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Enterprise Agility and the Non-Financial Performance of Selected Microfinance Banks in Enugu State

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Abstract: The central aim of this paper is to investigate enterprise agility effects on the non-financial performance of selected microfinance banks in Enugu State. Data used in the study was generated majorly from primary source using researchers designed five-point likert scale questionnaire. The study adopted descriptive design and drew its sample from seven selected microfinance banks (UNN, IMT, Urban, Eastman, Golden funds, Ohha and Green Bank Microfinance banks) all within the Enugu metropolis, Enugu State. Judgmental sampling technique was used to select a sample of 83 members of staff from a combined population of 105 members of staff. In testing the hypotheses, the researchers used one sample t-test statistical technique with the aid of 23.0 versions of statistical package for social sciences (SPSS). The study having empirically examined agility and organizational performance concluded that enterprise agility has significant effect on the non-financial performance of micro-finance banks in Enugu state. In line with the findings and conclusion above the researchers recommended that Micro-finance banks should develop an environmental sensing desk to enable them keep abreast with sudden changes that affects their performance, hence; be in the position to respond to them with the desired speed and that Culture and structures of micro-finance banks should be reformed to be agility compliant; this will enable them to be more efficient in their internal operations thereby achieving enhanced overall performance.

Key words: Enterprise · Microfinance · Banks and Non-Financial

INTRODUCTION

Over the years, there is an evolution in the resource needs of business. The shift of emphasis from tangible to less tangible and outright intangible resources is becoming manifest. This is basically so because of the need for organizations to strategically respond to environmental volatility, uncertainty, complexity and ambiguity (VUCA) which combines to bring about unprecedented flux in their operations. Again, the emergence of hi-technology driven service sector has made the need for intangible resources more pronounced hence the definition of economies of the world as knowledge driven. The rapid change in the global economy during the last decade changed the way that many companies conduct business; this can be attributed partly to the developments in technology and digital means of conducting business. Customer demand and expectations for shorter service times are continuously increasing with the introduction of new innovative changes in the marketplace. Therefore, adaptability and flexibility are crucial for today's companies to react to a dynamic business environment [1] and a continuous revision of the organization's structures, strategies and policies to manage and react to the changes in a swift manner is needed [2].

It is therefore expected that for organizations to thrive and remain sustainable, they must include the intangible resources to their resource mix while developing the capabilities to sense and actively respond to changing operational environment. Designing an agile enterprise requires a holistic approach as no single aspect of the organization is expected to be agile while others are not. It therefore follows that cultures, structures, men and

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machine deployed in the enterprise must be agility compliant [3]. Defined enterprise agility as the ability of an organization to be able to identify and adapt speedily and rapidly to variations and fluctuations in the environment. Agility according to Chandler is therefore is all about a firm's extent of alertness to both core and outward challenges. Also, the ability of an organization to use the inadequate and available resources in a timely, flexible and affordable manner to respond to deviations successfully makes the organization agile [4]. Defined an agile organization as the capability of the organization to fine-tune itself swiftly with its chain of supply to respond to variations, opportunities and threats in its environment. It is therefore safe to state that firms who are not agile may be overwhelmed by the volatility, uncertainty, complexity and ambiguity associated with their operational environment.

Organizational performance is a construct in management research that is very common. This is not unconnected to the fact that most studies in management are targeted at building a better organization with enhanced performance for the purpose of meeting the varying need of the stakeholders. Research in organizational performance has viewed it mostly either as a result (End outcome) or focused on the process that brings about it (Analysis or study of the determining factors). Be that as it may, it is generally defined as actual performance compared to goals and objective. Measuring organizational performance according to Bray [5] was in the past limited more or less on financial measures in the form of revenue, profit, net operating income, ROA (Return on Assets), ROE (Return on Equity), ROS (Return on Sales) and other mostly revenue and profit related measures. The paradigm from the old narrative on what organizational performance is has included and emphasized the non-financial measures in order to bring about value for all stakeholders. Issues like sustainability, social responsibility, compliance to environmental standards, innovativeness, competitiveness, cost leadership, organizational memory and operational efficiency etc are taking the center stage from the non-financial measure's aspect.

Statement of the Problem: The micro-finance sector of the Nigerian banking industry is one that can be said to still be evolving. The central bank through its myriad of policies and programmes supervises and provides leverages for micro finance banks to perform creditably to the satisfaction of its numerous stakeholders. However, most micro-finance may not have taken adequate advantage of the many opportunities provided due to their slow response to changes in their operational environment. On the other hand, some micro-finance banks are locked down in terms of performance because when negative changes occur in their environment, they are slow to detect such development and chat a new strategic course to overcome them, hence, they are caught in the web and this vitiates their ability to deliver robust results to their stakeholders. This paper therefore is interested in investigating the extent to which enterprise agility influences the performance of Micro-Finance banks in Enugu State.

Objectives of the Study: The specific objectives which this paper will strive to achieve are to;

- Examine the effects information agility on customer relationship management of micro-finance banks in Enugu State
- Examine how acting agility affects the internal operational efficiency of microfinance banks

Research Questions:

- Does information agility have significant effect on customer relationship management of micro-finance banks in Enugu State?
- Does acting agility have significant affects on the internal operational efficiency of microfinance banks in Enugu State?

Research Hypotheses:

H_{01}: Information agility does not have significant effect on customer relationship management of micro-finance banks in Enugu State

H_{02}: Acting agility does not have significant effects on the internal operational efficiency of microfinance banks in Enugu State

Review of Related Literatures

Enterprise Agility: [6] defined organizational agility as the organizational capacity to vary flexibility and speed of their market offering within sense-response framework. This framework includes; capability to execute strategic moves choosing between flexibility and speed dimensions. Eisenhardt and Martin [7] in their study stated that organizational agility should not be confused with strategic flexibility, dynamic capabilities for change,

or considered as the static property of organizations. Agility is a strong sense, speed, lightness and nimble and needs creativity and innovation. Agility means the ability to fantasize in the field of manufacturing new products and ways of doing proper business [8]. Although definitions available of agility are different, but all of them emphasize on speed and flexibility as key factors for achieve agility [9]. The aim of agile organization is to enrich and honoring customers and maintaining employees and survival and market share, that basically have a set of capabilities to respond appropriately to changes occurred in the business environment [10]. Organizational agility is organization's ability to survive and prosper in an environment of constant change and unpredictable [11]. Describing the root cause of enterprise agility, Karami [12] posits that business agility is driven by change and though change is not something new, it is now occurring more rapidly than ever before

Dimensions of Enterprise Agility: The dimensions of enterprise agility have been discussed from different strands by different management writers and experts. Karami [12] identified three dimensions: Human Resource (HR), information technology (IT) and innovation (I). The *HRA* according to them is concerned with people's capability and flexibility to have crucial roles in an agile organization which faces a permanent change in the circumstances while the *ITA* connotes exchanging of information amongst collaborated organizations, which has been proved necessary in order to secure their important information system, relationship and inflexibility. This benefits an organization by supplying it with a high information capacity. Finally, they viewed *IA* as a more effective way for an organization to provide solutions to customers rather than just selling products, by expanding their horizons and employing creative ways throughout the newly designated process [13]. On the part of Mockler [14] organizational agility has the following dimensions;

Sensing Agility: Sensing agility is the organizational capacity to inspect and monitor events and changes in the surrounding environment (Customer preferences changes, the movements of the new competitors, new technology) in a timely manner. The task of sensing means the strategic monitoring of environmental events that could have an impact on organizational strategy, competitive work and future performance, including several activities such as access to information related to the events which show environmental change, on the one hand and getting rid of the trivial information, on the other hand, in light of predetermined foundations and rules. This task is related to decision-making and its execution. It is interested in organizational adaptation to change in the surrounding environment.

Decision-Making Agility: Decision-making agility is the ability to collect, accumulate, restructure and evaluate relevant information according to a variety of sources to explain the implications of the business without delay and to identify opportunities and threats based on the interpretation of events, along with the development of action plans, which direct the reconfiguration of resources and the development of new competitive procedures. Decision-making seeks to capture the utmost opportunities and minimize the impact of threats on the life of the organization [15].

Acting Agility/Practicing: The acting task consists of a set of activities for re-assembling organizational resources and modifying business processes on the basis of the principles of work resulting from the task of decision-making in order to address the change that occurs in the surrounding environment [16]. Organizations can change the business processes by various procedures and resources, redesigning the organizational structure of the organization.

Determinants of Organizational Agility: There are several factors that determine adoption of organizational agility in a firm.

Adoption of IT Systems: One of the reasons underlying the heightened attention to organizational agility is the growing sophistication of information technologies. Saeed *et al*. [17] argue that information technology (IT) management capabilities provide a platform for firms to develop the appropriate digitized processes and knowledge systems that enhance their agility. Sambamurthy *et al.* [18] further propose that IT management capabilities are an important part of basis through which firms can launch and sustain competitive success through IT- dependent initiatives. Sambamurthy *et al*. [18] further notes that IT applications, such as Internet computing, customer relationship management, enterprise resource planning and supply chain management, allow firms to rapidly detect changes, flexibly alter their market strategies and thus respond more quickly to customers? changing requirements thereby attaining competitive advantage.

Strategic Alliance: According to Shams and Razi [19] strategic alliances are agreements between companies (Partners) to reach objectives of common interest. Singh and Sharma [20] noted that strategic alliances are critical to organizations for a number of key reasons that are related to organization agility; organic growth alone is insufficient for meeting most organizations' required rate of growth; speed to market is essential and partnerships greatly improve it; complexity is increasing and no single organization has the required total expertise to best serve the customer Partnerships through strategic alliance can therefore become handy in making up for individual firms inadequacies

Human Resources Management Practices: In realization that employees are the most important resource to an organization, agile organizations seek to employ, train and motivate to retain high caliber employees. Therefore, an agile organization employs human resources management practices to ensure that the organization sails through the turbulent business currents. According to Tseng and Lin [21] HRM is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. Creativity and innovation represent a way of organization alignment with business environment to ensure that it remains relevant and this can only be engendered by the human resource in the employ of the organization.

MATERIALS AND METHODS

In this study, data was generated majorly from primary source using researchers designed five-point likert scale questionnaire. The study adopted descriptive design and drew its sample from seven selected microfinance banks (UNN, IMT, Urban, Eastman, Golden funds, Ohha and Green Bank Microfinance banks) all within the Enugu metropolis, Enugu State. Judgmental sampling technique was used to select a sample of 83 members of staff from a combined population of 105 members of staff. In testing the hypotheses, the researchers used one sample t-test statistical technique with the aid of 23.0 versions of statistical package for social sciences (SPSS)

RESULTS

H_{01}: Information agility does not have significant effect on customer relationship management of micro-finance banks in Enugu State

The result from the above shows that information agility (IA) is contributes significantly to customer relationship management (CRM) as it gave an output of $t._{000}$ which is less than the 0.05 confidence level. The alternate hypothesis was therefore accepted in place of the null.

H_{02}: Acting agility does not have significant effects on the internal operational efficiency of microfinance banks in Enugu State.

Table 1: SPSS OUTPUT FOR HYPOTHESIS ONE

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T-TEST
/TESTVAL=0
/MISSING=ANALYSIS
/VARIABLES=IAandCRM RANKS
/CRITERIA=CI(.95).
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	One-Sample Statistics			
	N	Mean	Std. Deviation	Std. Error Mean
IAandCRM	25	16.6000	10.59481	2.11896
RANKS	25	3.0000	1.44338	.28868

One-Sample Test Test Value = 0						
					95% Confidence Interval of the Difference	
	T	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
IA and CRM	7.834	24	.000	16.60000	12.2267	20.9733
RANKS	10.392	24	.000	3.00000	2.4042	3.5958

Table: 2 SPSS OUTPUT FOR HYPOTHESIS TWO

T-TEST
/TESTVAL=0
/MISSING=ANALYSIS
/VARIABLES=AA and IOE RANKS
/CRITERIA=CI(.95).

	One-Sample Statistics			
	N	Mean	Std. Deviation	Std. Error Mean
AA and IOE	25	16.6000	10.96586	2.19317
RANKS	25	3.0000	1.44338	.28868

One-Sample Test Test Value = 0						
					95% Confidence Interval of the Difference	
	T	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
AA and OE	7.569	24	.000	16.60000	12.0735	21.1265
RANKS	10.392	24	.000	3.00000	2.4042	3.5958

From the SPSS output for hypothesis two, the t-value is .000 which is far lesser than 0.05 confidence level. It is therefore safe to reject the null hypothesis and accept the alternate which states that Acting agility has significant effects on the internal operational efficiency of microfinance banks in Enugu State

CONCLUSION

Every organization operates within the context of the opportunities and threats provided by their operational environment. It is therefore the propensity of the organization to creatively respond to and leverage on these opportunities and threats that determines the performance of such organization. This study having empirically examined agility and organizational performance concludes that enterprise agility has significant effect on the performance of micro-finance banks in Enugu state

Recommendations: In line with the findings and conclusion above the researchers recommended that;

- Micro-finance banks should develop an environmental sensing desk to enable them keep abreast with sudden changes that affects their performance, hence; be in the position to respond to them with the desired speed.
- Culture and structures of micro-finance banks should be reformed to be agility compliant; this will enable them to be more efficient in their internal operations thereby achieving enhanced overall performance.

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