# STRATEGIC AGILITY AND PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMES) IN FCT-ABUJA, NIGERIA

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**Abstract**
*This study examined the effect of strategic agility on the performance of small and medium-sized enterprises (SMEs) in FCT-Abuja. The growing declining rate of performance and survival of SMEs in the country has become a source of concern and worry to stakeholders, it is the reason this study sought to account for the effect of strategic agility on the performance of SMEs. The primary data was used and data collected using a Likert scale questionnaire. Dataset of 297 questionnaire was used for data analysis. Internal consistency and content validity were tested to ensure the reliability and validity of the instrument. Multiple regression analysis was employed to analyse the data. The regression results indicated that strategic agility has a significant effect on SMEs performance in FCT-Abuja. Based on the hypotheses testing, it was found that strategic sensitivity, leadership unity, and resource fluidity all had significant effects on SMEs performance. The study concluded that strategic sensitivity is critical for competitive performance of SMEs. The study also supports the critical role of leaders in driving strategic agility and emphasize the relevance of resource fluidity in addressing the challenges faced by SMEs in emerging markets. The study recommends that SMEs in FCT-Abuja should develop the ability to detect and respond to strategic opportunities and threats in a timely manner, foster leadership unity and collaboration among their leaders that drives strategic initiatives and ensure the alignment of organizational goals and objectives while also ensuring efficient resource planning, effective utilization of available resources, and exploring partnerships and collaborations to access additional resources when needed. The results offer valuable insights for SMEs in FCT-Abuja to strengthen their strategic capabilities and improve their overall performance in a dynamic business environment.*

## Introduction

Small and Medium Scale Enterprises (SMEs) form the backbone of economies worldwide, playing a pivotal role in job creation, innovation, and economic growth (Dhliwayo, 2016). These enterprises, often characterized by limited resources and operational scale, face numerous challenges in an increasingly dynamic and competitive business environment (Franklin, 2021; Adudu et al., 2021). To thrive amidst uncertainties, disruptions, and evolving market conditions, SMEs need to develop strategic agility, which is an ability to swiftly and effectively respond to changes and seize emerging opportunities.

Strategic agility refers to an organization's capacity to anticipate, adapt, and align its strategies and operations to align with rapidly changing market dynamics (Gajere *et al.*, 2023). It enables SMEs to proactively identify and capitalize on emerging trends, respond to competitive pressures, and continuously innovate to maintain a competitive advantage (Ebrahim Seyadi & Elali, 2021). In essence, strategic agility empowers SMEs to navigate through uncertain terrain, transform challenges into opportunities, and achieve sustainable performance.

In this study strategic agility is measured as strategic sensitivity, leadership unity and resource fluidity (Denning, 2017; Doz, 2020). Strategic Sensitivity: Strategic sensitivity refers to an organization's ability to identify and perceive changes in its external environment, such as market trends, customer preferences, and competitor actions (Ebrahim Seyadi & Elali, 2021). It involves the capacity to detect and interpret signals and patterns that could impact the organization's strategic decision-making process (Zahoor et al., 2022). A strategically sensitive organization is proactive in monitoring and understanding its external environment to identify opportunities and threats in a timely manner. Leadership unity refers to the alignment and cohesion among leaders within an organisation (Denning, 2017). It involves the shared vision, goals, and values among leaders, as well as effective communication and collaboration.

Leadership unity enables leaders to work together towards a common purpose, make decisions collectively, and foster a harmonious and cooperative work environment. Resource fluidity refers to the organization's ability to efficiently allocate and reallocate its resources to support strategic initiatives and adapt to changing circumstances (Denning, 2017). It involves flexibility and agility in deploying resources, including financial, human, and technological resources, to meet evolving business needs. Resource fluidity enables organizations to optimize resource utilization, quickly respond to market changes, seize new opportunities, and effectively address challenges (Doz, 2020). It also involves the ability to acquire, integrate, and divest resources as necessary to enhance competitiveness and performance.

The performance of SMEs is a critical determinant of their survival, growth, and long-term success. Traditionally, performance measures in SMEs have focused on financial indicators such as profitability, revenue growth, and return on investment (Makinde & Agu, 2018). However, in today's dynamic business landscape, the concept of performance has expanded beyond mere financial metrics to encompass non-financial indicators such as customer satisfaction, market share, employee engagement, and innovation capabilities (Garba, 2019; Makinde & Agu, 2018).

Therefore, evaluating SMEs performance requires a comprehensive understanding of both financial and non-financial dimensions, as such, this study measured performance as a composite measure. Despite the recognized importance of strategic agility and performance in the context of SMEs, there is a notable gap in empirical research that investigates the relationship between these two constructs. Limited studies have specifically explored how strategic agility influences SME performance and the underlying mechanisms that facilitate this relationship.

Therefore, this study aims to bridge the gap in the literature by examining the effect of strategic agility on the performance of SMEs, with a specific focus on SMEs in FCT-Abuja. By investigating these relationships, the study seeks to provide valuable insights into how SMEs can enhance their strategic agility to achieve superior performance outcomes. The findings will not only contribute to the strategic management literature but also offer practical implications for SME owners, managers, and policymakers seeking to foster growth, innovation, and competitiveness within the SME sector. This study recognizes the pivotal role of strategic agility in driving the performance of SMEs and aims to address the existing research gap by exploring the relationship between strategic agility and SME performance. This study seeks to provide valuable insights that can inform strategic decision-making and help SMEs navigate the complexities of the modern business environment.

**Statement of Problem**

The FCT-Abuja is a vibrant business hub with a significant presence of SMEs across various industries. However, SMEs in the capital city of Nigeria like every other part of Nigeria, are faced with numerous challenges, including limited resources, intense competition, and unpredictable market trends. The alarming declining rate of collapse of SMEs is another major challenge, as SMEs are unable to navigate through these challenges and achieve sustainable growth and success.

This study explored the effect of strategic agility on the performance of SMEs in FCT-Abuja. The research examined how SMEs' ability to sense changes in their business environment, seize emerging opportunities, and reconfigure their strategies and operations contributes to their overall performance. In shedding light on the effect of strategic agility on SME performance, this research will provide valuable insights for SME owners, managers, and policymakers in FCT-Abuja. The findings will help SMEs understand the importance of strategic agility and guide them in developing effective strategies to enhance their competitiveness, adaptability, and long-term success in a dynamic business environment. The general objective of the study is to examine the effect of strategic agility on the performance of SMEs in FCT-Abuja. The specific objectives are to:

(i) assess the effect of strategic sensitivity on the performance of SMEs;
(ii) examine the effect of leadership unity on the performance of SMEs; and
(iii) account for the effect of resource fluidity on the performance of SMEs in FCT-Abuja.

## LITERATURE REVIEW

### Strategic Agility

Strategic agility refers to an organization's ability to effectively and rapidly adapt its strategy in response to changes in the internal and external business environment. It involves being proactive, flexible, and responsive to emerging opportunities and challenges (Alfarajat, 2023). Strategic agility is crucial in today's fast-paced and unpredictable business landscape, where organizations must constantly evolve to stay competitive and achieve long-term success. Strategic agility begins with anticipating changes and disruptions in the business environment. This requires actively scanning the internal and external landscape to identify emerging trends, shifts in customer needs, technological advancements, regulatory changes, and competitive dynamics (Al Zu`bi, 2020). By anticipating these changes, organizations can stay ahead of the curve and proactively shape their strategies accordingly.

Strategic agility involves the capacity to adapt and adjust strategy swiftly in response to new information or changing circumstances (Papla et al., 2022). This may involve revising business models, reallocating resources, entering new markets, diversifying product offerings, or repositioning the organization's value proposition. The ability to be agile and flexible in decision-making allows organizations to capitalize on opportunities and mitigate risks effectively (Arokodare, 2020). Strategic agility requires a collaborative and empowered organizational culture. It involves breaking down silos and fostering cross-functional collaboration, enabling the rapid flow of information and ideas across different parts of the organization (Khan et al., 2020). Empowering employees at all levels to contribute to strategy formulation and execution encourages innovation, creativity, and a sense of ownership, which are essential for agility.

Strategic agility embraces an iterative approach to strategy development and implementation and rather than rigidly sticking to long-term plans, organizations that are strategically agile engage in continuous learning and experimentation (Tufan & Mert, 2023). They embrace a test-and-learn mindset, taking calculated risks and quickly iterating their strategies based on feedback and results. This iterative approach allows for faster course corrections and ensures that the organization remains aligned with its goals and the changing environment. Strategic agility goes hand in hand with resilience. It involves building organizational resilience to effectively navigate and recover from disruptions, setbacks, and unexpected events (Francis et al., 2021). Resilient organizations are better equipped to absorb shocks, quickly adapt, and bounce back stronger. This may involve developing robust contingency plans, diversifying revenue streams, nurturing a culture of learning from failures, and fostering strong relationships with stakeholders. The dimensions of strategic agility are strategic sensitivity, leadership unity and resource fluidity (Denning, 2017; Doz, 2020).

### Dimensions of Strategic Agility

#### a. Strategic Sensitivity

Strategic sensitivity is a concept that is closely related to strategic agility, as it encompasses the ability of an organization to effectively sense and interpret changes in its external environment (Adim & Maclayton, 2021). It involves being attuned to shifts in market dynamics, customer needs and preferences, technological advancements, competitive landscapes, and other relevant factors that can impact the organization's strategic direction. Strategic sensitivity begins with actively monitoring the external environment. This involves gathering and analysing information from various sources such as market research, industry reports, customer feedback, social media, and competitor analysis (Diete-Spiff & Nwuche, 2021). Organizations with high strategic sensitivity are proactive in seeking out information and keeping a finger on the pulse of their industry.

It is not enough to collect data; strategic sensitivity involves perceiving and interpreting the information in a meaningful way. It requires developing a deep understanding of the external environment, recognizing patterns, and discerning potential implications for the organization (Dulyasova et al., 2021). This includes identifying emerging trends, new opportunities, potential threats, and areas where the organization's competitive advantage can be leveraged. Strategic sensitivity is only valuable when it leads to agile decision-making(Adim & Maclayton, 2021). Once the information is perceived and interpreted, organizations need to respond quickly and decisively. This may involve adjusting strategies, reallocating resources, developing new products or services, or entering new markets (Diete-Spiff & Nwuche, 2021). The ability to make informed decisions promptly and adapt to changing circumstances is a key aspect of strategic agility.

Strategic sensitivity is not a one-time event but an ongoing process. Organizations must continuously learn and adapt based on their insights and experiences. This includes capturing lessons from both successes and failures, fostering a culture of experimentation, and incorporating feedback loops to ensure that the organization's strategic direction remains aligned with the changing external environment. Strategic sensitivity also involves building flexibility and resilience into the organization's structures, processes, and systems (Dulyasova et al., 2021). This allows for quick adjustments in response to changing circumstances. It may involve cross-functional collaboration, agile project management methodologies, flexible resource allocation, and an adaptable organizational culture that embraces change.

**b. Leadership Unity**

Leadership unity under the dimensions of strategic agility refers to the cohesive and synchronized actions of leaders within an organization to effectively navigate and adapt to dynamic and uncertain business environments (Usman, 2023). It involves the ability of leaders to align their strategies, make timely decisions, and respond swiftly to changes while maintaining a shared vision and purpose (Sajdak, 2015). Leadership unity begins with establishing a shared vision that outlines the organization's long-term goals and direction. All leaders need to be aligned and committed to this vision, ensuring that their strategic decisions and actions are in line with the overarching objectives.

Strategic agility requires leaders to engage in collaborative decision-making processes. Leaders must come together, exchange ideas, challenge assumptions, and explore various perspectives to make informed decisions that are aligned with the organization's goals (Usman, 2023). This collaborative approach fosters unity and ensures that decisions are well-rounded and based on diverse expertise. Effective communication is essential for leadership unity. Leaders should communicate the strategic direction, changes, and progress to their teams regularly and transparently. This ensures that all leaders are aware of the evolving situation and can align their actions accordingly. Clear communication also helps in building trust and reducing ambiguity within the organization.

Strategic agility demands adaptability and flexibility from leaders. They must be open to change, willing to challenge the status quo, and ready to adjust their strategies as per the evolving circumstances. Unity in leadership means that all leaders are on the same page regarding the need for adaptation and are willing to explore new approaches to achieve the organization's goals (Idris, 2013). Leaders must work together in a coordinated and collaborative manner to achieve strategic agility. This involves sharing resources, knowledge, and expertise, as well as supporting and leveraging each other's strengths. By fostering a collaborative culture, leaders can pool their talents and insights to solve complex problems and seize opportunities more effectively.

**c. Resource Fluidity**

Resource fluidity refers to the ability of an organization to rapidly and efficiently allocate and reallocate its resources in response to changing business conditions and strategic objectives (Ebikebena *et al.*, 2021). It is a critical aspect of strategic agility, which refers to an organization's capacity to sense and respond swiftly to market disruptions, seize opportunities, and adapt its strategies accordingly (Akhigbe & Onuoha, 2019). Resource fluidity implies that an organization can quickly reallocate its resources, such as financial capital, human talent, technology, and physical assets, to different areas of the business as needed (Akhigbe & Onuoha, 2019). This flexibility enables the organization to align its resources with evolving strategic priorities and allocate them to areas that offer the greatest potential for growth or competitive advantage (Ebikebena *et al.*, 2021).

Strategic agility requires timely decision-making to capitalize on emerging opportunities or address threats. Resource fluidity supports this dimension by allowing organizations to make swift decisions regarding resource allocation (Efeomo et al., 2022). The ability to rapidly assess resource requirements, analyse market dynamics, and execute decisions enables organizations to take advantage of favourable market conditions or pivot their strategies to mitigate risks. In an agile organization, resources are not seen as fixed or static, but rather as dynamic elements that can be configured and reconfigured as required. Resource fluidity encourages organizations to continuously assess their resource portfolio and explore ways to enhance or acquire new resources to support strategic initiatives (Efeomo et al., 2022). This may involve forming partnerships, alliances, or mergers to access external resources or building internal capabilities through talent development or technology investments.

Resource fluidity involves not only the allocation of resources but also their effective deployment (Rotich & Okello, 2019). Agile organizations focus on ensuring that resources are deployed in a way that maximizes their impact and delivers value (Usman, 2023). This may involve experimenting with different resource combinations, conducting pilots or prototypes, and learning from iterative feedback. Such agility in resource deployment allows organizations to adapt their approaches based on real-time insights, optimize resource utilization, and improve overall performance. Overall, resource fluidity plays a crucial role in enabling strategic agility (Kitur & Kinyua,2020). It empowers organizations to respond swiftly to changing market conditions, seize emerging opportunities, and adapt their resource allocation strategies to stay competitive and achieve their strategic objectives (Usman, 2023). By embracing resource fluidity, organizations can enhance their ability to navigate uncertainty, foster innovation, and drive sustainable growth.

**Performance of small and medium scale enterprises (SMES)**

Small and medium-scale enterprises (SMEs) play a crucial role in the global economy. They are key drivers of economic growth, innovation, job creation, and poverty reduction in many countries (Jeewanthia & Bhavan, 2020). The performance of SMEs can be evaluated from various perspectives, including financial and non-financial indicators, such as growth rates, customer satisfaction and innovation while the financial are profit, return on investment, return on assets among others (Adudu et al., 2021). Assessing the financial performance of SMEs involves analysing various indicators such as revenue growth, profitability, liquidity, and solvency. SMEs may face challenges in accessing financing, managing cash flow, and dealing with limited resources (Franklin, 2021). However, effective financial management, access to capital, and efficient operations can lead to sustainable growth and profitability.

SMEs often have a competitive advantage in terms of agility and adaptability. They can quickly respond to market changes, adopt new technologies, and innovate in their products or services. The ability to innovate and stay ahead of the competition is crucial for SMEs to thrive and grow (Yahaya, 2020). SMEs typically start with a local or regional focus and gradually expand their market reach (Adudu et al., 2021). Successful SMEs can penetrate new markets, diversify their customer base, and even enter international markets. Expanding market share is an important measure of SME performance (Adudu et al., 2021).

It is important to note that SME performance can vary widely across industries, countries, and individual businesses. Factors such as sector-specific challenges, market conditions, management capabilities, and access to resources can significantly influence the performance of SMEs (Dhliwayo, 2016). However, by addressing key challenges, leveraging opportunities, and implementing effective strategies, SMEs can enhance their performance and contribute to sustainable economic development (Jeewanthia & Bhavan, 2020).

**Empirical Review**

The study of Oyedijo (2012) was focused on the effect of strategic agility and competitive performance of telecommunication firms. The study was conducted in Nigerian. Survey design was used and a data sample of 248 respondents to test the study hypotheses. The study used primary data and collection of data was through questionnaire. Multiple regression was used for the analysis and the study found that strategic agility has a positive significant effect on the competitive performance of the firms. The study concludes that the presence of the right people in the organisation is critical to ensure firms competitive performance. The study was conducted using telecommunication firms while the current study is focused on SMEs.

Also, Ofoegbu and Akanbi, (2012) assessed the effect of strategic agility on performance of manufacturing firms. The study was also conducted in Oyo state, Nigeria. The study used a cross sectional survey design. The study used primary data and collection of data was through questionnaire. Multiple regression was used for the analysis and the study found that strategic agility has a positive significant effect on the competitive performance of the firms. It was recommended in the study that manufacturing firms that desires improved performance must ensure they build capability that would help them. The study was conducted using telecommunication firms while the current study is focused on SMEs.

Tsilionis and Wautelet (2022) study was on accounting for models that support strategic agility. The study adopted a design science paradigm, as the focus was to build-up a framework that supports strategic agility model that can be applied to the benefit of organisation. The study found that a suitable model that can drive firm improved performance. The study recommends that there is need for firms to act fast to take advantage of changes in their environment as an opportunity to address threat in their environment. The current study is adopting a survey design and not focused on designing a framework rather adapt existing one towards making proposition that would ensure firm improved performance.

Zahoor et al. (2023) study was on relevance of strategic agility in addressing grand challenges of SMEs in emerging markets. The study was carried out in the United Arab Emirates. The study used a survey design and a data sample of 228 respondents was used to test the study hypotheses. The study used primary data and collection of data was through questionnaire. Structural equation model was used for the study analysis. The study found that strategic agility was a fundamental factor that helps in creating value that is useful for handling grand challenges in SMEs. The study was carried out in UAE with a more structured support system for SMEs, when compared to Nigeria with limited structure for SMEs.

**Dynamic Capability Theory**

Anekwe and ArdiGunardi (2020) revealed that dynamic capability theory (DC) was developed by Teece *et al.* in 1997. DC theory was derived from the Resource Base View theory and compensated for the theory's shortcomings when it came to explaining sustainable competitive advantage and superior performance in a dynamic environment. Dynamic capabilities theory presents path-dependent processes that allow firms to adapt to rapidly changing environments by building, marshalling, integrating, and reconfiguring their resource and capabilities portfolio (Sulistyo & Wuryanti, 2021). To be successful in the global market, firms should be able to adapt themselves to rapidly changing market while coordinating internal aspects.

Hence, dynamic capabilities aim at helping organizations to adapt themselves in changing business environments, and changes in markets. Firms require not only operational activities and skills to perform projects and processes by existing knowledge, but also, they need to be able to reuse and configure the assets that they have and be able to change their structure to become adapted to rapidly changing environment characterized by new products, markets and technologies (Olubiyi, 2022). From this point of view, dynamic capabilities compose specific abilities which help the management teams to specify the strengths, opportunities, threats and weaknesses and reuse their components.

Teece et al. (1997) defined DCs as the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. DCs are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve and die. The basic assumption of the dynamic capabilities' theory is those core competencies should be used to modify short- term competitive positions that can be used to build longer-term competitive advantage The application of this theory to this study is hinged on the need to develop capabilities that are strong enough to allow the firm manage changes in their internal and external environment.

## METHODOLOGY

The study used survey research design. This choice was informed due to the research problem and the objectives of the study. The survey research design provides a quick, efficient and accurate means of assessing information about a population. The population of the study are managers of small and medium scale enterprises (SMEs) in FCT. However, the study accessible population are managers of registered SMEs with SMEDAN in FCT. The SMEDAN (2017) report indicates that there are 2825 registered SMEs in FCT. Hence, the study population is 2825 managers of SMEs in FCT covering six sectors of agriculture, wholesale/retail, education, manufacturing, hospitality & recreation and information and communication. The reliant on this agency for population is because it is the only government agency that is by law backed to manage SMEs activities across the country. The sample size of this research is 350. The sample size was determined using Taro Yamane formular. The study adopted convenience sampling technique for selecting the participants of the study. The choice of this technique is because it allows for selecting participants that are of interest to the study frame.

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size
N = Population of the study
e = Tolerable error (5%)

$$n = \frac{2825}{1 + 2825\,(0.05)^2}$$

$$n = \frac{2825}{1 + 2825\,(0.0025)}$$

$$n = \frac{2825}{1 + 7.0625}$$

$$n = \frac{2825}{8.0625}$$

$$n = 350$$

The study sample size is 350

This research relied on primary data source for the study. The method of data collection was the use of questionnaire instrument, which was for the purpose of this investigation only. The questionnaire was designed in a likert scale method, the respondents are to indicate their opinions by simply ticking against the appropriate statements, ranging from Agree, Strongly Agree, Disagree, Strongly Disagree and Undecided. Internal consistency method of reliability was used to test for reliability of the study. The result showed a coefficient index of between 0.732 to 0.811, indicating the reliability of the instrument. Content validity was used to test the validity of the instrument and this was done by the supervisor and three other experts in management. The study adopted multiple regression technique with aid of SPSSv23. The nature of the statistical data gathered informed the choice of statistical tool used having satisfied the assumption of multiple regression.

## RESULTS AND DISCUSSIONS

Out of the three hundred and fifty (350) copies of questionnaire distributed in line with the study sample size, the researcher was only able to retrieve two hundred and ninety-seven questionnaire (297), which represents 85% of the total distributed questionnaire. Given the high retrieval rate, all further analysis were carried out with the data from the two hundred and ninety-seven questionnaire (297). Demographic analysis of the data shows that male respondents were one hundred and fifty-nine (159), which is 54% of the participants, while the female were one hundred and thirty-eight (138), which is 46% of the participants.

**Table 1: Model Summary on Strategic Agility and Performance of SMEs**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .541[a] | .293 | .286 | 1.06919 |

a. Predictors: (Constant), Resource fluidity, Strategic sensitivity, Leadership unity

**Table 2: ANOVA on Strategic Agility and Performance of SMEs**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 138.932 | 3 | 46.311 | 40.511 | .000[b] |
| | Residual | 334.947 | 293 | 1.143 | | |
| | Total | 473.879 | 296 | | | |

a. Dependent Variable: Performance

b. Predictors: (Constant), Resource fluidity, Strategic sensitivity, Leadership unity

**Table 3: Coefficients on Strategic Agility and Performance of SMEs**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | T | Sig. |
| 1 | (Constant) | 1.339 | .247 | | 5.425 | .000 |
| | Strategic sensitivity | .364 | .053 | .372 | 6.838 | .000 |
| | Leadership unity | .152 | .060 | .148 | 2.555 | .011 |
| | Resource fluidity | .165 | .059 | .161 | 2.814 | .005 |

a. Dependent Variable: Performance

The tables 1,2,3 are output from regression result assessing the effect of strategic agility on the performance of SMEs in FCT-Abuja. The major assumptions of regression were assessed to determine whether they were satisfied and the result confirmed that the assumptions of normality, linearity autocorrelation and heterosacasidity were satisfied. Having satisfied this assumption, hence, the researcher applied multiple regression to test the hypotheses of the study. The result indicates that there is a positive relationship between strategic agility and performance of SMEs in FCT-Abuja. The result indicates that the R-value is 0.541, which implies that strategic agility has a shared relationship of 54.1% with performance of SMEs in FCT-Abuja. The result indicates that the strength of the relationship is moderate, which implies that a shared moderate positive relationship exists between the two variables. Further, the R-square, which shows the coefficient of determination between the dependent variable and independent variable indicates that strategic agility explains about 29.3% of variance in performance of SMEs in FCT-Abuja. The table 2 shows the model was fit based on the model specification of the study. The f-value = 40.511 and p-value (0.000), which indicates that the model is fit and significant. The sum of the squares indicates that the data is sufficient for the study to reach model fit. The result implies that strategic agility has a significant positive effect on performance of SMEs in FCT-Abuja. The results revealed that strategic sensitivity, leadership unity, and resource fluidity all had significant effects on SME performance. Specifically, strategic sensitivity had the strongest positive effect on performance, followed by resource fluidity and leadership unity.

**Hypothesis One**

**$Ho_1$**: Strategic sensitivity has no significant effect on the performance of SMEs in FCT-Abuja.
The result from the coefficient table 3 shows that the probability of t-statistics stood at 0.000, which is less than 0.05 level of significance, as such, the study accepts the alternate hypothesis and rejects the null hypothesis, as such hypothesis one is rejected. This implies that strategic sensitivity has significant effect on the performance of SMEs in FCT-Abuja. The study aligns with the work of Oyedijo (2012) that assessed the effect of strategic agility and competitive performance of telecommunication firm and found that strategic agility is critical to the competitive performance of telecommunication firms. Also, the result agrees with the works of Ofoegbu and Akanbi, (2012) assessed the effect of strategic agility on performance of manufacturing firms.

**$Ho_2$**: Leadership unity has no significant effect on the performance of SMEs in FCT-Abuja.
The result from the coefficient table 3 shows that the probability of t-statistics stood at 0.011, which is less than 0.05 level of significance, as such, the study accepts the alternate hypothesis and rejects the null hypothesis, as such hypothesis two is rejected. This implies that leadership unity has significant effect on the performance of SMEs in FCT-Abuja. The study aligns with the work of Tsilionis and Wautelet (2022) that designed a model for the support strategic agility and their result showed that leader's collaboration was critical to strategic agility. Similarly, the result agrees with the work of Also, Ofoegbu and Akanbi, (2012) that assessed the effect of strategic agility on performance of manufacturing firms and found that leaders are critical to firms performance.

**$Ho_3$**: Resource fluidity has no significant effect on the performance of SMEs in FCT-Abuja.
The result from the coefficient table 3 shows that the probability of t-statistics stood at 0.005, which is less than 0.05 level of significance, as such, the study accepts the alternate hypothesis and rejects the null hypothesis, as such hypothesis one is rejected. This implies that resource fluidity has significant effect on the performance of SMEs in FCT-Abuja. The study aligns with the work of Zahoor et al. (2023) that studied the relevance of strategic agility in addressing grand challenges of SMEs in emerging markets. Similarly, the outcome of this study agrees with the work of Oyedijo (2012) that focused on the effect of strategic agility and competitive performance of telecommunication firm.

## CONCLUSION AND RECOMMENDATIONS

The study concludes that there is a positive significant relationship between strategic agility and the performance of small and medium enterprises (SMEs) in FCT-Abuja. The study concludes that strategic agility, as represented by the variables of strategic sensitivity, leadership unity, and resource fluidity, has a significant effect on the performance of SMEs. It is also concluded that SMEs can enhance their ability to adapt to changing market conditions, improve their competitive advantage, and achieve sustainable growth through building agility. Overall, the study concludes that by actively cultivating strategic sensitivity, leadership unity, and resource fluidity, SMEs can position themselves for sustainable growth and competitive advantage. This study provided practical insights for SMEs to strengthen their strategic capabilities and improve their overall performance.

Based on the results obtained, the following recommendations are made:

1. It is imperative for managers of SMEs to prioritise developing a keen understanding of their external environment, market dynamics, and customer needs. By being sensitive to changes and opportunities in the business environment, SMEs can proactively adapt their strategies and decision-making processes to gain a competitive edge.

2. SMEs should focus on fostering effective leadership that promotes collaboration, teamwork, and unity among leaders and employees. Building a cohesive leadership team can enhance communication, coordination, and alignment of strategic goals, ultimately leading to improved performance.
3. SMEs need to ensure the efficient allocation and management of their resources. This includes optimizing the utilization of financial, human, and technological resources to support strategic initiatives. Enhancing resource fluidity can help SMEs respond effectively to market demands, seize opportunities, and overcome challenges. SMEs should embrace a culture of continuous learning and adaptability. This involves regularly evaluating and adjusting their strategies and operations in response to changes in the business environment. By remaining agile and flexible, SMEs can proactively navigate uncertainties and capitalize on emerging trends to improve their performance.

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