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Organisational Capabilities and Responsiveness of Domestic Airlines in Nigeria

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Abstract: *Therefore, this study examined the relationship between organisational capabilities and responsiveness of domestic airlines in Nigeria. The study adopted an explanatory cross sectional survey research design which was carried out at the organisational level of analysis. The population of this study was the nine operational scheduled domestic airline operators in Nigeria. The study adopted the entire population as a census. However, elements from the population were used as the participants or respondents for the study. Therefore, for the purpose of data gathering in this study and in line with the study unit of analysis which was at the macro level, copies of questionnaire were distributed to five managers of the nine domestic airlines in Nigeria bringing the total number to forty-five respondents. The reliability of the instrument was ascertained using the Cronbach alpha reliability instrument with all items scoring above 0.70. The Spearman Rank Order Correlation Coefficient was utilized to establish the level of relationship as hypothesized with the aid of Statistical Package for Social Sciences version 23.0. Findings revealed that there is a statistically significant relationship between organisational capabilities and responsiveness of domestic airlines in Nigeria. Therefore, the study concludes that when domestic airlines in Nigeria effectively build, deploy and utilize their capabilities, there is a positive improvement in their competitive advantage. Hence, the study recommends that domestic airlines in Nigeria should develop their capacity to make strategic decisions by sensing the need for change, learning about how to respond to opportunities and threats and recognising shifts in the environment that could impact the firm's business.*

Keywords: *Organisational Capabilities, Responsiveness, Strategic Decision-Making, Strategic Flexibility*

INTRODUCTION

In today's economy, nearly all businesses work in precarious and vibrant competitive settings. There exist many springs of change resulting from factors such as enhanced worldwide competition, decreased lead time and product life, demand variety and fresh techniques (Khoshnood & Nematizadeh, 2017). Conventional long-term strategic planning and the strategic approaches that would be unchanged are not bases of competitive benefit anymore, as there is no surety in most sectors about the development of the company setting and what it will be like in the future (Doz & Kosonen, 2008). Organizations need to identify and seize possibilities quicker than their competitors do to attain enhanced agility. According to Salih and Alnaji (2014) it includes carrying out a thorough evaluation of the key players in a business entity's external environment: vendors, consumers and competitors.

Responsiveness is the act of being ready and disposed to offer services in a timely manner to clients in a bid to meet or surpass their expectations by utilizing information obtained from the market. Responsiveness is important in creating a good impression in the minds of customers which will likely increase their tendency in prolonging their relationship with the organization. Through technology, organizations are now able to perform creditably and respond swiftly in line with customers' expectations that will bring up the level of customers' satisfaction (Shariq & Tondon, 2012 cited in Georgewill, 2021).

Responsiveness denotes the multiplicity of responsive measures that a firm can make with effortlessly, speed, and expertise upon detecting opportunity and threat in a business environment (Roberts & Grover, 2012). In order for organizations to be successful and achieve superior performance, firms must continually anticipate, determine and deliver customer satisfaction to the target markets, keep abreast with the emerging market trends, monitor competitor activities and proactively adjust their products and service offering, reconfigure internal resources and operating routines more effectively and efficiently than competitors (Gattiker, Chen & Goodhue, 2005). One effective means by which organisations achieve responsiveness is to possess organisational capabilities which have been viewed as viable means for managing organisational resources in turbulent environments (Sawy, 2011). The prevalent competition has compelled firms to search for new strategies to arrive at a competitive edge, as the previously acceptable strategies are been eroded (Chirico & Salvato, 2008). Organisational capabilities are core element for an organization to build vitality in the ever- present dynamic environment (Rehman & Saeed, 2015).

Organisational capabilities are what enable the company to perform their daily operations. Dynamic capabilities of a company, beyond and above basic capabilities, possess three different characteristics: valuable to clients, are better compared to those of the rival company and are not easy to copy (Makadok, 2011). Organisational capabilities are intangible assets of a firm, which involve specific and identifiable processes, learned and stable patterns of collective activities, and organisational routines (Zollo & Winter, 2002; Eisenhardt & Martin, 2000; Ambrosini & Bowman, 2009).

Organisational capabilities are adopted as a firm exhibits her character of adapting, renewing, reconfiguring and re-creating resources and core capabilities to respond to changing business environments (Wang & Ahmed, 2007). New strategies emerge with the combination of those resources and capabilities (Eisenhardt & Martin, 2000). These ultimately facilitate the creation of resources that are valuable, rare, inimitable and non-substitutable in competing with others (Winter, 2003). Organisational capabilities thus address a fundamental question of how a firm builds advantage and improved performance in a competitive market place (Teece *et al.,* 1997). Organisational capabilities are intangible assets of a firm, which involve specific and identifiable processes, learned and stable patterns of collective activities, and organisational routines (Zollo & Winter, 2002; Ambrosini & Bowman, 2009).

The purpose of this paper therefore was to examine the relationship between organisational capabilities and responsiveness of domestic airlines in Nigeria. The specific objectives of the study included:

i. Examine the relationship between strategic decision-making capability and responsiveness of domestic airlines in Nigeria
ii. Examine the relationship between strategic flexibility capability and responsiveness of domestic airlines in Nigeria

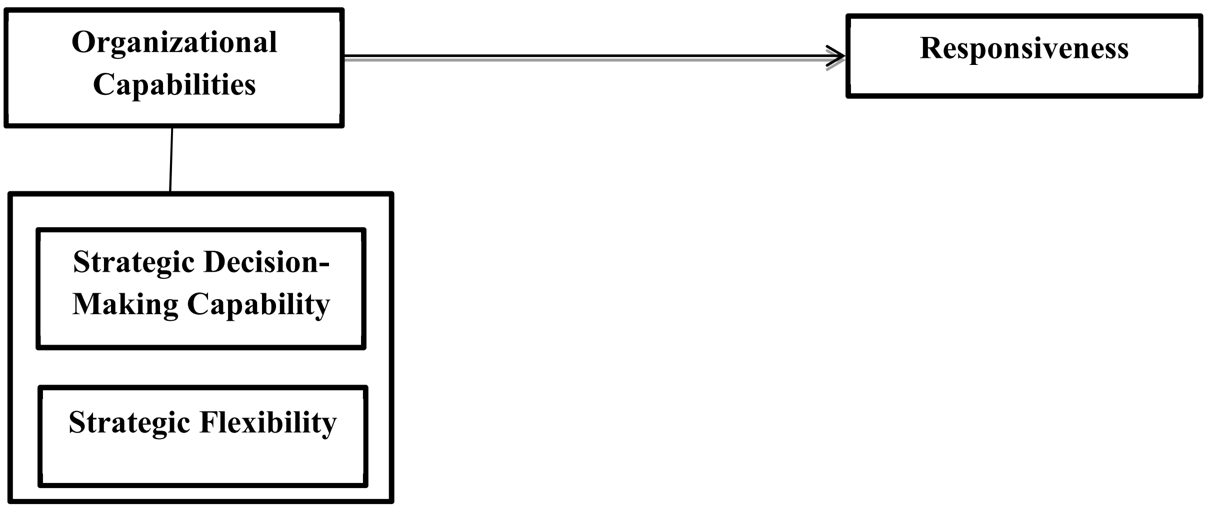

Figure 1: conceptual model for the relationship between organisational capabilities and responsiveness

Source: Desk Research (2022)

LITERATURE REVIEW

Theoretical Foundation

Resource Based View

Penrose (1959) was the first to introduce this theory. This theory stipulates that; an organisations' superior performance is possible due to the use of the resources the organization owns or controls. Further, according to the model the way the organisation uses the resources affects its performance (Wernerfelt, 1984). The theory further emphasises on the resources characteristics and the capabilities acquired by the organization that leads to sustainable performance (Kraaijenbrink, Spender & Groen, 2010). Molloy, Chadwick, Ployhart and Golden (2011) explains that, resources are a source of advantage such that a firm can dominate its rivals based on the way they build, position and safeguard the resources that are distinct and allow them to gain an advantage over their rivals.

Principally, Resource-Based View theory focuses on the need for organizations to look within or inwards, at their available resources and capabilities, in formulating strategies to gain advantage over its competitors and threats to business survival (Wojcik, 2015). Organizations can achieve superior performance and gain sustained competitive advantage over its competitors through strategic resources it possesses, developed and controlled and which must meet the "VRIN" criteria; Valuable, Rare, Inimitability and Non-Substitutability (Barney, 2014 cited in Liedke, Irigaray & Neves, 2019). Valuable refers to resources that could be used to implement new strategies to improve an organization's effectiveness and efficiency, because they can be used to reduce cost or increase revenue when compared to the competitors. Rare refers to resources that are not freely available to all organizations, since they are heterogeneously distributed. Inimitability refers to resources that are not perfectly mobile because they cannot be easily acquired. Non-substitutability refers to the irreplaceability of a resource. So, the Resource-Based View theory assumes that resources are heterogeneous and imperfectly mobile across all firms (Miller, 2003). Barney (1991) defined sustained competitive advantage as a non-duplicable advantage; he went further to describe the three distinct resources that can provide organizations with sustained competitive advantage as: Physical resources (physical, technological, plant and equipment), Organisational resources (formal structure) and Human resources (training, experience and insights).

Barney (1991) came up with the characteristics of the resources; they should be valuable, rare, inimitable and not substitutable (VRIN). The value elements of the "VRIN" framework mean that the resource must be able to exploit opportunities or minimize threats from competitors. Further, the resource must be rare within the strategic group of competitors, such that the valuable resource cannot be or is not commonly held by competing organizations. The resource must, in addition, be imperfectly imitable that it is not easily replicated by competing businesses. Finally, the resource must not have substitutes such that the availability of similar resources is not common amongst other organizations or easily replaceable. Hence, firms can accomplish a short-term competitive advantage by utilizing resources that meet the VRIN criteria and by getting involved in actions that improve their efficiency or effectiveness in different ways than the competing firms.

Organisational Capabilities

Aldridge (2007) defines organisational capability as the ability to develop soundly based strategies and the ability to apply strategic thinking and manage an organization strategically. Johnson, Whittington and Scholes (2011) define organisational capability as the adequacy and suitability of the resources and competences of an organization for it to survive and prosper. Capabilities are those things that the company can do well repetitively such as production, logistics, daily human resource organisational capability.

A basic assumption of the 'capability view' is that companies have ways of doing things and dealing with organisational problems that show strong elements of continuity (Dosi, Faillo & Marengo, 2013). Firms are heterogeneous and they develop different organisational routines even if they belong to the same industry and produce similar outputs. Firm-specific ways of acting are based on organisational capabilities that have been gradually accumulated and shaped within firms. Organisational capabilities, we can conclude, enable firms to deal effectively in a firm-specific way with key organisational problems (Dosi, Nelson & Winter, 2015).

Organisational capabilities are identified with the know-how of a firm of performing particular problem-specific activities (Dosi, Nelson & Winter, 2015). Core capabilities embody proprietary knowledge that is unique to a particular firm and superior to that of the main competitors. It is widely agreed that firms' competitiveness depends on the development of only a few core capabilities. "Companies derive competitive strength from their excellence in a small number of capability clusters, where they can sustain their competitive edge (Dosi, Faillo & Marengo 2013). Types of organisational capabilities include technological, marketing managerial, knowledge management and network capabilities.

Organisational capabilities in view of Hamel and Prahalad (2013) is the ability of an enterprise to use its competitive capabilities to enable it to grow and become better at what it does with time. Although no single measure that is known universally that measures strategic capabilities, Vesalainen and Hakala (2014) observed that organisational capabilities consider the strategies an enterprise has with regard to the firm's assets, competencies and resources used by the firm to exploit its resources to gain competitive advantage. Vogel and Güttel (2013) stated that assets such as cash, property, patents, human resources, technology and skills of the employees, structure of the firm and leadership methods are all essential to the enterprise's ability to formulate and employ strategies and enjoy strategic advantages over competitors.

Spanos and Lioukas (2001) listed types of organisational capabilities that can be identified and are common to businesses: technological, product development, production process, manufacturing, and logistics capabilities; production efficiency; market sensing, channel and customer linking, and technology-monitoring capabilities; marketing capabilities, such as skills in segmentation, targeting, pricing, and advertising. Aldridge (2007) defines Strategic capability as the ability to develop soundly based strategies and the ability to apply strategic thinking and manage an organization strategically. Johnson, Whittington, and Scholes (2011) define Strategic Capability as the adequacy and suitability of the resources and competences of an organization for it to survive and prosper. Capabilities are those things that the company can do well repetitively such as production, logistics, daily human resource management (Smith, 2008). According to Day (1994) as cited by Almeida, Lisboa, Augusto, and Batista (2013) capabilities are a complex bundle of skills and accumulated knowledge that enable firms to coordinate activities and make use of their assets to create economic value and sustain competitive advantage. Components of organisational capabilities are resources and competencies. Resources are the assets that organizations have and competencies are the ways those assets are deployed effectively, that is, 'what the organization does well' (Johnson, Scholes, & Whittington, 2011). Competence means a skill and the standard of performance, whilst competency refers to behavior by which it is achieved.

Dimensions of organisational Capabilities

Strategic Decision-Making Capability

In turbulent and unpredictable environments effective decisions by top executives serve as the foundation of successful strategic management practices (Hitt & Collins, 2007). Milliner (2006) sees strategic decision making as a fundamental process in business management of which strategic decisions affect the long-term health of the organization. Complex, constantly and unpredictable changing business environment makes strategy formulation increasingly difficult as it affects organizations by making it difficult for them to plan for the future. Strategic decisions concern the issue of strategy formation, while operational decisions concerns strategy implementation, control and analysis.

Strategic decisions externally reposition an organization or business unit in some way while operational decision, in contrast takes a desired position in the industry and then develops the means by which the position can be achieved (Kask 2010; Kenny, 2005). Strategic decisions have to ensure that an organization is doing the right things (what), and operational decisions have to ensure these things are done right (how). Compared to operational decisions, strategic decisions are rare with larger implications for the ongoing organisational competitiveness, that affect subsequent decisions more, and are more difficult to reverse (Fleisher & Bansourssan, 2003; Blythe & Zimmerman, 2004). Strategic decisions making executives are concerned with how resulting actions affect firm performance. The common goal of strategic leaders is to develop and sustain a competitive advantage. The development of competitive advantage is rather difficult in complex business environment since their various stakeholders endeavor to influence decisions made inside the organization (Hitt & Collins, 2007).

Tait and Nienaber (2010) is of the opinion that the concern of any strategic manager is to create and shape strategies that beat that of her competitors, this was reinforced by Pearce and Robinson (2007), a study which affirmed that the firm's ability to achieve strategic competitiveness and earn above average returns is compromised when a firm does not 48 appropriately and quickly react to global dynamism that firms face often. Sound strategic decision making in manufacturing firm is a bedrock for realizing the huge potentials of the sector (Umar & Simon, 2015).

It is important to bring out the types of strategic decisions that could be made in an organization. Dean and Sharfman (1996), Mintzberg, Raisinghani and Theoret (1976) and Hickson, Butler, Cray, Mallory, and Wilson (1986) stated ten types of which are restructuring; new product; organisational change; new process technology; Marketing Strategy; Geographic expansion; Diversification; New Facility; Human Resource Strategy and Quality Improvement. Restructuring entails shutting down part of a business or closing a facility, allegation of different facilities. New product involving adopting new manufacturing product. Organisational change entails creating a new structure, reorganizing around customers. Marketing strategy involves emphasizing new market segment and establishing a brand or private-label. Geographic expansion involves selling products to foreign markets, opening new facilities within a country or abroad. Diversification is moving into different purview, broadening assortment. New facility entails constructing a new plan, merger with a different company. Human resource strategy involves adopting new compensation systems, worker involvement programs and Quality improvement entails developing total quality effort.

Strategic Flexibility

With growing uncertainty in the business environment, it is essential for organizations to build flexibilities into the systems to cope with the dynamic environment, which point to the capability of an organization to respond effectively to the opportunities and challenges presented by the competitive environment (Nandakumar *et al.,* 2014). The business environment has become more competitive and dynamic than ever before and companies are continuously forced to adapt to environmental changes (Grewal & Tanshuhaj, 2001; Young-Ybarra & Wiersema, 1999). The ability of a company to rapidly identify major changes in the competitive landscape, reallocate resources to new courses of action and reconfigure existing organisational routines that support these actions, do ultimately determine whether a company can faster create competitive advantage than its rivals (Shimizu & Hitt, 2004; Gelhard & Delft, 2015). This important dynamic capability is strategic flexibility (Eisenhardt *et al.,* 2010;).

Organizations are operating in the era of changing environment that are characterized by globalization, computerization, information technology, and changing purchasing patterns. The sustenance of competitive advantages has become challenging and there little or no long-term stability. Therefore, organizations need to be flexible and act more intelligently with their environment; high firm performance comes from not only having timely and needed information about changing markets but understanding the implications or actions that are necessary as a consequence of this knowledge, and acting appropriately (Javalgi, Whipple, Ghosh, & Young, 2005). Merely possessing valuable resources and capabilities are not adequate to respond to our ever-present hypercompetitive environment effectively, dynamic capabilities is needed to develop and renovate these organisational resources and capabilities (Teece, Pisano, G., & Shuen 1997).

Responsiveness

Responsiveness refers to the extent to which firms react rapidly to changes in a business environment to seize potential opportunities (Bernardes & Hanna, 2009). This responsiveness reflects "the efficiency and effectiveness with which firms sense, interpret, and act on market stimuli (Garrett, Covin & Slevin, 2009), and has been treated as a competitive advantage. For example, Wei and Wang (2011) proposed that this responsiveness represents a competitive marketing advantage by deploying resources to satisfy customer needs. Inman Sale, Green, Jr and Whitten (2011) noted that a firm with a high level of responsiveness outperforms its competitors in terms of operations. Inman *et al.* (2011) noted that a firm with a high level of responsiveness outperforms its competitors in terms of operations.

Scholars have conducted numerous studies to explore how organisational responsiveness can be enhanced (Wei &Wang, 2011). According to Bernardes and Hanna (2009) central to this concept of organisational responsiveness seems to be the capability to learn fast in an environment where changes are fast-paced and difficult to foresee. Accordingly, scholars have increasingly realized that to develop and maintain responsiveness, a firm must constantly learn from partners with rich experiences in terms of responding to market changes (Yu, Jacobs, Salisbury & Enns, 2013).

Organisational Capabilities and Responsiveness

Organisational capabilities improve the effectiveness, speed, and efficiency of organisational responses to environmental turbulence (Ogbo, Japheth & Ukpere, 2014), which ultimately strengthens performance. They allow "the firm to take advantage of revenue enhancing opportunities and adjust its operations to reduce costs" (Drnevich & Kriauciunas, 2011: 258). Organisational capabilities, also through sensing opportunities and reconfiguration, provide the organization with a new set of decision options, which have the potential to increase firm performance (Eisenhardt & Martin, 2000; Teece, 2007).

The influence of organisational capabilities on a firm's ability to achieve superior performance is contingent on the firm's context (Teece *et al.,* 1997). Drawing on contingency theory, Wldern, Gudergan, Nielsen & Lings (2013) argue that both the internal and external contexts within which dynamic capabilities are embedded are important in understanding their effects. Internal fit, characterized by compatible dynamic capabilities and organisational structure, and external fit, reflected in corresponding organisational capabilities and levels of competitive intensity, represent two fundamental conditions that facilitate the role of dynamic capabilities in affecting performance. Dynamic capabilities enable the management to make timely decisions to change the operational routines of the firm when necessary (Ambrosini & Bowman, 2009). Thereafter the firm should be able to introduce new innovations, which may lead to improved performance. Thus, the relationship between organisational capabilities and firm performance is mediated by the dynamic capabilities' effects on the firm's operational capabilities and innovation activities (Danneels, 2002).

From the foregoing discourse, the study hypothesized thus:

Ho_1: There is no significant relationship between strategic decision-making capability and responsiveness of domestic airlines in Nigeria.

Ho_2: There is no significant relationship between strategic flexibility and responsiveness of domestic airlines in Nigeria.

METHODOLOGY

The study adopted an explanatory cross sectional survey research design which was carried out at the organisational level of analysis. The population of this study was the nine operational scheduled domestic airline operators in Nigeria. The study adopted the entire population as a census. However, elements from the population were used as the participants or respondents for the study. Therefore, for the purpose of data gathering in this study and in line with the study unit of analysis which was at the macro level, copies of questionnaire were distributed to five managers of the nine domestic airlines in Nigeria bringing the total number to forty-five respondents. The Spearman Rank Order Correlation Coefficient was utilized to establish the level of relationship as hypothesized with the aid of Statistical Package for Social Sciences version 23.0. The reliability of the instrument was ascertained using the Cronbach alpha reliability instrument with all items scoring above 0.70 as shown below:

Table 1: Reliability Coefficients for the Variables

S/No	Dimensions/Measures of the study variable	Number of items	Number of cases	Cronbach's Alpha
1.	Strategic Decision-Making Capability	5	38	0.756
2.	Strategic Flexibility	5	38	0.787
3.	Responsiveness	5	38	0.899

Source: SPSS Output

DATA ANALYSIS AND RESULTS

The level of significance 0.05 was adopted as a criterion for the probability of accepting the null hypothesis in ($p > 0.05$) or rejecting the null hypothesis in ($p < 0.05$). The decision rule which applies for all bivariate test outcomes is according to Bryman and Bell (2003), where:

Table 1: Shows the description of range of correlation (Rho) values, as well as the correlative level of association

Range of Rho (+ and – sign value)	Association strength
± 0.80 – 0.99	Very strong
± 0.60 – 0.79	Strong
± 0.40 – 0.59	Moderate
± 0.20 – 0.39	Weak
± 0.00 – 0.19	Very weak

Source: Researchers Desk

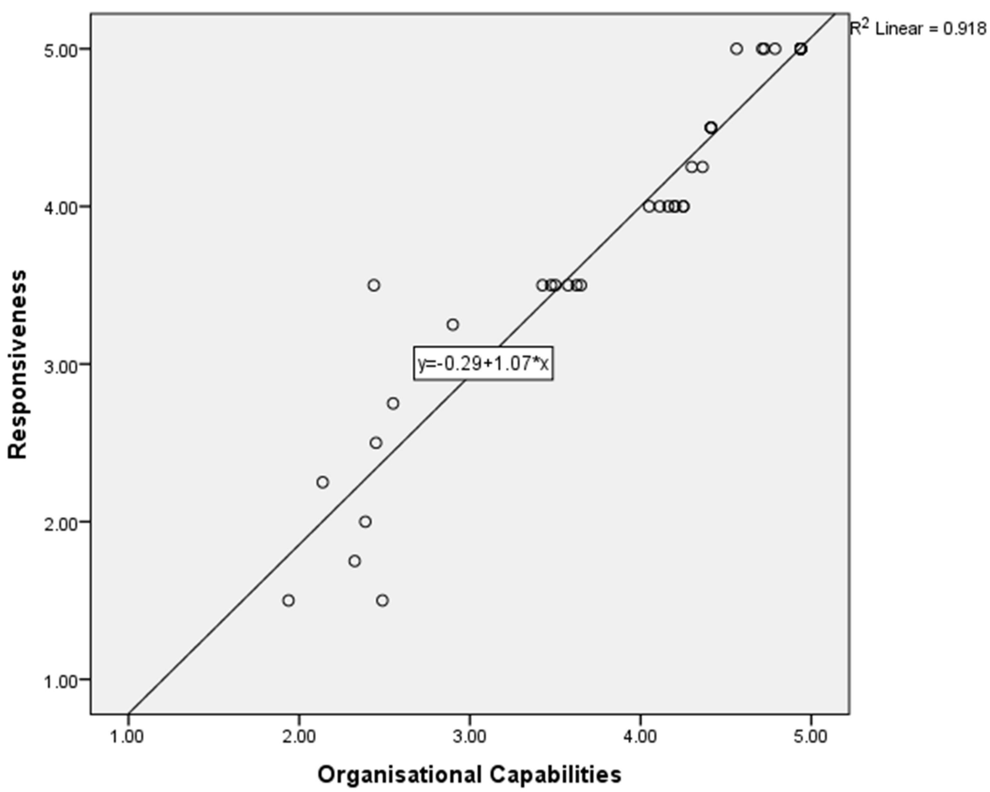

Figure 1: *Scatter plot show showing the direction of the relationship between organisational capabilities and responsiveness*

Figure 1 shows a very strong relationship between organisational capabilities (independent variable) and responsiveness (dependent variable). The scatter plot graph shows that the linear value of (0.918) depicting a very strong viable and positive relationship between the two constructs. The implication is that an increase in organisational capabilities simultaneously brings about an increase in the level of responsibility. The scatter diagram has provided vivid evaluation of the closeness of the relationship among the pairs of variables through the nature of their concentration.

Table 2: Correlations for strategic Decision-making and Responsiveness

			Strategic Decision Making	Responsiveness
Spearman's rho	Strategic Decision Making	Correlation Coefficient	1.000	.860**
		Sig. (2-tailed)	.	.000
		N	38	38
	Responsiveness	Correlation Coefficient	.860**	1.000
		Sig. (2-tailed)	.000	.
		N	38	38

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output version 23.0

Ho$_1$: There is no significant relationship between strategic decision making and responsiveness of domestic airlines in Nigeria

Table 1 shows a Spearman Rank Order Correlation Coefficient (rho) of 0.860 on the relationship between strategic decision making and responsiveness. This value implies that a very strong relationship exists between the variables. Similarly, from the result obtained from table 1, the sig- calculated is greater than significant level ($p = 0.000 < 0.05$). Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between strategic decision making and responsiveness of domestic airlines in Nigeria.

Table 3: Correlations for Strategic Flexibility and Responsiveness

			Strategic Flexibility	Responsiveness
Spearman's rho	Strategic Flexibility	Correlation Coefficient	1.000	.959**
		Sig. (2-tailed)	.	.000
		N	38	38
	Responsiveness	Correlation Coefficient	.959**	1.000
		Sig. (2-tailed)	.000	.
		N	38	38

**. Correlation is significant at the 0.01 level (2-tailed).

Ho$_2$: There is no significant relationship between strategic flexibility and responsiveness of domestic airlines in Nigeria

Table 1 shows a Spearman Rank Order Correlation Coefficient (rho) of 0.959 on the relationship between strategic flexibility and responsiveness. This value implies that a very strong relationship exists between the variables. Similarly, from the result obtained from table 1, the sig- calculated is greater than significant level ($p = 0.000 < 0.05$). Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between strategic flexibility and responsiveness of domestic airlines in Nigeria.

DISCUSSION OF FINDINGS

This study examined the relationship between organisational capabilities and responsiveness of domestic airlines in Nigeria. The findings revealed that there is strong positive significant relationship between organisational capabilities and responsiveness of domestic airlines in Nigeria. The finding of this study reinforces previous studies by Gurkan and Bititci (2015) who found out that organisational capabilities have been adopted in large enterprises, with some interest on SMEs. This was because larger enterprises have short- and long-term strategic planning while SMEs have short term planning focusing on niche strategies. SuarezPerales, Garces-Ayerbe, Rivera-Torres and Suarez-Galvez (2017) found that the organisational capabilities of strategic proactivity and continuous innovation are associated with proactive environmental strategies of 134 North American and European ski resorts.

Also, the finding of this study is in agreement with the finding of Bonsu (2016) asserts that there is a direct relationship between organisational capabilities and organisational performance (financial and operational). He concluded that irrespective of the competitive intensity in the business environment, micro and small family businesses that adapt marketing and managerial capabilities will always outperform industry players. While in Egypt, Salama (2017) on developing and examining a conceptual framework relating to resource based organisational capabilities and inter-organisational practices on organisational performance, he concluded that organisational performance, in the factories in Egypt, is affected by variables other than knowledge management capability and organisational learning. On the contrary, Ogunkoya (2014) indicated that there is no significant relationship between organization capabilities and organisational performance of banking sector in Nigeria. This implies that the ability of a firm to be able to produce unique and creative goods/services does not guarantee the organization to edging its competitors in the industry.

The study finding also aligns with Lee and Klassen (2008) who examined the influence of managerial capabilities in fostering SMEs participation in public procurement and the findings of the study were that the managerial capabilities and skills in business available or is able to obtain in due time, improvement of climate for innovation which includes an organized, systematic, and continual search for new opportunities, innovation strategy which has been linked to available resources, the corporate strategy, the marketing function and the information technology functions.

The current finding also empirically substantiates the baseline theory of Resource Based View (RBV) theory which asserts that the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities. Newbert (2007) study showed that 2% of results were at least partially inconsistent with RBV logic. RBV theory indicates that human resource is not necessarily a capability for determining competitive advantage of the firm when various capabilities are in play. On the other hand, dynamic capabilities are different between firms because the same capabilities that are distinctive (imperative) to one firm can be nothing more than just a normal operating capability to the others (Winter, 2003). The Resource Based View (RBV) theory of strategy asserts that the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities. From the above views it can be concluded that the organisational capabilities in insurance companies is critical in influencing competitive advantage.

CONCLUSION AND RECOMMENDATIONS

Therefore, the study concludes that when domestic airlines in Nigeria effectively build, deploy and utilize their capabilities, there is a positive improvement in their competitive advantage. Therefore, the study recommends that:

i. Domestic airlines in Nigeria should develop their capacity to make strategic decisions by sensing the need for change, learning about how to respond to opportunities and threats and recognising shifts in the environment that could impact the firm's business.

ii. Domestic airlines in Nigeria should develop capacity in strategic flexibility through knowledge acquisition and creation, interpretation of the gathered information so as to filter the relevant and useful knowledge.

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