responsiveness

The concept of corporate responsiveness is fast gaining huge space in strategic management literature Lybrand & Kaizure (2016). Its currency has been largely attributed to the growing rate of competition amongst firms and the need to promptly serious customers whose quest for new satisfying products and service is insatiable. Corporate responsiveness according to Perderson & Huniche (2006) is organizational ability to respond promptly to changing market demands. Palsy and Palsy (2014) had also defined corporate responsiveness as strict organizational actions that are made at serving the customer timely ahead of other competition in the light of changing market demands. Corporate responsiveness requires strategic adaptation to rapid changes in the environment. Capenter and Nakamoto (2014) observed that with radical innovativeness and daring need to provide new market needs, there is also consideration for quick and apt alternatives to both innovation by competing and ensuring timely delivery. This represents the responsive behaviour of firm strategically. It is coined at expanding and sustaining desired market share which is open to competitors. Robert, Jeffrey and Demis (2009) view corporate responsiveness as a competency especially among pioneering firms who are willing to take advantage of existing opportunities resulting from changing market condition. Adapting to changes in the business environment is essentially marked with unique capabilities and competencies that should be considered holistic to attainment of either adapting to changes or new product creations that meet market needs. Responsiveness in this view can be achieved according to Mizrui (2016) through proactive and not necessarily reactionary behaviour to market impulse. Corporate responsiveness takes into account to efficient and efficient means that enable firms to be sensitive scrutinize and take functional and necessary actions on market dynamics (Day, 1994).

Schmit & Hitt (2004) are of the view that penetrating the market new requires character resulting from changes; prompt actions are required in addition to strategic capabilities for timely response to market stimuli. It can be easily inferred from the various positions that corporate responsiveness implies firm ability to recognize changes in market hence initiate strategic actions that enables them promptly adapt to such changes by providing to meet new market expectations.

3. METHODOLOGY

The study relied on the positivist paradigm in conducting the research. This implies that a quantitative approach was deployed. The cross-sectional survey design was used as it provides the basis for a snap shot of the respondents using the scaled questionnaire instrument to generate the data. The respondents were drawn from a sample size of 16 firms operating in the downstream aviation sector who are equally part of service delivery network. They are selected using a simple random sampling method and for the one that have operated for not less 10years in the sector. All the participating firm were those listed in the Schedule 2018. Further, the study took cognizance of the low level commitment of participants to studies in developing nations therefore research assistants were appointed to strictly follow-up on participants and encourage participation. The questionnaire instrument were handed to them personally by the research assistants and made repeat visits to which enabled high rate of retrieval of the survey instrument.

Measures

The dimension and measures of the examined constructs were adapted from existing scales. For the strategic networks the Phillips (2006), 24-item scale was used and the dimensions were independently validated in the works of Melo and Galan (2011). For corporate responsiveness, it relied on Capenter and Nakamoto (2014) 10 items scale. All of these were drawn on 5 points Likerts scale which ranges between 5-strongly agree to 1- strongly disagree.

Reliability of Instrument

The survey instrument used for the study was examined for reliability which refer to the extent to which the instrument is consistent over time. The reliability of the instrument was at the first instance ascertained using the split-half method and further confirmed using the Cronbach alpha of each of the dimension and measures reliability results are as shown in table 1: below;

S/N	Dimension/Measure	No of Items	Cronbach α
1	Administrative Networks	6	0.74
2	Financial Networks	6	0.68
3	Technical Networks	6	0.81
4	Virtual Networks	6	0.78
5	Quality Service Delivery	6	0.85
6	Prompt Delivery	4	0.77

4. RESULT

Multiple Regression Result

R	R ²	AdjR ²	Std Error	F	Sig
0.810	0.68	0.61	0.6631	4.8523	0.001

Source: SPSS Output, (2019)

Table 1b: Beta Co-efficient showing the strength of relationship between the dimensions of strategic network and corporate responsiveness

Model	Unstandardised Coefficient	Std	Standardized Coefficient	t	Sig
	B	Std	Beta		
Constant	5.399	0.265		16.423	0.000
Admin Network	0.818	0.827	0.453	3.058	0.010
Fin Network	0.211	0.124	0.051	0.456	0.000
Tech Net	0.777	0.732	0.660	3.211	0.143
Virtual Net	0.568	0.466	-0.273	1.072	0.111

Dependent variable: Corporate Responsiveness

The multiple regression result clearly indicates the relationship between strategic network as operationalised and corporate responsiveness in the aviation sector. The co-efficient $R=0.810$ indicate the very strong relationships. The extent to which the regressor (predictor-SN) influence the behaviour of the regressand (criterion – CR) is 68.0% as shown by $R^2 = 0.68$. Further, the data as shown above, presents the impact of the dimensions of strategic network which includes administrative, technical, financial and virtual networks on corporate responsiveness. The results indicates that technical networks with the β value = 0.660 has the strongest impact and this followed by administrative network with $\beta=0.453$ ($t=3.058$).

5. DISCUSSION

The findings of the study on strategic networks and corporate responsiveness provide theoretical reinforcement for extant position on the role of networks in facilitating outcomes in contemporary work organizations. With the growing discourse on scarce resources and enhancing operational efficiency, the expedient nature of strategic networks cannot be overemphasized going by the study result. From the results of the study administrative network was found to have a significant relationship with corporate responsiveness. Though not a strong relationship was found, it supports Agar (2011) results on administrative network and prompt service delivery within firm. In other words when administrative synergy exist within the firms it enhance information flow that channel action and responsibility functionally. In this instance, the study had examined the phenomena amongst firms in same industry and empirical relationship was also found. Although the strength of the relationship has shown variance, it is explained based on the variation in organizational culture which might not be absolutely copied even as the networks exist. For strategic technical networks, a strong positive and significant relationship exists with corporate responsiveness in both quality and prompt service delivery.

Lybrand and Kaizure (2016) found a relationship between technical network and corporate performance and his study on strategic alliance and corporate vitality. They had examined technical network as a component of the construct. In same vein, this study empirical conform the antecedents of strategic network in operational effectiveness instigated by technical networks of firms in the aviation sector. The study findings also agree with Lybrand & Kaizure (2016) where they correlated technical alliance with prompt service delivery in the banking sector. The results on virtual network and its relationship with corporate responsiveness was though weak, it is significant and in consonance with the result of extant literature. Mazin and Rollands (2014) had examined the extent to which virtual firms has encouraged innovativeness amongst firms in the manufacturing and moderated by ICT facilities. These findings are so far instructive in reinforcing existing body of knowledge on the degree of strategic network of relationship support firm focus as prompt, quality and innovative service delivery as they respond to changing market need and the overall dynamic environment.

6. CONCLUSION/POLICY IMPLICATIONS

The need to initiate and nature strategic networks that leverage firms' capacity to meet market needs has been viewed as a strategic alternative. This study has explored an empirical an certain on this thought with a new to find out the nature of relationship that exist between the variable. From the data generated and analyzed, there finding are apt to explaining the investigated phenomena. Clearly, the results and findings of the strategy instigate the conclusion that strategic network which is operationalized as financial, administrative, technical and virtual relates strongly with corporate responsiveness. The findings of this study hold both practical and theoretical implication. First, it will attract organizational operators to the value added character of such network and leverage on the inadequacies for sustainable business operations. This study equally propels a renewed thinking in relation to networks that functionally link firm in same industry and collaborative attain goals. The study has expanded the knowledge scope of the network by validating components of the construct has been hitherto discussed as unidimensional.

Suggestion for Further Studies

The imperative need to build strategic relationship that support building capacity to respond to market demands sustainably is suppressed therefore this study should be conducted in other sectors that are central to the economic growth strategy of government. It is also important to examine what structural and behavioral milieu support quality inter-firm relationship.

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