MEASURING PERFORMANCE THROUGH ORGANISATIONAL DEXTERITY OF NON-ALCOHOLIC BEVERAGE COMPANIES IN NIGERIA

Tochi IZIMS,
Delta State University, Abraka, Nigeria
izimstochi@gmail.com

Abstract

Organizational dexterity has been investigated as a critical aspect of improving organisational performance. Organizational skill is the ability to explore opportunities and exploit capabilities to adapt and overcome environmental changes and contemporary challenges. The study examined the effect of organizational dexterity on the organizational performance of non-alcoholic beverage companies in the South-South/South-West, Nigeria. The cross-sectional survey research design method and stratified random sampling technique were used for the study. The study used a structured questionnaire as an instrument of data collection. To establish the reliability of the instrument, a test-retest method was used. Descriptive statistics, correlation and multiple regression analysis were used to analyze data. Findings showed that 67% of the change in organizational performance was brought about by the dimensions of organizational dexterity. Findings showed that organizational structure has the highest positive significant effect on organizational performance (β = 0.429, P<0.05). Effective leadership has positive significant effect on organizational performance (β = 0.088, P<0.05). It was concluded that organizational dexterity has positive effect on organizational performance of non-alcoholic beverage firms in Nigeria. The study recommended amongst others that companies should design their structures in harmony with the internal and external working environment conditions and organizational strategies in order to enhance employee innovative performance. The study demonstrated that leaders play a crucial role to foster a culture that encourages knowledge sharing, employee retention and create loyalty to the organization.

Keywords: Measuring, Structures, Leadership, Dexterity, Organisations.

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1. INTRODUCTION

The idea of organizational dexterity originated in the debate about adaptive systems—the study of organizational adaptation in the face of environmental and technological change (O'Reilly & Tushman, 2013). The notion of dexterity is thereby not solely linked to balancing exploration and exploitation, but can also relate to equal incremental and radical innovations, continuity
and change, or balancing organic versus mechanical organizational structures (Rosing, Rosenbusch & Frese, 2010). Organizational dexterity can be clarified as the ability of companies to follow up exploration opportunities and exploitation innovation together; to attain better performance (Lin, Kuang-Peng, & Shu-Hsien, 2018). In addition to the relevance of dexterity as an academic research area, dexterity is also vital for management practice, taking into account the features of the competitive environment where companies operate and thus the need to put into practice both exploitation and exploration activities (Pertusa-Ortega & Molina-Azorín, 2018).

Exploration and exploitation have basically different qualities. Exploitation is attributed to short-term time horizons, reliability, efficiency, and refinement, while exploration entails long-term time horizons, experimentation, search, innovation, and adaptability (Ian & Brian, 2011). Exploitation operations can assist turn a company's resources into profit, but without exploratory efforts, a company's knowledge stock will become archaic (Pertusa-Ortega & Molina-Azorín, 2018). Similarly, exploratory efforts are designed to renew and increase the knowledge base over time, but without exploitation, the knowledge might not even be completely utilized (Pertusa-Ortega & Molina-Azorín, 2018). When an organization performs exploration and exploitation actions, it does not only enhance its operational efficiency measured by profitability, productivity, and market share, but also promotes innovative performance in terms of environmental adjustment, new market development, new product development, and flexibility (Yao-Ping, Ku-Ho, Peng & Chen, 2019).

As organizations grow, the expectations about their performances increase, and demand for good leadership tends to multiply. Leadership ability is a good attribute that pays off handsomely for those who have it. As a result, there appears to be a strong correlation between leadership techniques and the firm's survival (Kehinde, Adekunle & Oluitan, 2014). As there is no systematic model for forecasting when exploration and exploitation arise throughout the innovation process, managers ought to flexibly switch between opening and closing behaviours according to the situational demands of the innovation task. Leaders are assigned a crucial role in creating a context for encouraging follower's dexterous behaviour. Combined with the fact that followers' activities are considered essential in the innovation process (Zacher & Rosing, 2015), the leader's behaviour can be regarded as a major driving force in stimulating dexterity (Keller & Weibler, 2014).
Employees in the knowledge era are firms' greatest assets, and there has been great concern about a decrease in job satisfaction and motivation in this fast-paced society. Workers can integrate new ideas and avert difficulties by being proactive, while also enhancing their well-being and psychological needs (Cangiano & Parker, 2016). Human Resource (HR) procedures, on the other hand, are frequently formed by firms without employee input. For truly sustainable Human Resource Management (HRM), workers' needs must also be recognized, such as HR policies that allow for the potential of adaptation and negotiation to the workers' preferences and wants. HR procedures and laws may thus play a role in this process by stimulating proactive activities such as unique deals by impacting workers' autonomy, motivation, or ability (Nischithaa, & Rao, 2014), as well as fostering employees' creativity and eudaimonic well-being. Limited empirical studies have examined the effect of organizational dexterity on organizational performance. Therefore, the study addressed the effect of organizational dexterity on organizational performance with a focus on non-alcoholic beverage companies in Selected States in Nigeria.

The Problem

Researchers have recognized many antecedents to dexterous companies in developed nations of the world. However, few studies have examined the Nigerian context. Therefore, empirical proof is conflicting concerning the outcomes of organizational dexterity, and then more studies are needed because the performance outcome of dexterity is a pertinent issue for managers. Top executives of some Non-Alcoholic Beverage Companies (NABC)sometimes find it difficult to focus their managerial efforts on improving already established products and processes while, at the same time, channelling efforts and generating innovations to define the company's future. Failure to manage environmental pressures can lead to a success dilemma (excessive exploitation at the expense of exploration) or failure bait (excessive exploration at the cost of exploitation), both of which can be devastating to business growth. The failure of some companies has been viewed with such a dilemma that their inability to simultaneously explore and exploit, to develop products for both the current and future, resulted in the decline of the organizations. The pace of business is constantly getting faster and shareholders expect continuously increasing profits. In recent years, the increasing competition and the instability of the environmental conditions have led to new situations in which the big organizations that have not changed their methods and structures fail to compete with the small organizations that are more flexible and more innovative.
Research Questions

1. To what extent has organizational structure affected the organizational performance of non-alcoholic beverage companies in Nigeria?
2. To what extent has effective leadership influenced the organizational performance of non-alcoholic beverage companies in Nigeria?

Objectives

1. Determine the effect of organizational structure on non-alcoholic beverage companies in Nigeria.
2. Ascertain the influence of effective leadership on organizational performance of non-alcoholic beverage companies in Nigeria.

Research Hypotheses

**H01:** Organizational structure has no significant effect on organizational performance of non-alcoholic beverage firms in Nigeria.

**H02:** Effective leadership has no significant influence on organizational performance of non-alcoholic beverage firms in Nigeria.

2. LITERATURE CONCEPTUALIZATIONS

Concept of Organizational Dexterity

Organizational dexterity is an attitude that allows businesses to react with new challenges profitably and sustainably. The concept of dexterity generally assumes two dimensions juxtaposed by a dual capacity to determine the firm performance from two distinct perspectives. These two dimensions to organizational dexterity have given rise to its being rather conceptualized as "Organizational Ambidexterity". Ambi-Dexterity is a combination of two words: Ambi (double side) and Dexterity (mastery and skill) (Torbatjoo, 2018). In psychology and behaviour level, people who are capable of using both hands with equal skills are said to be ambidexterous (Torbatjoo, 2018). Generally, a dexterous organization is defined as the ability of a company to explore and exploit to compete in mature markets and technologies where control, efficiency and incremental enhancement are prized and to also
compete in new markets and technologies where autonomy, flexibility and experimentation are needed (O'Reilly & Tushman, 2013).

**The Concept of Organizational Performance**

Performance is a measure of how well an organization achieves its goals according to Kairu, Wafula, Okaka & Odera (2013). This concept indicates the well-being of a company's business portfolio growth into the future. Organizational performance can be defined as the organization's ability to accomplish its aims using the resources it has in a properly structured manner (Othman, Saad, Robani, & Abdullah, 2014). Organizational performance can also be defined by the extent to which the organization is effective in executing its strategies. The process of reviewing an organization's progress toward its goals and objectives is referred to as performance evaluation on succession dynamics (Kifordu, 2024). The assessment can be in financial or non-financial measures like profitability growth, brand relationship and corporate image. The idea of measuring performance is not only to identify the current performance of the business but it is also how the business can perform better in the future in line with its strategic objectives (Otuko, KimaniChege, & Douglas, 2013).

**Mechanistic Organizational Structure**

Mechanical organization structure is also known as bureaucratic administrative organization structure (Wenxiao, Yicheng, Yunju & Lijie, 2017). Enterprises have a great degree of labour division and functional division for the task, and choose the qualified employee to meet the necessities of the job specification in the way of objection and not to subject to people's emotional impact (Wenxiao, Yicheng, Yunju & Lijie, 2017). And they employ a strict level of control on the specific work which is divided and develop several procedures, standards and norms at the same time. The mechanistic structure is far more traditional, and it is typically how a new company builds its organizational chart first. The organization is more clearly defined as a hierarchy, with the leadership giving roles and responsibilities to those below them. Rather than developing a team within cohesive groups, managers lead teams. When it comes to delegated leadership duties, the mechanistic structure is more stable and rigid. Control and authority are task standardization in a mechanistic organizational structure, which is frequently centralized and specialization occurs on a regular basis (Faruk & Gary 2016)
Structural Differentiation

Structural differentiation is the state of segmentation of the company systems into subsystems, each of which aims to develop specific features about the necessities posed by its pertinent external environment", that is, the subdivision of organizational tasks and domains across units (Lawrence & Lorsch 1967 as cited by Jansen, Simsek & Cao, 2012). For instance, core business units concentrate on exploitation and alignment, while units such as Research and Development focus on exploration. Numerous studies have contended that simultaneously implementing exploitative and explorative activities is not an easy task as these activities require diverse capabilities and organizational routines. As a result, structural difference is a useful organizational characteristic for resolving the tension between exploration and exploitation. As a result, each type of activity is given its own organizational considering skills and diversity (Kifordu, 2014).

Effective Leadership

The role played by leadership is indisputably quite relevant to organizational survival and vital to the development of a dextrous company. The ability of the senior leadership teams to adapt to conflicting demands between old and new activities is a key indicator of organizational success (Luoma-aho, 2015), and dexterity requires leaders with a stock of behavioural skills. O'Reilly & Tushman (2011) noted that a key leadership quality is the ability of the senior leadership to tolerate and resolve the tensions arising from separate alignments. According to Lin & McDonough (2011) to concurrently achieve explorative and exploitative activities within a single business unit, an organization needs to create a culture that encourages learning and knowledge sharing. This type of culture empowers the members of the organization to both exploit existing competencies and explore new capabilities (Krstic, 2014).

Organizational Structure and Organizational Performance

Mohammed, Hadi, Ali, and Dheyaa (2019) in their study on the effect of organizational structure on firm performance found that the organizational structure has a direct effect on both financial and non-financial performance within a firm. Hao, Kasper & Muehlbacher (2012) in their study of organizational structures of corporations in Austria and China found that organizational structure influences performance both directly and indirectly. They further contend that many firms ought to steadily modify their organizational structures to attain superior performance in the marketplace. Achieving superior business excellence is a
significant objective of several business organizations, and effective strategy formation and implementation have been identified as the key elements that must align with the organisation's structure in all instances.

**Effective Leadership and Organizational Performance**

Lin & McDonough (2011) empirically examine the role of leadership in creating a knowledge-sharing culture as a means to promote Organizational Dexterity. Their findings reveal that, while strategic leadership directly impacts a knowledge-sharing culture, a knowledge-sharing culture impacts Organizational Dexterity. The role played by leadership is unquestionably quite relevant to organizational survival and vital to the development of an ambidextrous firm (Rosing, Frese & Bausch, 2011; Tushman et al., 2011).

**Non Alcoholic Beverages**

Nigeria, Africa's largest economy and most populous nation is generally regarded as one of the most appealing customer markets in Africa. Consumption of non-alcoholic beverages (NABs) such as carbonated and Juice drinks has been a good form of refreshment among Nigerians of all tribes, ages and socioeconomic backgrounds (Pesut & Thompson 2017). NABs have been generally recognized for their diverse contributions to household food and nutrition in general, and particularly, for their role in body hydration. They noted that fruit and vegetable-based juices are important contributors of vitamins, minerals, and dietary fibre; and the benefits of juice consumption have been reported while that of carbonated soda has been a subject of debate. Consumption of non-alcoholic beverages (NABs) either in the form of a tea/coffee drink taken with or without milk, fruit juice, non-alcoholic wine, chocolate drink, carbonated drink, or any of several other food drinks containing less than 0.5% alcohol, has been a basic form of refreshment among human societies across all ages and civilizations.

**3. THEORETICAL FRAMEWORK**

**Situational Theory**

The situational theory states that effective leaders exhibit behaviours that fit the situation at hand. No one's best leadership style is suited for all situations. Hence, leaders should demonstrate the behaviour that will have the optimum positive effect on employees' performance such as constant increased productivity and achievement of overall corporate,
objectives, improvement in employees' motivation, job satisfaction, career advancement, and organizational responsiveness to stakeholders' expectations will be attained (Shirazi, Hosseini & Seyyed, 2014). This study will also adopt the situational theory. This is because the leader must carefully study the current situation of the organization before deciding on the style of leadership to adopt and implement bearing in mind that the skills, structure and systems are diverse and peculiar to employee. Kifordu, Ogbo & Ukpere, 2014).

4. TOOLS AND METHODS

The study used the survey research design method specifically, a cross-sectional survey design to collect data for empirical analytical purposes. The justification for adopting the cross-sectional survey research design method was that it helped to collect data from the respondents at a particular point in time. The population of the study comprised 462 persons to whom the research was generalized. The sample size of 210 was determined by using Krejcie & Morgan (cited by Johnson & Shoulders, 2019). The sampling method that was used in this study is the stratified random sampling method. A test-retest technique was utilized to determine the instrument's reliability.

5. RESULTS AND DISCUSSIONS

Table 1: Regression Analysis of Organizational dexterity and Organizational Performance

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-10.820</td>
<td>2.032</td>
<td>-5.325</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>.472</td>
<td>.052</td>
<td>.429</td>
<td>9.146</td>
</tr>
<tr>
<td>Effective leadership</td>
<td>.112</td>
<td>.055</td>
<td>.088</td>
<td>2.035</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational performance

Table 1 showed the multiple regression analysis result for organizational dexterity and organizational performance. It was indicated that organizational structure which is the first variable has the highest positive effect on organizational performance ($\beta = 0.429$, $P<0.05$).
Effective leadership which is the second variable has the least positive effect on organizational performance ($\beta = 0.088$, $P<0.05$).

### Table 2: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>100.180</td>
<td>4</td>
<td>20.036</td>
<td>81.889</td>
<td>.000⁰</td>
</tr>
<tr>
<td>Residual</td>
<td>47.711</td>
<td>195</td>
<td>.245</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>147.891</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational performance  
b. Predictors: (Constant), Effective leadership, Organizational structure

The $F$-ratio in table 2 above test whether the overall regression model is a good fit for the data. The table showed that the measures of organizational dexterity significantly predict organizational performance, $F = 81.889$, $0.000< 0.05$. This connotes that the regression model is a good fit of the data.

### Table 3: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.823⁰</td>
<td>.677</td>
<td>.669</td>
<td>.4946</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Human resources practice, Effective leadership, Organizational capability, Organizational structure

Table 3 above, showed the extent to which the dimensions of organizational dexterity accounted for change in organizational performance as indicated by the Adjusted R Square value, which shows that 67% (0.669) of the change in organizational performance is brought about by the dimensions of organizational dexterity.

### Hypotheses Testing

The multiple regression analysis was employed as the analytical technique for testing the hypotheses. The p-values reported in the regression coefficient tables were used for testing the study hypotheses.
The Decision Rule

If the probability value calculated is lesser than the critical value of 5% (i.e. 0.000 < 0.05), it is vital to conclude that the given parameter is significant. In this scenario, it is accepted that there is a need to reject the null hypotheses and accept the alternate. Gujarati and Porter (2009) stated that when we reject the null hypotheses, we say that our findings are statistically significant and vice versa. Thus, the p-value is at 0.05 (5%).

**HO1:** Organizational structure has no significant effect on the organizational performance of non-alcoholic beverage firms in Nigeria.

Table 4 shows that the calculated level of significance is lesser than the p-value of 0.05 (5%) i.e. (0.000< 0.05). Therefore, the null hypothesis was rejected while the alternate was accepted implying that organizational structure has a positive significant effect on organizational performance of non-alcoholic beverage firms in Nigeria.

**HO2:** Effective leadership has no significant influence on the organizational performance of non-alcoholic beverage firms in Nigeria.

Since the p-value critical is at 0.05 (5%) i.e. the level of significance which is the tolerable error in estimation is lesser than the calculated level of significance (0.043< 0.05) in Table 3, the null hypothesis was rejected while the alternate was accepted. This means that effective leadership has a positive significant influence on the organizational performance of non-alcoholic beverage firms in Nigeria.

6. DISCUSSION

Organizational Structure and Organizational Performance

Table 1 shows that organizational structure has a strong positive correlation coefficient with organizational performance (0.674**) which means that organizational structure is a good dimension of organizational dexterity. Table 3, shows that organizational structure which is the first variable has a positive effect on organizational performance (β = 0.429, P<0.05). Table 3, shows that the calculated level of significance is lesser than the p-value of 0.05 (5%) i.e. (0.000 < 0.05). Therefore, the null hypothesis was rejected while the alternate was accepted implying that organizational structure has a significant positive effect on organizational performance of non-alcoholic beverage firms in Nigeria. The finding is in agreement with
Maduenyi, Oluremi & Fadeyi's (2015) findings that organizational structure has a direct effect on both financial and non-financial performance within a firm. Hao, Kasper & Muehlbacher (2012) in their study of organizational structures of corporations in Austria and China found that organizational structure influences performance both directly and indirectly. They further contend that many firms ought to steadily modify their organizational structures to attain superior performance in the marketplace. This is also in line with Jens, Khalid & Hassan's (2014) assertion that a company that can embrace a merger of multiple structures at the same time will always be subject to maximize aggregate performance outcomes compared to their peers in the marketplace who fail to embrace the dynamic organizational structures that are aligned to the market needs and the complexity of their business organizations. This finding implies that the type of organizational structure adopted by an organization should enable such organizations to continuously stay responsive to the very dynamic and complex business environments that they operate in.

Effective Leadership and Organizational Performance

Table .3 shows that effective leadership exhibited a positive correlation coefficient with organizational performance (0.195**) which implies that effective leadership is a very good construct of organizational dexterity. Table 1 shows that effective leadership which is the second variable has a positive effect on organizational performance ($\beta = 0.088$, $P<0.05$). Since the p-value critical is at 0.05 (5%) i.e. the level of significance which is the tolerable error in estimation is lesser than the calculated level of significance ($0.043<0.05$) in Table 3, the null hypothesis was rejected while the alternate was accepted. This means that effective leadership has a significant positive influence on the organizational performance of non-alcoholic beverage firms in Nigeria. The finding agreed with Lin & McDonough's (2011) findings that, while strategic leadership directly impacts a knowledge-sharing culture, a knowledge-sharing culture impacts on organizational dexterity. Rosing, Frese & Bausch(2011) and Tushman et al., 2011) found that the role played by leadership is unquestionably quite relevant to organizational survival and vital to the development of an ambidextrous firm. Similarly, Lu, Zhu, & Bao, (2015) found that effective leaders are skilful at identifying and positively using both the competencies and limitations of their followers in the accomplishment of organizational goals. Nawoselng'ollan & Roussel (2017) found that leaders not only motivate workers to enhance their job performances but also encourage workers to perform more than expected by their job necessities. The implication of the finding indicated that leadership is one
of the key factors that ensure the success of an organization. Leaders are central to organizational achievement as a result, it is relevant that they be effective. Leaders play a crucial role in fostering a culture that encourages knowledge sharing, and employee retention and creates loyalty to the organization.

**Summary**

Organizational structure has a strong positive correlation coefficient with organizational performance ($r = 0.674**$). Organizational structure has a significant positive effect on organizational performance ($\beta = 0.429, P<0.05$). Organizational structure has a significant positive effect on the organizational performance of non-alcoholic beverage firms in Nigeria. Multinational corporations' organizational structures are changing over time, but they are now similar across all segments. Each organizational structure is appropriate for a specific type of business and has a specific application.

Effective leadership exhibited a positive correlation coefficient with organizational performance ($r = 0.195**$). Effective leadership has a significant positive effect on organizational performance ($\beta = 0.088, P<0.05$). Effective leadership has a significant positive influence on the organizational performance of non-alcoholic beverage firms in Nigeria. The ability of senior leadership to tolerate and handle tensions originating from different alignments is an important leadership attribute. The capacity to create a clear vision, the ability to comprehend corporate culture, the ability to inspire innovation, and the ability to focus on performance growth are all leadership attributes that affect goal achievement.

**7. CONCLUSION**

It was concluded that organizational dexterity has a significant positive effect on the organizational performance of non-alcoholic beverage firms in Nigeria. Organizational structure, effective leadership, human resource practice and organizational capabilities have significant positive effects on organizational performance. Organizational structure which is the first variable has the highest positive effect on organizational performance ($\beta = 0.429, P<0.05$). Effective leadership has the least positive effect on organizational performance ($\beta = 0.088, P<0.05$).

Companies change over time: their service and product portfolios change, as do the amount of employees, their experience, and so on. All these changes must be reflected in how tasks are
managed and structured within the firm. The most common reason for restructuring a company is an increase in the number of employees or a new market condition. Effective leadership is the most critical component in an organization and the most important skill for the organization's leaders. It brings direct and indirect impacts on the employee's performance. Leaders who act by expectations are the most effective.

**Recommendations**

1. Companies should design their structures in harmony with the internal and external working environment conditions and organizational strategies to enhance employee innovative performance.

2. Tools of communication and methods to convey messages from top to bottom and within the team should depend on the organizational structure to improve organizational performance.

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