



# International Journal of Research in Finance and Management

P-ISSN: 2617-5754  
E-ISSN: 2617-5762  
IJRFM 2023; 6(1): 353-363  
Received: 04-03-2023  
Accepted: 05-04-2023

**Emmanuel Ogbonna Ajike**  
Department of Business  
Administration & Marketing,  
Babcock University, Ilishan-  
Remo, Ogun, Nigeria

**Idowu Aderonke Nwankwere**  
Department of Business  
Administration & Marketing,  
Babcock University, Ilishan-  
Remo, Ogun, Nigeria

**Adedeji Abraham Adeleke**  
Department of Business  
Administration & Marketing,  
Babcock University, Ilishan-  
Remo, Ogun, Nigeria

**Correspondence**  
**Emmanuel Ogbonna Ajike**  
Department of Business  
Administration & Marketing,  
Babcock University, Ilishan-  
Remo, Ogun, Nigeria

## The moderating effect of marketing competence on the relationship between strategic flexibility organizational performances of quoted pharmaceutical companies in Nigeria

**Emmanuel Ogbonna Ajike, Idowu Aderonke Nwankwere and Adedeji Abraham Adeleke**

DOI: <https://doi.org/10.33545/26175754.2023.v6.i1d.225>

### Abstract

This study examined the effect of strategic flexibility on performance of quoted pharmaceutical firms in Nigeria, as moderated by marketing competence. The study adopted survey research design, and collected data from 642 management and senior staff employees of the six quoted pharmaceutical firms in Nigeria. Findings from PLS-SEM analysis of the data revealed that strategic flexibility and marketing competence have positive effect on organizational performance, while marketing competence exerted a negative moderating effect on the relationship between strategic flexibility and organizational performance. The study concluded that strategic flexibility and marketing competence can boost organizational performance, and recommended that management of quoted pharma companies in Nigeria should pay more attention to issues of flexible strategies within their firms, and develop marketing competencies to enhance performance, but exercise restraint when attempting to synergize strategic flexibility and marketing competence in a bid to improve organizational performance in turbulent and dynamic business environment.

**Keywords:** Strategic flexibility, organizational performance, marketing competence

### 1. Introduction

The phenomenal growth in the pharmaceutical industry is increasingly susceptible to disruptions (Foster *et al.*, 2021; Mayuri, 2021) [24, 48]. Traditional competitive measures are failing in the face of fast technological developments, increased competition, market fluctuations, and the impact of infectious diseases such as the COVID-19 pandemic (Ni *et al.*, 2021) [54]. Pharmaceutical companies are now operating in more volatile, unstable, complex and very ambiguous business environment, in the face of different performance challenges they face.

Nigeria has had two economic recessions within the last decade, with the business environment characterized by unstable macro-economic indicators (Omolua & Adeyemo, 2021; Utomi, 2021) [60, 70]. In the face of these instabilities, pharmaceutical firms in Nigeria are facing various performance challenges, ranging from poor employee productivity, poor market share, low innovation performance, poor and marginal sales growth and low profitability (Access Bank, 2021; Muanya, 2022; Oamen, 2021; Obukohwo *et al.*, 2018) [2, 52, 56, 57]. Furthermore, reports have identified the several problems facing the pharmaceutical sector in Nigeria, including poor marketing structures, as well as sub-standard and limited portfolio drugs, thereby creating marketing challenges for players in the industry (Akinsanya, 2019; Ishola & Mesagan, 2016; Owoseye, 2019) [6, 34, 61]. According to Holt *et al.* (2017) [32], pharmaceutical firms in Nigeria are not able to match their offering with local needs, they are unable to cater for both high-and low income-income groups, while also lacking insights as to how to target different healthcare providers successfully.

Management scholars and practitioners have identified strategic flexibility as one of the dynamic capabilities needed by businesses to create sustainable competitive advantage in unstable and dynamic business environment (Bashir, 2023; Hensellek *et al.*, 2023, Ni *et al.*, 2021) [12, 29, 54].

Nevertheless, studies looking at the flexibility-performance link are limited in Nigeria, coupled with discordant findings by researchers, thereby creating a knowledge gap (Bashir, 2023; Gorondutse *et al.*, 2020; Hensellek *et al.*, 2023; Ni *et al.*, 2021; Nwachukwu & Vu, 2020) [12, 25, 29, 54]. Moreso, calls have been made for more studies on the flexibility-performance link in emerging economies, to fill the existing gap (El-Morsy *et al.*, 2018; Meng *et al.*, 2020; Nwachukwu & Vu, 2020; Yousuf *et al.*, 2021) [19, 49, 55, 78]. Therefore, based on the aforementioned gap, this study sought to examine the effect of strategic flexibility on organizational performance of quoted pharmaceutical companies in Nigeria, as moderated by marketing competence.

## 2. Literature review

### 2.1 Strategic flexibility

Strategic flexibility is a dynamic capability conferring competitive advantage on organizations in dynamic markets (Bashir, 2023; Hensellek *et al.*, 2023; Zahoor & Lew, 2023) [12, 29, 79]. It is a multi-dimensional construct, with many definitions and no consensus on its meaning and dimensions (Hoeft, 2021) [31]. According to Hensellek *et al.* (2023) [29], strategic flexibility is a company's strategic capability to reallocate and reconfigure its organizational resources, processes and strategies, in order to promptly respond to opportunities, threats and changes in the business environment, which in turn meaningfully impact the company's performance. Zahoor and Lew (2023) [79] defines strategic flexibility as a dynamic capability required to respond to external crises in proactive or reactive manner in order to drive performance. In the same vein, Meng *et al.* (2020) [49] posited that strategic flexibility is the capability of the firm to respond to dynamic environment through continuous changes in resource allocation and strategic actions. Yousuf *et al.* (2020) [76] defines strategic flexibility as a firms' ability to recognize major fluctuations in its business environment and applying its assets and resources efficiently and swiftly to take alternative courses of action to respond to the fluctuations. The understanding here is that strategic flexibility is a strategic move that helps firms shift from one strategic option to another in order to achieve better performance in unfavourable and uncertain times.

Previous studies offered multiple options in terms of dimensions of strategic flexibility. Yousuf *et al.* (2020) [76] posited that while strategic flexibility has been widely discussed from the strategic, the tactical, and the operational perspectives, there is no standard definition, as well as dimensions. This could be attributed to context peculiarities. For instance, Ni *et al.* (2021) [54] in their study of project-based enterprises in China proxied organizational flexibility with structural flexibility, resource flexibility, leadership flexibility, cultural flexibility, technological and innovative flexibilities. Asikhia (2011) [9] proxied strategic flexibility with market analysis, futurity, proactiveness, innovativeness, and market sensitivity. El-Morsy *et al.* (2018) [19] measured strategic flexibility using planning flexibility, organizational elements and processes flexibility, and coordination flexibility, while Salim *et al.* (2021) [65] used supply chain flexibility, resource flexibility and functional flexibility as proxies for strategic flexibility in their study in addition, Kandemir and Acur (2022) [37] measured strategic flexibility using proactive decision-making flexibility and proactive design flexibility. Yousuf *et al.* (2020) [76] in their own study had intelligence

generation, intelligence dissemination and responsiveness as proxies for strategic flexibility. Al haraisa (2018) [7] measured strategic flexibility with market flexibility, production flexibility and competitive flexibility, Ahmadi and Osman (2018) [4] made of strategic action flexibility and resource flexibility as dimensions of strategic flexibility.

For firms in the Nigerian pharmaceutical sector, resource flexibility, coordination flexibility, reactive flexibility and proactive flexibility, can be considered intuitively as necessary strategies to survive in the unstable business environment. In addition, the ability to forecast and base decisions on future trends, cannot be over-emphasized. Asikhia (2011) [9] considered futurity, one of the measures of strategic orientation, conceptualized by Venkatraman (1989) [72], as a measure of strategic flexibility. Consequently, the measurement dimensions considered for the pharmaceutical firms in Nigeria in this study include: resource flexibility (RSF), coordination flexibility (COF), proactive flexibility (PRF), reactive flexibility (REF) and futurity (FUT).

- **Resource flexibility:** The ability of an organization to reallocate resources for different uses and the easiness of switching resource allocation among various uses (Ahmadi & Osman, 2018) [4].
- **Coordination flexibility:** The multiple ways an organization can quickly and effectively make use of its existing resources to achieve its objectives, as dictated by market and environmental realities (Yousuf *et al.*, 2022) [78].
- **Proactive flexibility:** According to Sen *et al.* (2022) [66], proactive flexibility is defined as the organizational ability to anticipate emerging changes in the external business environment, and in turn prepare for such changes and ensure the firm benefits from the changes by taking strategic actions.
- **Reactive flexibility:** The ability of an organization to respond to changes in the business environment (Brozovic, 2018; Fan *et al.*, 2013; Sen *et al.*, 2022) [14, 22, 66].
- **Futurity:** The degree to which future events strongly influence organizational decisions (Espino-Rodriguez & Ramirez-Fierro, 2018) [21], by taking strategic actions that are based on the firm's ability and capability to sense and track crucial market and customer trends, forecast key indicators of its activities, and the firm's adoption of long-term criteria in the allocation and usage of its resources (Mankgele & Fatoki, 2020) [45].

### 2.2 Organizational Performance

Organizational performance has remained a major concept in management practice and literature, symbolizing the extent to which an organization has realized its business objectives and goals. The need to enhance performance in the pharmaceutical industry cannot be over-emphasized, since the industry is key to the continuous survival and well-being of the human race. This becomes imperative in the face of mounting challenges, variability in the business environment and competitive pressures. Organizational performance is a broad and multi-dimensional concept, and its meaning is dependent on the perspective and needs of the user (Arokodare & Asikhia, 2020; Masa'deh *et al.*, 2015) [8, 9, 46].

Oladimeji *et al.* (2019) [83] refers to organizational performance as the financial and non-financial results of

business organizations as compared against the organization's objectives. They further divide organizational performance into financial and non-financial performance. According to Hu and Feng (2017) <sup>[33]</sup>, performance is a measure that shows the degree to which an organization is able to run its activities and processes efficiently and effectively, and then to decide if it has been successful or has failed, and whether it can survive the marketplace or exit the market. According to Chan *et al.* (2017) <sup>[15]</sup>, organizational performance reflects how effective an organization is in running its affairs, which in turn shows the level of success it has achieved and the extent to which it can continue to survive in the marketplace.

The major dimensions of performance identifiable in extant literature are financial performance and non-financial performance (Yousuf *et al.*, 2021) <sup>[77]</sup>. Non-financial performance are mainly subjective measures and qualitative in nature. Most of the studies currently emphasize non-financial or multi-dimensional measures of firm performance in evaluating the achievement of organizational goals, while most recent studies have adopted the use of both quantitative and qualitative measures of organizational performance (Kahingo & Muchemi, 2020; Yousuf *et al.*, 2021) <sup>[36, 77]</sup>.

Based on the reviewed literature, and the characteristics of the pharmaceutical industry in Nigeria, this study measures organizational performance with employee productivity, market share, innovation performance, sales growth and profitability. From the point of view of this study, organizational performance is the degree to which an organization accomplishes its goals and objectives of creating and delivering value to all its stakeholders.

### 2.3 Marketing Competence

Management practitioners and scholars agree that successful business organizations achieve success based on the reliance on multiple competencies in several organizational functions, including marketing, operation, Human Resource and Information Technology, which are difficult to copy and therefore termed distinctive capabilities (Bai & Chang, 2015; Mohammed *et al.*, 2021) <sup>[11, 51]</sup>. The distinctive capabilities are intangible assets of an organization, which in turn underscore its competitive advantage and superior performance in the industry. Marketing, including the components of the marketing mix, and the strategies a firm adopt in their management, all form excellent ability of the firm to influence its own performance in a desired direction (Mohammed *et al.*, 2021) <sup>[51]</sup>.

From the organizational perspective, marketing competence is one of the functional competencies, it is heterogenous, and asymmetrically distributed among competing firms in an industry, and consequently gives rise to relatively unique comparative competitive advantages among the firms (Masoud, 2013) <sup>[47]</sup>. Furthermore, Knight and Dalgic (2016) <sup>[40]</sup> posit that marketing competence indicates the marketing activities of a firm directed towards a specific market segment, thereby laying the foundation on which the firm interacts with the customers. The definition aligns with that of Masoud (2013) <sup>[47]</sup>, placing emphasis on staying close and keeping tab on what the customers' want. Marketing competence is the ability of a business firm to produce goods and services needed by members of a specific society, and being able to sell them at competitive profit margin (Akabike, 2020) <sup>[5]</sup>. The definition focuses on the need to

offer product that meets the needs of an identified target market, while also making profit from doing so. ILL.

Furthermore, Bai and Chang (2015) <sup>[11]</sup>, define marketing competence as the ability of a firm to achieve superior marketing outputs when compared with its rivals in an industry by creating superior customer benefits, improving customer satisfaction and building better brand image. Marketing competence is a firm capability that is rare, valuable, non-substitutable and inimitable (Bai & Chang, 2015) <sup>[11]</sup>. This definition portends that marketing competence as the ability of a business organization to create distinctive capabilities that cannot be copied by others that will ensure the delivery of unique products and services with superior benefits to customers, ensure they are more satisfied patronizing the firm's products, which in turn give it a good image in the marketplace.

Olazo (2021) <sup>[59]</sup> views marketing competence as a combination of organizational resources and capabilities that can be deployed to serve as building blocks for innovative marketing strategies towards achieving sustainable competitive advantage. The ability of an organization to innovate is considered largely dependent on its marketing capabilities. Flowing from the definition of Olazo (2021) <sup>[59]</sup>, marketing competence signifies the extent to which a firm can harness its resources and capabilities in developing innovative products and services, improving on existing product design and packaging, coming up with new pricing regime, as well as promotional activities that can help drive superior performance over time. Marketing competence involves the possession of distinctive marketing capabilities and resources to build performance competitive advantage.

Marketing competence is a necessary requirement for businesses operating in markets with free supply of goods and services, where competition is intense, where there is rapid technological change, changing consumers' taste, and where there are great opportunities for product differentiation (Akabike, 2020) <sup>[5]</sup>. It is from this perspective that Yousuf *et al.* (2020) <sup>[76]</sup> admonished that firms in the dynamic pharmaceutical industries must work continuously to improve on their strategic and marketing capabilities in order to survive and thrive. possession of marketing competence in terms of adequate marketing resources and capabilities, having the right number of employees with required skills, knowledge and attitude, use of latest technologies, sufficient financial funds, and continuous development of marketing plans and programs, can ensure organizational survival in turbulent times (Olazo, 2021) <sup>[59]</sup>. This further strengthens the argument that marketing competence can enhance strategic flexibility in dynamic business environment by the study. From the point of view of this study, marketing competence is the ability of a business firm to continually identify and satisfy changing consumers' needs by effectively and promptly deploying possessed marketing capabilities and resources to build sustainable competitive advantage for superior performance.

## 3. Research hypotheses and theoretical model

### 3.1 Strategic flexibility and organizational performance

Proponents of strategic flexibility have submitted that the performance of business organizations is largely dependent on their ability to maneuver and adapt their strategies to the dynamics of business environment (Herhausen *et al.*, 2020) <sup>[30]</sup>. For example, in Nigeria, Gorondutse *et al.* (2020) <sup>[25]</sup>

found that there is a significant positive effect of strategic flexibility on the SMEs' performance. Supriadi *et al.* (2020)<sup>[67]</sup> examined firms in the shoe manufacturing industry in the Banten Province of Indonesia. The results show that strategic flexibility and firm performance have a positive and significant relationship. The study of Mai *et al.* (2021)<sup>[43]</sup> looking at small and medium-sized new ventures in China, reveals that strategic flexibility has a positive significant influence on sustainable development of the new ventures. Majid *et al.* (2020)<sup>[44]</sup> examined SMEs in Pakistan and found that strategic flexibility relates positively and significantly with strategic performance of the SMEs. Kurniawan *et al.* (2019)<sup>[41]</sup> investigated the effect of strategic flexibility on business performance of small and medium enterprises in the craft sector in Indonesia. The findings show that strategic flexibility has a positive significant effect on business performance of the SMEs. In other studies, Yousaf and Majid (2018)<sup>[75]</sup> found that organizational flexibility has a positive significant relationship with strategic business performance of the SMEs in Pakistan. Furthermore, Hossain *et al.* (2021) investigated the hospitality industry in Malaysia. The study finds that strategic flexibility significantly and positively affects sustainable competitive advantage of the hotels evaluated. Bashir (2023)<sup>[122]</sup>, found that strategic flexibility has positive significant effect on market share, sales growth, product development and organizational development as measures of financial performance. Similarly, Zahoor and Lew (2023)<sup>[79]</sup> established that strategic flexibility has positive significant effect on export performance of SMEs in Pakistan.

Based on the dynamic capability view (DCV), scholars have identified strategic flexibility, as a dynamic capability that can help improve organizational performance outcomes (Hensellek *et al.*, 2023; Meng *et al.*, 2020; Nayal *et al.*, 2022; Nwachukwu & Vu, 2020; Zahoor & Lew, 2023; Zhuang *et al.*, 2018)<sup>[29, 19, 53, 79, 81]</sup>. Therefore, this study hypothesizes that:

**H1:** Strategic flexibility has a significant effect on organizational performance of quoted pharmaceutical companies in Nigeria.

### 3.2 Marketing competence and organizational performance

UL Hassan *et al.* (2013)<sup>[69]</sup> established in their study that developing creative marketing strategy and effectively implementing same can help businesses to maximize performance. Abiodun and Kolade (2020)<sup>[1]</sup> found that marketing strategy of product, promotion, packaging and pricing, has positive influence on SME performance. Olazo (2021)<sup>[59]</sup> has investigated the direct effect of marketing competence on sustainable competitive advantage, and found that marketing competence has positive significant

effect on sustainable competitive advantage. A study by Zahoor and Lew (2023)<sup>[79]</sup> found that international marketing capability significantly mediates the relationship between strategic flexibility and export performance of SMEs in emerging market, of Pakistan.

The quoted pharmaceutical firms can achieve superior performance over time, by being highly competent at identifying resources and capabilities, and deploying same to developing new product and packaging design, new pricing schemes, retail concepts, and promotional programs to meet changing consumer demands (Olazo, 2021)<sup>[59]</sup>. Therefore, the study hypothesizes that:

**H2:** Marketing competence has a significant effect on organizational performance of quoted pharmaceutical companies in Nigeria.

### 3.3 Strategic flexibility, marketing competence and organizational performance

In a study carried by Asikhia (2011)<sup>[10]</sup> in Nigeria, findings show that marketing competence has a positive and significant moderating effect on the relationship between strategic flexibility and market performance of SMEs in Nigeria. Quaye and Mensah (2018)<sup>[63]</sup> in a related study conducted on SMEs in water, beverage, soap, detergent, metal fabrication, wood and furniture manufacturing industries in Ghana, investigated the role of marketing competence in the relationship between marketing innovation and sustainable competitive advantage. Findings reveal that marketing competence measured with marketing resources and marketing competence significantly moderates the relationship between marketing innovation and sustainable competitive advantage.

The combination of strategic flexibility and marketing competence is believed to be effective at overcoming environmental uncertainties and complexity of the marketplace, leading to better organizational performance (Asikhia, 2011)<sup>[10]</sup>. This is because organizations who are able to deploy internal capabilities in their bid to adapt to external realities can maximize the benefits inherent in the external environment (Miroshnychenko *et al.*, 2020)<sup>[50]</sup>. The study therefore hypothesizes that:

**H3:** Marketing competence has a significant moderating effect on the relationship between strategic flexibility and organizational performance of quoted pharmaceutical companies in Nigeria.

Based on the above review, analysis and formulated hypotheses, the theoretical model was established as shown in Figure 1.

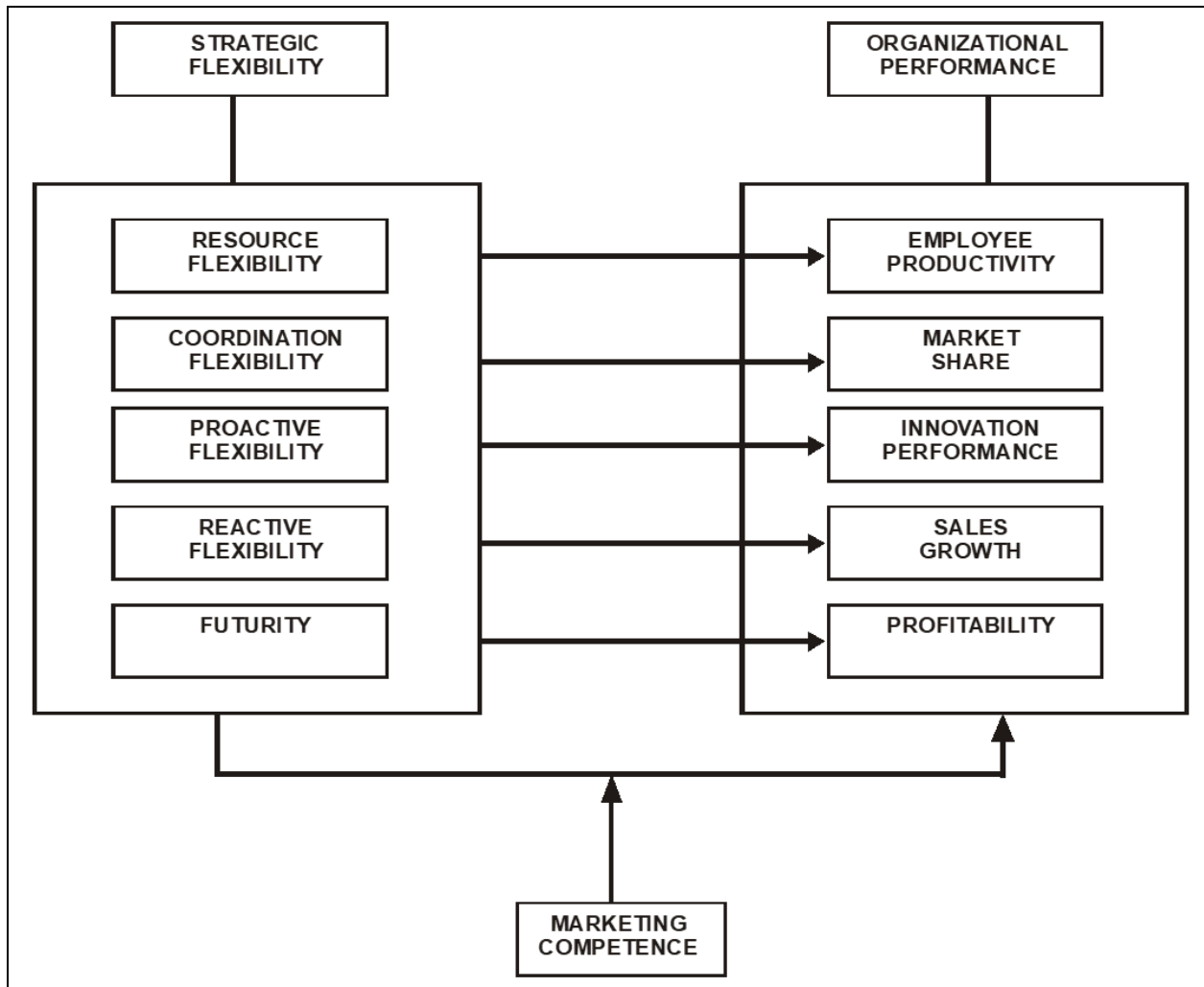


Fig 1: Theoretical model

**4. Materials and methods**

**4.1 Measures and instruments**

The research instrument adopted for the study had 25 question items measuring strategic flexibility. Strategic flexibility was measured with five sub-variables of resource flexibility, coordination flexibility, proactive flexibility, reactive flexibility and futurity. Resource flexibility has five items adapted from the works of Bhattacharya *et al.* (2005) [13], Chauhan and Singh (2014) [16] and Han and Zhang (2021) [28]. Coordination flexibility is measured with five items adapted from the works of Han and Zhang (2021) [28], and Mai *et al.* (2021) [43]. Proactive flexibility has with five items adapted from Eryesil *et al.* (2015) [20] and Fan *et al.* (2013) [22], while reactive flexibility has five items adapted from Asikhia (2010) [9] and Fan *et al.* (2013) [22]. Futurity is measure with five items adapted from Espino-Rodriguez and Ramirez-Fierro (2018) [21], and Karabulut (2015) [38].

The research instrument had 25 items in total, measuring the multi-dimensional construct of organizational performance with five dimensions including employee productivity, market share, innovation performance, sales growth and profitability. The study operationalizes employee productivity dimension with five items adapted from Al haraisa (2018) [7], and Okeyo and Juma (2021) [56]. Market share is operationalized with five items adapted from Li and Zhang (2007) [42], Majid *et al.* (2019) [82], and Yousuf *et al.* (2021) [77]. Innovation performance has five items adapted from Ahmadi and Osman (2018) [4]. Sales growth is

measured with five items adapted from Asikhia (2010) [9], while profitability is measured using five question items adapted from Majid *et al.* (2019) [82] and Sajjad *et al.* (2020) [64]. Six question items were used in measuring marketing competence, with four items adapted from Asikhia (2011) [10] and two questions newly formulated by the researcher after review of extant literature on the state of the Nigerian pharmaceutical industry (Holt *et al.*, 2017) [32].

**4.2 Sample and Data Collection**

The study adopted the survey research design, with the primary population for the study being the six quoted pharmaceutical companies on the Nigeria Exchange Group. These include Fidson Healthcare Nigeria Plc., May & Baker Nigeria Plc., Morison Industries Plc., Neimeth International Pharmaceuticals Plc., GlaxoSmithKline Consumer Nigeria Plc., and Pharma-Deko Plc. Responses were solicited from 642 management and senior staff employees of the six firms, with the help of a well-structured adapted questionnaire. The selected employees are believed to possess information on the strategic direction and decisions of the various companies (Xiu *et al.*, 2017) [74].

The study adopted total enumeration of the target population as the sampling technique for the study, with 642 printed questionnaires administered on the survey participants between January to March, 2023, and recording a response rate of 79.9%. In order to handle common method bias, the study place the independent variables and the dependent

variables into different sections of the questionnaire. Equally, the survey participants were assured of the confidentiality of their responses (Jordan & Troth, 2020; Podsakoff *et al.*, 2003)<sup>[35, 62]</sup>.

**4.3 Data Analysis**

The study made use of SPSS 26.0 and SmartPLS 4.0.9 in the analysis of data collected from the survey respondents. Confirmatory factor analysis (CFA) was conducted to evaluate reliability and validity of the research instrument, using PLS-SEM. Question items 3, 4, and 5 were dropped for resource flexibility and question item 3 dropped for reactive flexibility due to poor factor loadings. The study hypotheses were tested using the PLS-SEM path analysis.

**5. Research results**

**5.1 Confirmatory Factor Analysis (CFA)**

**Table 1:** Cronbach’s alpha, Composite Reliability (CR) and Average Variance Extracted (AVE)

variables	Mean	Std. Dev.	Cronbach's alpha	CR	Average variance extracted (AVE)
RSF	4.33	1.22	0.828	0.846	0.593
COF	4.67	0.99	0.816	0.855	0.581
PRF	4.61	1.14	0.803	0.837	0.563
REF	4.37	1.12	0.762	0.767	0.585
FUT	4.70	1.03	0.763	0.858	0.802
EP	4.43	1.12	0.797	0.814	0.553
MS	4.47	1.05	0.887	0.812	0.689
IP	4.22	1.14	0.845	0.846	0.619
SG	4.53	1.05	0.905	0.906	0.725
PR	4.66	0.99	0.918	0.922	0.753
MC	4.54	0.99	0.884	0.889	0.912

**Note:** RSF = Resource flexibility, COF = Coordination flexibility, PRF = Proactive flexibility, REF = Reactive flexibility, FUT = Futurity, EP = Employee productivity, MS = Market share. IP = Innovation performance, SG = Sales growth, PR = Profitability, MC = Marketing competence

**Table 2:** Discriminant Validity of the Variables

	COF	EP	FUT	IP	MC	MS	PR	PRF	REF	RSF	SG
COF	0.770										
EP	0.459	0.783									
FUT	0.525	0.485	0.816								
IP	0.477	0.498	0.506	0.787							
MC	0.395	0.253	0.318	0.376	0.797						
MS	0.443	0.599	0.453	0.544	0.410	0.830					
PR	0.561	0.430	0.393	0.357	0.515	0.594	0.868				
PRF	0.457	0.386	0.585	0.519	0.351	0.516	0.370	0.801			
REF	0.605	0.526	0.635	0.560	0.421	0.544	0.550	0.564	0.765		
RSF	0.327	0.249	0.248	0.273	0.097	0.193	0.238	0.160	0.256	0.896	
SG	0.536	0.482	0.527	0.488	0.486	0.606	0.774	0.449	0.619	0.244	0.851

**Note:** RSF = Resource flexibility, COF = Coordination flexibility, PRF = Proactive flexibility, REF = Reactive flexibility, FUT = Futurity, EP = Employee productivity, MS = Market share. IP = Innovation performance, SG = Sales growth, PR = Profitability, MC = Marketing competence

**5.2 SEM Analysis and Hypotheses Testing**

The PLS-SEM analysis (using Smart PLS 4.0.9) was conducted to test the three hypotheses formulated for this study. The results are presented in Table 3. The t values for the three hypotheses were found to be above 1.96 (Ni *et al.*, 2021)<sup>[54]</sup>. The results revealed that strategic flexibility has a positive significant effect on organizational performance ( $\beta = 0.604, p < 0.001$ ), which supports H1. Marketing competence was found to have positive significant effect on organizational performance ( $\beta = 0.0247, p < 0.001$ ), providing support for H2. Lastly, from the result in Table 4, it is observed that the interaction term of strategic flexibility\* marketing competence has a path coefficient of

The confirmatory factor analysis was used to establish the reliability and the validity of the research instrument used in the study. Reliability of the instrument was measured by relying on the Cronbach’s alpha values and composite reliability (CR). Both values for the constructs as presented in Table 1 exceed the prescribed threshold of 0.70, thereby signifying that the research instrument is reliable. Furthermore, both convergent validity and discriminant validity were tested. Composite reliability (CR) and average variance extracted (AVE) values were relied upon to confirm convergent validity, with values above the minimum thresholds. Similarly, we tested for discriminant validity using the Fornell and Larcker (1981)<sup>[23]</sup> criterion, with values for each construct as presented in Table 2, showing they are all above the coefficients of correlation among them. This further signifies a higher level of confidence that latent constructs are unrelated.

determination value of -0.085. This suggests that the introduction of marketing competence reduced the effect strategic flexibility on organizational performance by -0.085 and this moderating effect is also statistically significant at  $t = 2.978$  and  $p < 0.05$ . The findings showed that marketing competence has negative but significant moderating effect on the relationship between strategic flexibility and organization performance of the sampled firms ( $\beta = -0.085, p < 0.05$ ), which also provided support for H3. Table 4 further showed the Stone-Geisser  $Q^2$  obtained from the PLS-SEM analysis. The  $Q^2$  verifies the structural model’s predictive relevance and scholars state that  $Q^2$  values of 0.02, 0.15 and 0.35 indicate small, medium and

large predictive importance, respectively. According to Hair *et al.* (2013; 2017) [26, 27],  $Q^2$  greater than zero confirms that a given structural model is appropriate. Additionally,  $T$

value  $\geq 1.96$ ,  $p \leq 0.05$ , and  $Q^2$  above zero confirm a statistically significant effect and that the structural model specified is fit.

**Table 3:** Hypotheses Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T statistics ((O/STDEV))	P Values	$Q^2$	Adj. $R^2$
Marketing Competence -> Organizational Performance	0.247	0.25	0.032	7.766	0	0.631	0.642
Strategic Flexibility -> Organizational Performance	0.604	0.605	0.035	17.231	0		
Marketing Competence x Strategic Flexibility -> Organizational Performance	-0.085	-0.089	0.028	2.978	0.003		

Source: Researcher’s Result via Smart PLS V4.0.9 (2023)

**6. Discussion**

The results from testing of H1, showed that strategic flexibility has positive significant effect on organizational performance ( $\beta = 0.604$ ,  $p \leq 0.05$ ,  $t = 17.231$ ) of the quoted pharmaceutical companies. This finding finds concurrence in the works of Bashir (2023) [12], Hensellek *et al.* (2023) [29], Sen *et al.* (2022) [66] and Yousuf *et al.* (2021) [77]. For instance, Bashir (2023) [12] established that strategic flexibility has positive significant effect on SME performance measured with financial performance, market share, sales growth, product development and organizational development. Similarly, Hensellek *et al.* (2023) [29] found that strategic flexibility has positive influence on entrepreneurial venture performance. Sen *et al.* (2022) [66] examined strategic flexibility in small manufacturing firms in Coimbatore in India, with results showing that strategic flexibility has positive and significant relationship with performance of small firms. Yousuf *et al.* (2021) [77] examined the pharmaceutical SMEs in Iran, and found that strategic flexibility has positive significant effect on the performance of the SMEs.

The result of hypothesis one (H1) differs from that of Chebo and Wubatie (2020) [17], Egwakhe *et al.* (2020) [18] and Sajjad *et al.* (2020) [64]. For example, Chebo & Wubatie (2020) [17] found that strategic flexibility has negative significant effect on competitive advantage in Ethiopia. In addition, while Sajjad *et al.* (2020) [64] established that strategic flexibility has no effect on performance of SMEs in sport goods manufacturing sector in Pakistan, Egwakhe *et al.* (2020) [18] found that strategic flexibility has no significant relationship with competitive advantage of sampled textile manufacturing firms in Lagos State, Nigeria. It becomes imperative from the findings of the study that firms in dynamic business environment can improve and sustain performance by creating multiple strategic options their resources can be applied and coordinated to meet changing consumer needs, as well as proactively preparing and reacting effectively to environmental changes. In addition, the firms must also be effective and efficient at forecasting future trends and tailor organizational decisions to take advantage of potential and emerging market opportunities.

Findings from the second hypothesis (H2) showed that there is positive significant effect of marketing competence ( $\beta = 0.247$ ,  $p \leq 0.05$ ,  $T = 7.766$ ) on organizational performance of the quoted pharmaceutical firms. This is consistent with the findings of Olazo (2021) [59], who studied the foodservice enterprises in Philippines, and found that marketing competence has positive significant effect on sustainable competitive advantage. The quoted pharmaceutical firms can achieve superior performance over time, by being

highly competent at identifying resources and capabilities, and deploying same to the development of new product and packaging design, new pricing schemes, retail concepts, and promotional programs to meet changing consumer demands (Olazo, 2021) [59].

Testing of hypothesis three (H3) revealed that marketing competence ( $\beta = -0.085$ ,  $p > 0.050$ ,  $Q^2 = 0.631$ ) exerts a negative significant effect on the effect of strategic flexibility on organizational performance of the firms. Studies by Gorondutse *et al.* (2020) [25] and Wei *et al.* (2017) [73] have reported negative moderating effect of sustainability strategy and competitive intensity, respectively, on the flexibility-performance relationship. Findings from H3 however, negates the finding of Asikhia (2011) [10], who found that marketing competence has positive significant moderating effect on the effect of strategic flexibility on marketing performance of the firms.

The reason for the negative moderating effect of marketing competence in this study, might not be far-fetched. Strategic flexibility has been identified as capital-intensive strategy (Yousuf *et al.*, 2020) [76]. Strategic flexibility has been associated with high cost, because it cost so much to apply different strategic choices and shifting from one plan to another, with no guarantee for any benefit and not for-all solution (Ahamdi & Osman, 2018; Kurniawan *et al.*, 2019; Yousuf *et al.*, 2020) [41, 76]. In addition, attempt to adopt flexible strategies may include over-spreading of limited resources, thereby resulting in sub-optimal organizational outcomes (Adomako & Ahsan, 2022) [3]. Additionally, organizations willing to develop marketing competence need a lot of resources as well. Yousuf *et al.* (2020) [76] admonished firms in the dynamic pharmaceutical industry to work continuously to improve their strategic and marketing capabilities in order to ensure survival. Therefore, acquiring the needed assets and abilities to develop marketing competence, which in turn influence the performance of an organization, requires a lot of investments (Keerthika & Alagarsamy, 2018) [39]. The combination of the two organizational capabilities might therefore have a negative impact on organizational performance, due to huge financial commitment.

**7. Conclusion**

The study concluded that strategic flexibility enhanced the performance of quoted pharmaceutical firms in Nigeria. It therefore becomes imperative that firms in the industry entrench flexible strategies in their organizations in order to create competitive advantage for better performance. More efforts and resources should be devoted to creating strategic options that will ensure prompt and efficient response to environment turbulence, and shift in consumers’ and market

needs. Furthermore, the study concluded that developing marketing competencies can help pharmaceutical companies record improved performance outcomes in unstable and competitive business environment. It was found that marketing competence exerts a negative moderating effect on the relationship between strategic flexibility and organizational performance of the sampled firms, therefore, the study recommends that the firms should exercise caution and balance when trying to synergize strategic flexibility and marketing competence to enhance organizational performance. The two strategic directions are resource-intensive; therefore, firms are enjoined to create a balance to avoid negative consequences. Pursuing the two directions should not allow the firms loose strategic focus. It was also concluded that dynamic capability view (DCV) is a suitable theoretical basis for investigating how organizations can create competitive positions for realizing improved performance in dynamic and complex market conditions.

Additionally, the study has provided many insights; however, it is not without some limitations, which can serve as grounds for further investigations. Firstly, the study focused on quoted pharmaceutical firms in Nigeria, which in means insights from the privately owned pharmaceutical companies may have been missed. Similarly, the study only sought responses from the employees of the quoted pharmaceutical firms, thereby excluding the views of other key stakeholders and partners in the pharmaceutical chain. The study made use of subjective measures of organizational performance, which might not be a true reflection of the level of performance in the organizations under study, because data analysis was done on the basis of perceptions and opinions of the sampled employees. In addition, the study is based on cross-sectional data, which in turn limits the extent to which causal implications can be drawn.

In view of the aforementioned limitations, future research should focus on the entire pharmaceutical industry, as well as other industries to test the model developed in the study. Objective measures of organizational performance should be used, while other key stakeholders in the industry should be included in the survey. Future studies should adopt longitudinal approach to establish causal relationship between strategic flexibility and organizational performance, in addition to testing the moderating effect of potential moderators. In addition, the mediating effect of marketing competence can be investigated.

Overall, the study has made valuable contributions to the body of knowledge on strategic flexibility and organizational performance, most especially in the context of pharmaceutical industry in an emerging economy like Nigeria, and provided empirical support for the propositions of the dynamic capability view (DCV).

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