

Corporate Resilience and Dynamic Capabilities of Small and Medium-scale Enterprises in Yenagoa, Bayelsa State, Nigeria

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Abstract

This study ascertained the relationship between corporate resilience and dynamic capabilities of small and medium-scale enterprises in Yenagoa, Bayelsa State. The researcher adopted a cross-sectional survey design. The study population consisted all registered small and medium-scale enterprises with the Ministry of Commerce, Trade and Investment in Bayelsa State and the Corporate Affairs Commission (CAC). Four hundred and sixteen (416) SMEs were selected. The sample size was determined using the Taro Yamane formula and a total of 204 participants made up the sample size. A structured questionnaire was designed to elicit data. The Spearman Rank Correlation coefficient was adopted to test the hypotheses with the aid of the SPSS version 24. The result revealed that corporate resilience had a positive and significant relationship with SMEs dynamic capabilities. The researcher concludes that corporate resilience is an important psychological quality needed by managers of SMEs to push through with emerging business challenges. Dynamic capabilities is a strategic management approach that sustains competitive advantage. Corporate resilience and firm dynamic capabilities can lead to SMEs sustained growth and effective performance. Thus, it was recommended that the management of SME's should enhance its dynamic capabilities to sense market changes and encourage a persevering work behaviour to achieve business objectives despite overwhelming challenges in the market.

Keywords: *Corporate resilience, firm dynamic capabilities, SMEs, resourcefulness, proactiveness*

1. INTRODUCTION

Small and medium-scale enterprises (SMEs) in Nigeria over the past decades have become increasingly important to the country's economy (Ayala & Manzano, 2014). The importance of small and medium-sized businesses to national prosperity is well-established. The government and owners of SMEs feel on daily basis the effect of the global economic, technology and competitive pressures arising from the changes in the environment. Other fast-changing but difficult milieu faced by SMEs includes; the increasing knowledge of customers and their dynamic preferences and perceptions, change in demographic conditions, natural changes such as climate and ecosystems have composed far-reaching challenges to SMEs. The most primary challenge confronting SMEs is the shortage of manpower and skilled labour (Betakova et al., 2014). To overcome these challenges, SMEs must measure up with the manpower demand of their business. Small and medium-sized enterprises (SMEs) must urgently take the initiative to change their products and adopt new technologies meet demands of the emerging opportunities in both local and global markets.

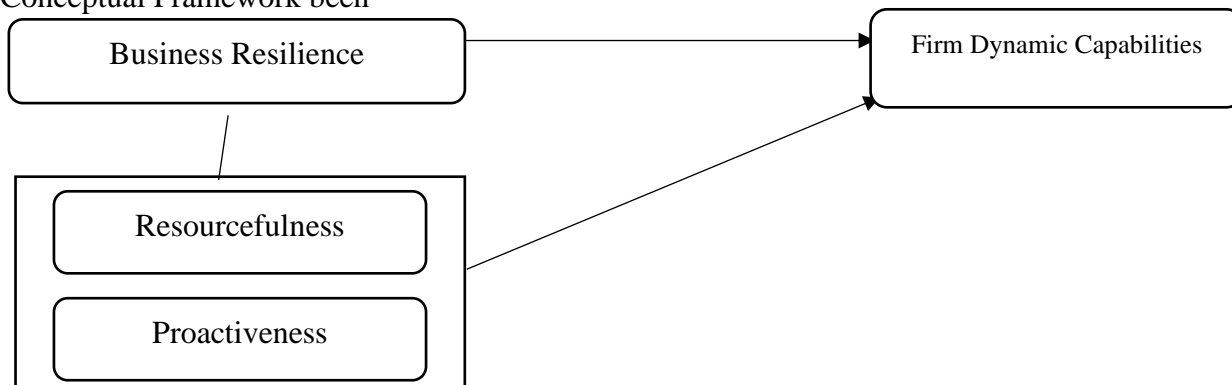
Zastempowski and Przybylska (2016) noted that technological advancements and the resulting effects of globalization are two of the most important factors driving closer economic ties throughout the world. This change has far-reaching consequences for several industries. It's not easy being an entrepreneur because you often have to wing it when faced with the unknown and make tough choices that might potentially pay off. Businesses need to be sturdy so that they can survive these extreme conditions. Prioritizing ineffective outcomes and underwhelming business performance is detrimental to the long-term health of a company (Singh and Pavlovich, 2011). In addition, a shaky management structure might dampen an entrepreneur's spirits, making him or her less eager to try out new ideas, launch new projects, or take calculated risks in pursuit of business expansion. To harness most of their resources, businesses require employees with specific and perfect skills. This can increase business proficiency in establishing system stability and sustainability (Nagy et al., 2010). Successful business owners always establish company goals with the end goal of strengthening the firm's competitiveness both internally and externally, and the organisation may educate employees and empower them to serve as agents for promoting sustainable growth.

Sometimes the resources available to business owners are insufficient, hazy, and ever-changing. Ayala and Manzano (2014) found that entrepreneurs that are both adaptable and resilient had the best chance of success in such an environment. A dynamic process of adaptation, resilience allows business owners to maintain control over a vision for the future despite the ups and downs of the market. That. The resilience of a company is tested, but it ultimately triumphs over adversity is the big deal. It is the will power to keep going in the face of difficulty (Windle et al., 2011). This suggests that an entrepreneur's strategy and skill is tied to his or her ability to remain positive and courageous in the face of adversity. People who are resilient enough to keep going even when they encounter obstacles on their path to success in life and work (Zautra et al., 2010). The business environment most times can present terrible conditions to claim the business survival.

The COVID-19 pandemic is a perfect example that had a negative impact on several enterprises throughout the world with varying reactions. That is, most financially vulnerable businesses faced closure while others confronted severe economic disruptions. Most affected industries during and after the lockdown includes; Aviation, manufacturing and entertainment/ event sectors etc. These firms were forced to reduce their activities or engaged in cost-cutting

measures to stay in business (Nepal, 2020). Companies after the lockdown responded quickly with business renewal strategies to sustain and survive the after effects of the COVID-19. Historically, both theoretical and empirical research on corporate resilience have concentrated on bigger organizations and their settings (Sullivan et al., 2011). Corporate resilience is the ability of a firm to be resourceful, proactive and sustain continuous progress in difficult times. There seems to be a connection between corporate resilience and dynamic capabilities of small and medium-medium-scale enterprises. SMEs or startups tend to face more challenges or pressure than already existing corporations. The emotional trauma of losing funds and yet struggling to continue in business is an absolute definition of resilience. This nexus has not been empirically confirmed, hence this research paper examined the link between corporate resilience and dynamic capabilities of small and medium-Scale enterprises.

Conceptual Framework been



Source: Conceptualised by the researcher

Figure 1.1: A conceptual framework showing the relationship between corporate resilience and firm dynamic capabilities.

2. LITERATURE REVIEW

2.1 Corporate resilience

The strategic positioning of a firm to endure through highly challenging business situations and stick with the business process despite the obstacles and unanticipated consequences is the focus of resilience in business. The scale to measure resilience have been developed, though it is not generally acceptable due to its social and psychological idiosyncratic views. Despite this, several researches have confirmed the validity of the Connor-Davidson Resilience Scale (Burns & Anstey, 2010; Hassin, 2010). Hardiness, creativity, and optimism have all been identified by Manzano and Ayala (2013) as contributing factors to a company's ability to withstand adverse conditions. The capacity to persevere in the face of adversity and to recover strongly after a set-back is what is meant by the term "resilience" (Reivich et al., 2011). Perspectives on resilience from organisational theory literature include those of adjusting to new situations, overcoming obstacles, and achieving success (Dewald & Bowen, 2010). Many unfavourable events can occur, including innovations that cause disruption, terrorist attacks, natural disasters, accidents, infrastructure failure, recession, politics, online crime, severe weather, fires, and labour strikes. Such shifts can be difficult for businesses and their employees, who must work together to stay afloat in the face of industry disruptions without

sacrificing their own well-being. The concept of corporate resilience provides a clear explanation for why some investors leave the scene while others swim against the tide to achieve success, despite the severity of such countermeasures. Yemisi and Robert (2017) opined that there are several reasons why the paradigm of entrepreneurial flexibility is so important in the corporate world. First, it's better than other approaches at capturing the mental processes that characterise an entrepreneur's whole-hearted engagement with the risks and challenges that come with starting a firm or launching a new venture. The second is explaining why certain businesses succeed while others fail. Third, the study's findings suggest that emotional flexibility may be trained, making it possible to teach business resilience to aspiring entrepreneurs. It enables the entrepreneur to maintain optimism despite adverse market conditions and unanticipated events (Ayala and Manzano, 2014). Having invested their time, energy, and resources into the industry, business owners often view it as their own and feel personally responsible for its success or failure (Pendal & Foster, 2013). Yemisi and Robert (2017) cite research from DeTienne, Shepherd, and De Castro (2008). Yemisi and Robert (2017) proposed the idea that resilient businesses are better equipped to lead a poorly performing corporation from the advantage of discontent to success, as the willingness to continue the commercial may reflect the initial intent to make things work. Successful entrepreneurs, therefore, are those who can swiftly adjust to new circumstances and confidently face the unknown. Those findings may be seen in (Ayala and Manzano, 2014).

To this end, plenitude is seen both as a benefit following the encounter with difficulties and as a dynamic lashing force of sufficient capacity to be quantified as the reagent for opening on the revolutionary growth itself (Marie-Josée and Saulo, 2016). Resilience is demonstrated by the willingness to get oneself up after being knocked down. At first, it was considered none of anybody else's business. Regardless of other factors (such as business experience or gender), the ability to adapt to emotionally charged situations is seen as a stable personality attribute (Martins, 2012). According to the research of Ayala and Manzano (2014) and Fisher et al. (2016), those who are resilient are those who are able to adapt to adversity while maintaining a positive outlook and strong motivation.

Martin (2012) defines resilience as "the capacity to recover from disturbances while retaining essential characteristics such as identity, configuration, and purpose" and "the capacity to anticipate and respond to disturbances by undergoing operational and structural adaptation." Academics and other professionals, according to Conz et al 2017 are increasingly drawn to stories of perseverance. Therefore, adaptability offers an alternative conceptual framework for illuminating monetary change, assessing the causes and assets of robust growth, and charting compassionate development paths of frugalities (Martin, 2012). In terms of a district's economic recovery after adversity, resilience is defined by Dawley, et al. (2010). To adapt to changing circumstances, resilient entrepreneurs look to evolutionary dynamics, the ability to tolerate uncertainty, and the paths of local parsimony (Martin, 2012). The ability to be adaptable and responsive is a key component of resilience, and resilience may be measured in a variety of ways (Pendall et al., 2010). Hassin (2010) proposed a resilience framework that Sullivan-Taylor and Branicki (2011) apply and find that SMEs fall short in all but speedily. This framework consists of four categories of capabilities that a company's management need for resilience: technical, resourcefulness, organisational, and rapidity. They argue that the executives of SMEs have a tendency to "scale through," despite having weaknesses in areas such as foresight, contingency planning, and the management of technical systems, because

this is an attribute of the environment that many SMEs regularly encounter. This may be linked in part to the fact that many SMEs live in a more perilous condition on a daily basis compared to bigger organisations, especially in terms of scepticism and source constraints. The core dimensions of corporate resilience examined in this paper resourcefulness and proactiveness.

Resourcefulness

The ability to govern the various contrasting situations that entrepreneur must encounter is a function of the person's resourcefulness, talents, and resources (Juan-Carlos and Guadalupe, 2014). Those that are successful in business are resourceful because they know how to make the best of a bad circumstance. Powell and Baker (2011) noted that self-efficacy is deciding to take on the role of entrepreneur when faced with a novel challenge. For a newcomer, the experiences here might seem like a slap in the face (Vuong & Vuong, 2016; Martin & Sunley, 2014). The authors defined resourcefulness as the practice of making the most efficient use of limited resource and finding solutions to every problem to be successful. It is strongly correlated with a manager's dedication to the company's growth and prosperity. A resourceful person is one who can adapt quickly and effectively to novel circumstances, problems, and obstacles (Yu-ming et al., 2017). Having a resourceful mentality is crucial while working towards achieving challenging goals is the key to business survival and success. Motivating, stimulating, and inspiring out-of-the-box thinking is even better (Santos et al., 2013; Shaker & Satish, 2012).

Proactiveness

Managers that are proactive in the market are those who take risks, show aggressiveness in competition, and are willing to try new things while keeping an eye on the competition (Linnenluecke & Griffiths, 2010). Putri and Wirawati (2020) argued that there is a continuum between how proactive people and businesses may be. They went on to say that businesses may be either proactive or reactive. Companies that are proactive anticipate and prepare for future events, rather than simply responding to the market. To be reactive means acting decisively and getting things done by making adjustments as a way of responding to business disruptions. Proactivity, according to (Olawale, 2018) is the capacity and eagerness to search out new chances, whether or not they are directly connected to the current line of business or market. To rephrase, innovative and competitive businesses are those who introduce new goods, services, and markets before their rivals.

2.2 Firm Dynamic Capabilities.

Firm dynamic capability is defined as the company's behavioural and strategic focus of continuously integrating, sensing, reconfiguring, renewing, and recreating its resources and capabilities and most importantly, upgrading and reconstructing its core values to attain and sustain competitive advantage in a rapidly evolving market. It is our contention that dynamic capacities are not processes in and of themselves, but are instead intrinsic to other processes. Processes are typically more easily transferred inside a business or between enterprises since their underlying organisation and arrangement of resources is either explicit or adjustable. A company's capabilities encompass not just the explicit procedures but also the tacit aspects (such know-how and leadership) that are ingrained in those processes, allowing the company to deploy resources in novel and effective ways. Because of this, capabilities tend to be unique

to each company and evolve gradually via intricate interactions across all of the organization's resources (Salim et al., 2021).

Dynamic capabilities highlight the firm's persistent attempt to update, reorganize, and re-create its resources, capabilities, and core competences in light of external variables. The speed of change is controlled by dynamic capabilities (Holsapple & Oh, 2018). Teece (2007) asserts, dynamic capabilities are not a 'subset' of the skills but rather the 'ultimate' organisational qualities that are helpful to long-term success. Eisenhardt and Martin (2000) opined that a competitive advantage based on dynamic capacities is unsustainable; rather, an advantage might be achieved by applying such talents "sooner, more astutely, and more fortuitously" than the competition in order to build resource configurations.

1. METHODOLOGY

The researcher adopted a cross-sectional survey design. This design allows the researcher to easily collect data that can be used to measure the relationship between variables. The population consisted 416 registered small and medium-scale enterprises with the Ministry of Commerce, Trade and Investment in Bayelsa State and the Corporate Affairs Commission. A sample size of 204 participants were determined using Taro Yamane formula and the simple random sampling technique was used. A structured questionnaire was designed to elicit data. The content of the questionnaire was validated by a team of experts in statistics and business policy and strategy. The Cronbach alpha technique was used to test the reliability of the instrument and all items scored above 0.7 (Nunnally & Bernstein, 1994) and was considered consistent. the Spearman Rank Correlation coefficient was adopted to test the hypotheses with the aid of the SPSS version 24.

4. RESULTS AND DISCUSSION

4.1 Result

Test of Hypotheses

In this section, the Spearman Rank Correlation Coefficient was used to test the hypotheses and the result was interpreted.

H01: There is no relationship between resourcefulness and firm dynamic capabilities of small and medium scale enterprises.

Table 4.1 Correlation Outcome between Resourcefulness and firm dynamic capabilities of small and medium scale enterprises

		Correlations	
		Resourcefulness	Firms dynamic capabilities
Spearman's rho	Correlation	1.000	.822**
	Coefficient		
	Sig. (2-tailed)	.	.000
Resourcefulness	N	195	195
	Correlation		
	Coefficient	.822**	1.000
Firm dynamic capabilities	Correlation		
	Coefficient	.822**	1.000
	Sig. (2-tailed)	.	.000

Sig. (2-tailed)	.000	.
N	195	195

** .01 level.

Source: SPSS, 2023

Decision:

The correlation between resourcefulness and firm dynamic capabilities shown in this investigation is high ($r=0.822$). In addition, the correlation is statistically significant ($p=0.01$). The stated null hypothesis is rejected, indicating the existence of a statistically significant correlation between resourcefulness and firm dynamic capabilities.

Table 4.2: Correlation Outcome between Proactiveness and firm dynamic capabilities
Correlation

		Proactiveness	Firm Dynamic capabilities
Spearman's rho Proactiveness	Correlation	1.000	.601**
	Coefficient	.	.000
	Sig. (2-tailed)	195	195
	N		
Firm dynamic capabilities	Correlation	.601**	1.000
	Coefficient		
	Sig. (2-tailed)	.000	.
	N	195	195

** .01 level.

Source: SPSS, 2023

Decision:

From the $r= .601$ value, it indicates that a link exists between proactiveness and firm dynamic capabilities. The correlation is significant @ 0.01 level (2-tailed). This means that the alternative hypothesis, which states that proactiveness correlates with firm dynamic capabilities is accepted and the null hypothesis is rejected.

4.2 Discussion

This study examined the link between corporate resilience and firm dynamic capabilities of SMEs. From the empirical analysis, it was discovered that resourcefulness and proactiveness as dimensions of corporate resilience have a strong positive relationship with firm dynamic capabilities. The result is indicative that resilience has a major role in a firm's ability to stay in business. It is a behaviour quality that helps managers to move on with their businesses and company activities despite overwhelming challenges. This finding is consistent with (Helfat & Winter 2011) who noted resilience is an emotional prowess that assists managers to be seasoned in their business. Resourcefulness and firm dynamic capabilities have positive relationship. Resourcefulness is the capacity to find quick and smart ways to push through difficult times. Firm dynamic capability is the ability to integrate, sense and reconfigure

processes to match with fast-changing market demands. Resourcefulness and firm dynamic capabilities are strategic choices deliberately orchestrated to sustain firm continuous growth competitiveness (Griffit & Harvey, 2001; Helfat & Winter, 2011). The result further showed an association between Proactiveness and firm dynamic capabilities confirming the hypothesis two. This finding is in line with (Salim et al, 2021) who noted that a proactive capability is a requirement to grow and survive in a turbulent and fast-challenging business environment. It is a condition to survive and prosperity in a competitive market (Holsapple & Oh, 2018; Salim et al., 2021). It is critical to note that corporate resilience and firm dynamic capabilities are empirically connected. Resourcefulness and proactiveness are conditions needed by all firms whether small or large to survive in a turbulent and fast-challenging market situations.

5. CONCLUSION AND RECOMMENDATION

This study examined the link between corporate resilience and firm dynamic capabilities of SMEs. From the empirical analysis, it was discovered that resourcefulness and proactiveness as dimensions of corporate resilience have a positive and significant relationship with firm dynamic capabilities. The researcher therefore concludes that the dimensions of corporate resilience such as resourcefulness and proactiveness are conditions required to grow and survive in a turbulent business environment. Both corporate resilience and firm dynamic capabilities help the organisation to sustain competitive advantage. Thus, it was recommended that; the management of the SME's should enhance its capability to sense market changes, the management should be proactive and strategically position its resources to meet the new market demands and should also enhance their staff capability to the proactive and time decision in order to enjoy sustainable competitiveness

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